



**Staff Liaison**  
Claire Coleman | 510-215-4323  
[ccoleman@elcerrito.gov](mailto:ccoleman@elcerrito.gov)

## AGENDA

### SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

**Tuesday, March 24, 2026 at 6:30 p.m.**  
El Cerrito Community Center  
7007 Moeser Ln  
El Cerrito, CA 94530

**This Meeting Place is Wheelchair Accessible**

---

#### **6:30 p.m. CONVENE REGULAR MEETING**

- 1. ROLL CALL** – Chair David Carvel, Vice-Chair Michael McDougall.  
Members Janos Szlatenyi, Kimberly White, and Justin Van Zerber. Youth Member Clive Watson-Lamprey Singer.
- 2. ORAL COMMUNICATIONS FROM THE PUBLIC**  
Remarks are typically limited to three (3) minutes per person and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.
- 3. COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS (5 min.)**  
Staff and/or Councilmembers may report Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.
  - Staff update on recommendations regarding the Purchasing Ordinance
- 4. APPROVAL OF THE MINUTES (5 min.) (Attachment)**  
Consider a motion adopting the minutes for the FAB meeting held on February 12, 2026.
- 5. REVIEW OF MATERIALS FROM MARCH 7 BUDGET WORKSHOP (30 min.) (Attachment)**  
Review and discussion of materials presented at the Community Budget Workshop held on March 7, 2026.
- 6. REVIEW OF MATERIALS FROM MARCH 17 DEPARTMENT HEAD PRESENTATIONS (15 min.) (Attachment)**  
Review and discussion of materials presented to the City Council on March 17, 2026.
- 7. FUTURE AGENDA ITEMS (5 min.)**
  - Purchasing Ordinance, updates as available
  - Service Delivery Study, updates as available
  - Pool, updates as available
    - Special meeting when appropriate to discuss funding

- Review investment policy
- Review contract for fire services with Kensington

## 8. ADJOURNMENT

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Staff Liaison at 510-215-4323. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102—35.104 ADA Title I).

Any writings for documents provided to a majority of the members regarding any item on this agenda will be made available for public inspection at <https://www.el-cerrito.org/Archive.aspx?AMID=93>.



Staff Liaison  
Crystal Reams | 510-215-4312  
[creams@elcerrito.gov](mailto:creams@elcerrito.gov)

## AGENDA

### SPECIAL MEETING OF THE FINANCIAL ADVISORY BOARD (FAB)

Thursday, February 12, 2026 at 6:30 p.m.  
Hana Gardens, Senior Center  
10870 San Pablo Avenue  
El Cerrito, CA 94530

This Meeting Place is Wheelchair Accessible

---

#### 6:30 p.m. CONVENE REGULAR MEETING

1. **ROLL CALL** – Chair David Carvel called the meeting to order at 6:33pm.  
**Present:** Chair Carvel, Vice-Chair McDougall, Member White.  
**Absent:** Member Szlatenyi and Youth Member Watson-Lamprey Singer.
2. **ORAL COMMUNICATIONS FROM THE PUBLIC**  
Remarks are typically limited to three (3) minutes per person and may be on anything within the subject matter jurisdiction of the body. Remarks on non-agenda items will be heard first, as well as introduction by individuals interested in serving on the advisory body. Remarks on agenda items will be heard at the time the item is discussed.  
**No members of the public provided comment during the meeting.**
3. **COUNCIL/STAFF LIAISONS ANNOUNCEMENTS AND REPORTS (5 min.)**  
Staff and/or Councilmembers may report Council policies, priorities and significant actions taken by the City Council, and/or on matters of general interest to the FAB.  
**Staff noted the ACFR presentation that occurred on February 3, the upcoming mid-year presentation on February 17, and the upcoming community budget workshop on March 7. Chair Carvel noted that the FAB's recommendation is also going to the City Council on February 17.**  
  
**Chair Carvel asked about the asset inventory and verification project, staff gave a brief update on the project's status.**
4. **APPROVAL OF THE MINUTES (5 min.) (Attachment)**  
Consider a motion adopting the minutes for the FAB meeting held on December 18, 2025 and January 27, 2026.  
**Motion/Second:** Motion by Member White to approve the minutes from the December and January meetings. Second by Member McDougall.  
**Ayes:** Chair Carvel, Vice-Chair McDougall, Member White  
**Noes:** None  
**Absent:** Member Szlatenyi and Youth Member Watson-Lamprey Singer
5. **GENERAL FUND LONG-TERM FORECAST DEFICIT CONCERNS (30 min.) (Attachment)**  
Discussion and possible recommendations of budget solutions to address the

projected General Fund budget deficits in the long-term forecast.

No Action Taken

**6. REVIEW OF THE MAY 20, 2025 PRESENTATION OF 2025 COST ALLOCATION PLAN (15 min.) (Attachment)**

Discussion and possible recommendation regarding the City's Cost Allocation Plan.

- [May 20, 2025 Council Meeting](#)

No Action Taken

**7. FUTURE AGENDA ITEMS (5 min.)**

- Purchasing Ordinance, updates as available
- Service Delivery Study, updates as available
- Pool, updates as available
  - Special meeting when appropriate to discuss funding
- Review investment policy
- Make recommendations on clear annual budget plan calendar

**8. ADJOURNMENT**

Chair Carvel adjourned the meeting at 7:38pm

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Staff Liaison at 510-215-4312. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102—35.104 ADA Title I).

Any writings for documents provided to a majority of the members regarding any item on this agenda will be made available for public inspection at <https://www.el-cerrito.org/Archive.aspx?AMID=93>.



# City of El Cerrito Community Budget Workshop

**March 7, 2026**



# Today's Program

- Overview of City Services and Finances (30 mins)
- Budget Process To Date (5 mins)
- Timeline & Next Steps (5 mins)
- Feedback and Input (60 mins)
  - Activity: Considering Tradeoffs
  - Activity: What are YOUR priorities?

# Ground Rules

- Equal Opportunity to Participate
  - Everyone will have an opportunity to participate. Please limit comment length so others may speak.
- Be Respectful
  - Please speak respectfully about others, including community members, staff, and City Council. Personal attacks or disruptive behavior will not be allowed.
- One Speaker at a Time
  - No interruptions and please limit side conversations. We want everyone to be heard.

# Bike Rack



*To keep us on track, we may save some topics for later*

# El Cerrito City Finances

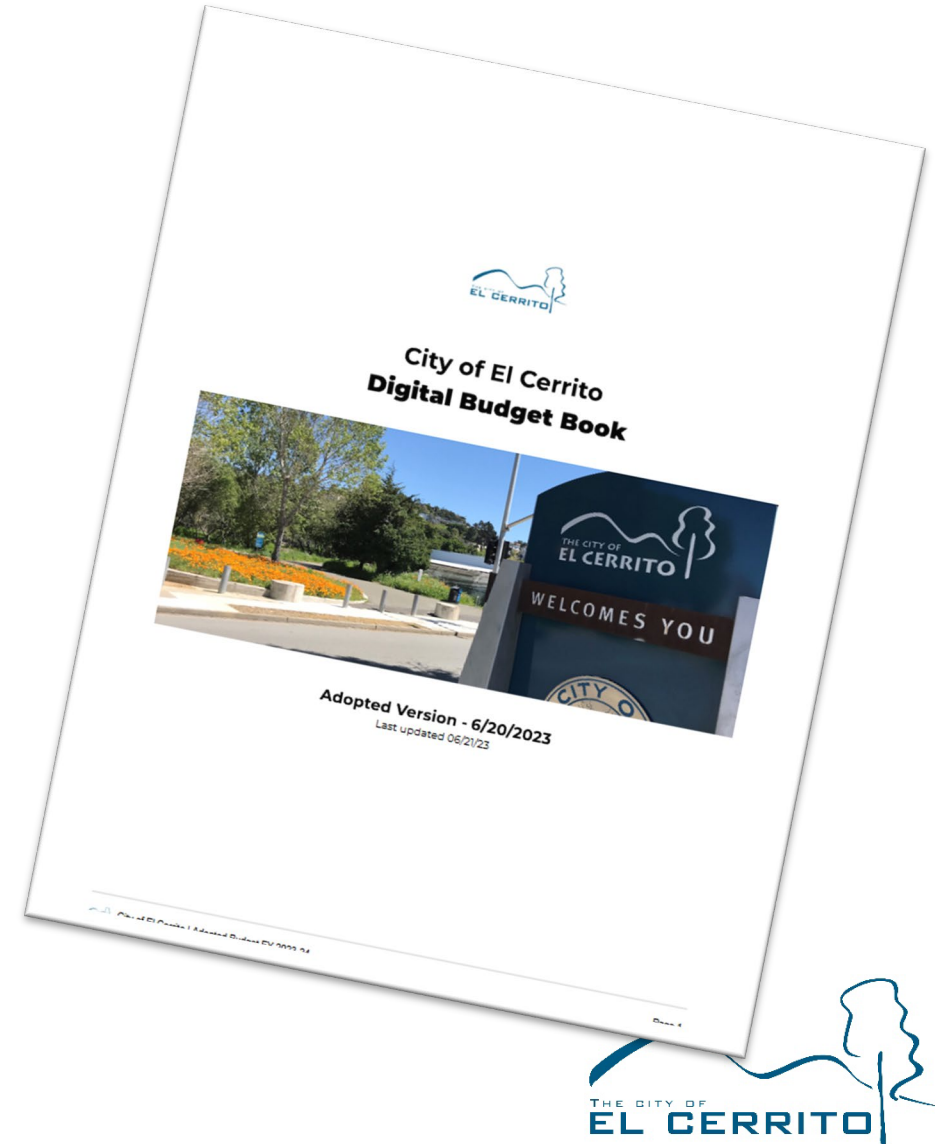
# The Annual Budget

The annual budget represents the spending plan for the fiscal year (July 1 – June 30) that provides funding for all City services and programs that supports the City's mission, vision, and values.

The budget document serves as:

- Planning Document
- Financial Plan
- Operations Guide
- Communication Device

[www.el-cerrito.org/budgetprocess](http://www.el-cerrito.org/budgetprocess)

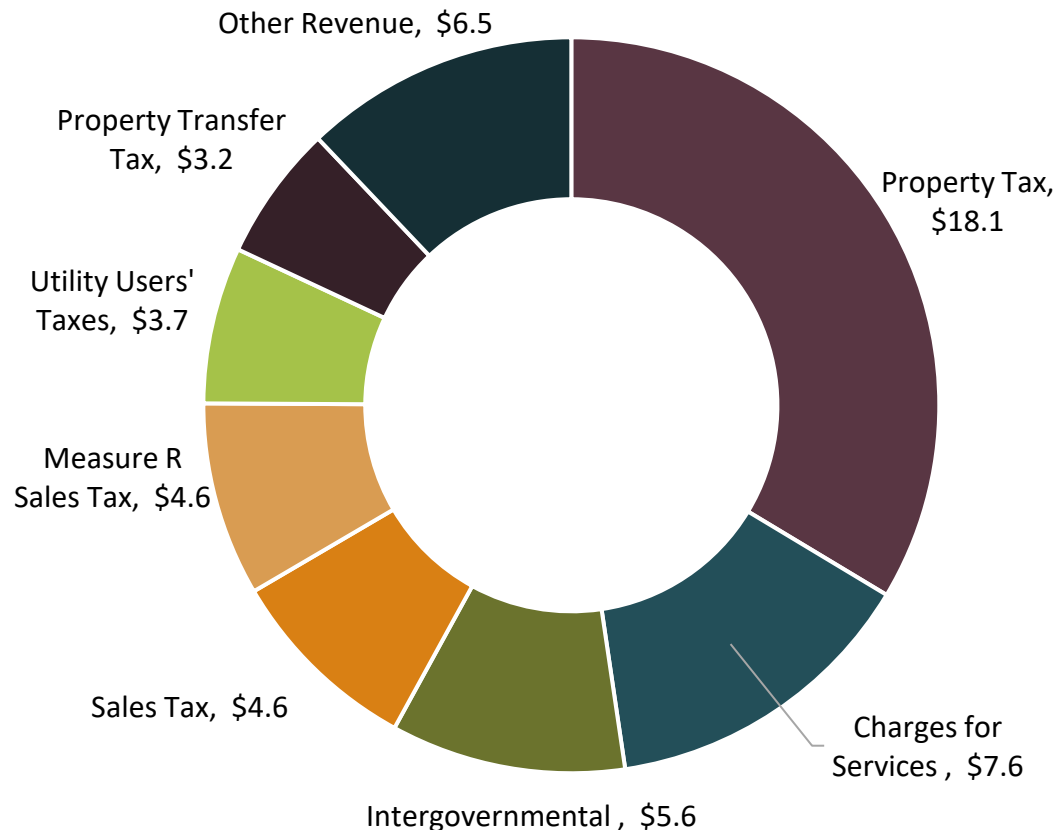


# Types of Funds

- General Fund – supports general governmental functions, unrestricted dollars
- Special Revenue Fund – funds restricted for a specific program or use
  - E.g., Gas Tax Fund must be used for streets and road-related programs
- Enterprise Fund – self-supporting activities funded by fees on a user-charge basis
  - Integrated Waste Management Fund is supported by user charges for the City’s solid waste program
- Also: Capital funds, debt service funds, internal service funds, and custodial funds
  - Pension Trust Fund and Successor Agency Funds no longer in use

# City Revenues

FY 2025-26 Amended General Fund  
Revenues, in millions



- For fiscal year 2025-26, El Cerrito has an amended budget for revenues of \$53.8M and expenditures of \$54.7M
- Like most cities in California, El Cerrito is on a July 1 – June 30 fiscal year
- Amendments to the budget primarily adopted by Council at Mid-Year

# Taxes

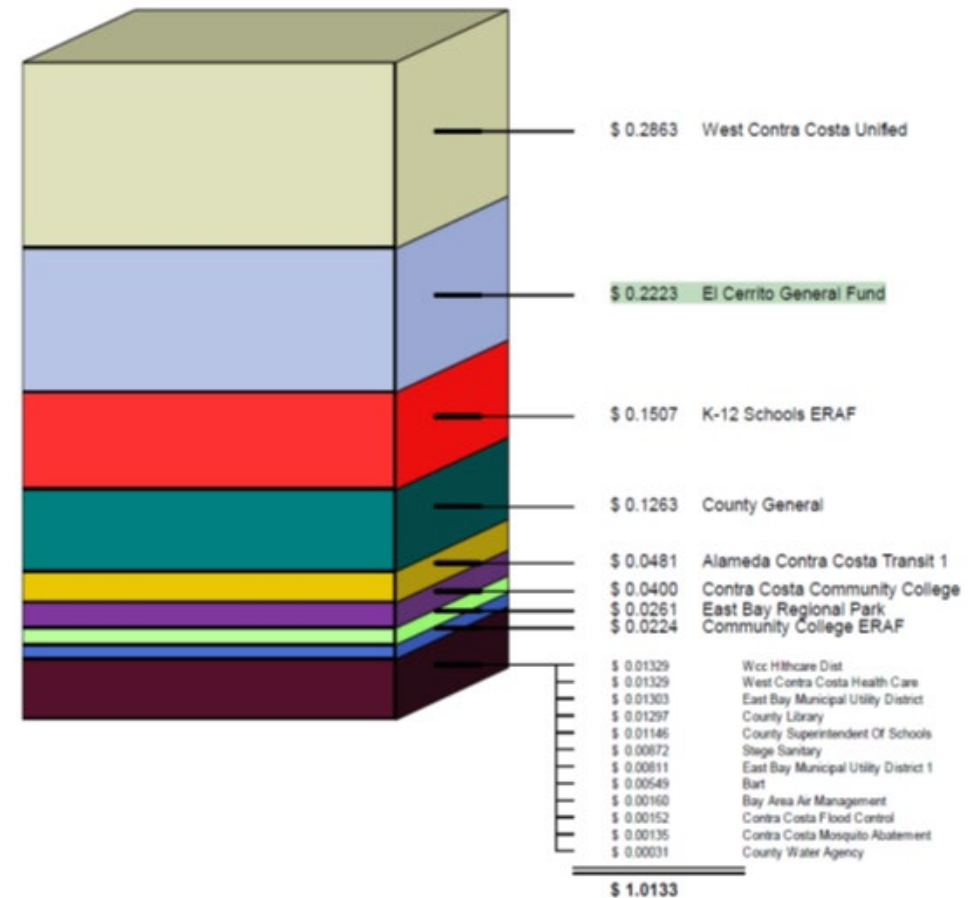
- Charge for public services and facilities
- Not required to have a direct relationship between services used and tax paid
- Requires voter approval to establish or increase
- Types of taxes that fund the City of El Cerrito:
  - Property Tax
  - Real Property Transfer Tax
  - Parcel Tax
  - Utility User Tax
  - Sales and Use Tax
  - Transactions and Use Tax (similar to sales tax)
  - Business License/Operations Tax
  - Transient Occupancy/Hotel Tax

## Overview of General Tax and Special Tax Requirements

	GENERAL TAX	SPECIAL TAX
<b>Use of Revenues</b>	Unrestricted	Specific purpose
<b>Governing Body Approval Required</b>	<ul style="list-style-type: none"> <li>• General-law cities: two-thirds approval is required.</li> <li>• Charter cities: majority approval is required.</li> <li>• Transactions and use taxes: two-thirds approval is required.</li> </ul>	Majority
<b>Voter Approval Required</b>	Majority	Two-thirds
<b>Other Rules</b>	A general tax election must be consolidated with a regularly scheduled general election of members of the governing body, unless an emergency is declared by unanimous vote (among those present) of the governing body.	Special tax funds must be deposited in a separate account. The taxing agency must publish an annual report including the tax rate, the amounts of revenues collected and expended and the status of any project funded by the special tax.

# Property Taxes

- Proposition 13 (1978): Property taxes set at 1% of assessed value at time of sale
  - Increases by 2% annually or CPI, whichever is lower
- Divided among various local public agencies
- Largest revenue source for El Cerrito (34% of General Fund)



# Fees and Other Revenues

## Fees

- Charges imposed on an individual for a service that the person chooses to receive
- Some fees are limited to the estimated reasonable cost of providing the service or product for which the fee is charged, plus overhead
- Set by the City's Master Fee Schedule, which is updated on a regular basis
- Examples in El Cerrito:
  - Building and Planning permits
  - Recreation classes
  - Fingerprinting service fees
  - Recycling Center fees

## Other Revenue Types

- Rents
- Franchises
- Investment Earnings
- Proceeds from Debt Financing
- Fines and Penalties

# El Cerrito Programs and Services

- El Cerrito is considered a “full-service” City because it provides all core City services in-house, including:
  - Fire
  - Police
  - Recreation and Parks
  - Public Works Maintenance and Engineering
  - Planning and Building (Community Development)
  - Economic Development
  - Administration
- El Cerrito also provides recycling services
- Some cities also have city-operated utilities



# What About Our Neighbors?

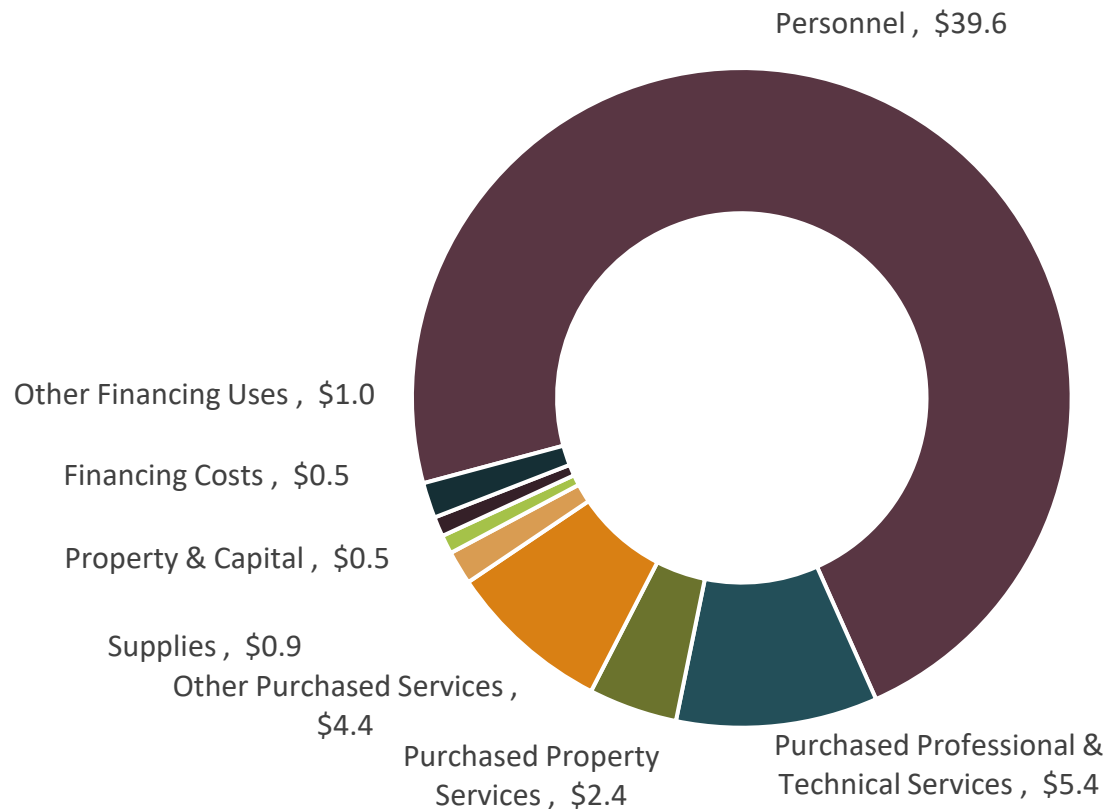
- Nearly impossible to compare cities – each is unique in the services provided and the communities served
- Differences in:
  - Geography
  - Business environment and amenities
  - Community demographics
  - Revenues – locally-adopted taxes, fee structures, major employers
  - Service Responsibilities
  - Levels of service



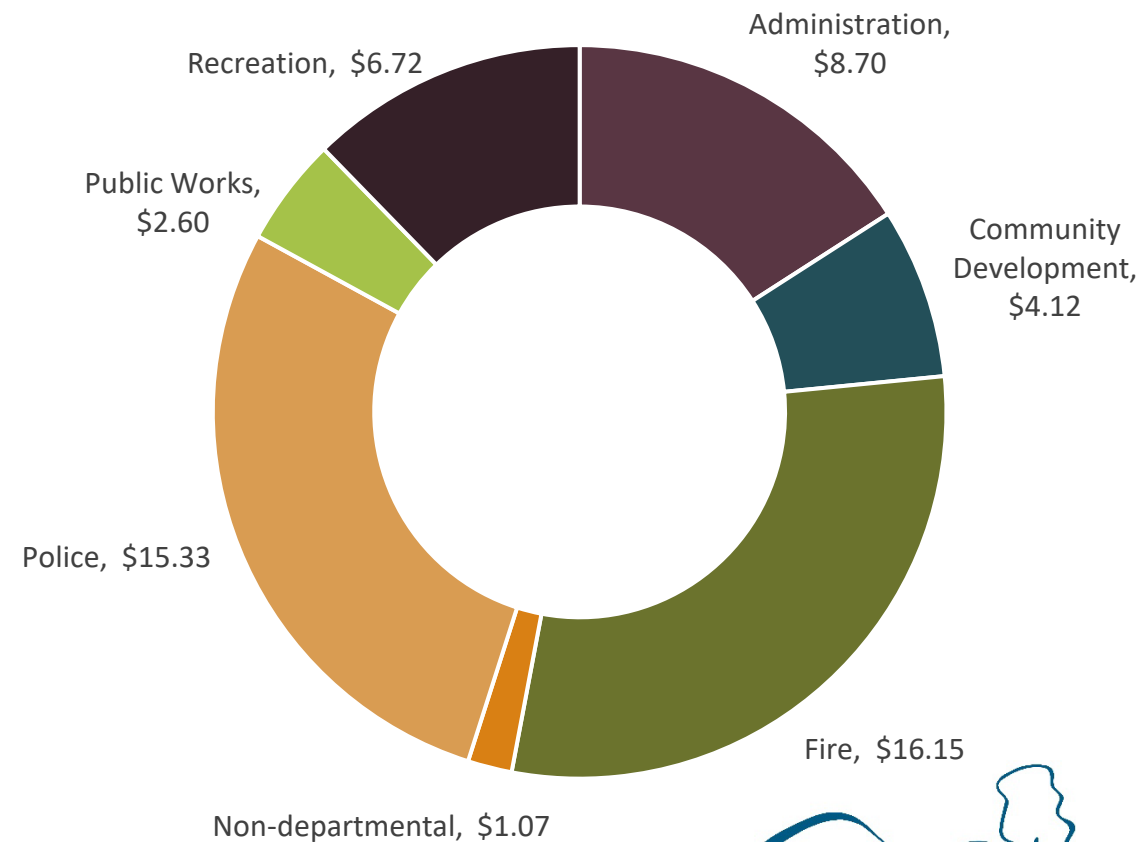
***All of these factors affect a City's budget and make each community unique!***

# How El Cerrito's Funds are Spent - FY 2025-26

Budgeted General Fund Expenditures  
by Type, in millions



Budgeted General Fund Expenditures  
by Department, in millions



# Major Revenue and Expenditure Trends

## Revenue

- Modest but steady revenue growth
- Preliminary growth estimates:
  - Property taxes: 5%
  - Sales Taxes: 2%
  - Utility Taxes: 4%
  - Fees
    - CPI or actual cost
    - Primarily limited to cost recovery-basis using Cost Allocation Plan and Master Fee Schedule

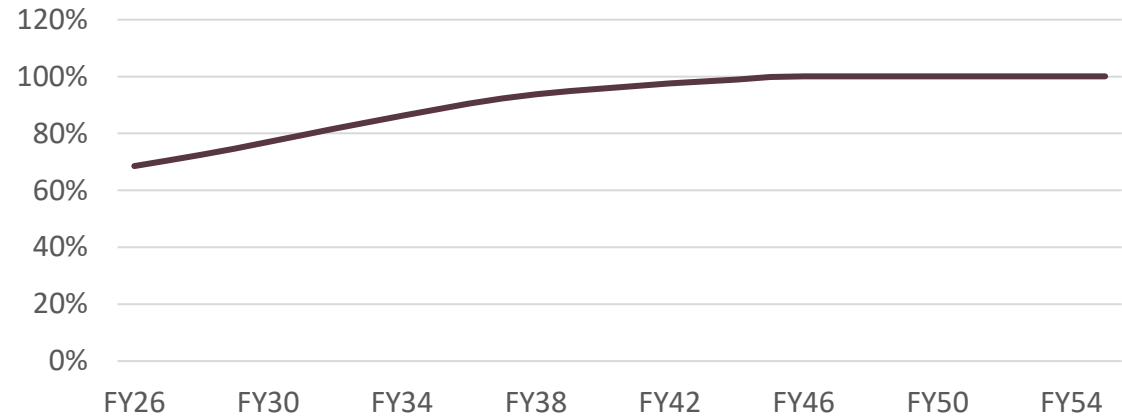
## Expenditures

- Costs increasing rapidly in many areas, particularly:
  - Personnel from new labor contracts
  - General Liability and Worker's Compensation insurance
  - Medical benefits
  - Overall inflation
- Pension costs increasing as expected – approaching peak UAL

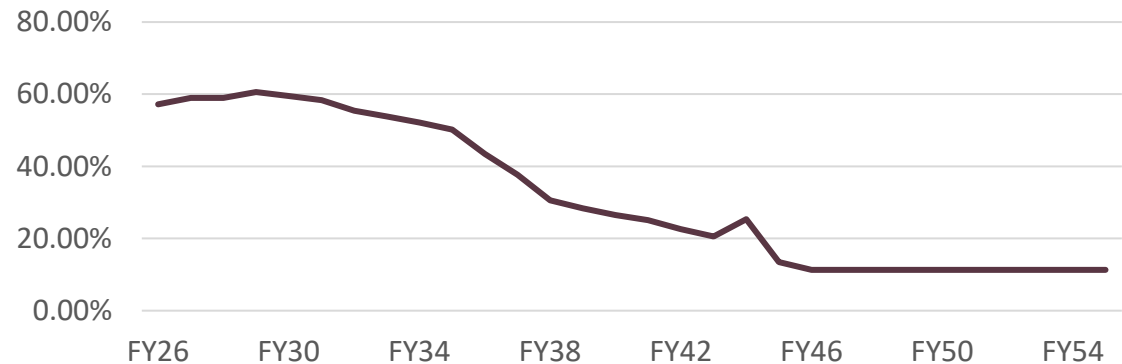
# Funding Our Pension Liability

- City Council has taken proactive approach to ensure fiscal sustainability
- Section 115 Trust
  - Established by Council action in September 2023
  - Currently holds \$3M
  - Allows for higher returns and advance planning while retaining flexibility
- Staff evaluate pre-paying UAL at beginning of each fiscal year (July 1)
  - Approx. 3.3% discount for prepaying

Pension Funding Status



Combined Employer Rate\*



\*Does not include possible use of Section 115 Trust funds to pay UAL

# Major Capital and Infrastructure Projects

- Current Year:
  - Swim Center repairs
  - City Council Chambers Audio-Visual repairs and improvements
  - Del Norte Complete Streets
  - Hillside Natural Area Tree Removal Milling, and Restoration
  - Annual Street Improvement Program
  - Playground and Park Maintenance
  - Implementation of State Mandates
- Future years:
  - Hillside Natural Area Tree Removal Milling, and Restoration
  - Access Modifications
  - Annual Street Improvement Program
  - Ohlone Greenway Improvements
  - Traffic Signal Upgrades
  - Richmond Complete Streets
  - Implementation of State Mandates

*Note: All projects contingent on budget approvals*

# General Fund Balance

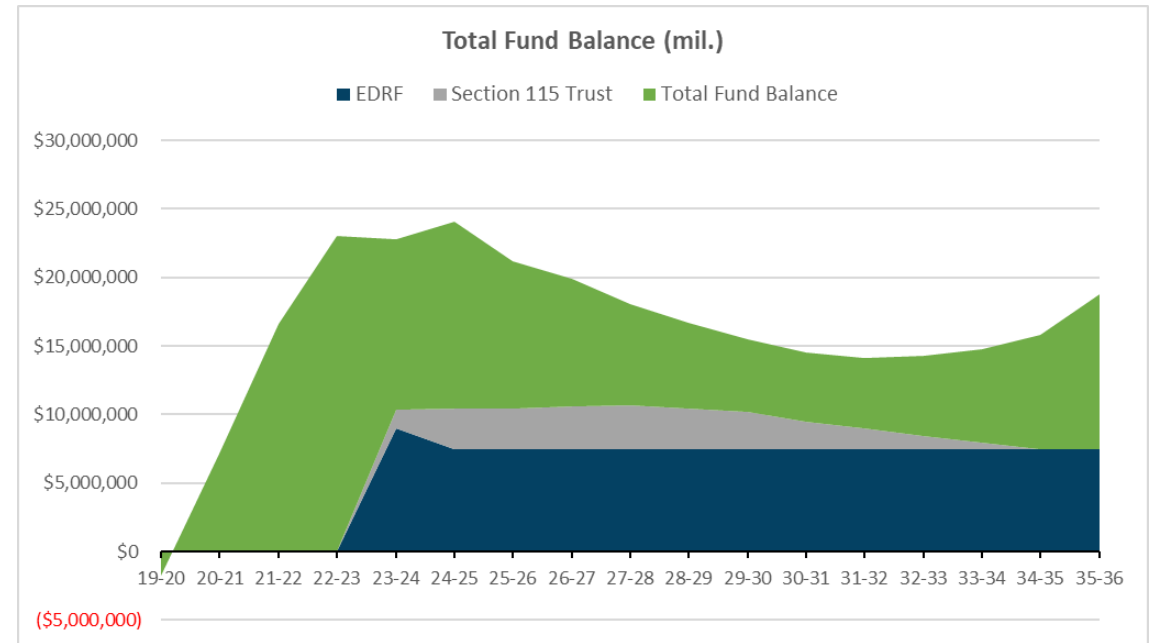
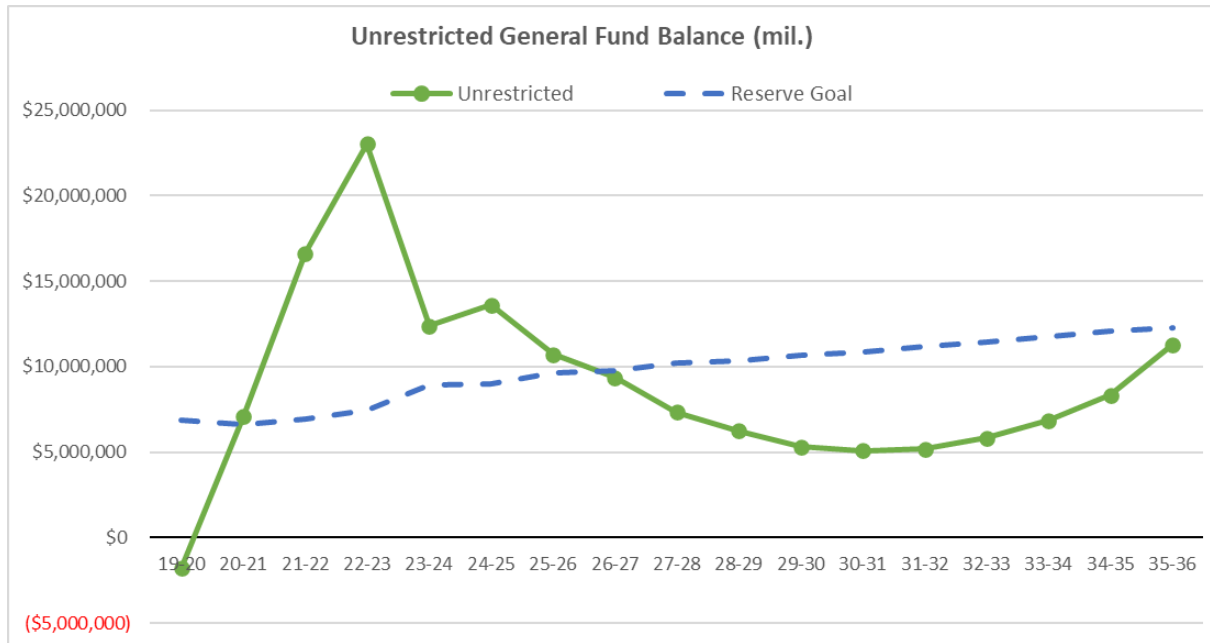
- Robust General Fund reserves remaining after mid-year adjustments
  - Emergency and Disaster Recovery Fund (EDRF) of \$7.5M
  - General Fund Reserve of \$9.3M, 17% of budgeted GF expenditures per policy
  - Section 115 Pension Trust of \$3M
  - Remaining Unassigned Fund Balance of \$2.7M
- **Total reserves: \$22.6M**

Fund Balance Projection		
<b>FY25 General Fund - Total Fund Balance</b>		<b>\$ 24,250,508</b>
EDRF	(7,500,000)	
Section 115	(2,960,245)	
Non-Spendable	(175,376)	
FY26 Projected Revenue	53,779,792	
FY26 Projected Expenditures	(54,676,664)	
Anticipated Pool Renovation Expenses	(762,100)	
Change in fund balance		<u>(1,658,972)</u>
<b>Projected Total Ending FY26 Fund Balance</b>		<b>22,591,536</b>
EDRF (Internally Restricted)	(7,500,000)	
Section 115 (Restricted)	(2,960,245)	
Non-Spendable	(175,376)	<u>(10,635,621)</u>
<b>Projected FY26 Unrestricted Fund Balance</b>		<b>11,955,915</b>
FY26 Expenditure Proposed Budget	54,676,664	
FY26 17% Reserve Goal		<u>(9,295,033)</u>
Projected discretionary as of June 30, 2026		<b>2,660,882</b>
<b>FY 26 Projected Ending Total Fund Balance</b>		<b>22,591,536</b>
Projected unassigned (less Section 115)		<b>11,955,915</b>
Projected unassigned percent as of June 30, 2026		<b>22%</b>

# General Fund Forecast

- Forecast based on current budget year
- Assumptions:
  - Moderate revenue growth based on historic and current trends
  - Expenditure growth includes existing employment agreements and conservative expenditure growth
  - Includes existing debt obligations and CalPERS actuarial estimates
  - Includes use of the Section 115 trust to smooth anticipated peak pension costs

# General Fund Forecast – Current Projection



- Current budget year, including mid-year adjustments
- Assumes no budget changes or corrections in future years
- Point-in-time, certain to change as economic conditions, budget decisions, and other factors shift

# FY 2026-27 and FY 2027-28 Budget Process To- Date

- Jan 10 – City Council Retreat and Priority Setting
- Feb 17 – Mid-Year Budget Update and Adjustments
- March 7 – Community Workshop

## Also:

- Community survey in progress
- Finance developing revenue and non-discretionary expenditure estimates
- Departments developing budgets

# Biennial Budget Principles

- Align the City's budget and services with the Strategic Plan
- Ensure fiscal sustainability and meet reserve goals using a longer-term approach
- Adhere to all legal, policy, and program requirements, including federal, state, and local
- Retain fiscal control provided by annual budgets

Table 3-2  
City Manager Strategic Plan Alignment

Program or Service	Strategic Plan Goal	Activity Required By:	Duration
Public Information & Outreach, including newsletter, website, press releases, events	Sense of Place & Identity	City	Ongoing
Implement Strategic Plan Action Plan	Exemplary Services	City	Multi Year
Maintain the City website, Open El Cerrito, social media accounts and support use of social media	Exemplary Services	City	Ongoing
Staff the Arts & Culture Commission; Administer the Art in Public Places Program & other programs/ events	Sense of Place & Identity	City	Ongoing
Disaster preparedness: be ready and able to carry out EOC functions as necessary in a disaster	Public Health & Safety	City	Ongoing
Represent City with other agencies; community groups and residents; Gauge public sentiment through surveys, etc.; Support the City Council (agenda packet management; analysis; attend Council meetings)	Exemplary Services	City	Ongoing
Implement Smoke Pollution Protection ordinance and Tobacco Retailers Ordinance	Public Health & Safety	City	Ongoing
Implement and enforce Minimum Wage ordinance	Sense of Place & Identity	City	Ongoing
Implement policies and directives from the City Council	Exemplary Services	City	Ongoing
Oversee the Successor Agency	Financial Sustainability	State	Ongoing
Participate in recruitment of senior staff; Assist with various employee events and meetings	Exemplary Services	City	Ongoing
Prepare annual budget; Oversee financial planning, capital and infrastructure projects	Financial Sustainability	City	Ongoing
Provide organizational leadership and oversee municipal operations and services	Exemplary Services	City	Ongoing
Liaison to WCCUSD	Sense of Place & Identity	City	Ongoing
Lead organization and ensure continued emphasis on providing excellent customer service	Exemplary Services	City	Ongoing
Administer contract for City Attorney	Exemplary Services	City	Ongoing

# Current Budget Guiding Principles

## Fiscal Sustainability

- Annual budgets should balance and avoid deficit spending.

## One City, One General Fund

- General Fund revenues are shared resources across all departments.

## Transparency

- Provide Council, Finance, the City Manager and the public with the information they need to make informed decisions and support the City's objectives.

## One-Time Uses for One-Time Revenues

- Fund balance and one-time revenues should be used for one-time costs, not ongoing programmatic or staffing needs.

## Budget to the Bottom Line (Division Level)

- Departments have the discretion to allocate spending among line items within a division for non-personnel expenses.
- The use of salary savings for other expenses must be approved by City Manager and Finance Director.

## Complete Budgets during Annual Budget Process

- Budget amendments to the General Fund should be avoided off-cycle if possible, including during mid-year.

## Plan and Prepare for Long-Term Needs

- Finance is developing asset replacement plans and internal service funds to prepare for long-term needs.

# El Cerrito Strategic Plan 2024-2029



# Strategic Plan Goals

- **High-Performing Organization.** Ensure the city maintains a strong financial position and a high-performing organization where employees feel a sense of inclusion and belonging.
- **Community Safety.** Maintain public safety staffing and responsiveness and ensure community emergency preparedness.
- **Livability and Belonging.** Promote a high quality of life and sense of community for current and future generations.
- **Infrastructure and Amenities.** Advance climate focused, sustainable infrastructure efforts that have community benefit.
- **Environmental Sustainability.** Promote environmental sustainability and stewardship by engaging in initiatives that reduce our carbon footprint, conserve natural resources, and foster a culture of environmental responsibility.

# Budget Priorities for FY 2026-27 & 2027-28

**Mirroring the Adopted Strategic Plan 2024-2029...**



High-Performing  
Organization



Community  
Safety



Livability and  
Belonging



Infrastructure  
and Amenities



Environmental  
Sustainability

**... and confirmed by City Council at the Budget Kickoff Priority Setting Workshop**

# Next Steps

- March 17 – Department Head Presentations to the City Council
- April 7 – City Council Study Session #1
- May 5 – City Council Study Session #2 and Master Fee Schedule Consideration
- June 2 – City Council review of the Proposed Budget
- June 16 – City Council considers budget for adoption

*(All dates subject to change)*

**BUDGET PROCESS**  
THE CITY OF EL CERRITO

City of El Cerrito Fiscal Year 2026-27 & 2027-28 Biennial Budget

**Attend a Public Meeting!**

10 Jan	Sat 9AM	<b>CITY COUNCIL RETREAT</b> 1120 Arlington Blvd, El Cerrito, CA
17 Feb	Tues 6PM	<b>MID-YEAR BUDGET UPDATE</b> 10890 San Pablo Ave., El Cerrito, CA
7 Mar	Sat 10AM	<b>COMMUNITY WORKSHOP</b> 10890 San Pablo Ave., El Cerrito, CA
17 Mar	Tues 6PM	<b>DEPARTMENT PRESENTATIONS</b> 10890 San Pablo Ave., El Cerrito, CA
7 Apr	Tues 6PM	<b>COUNCIL STUDY SESSION #1</b> 10890 San Pablo Ave., El Cerrito, CA
5 May	Tues 6PM	<b>COUNCIL STUDY SESSION #2 + MASTER FEE SCHEDULE CONSIDERATION</b> 10890 San Pablo Ave., El Cerrito, CA
2 Jun	Tues 6PM	<b>PROPOSED BUDGET REVIEW</b> 10890 San Pablo Ave., El Cerrito, CA
16 Jun	Tues 6PM	<b>BUDGET CONSIDERATION</b> 10890 San Pablo Ave., El Cerrito, CA

**DATES/TIMES SUBJECT TO CHANGE**  
Stay up to date at:  
[elcerrito.gov/budgetprocess](http://elcerrito.gov/budgetprocess)

**BUDGET SURVEY**  
Not able to make a meeting?  
Tell us your thoughts and ideas at:  
[elcerrito.gov/budgetsurvey](http://elcerrito.gov/budgetsurvey)

**Financial Advisory Board Meetings**  
City Council Chambers  
10890 San Pablo Ave.  
March 24, 2026, 6:30 p.m.  
April 28, 2026, 6:30 p.m.  
May 26, 2026, 6:30 p.m.  
June 4, 2026, 6:30 p.m.  
Review the agendas and find out about special meetings that may be scheduled at [elcerrito.gov/fab](http://elcerrito.gov/fab)

Questions?

# Survey Activity

If faced with difficult decisions on how to balance the budget, what would you prioritize?

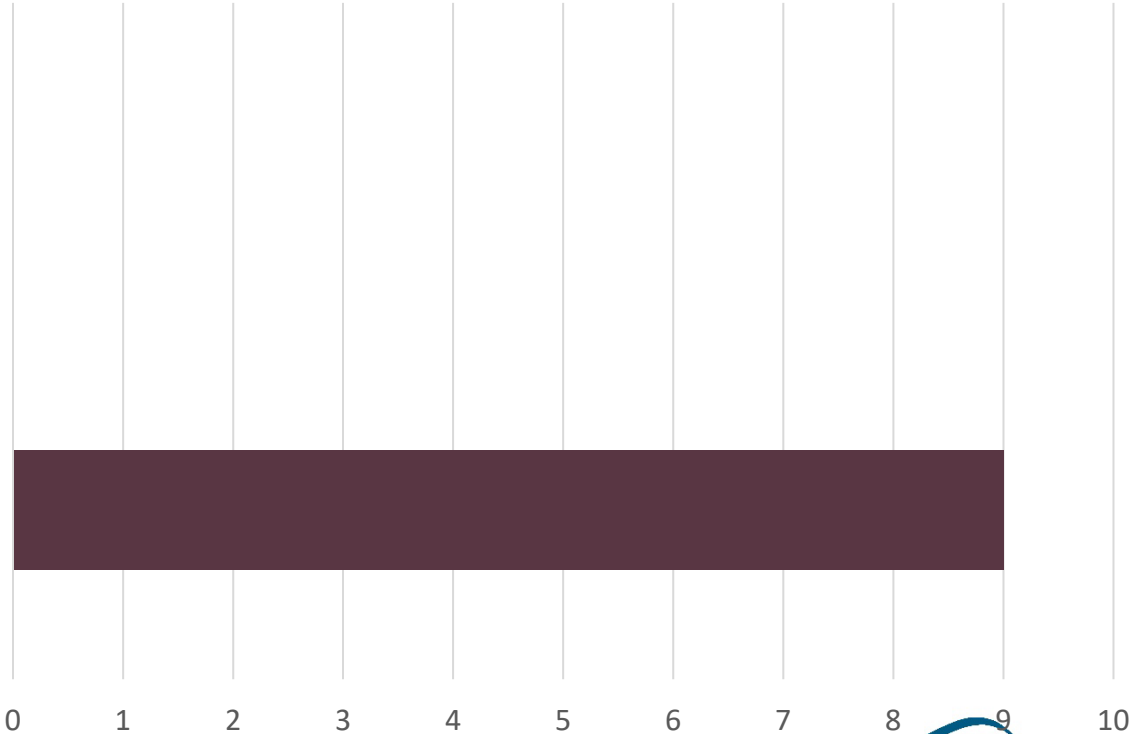
Break –  
5 minutes



# Survey Results

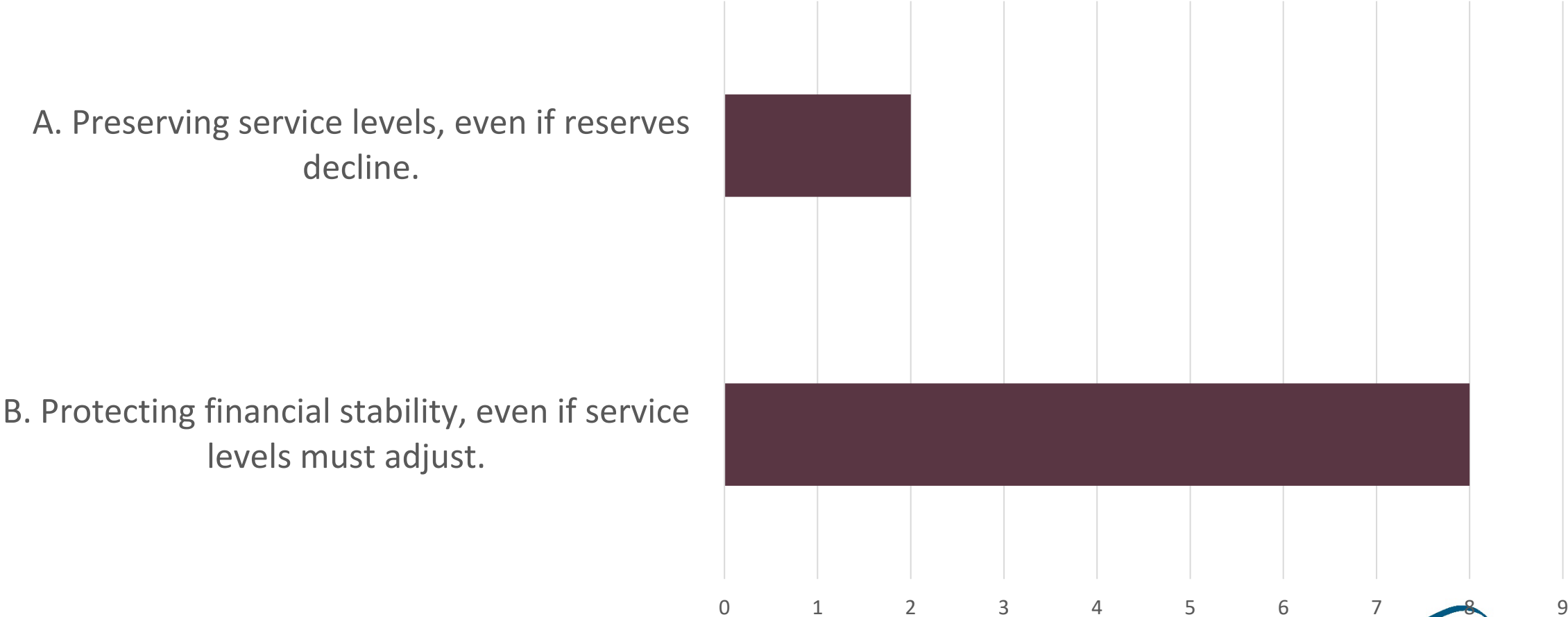
**Question 1: If expenditures continue to grow faster than revenues and infrastructure continues to deteriorate, which should be prioritized first?**

- A. Maintain current services and continue to defer maintenance.
- B. Begin addressing backlog, even if it requires service reductions.



# Survey Results

Question 2: With rising costs, should the City prioritize:

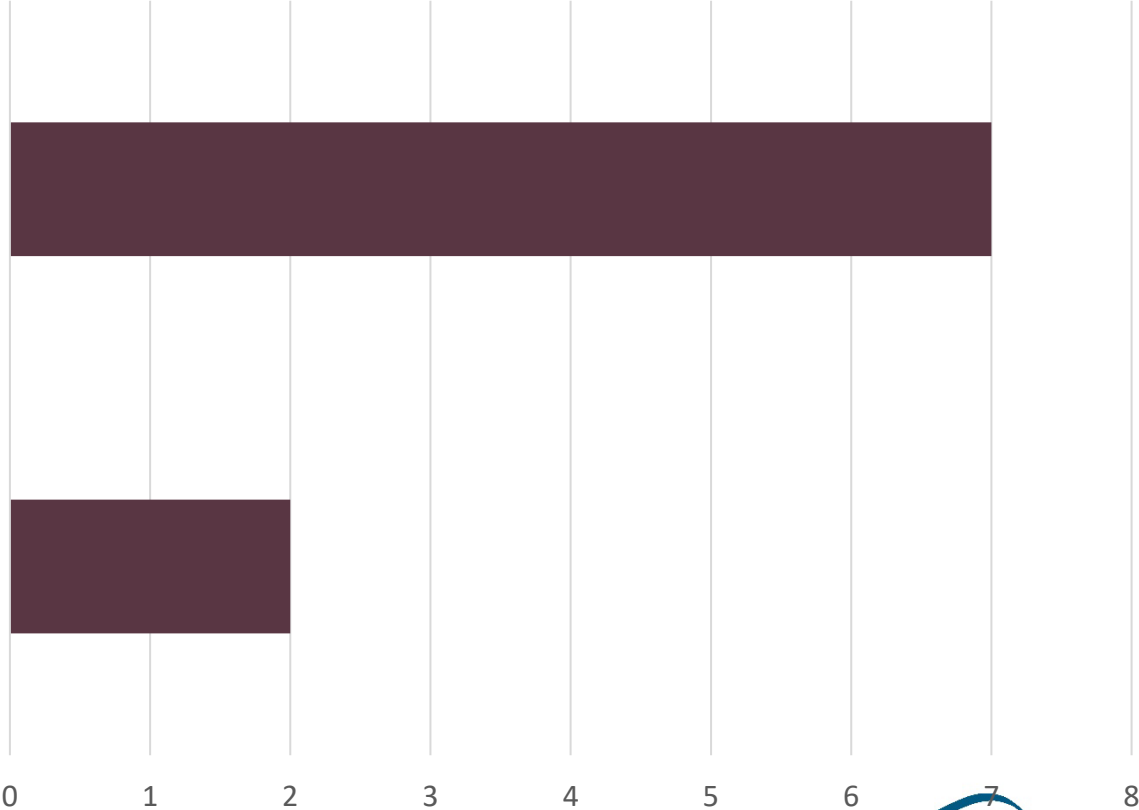


# Survey Results

**Question 3: If reserves fall below policy targets due to rising costs, should the City:**

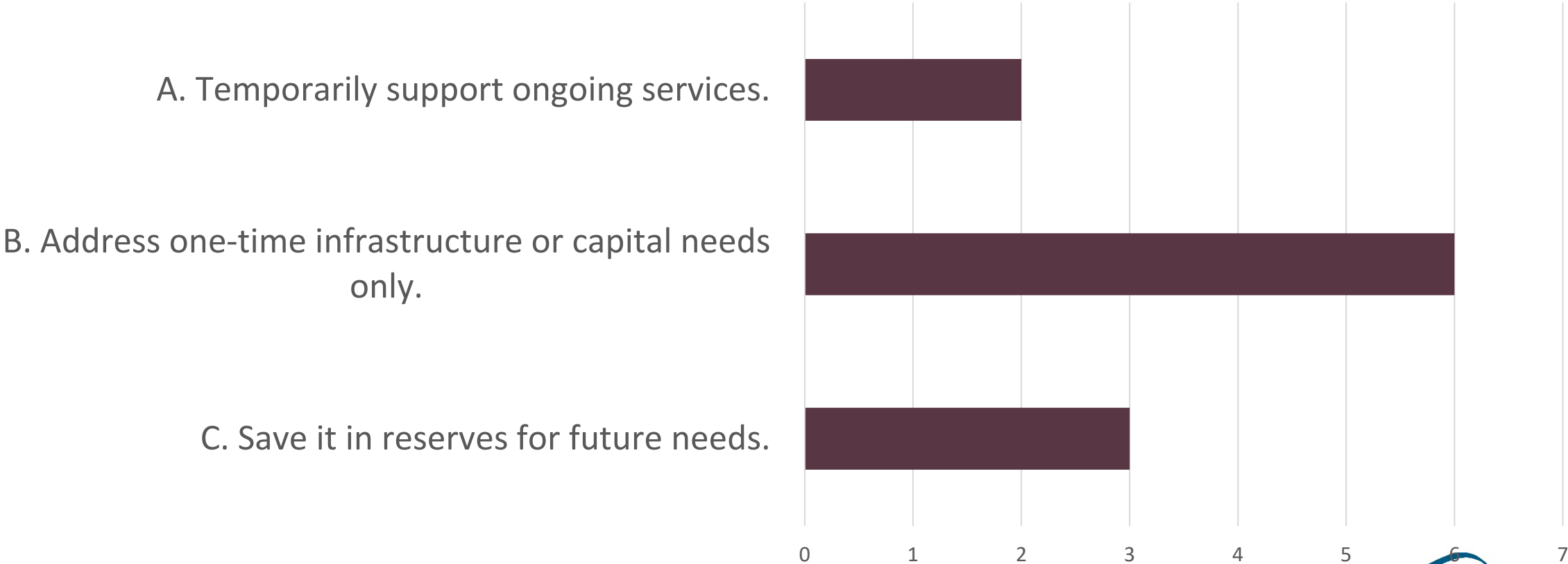
A. Restore reserves before expanding or restoring services.

B. Keep lower reserves in order to maintain services.

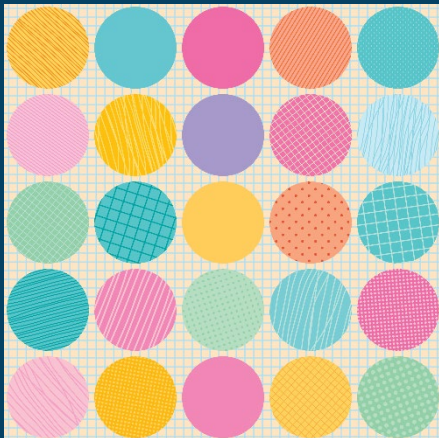


# Survey Results

**Question 4: If the City identifies one-time funding, should it be used to:**



# Allocating Funds - Activity



What would you like the City of El Cerrito to prioritize in the City's General Fund for Fiscal Years 2026-27 & 2027-28?

*Allocate your votes into the Service Areas that you would like the City to prioritize in the General Fund*

# Provide More Feedback

## Upcoming Meeting

City Council Meeting – Department Head Presentations

**March 17, 2026**

## Budget Priorities Survey – Closes 03/31

[elcerrito.gov/BudgetSurvey](http://elcerrito.gov/BudgetSurvey)

## Learn More at

[elcerrito.gov/BudgetProcess](http://elcerrito.gov/BudgetProcess)





**Thank you!**

[elcerrito.gov/budgetprocess](http://elcerrito.gov/budgetprocess)





**City of El Cerrito  
City Council Budget Study Session  
Department Presentations**

**March 17, 2026**



# Study Session Agenda – Department Presentations

- High Level, Draft Preview of Departments
  - Overview and Staffing
  - FY 2025-26 Highlights
  - FY 2026-27 and FY 2027-28 Focus/Workplan
- Budget totals and line-item detail still being finalized
  - Non-departmental, special funds, Capital Improvement Program (CIP) also in progress

# El Cerrito Strategic Plan 2024-2029

- Budget process and recommendations guided by Strategic Plan
- Department workplans aligned to Strategic Plan goals
  - Detailed strategic alignment information for each department to be included in budget document



# Budget Priorities for FY 2026-27 and FY 2027-28

- High-Performing Organization
  - Maintaining Reserves
  - Maximize Revenues
  - Retain and Recruit Top Talent
- Community Safety
  - Crime Prevention
  - Wildfire Prevention/Safety
  - Emergency Operations
  - Disaster Preparedness
- Environmental Sustainability
  - Climate Action Plan Update/Implementation
- Livability and Belonging
  - Parks/Open Space
  - Senior Programs/Services
- Infrastructure & Amenities
  - Housing
  - Complete Streets + Parking
  - Support Businesses & Economic Development

# City Management

- Provides leadership and direction to all Departments in the City
- Serves as central liaison to the public
- Ensures the implementation of City Council policy direction
- Core functions include:
  - City Manager's Office
  - City Clerk
  - Human Resources
  - Information Technology (IT)

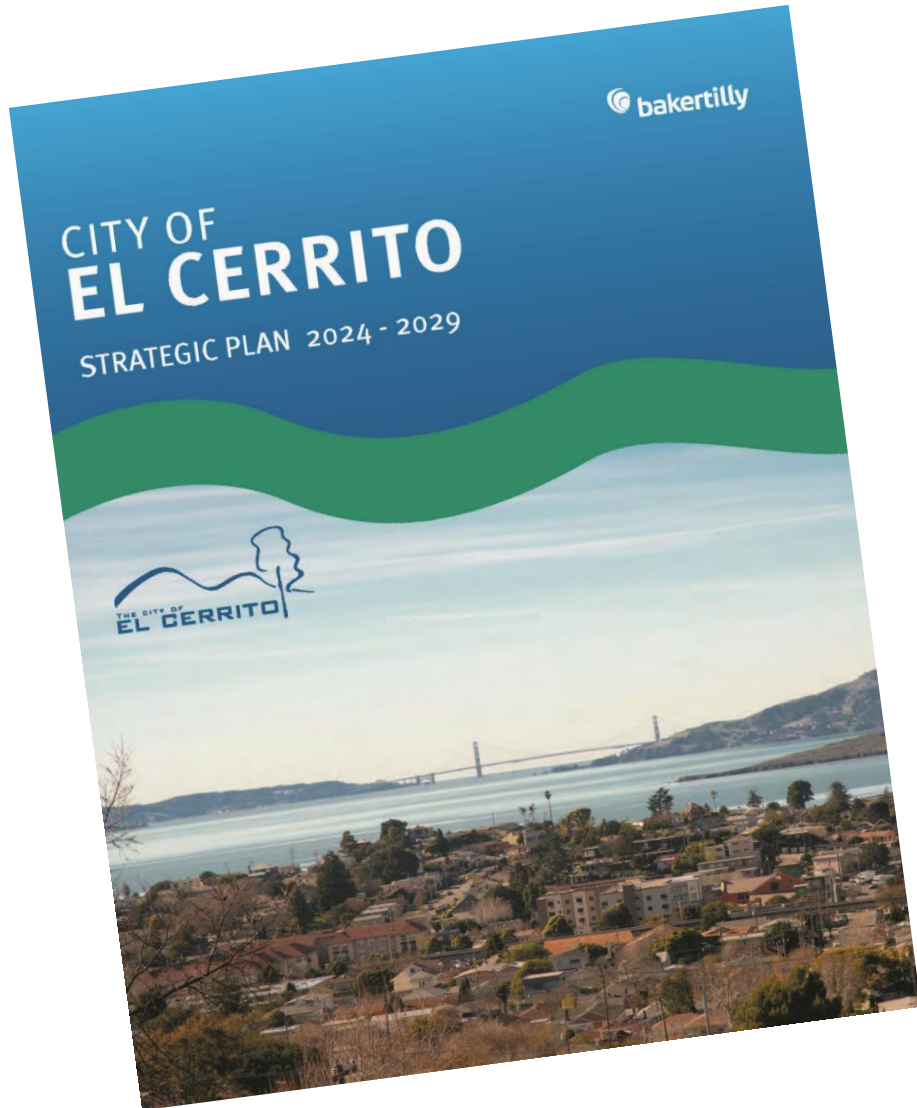
# Department Overview and Staffing



<b>CITY MANAGEMENT</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
City Manager	1	1	1	1	1
Assistant City Manager	1	1	1	1	1
Assistant to the City Manager	0	0	1	1	1
City Clerk	1	1	1	1	1
Management Assistant	0	1	1.5	1	1
Administrative Clerk Specialist	1	0	0	0	0
Human Resources Manager	1	0	0	0	1
Senior Human Resources Analyst	0	1	1	1	0
Human Resources Specialist	1	1	1	1	1
Information Technology Manager	1	1	1	1	1
Information Technology Specialist	1	1	1	1	1
Network Security Engineer	1	1	1	1	1
<b>CITY MANAGEMENT TOTAL</b>	<b>9</b>	<b>9</b>	<b>10.5</b>	<b>10</b>	<b>10</b>



# Recent Highlights and Accomplishments



- **City Management**
  - General Fund reserves at 41% of Budget
  - 90% Community Satisfaction - National Community Survey
  - Quad-City CORE Team Partnership
  - Citywide Service Delivery Study Development
  - Legislative Platform
  - \$3.85M in Federal Earmarks
  - Transition to elcerrito.gov
- **Human Resources**
  - Filled 13.5 vacancies since July 1
  - Relaunched EC STARS Intern Program with School District
  - Local 1230 Contract and Management/Conf. Agreement
  - Workplace Violence Prevention Plan and Policy (SB 553)
  - Classification and Compensation Study
  - Benefit Audit

# Recent Highlights and Accomplishments



- **City Clerk**

- EOC/Council Chambers Audio-Visual Upgrades
- Administration of Citizen Initiative Measure
- Implementation of SB707 regulations/Council Policy updates
- Dissolution of the Successor Agency to El Cerrito Redevelopment Agency
- Reduced off-site records storage by 13%
- Hosted Contra Costa Mayors Conference
- By the numbers:
  - 237 Public Record Requests
  - 94 Public Meetings Facilitated
  - 44 Advisory Body applications processed

- **IT**

- EOC/Council Chambers Audio-Visual Upgrades
- Satellite-based Internet for all major City sites
- Consolidated Microsoft and Adobe software licensing to achieve up to 30% savings
- Implemented network security improvements

# FY 2026-27 and FY 2027-28 Focus/Workplan

## City Manager

- Continue taking steps to right-size the Budget and reduce the City's structural deficit
- Implement Service Delivery Study Recommendations
- Implement Library Task Force
- Pursuing grants/earmarks and monitoring state legislation

## IT

- Critical IT support for day-to-day internal operations
- Improve prevention and recovery technology for cybersecurity and resiliency



# FY 2026-27 and FY 2027-28 Focus/Workplan

## City Clerk

- November 2026 Election
- Library Task Force
- Advisory Bodies Review with City Council Ad-Hoc Subcommittee
- SB707 Implementation
- Streamline agenda management process for City advisory bodies
- Expand digitizing physical records
- Refine administrative policies for program areas



# FY 2026-27 and FY 2027-28 Focus/Workplan

## Human Resources

- Diversify recruitment efforts, continue efficiencies and automating processes
- Negotiate new contracts with the Police and Fire Chiefs, and the El Cerrito Police Employees' Association (PEA)
- Focus on risk mitigation, update Injury and Illness Prevention Plan (IIPP)
- Human Relations Commission Support



# Finance Department

- Supports the financial and fiscal sustainability of the City
- Ensures activities are performed, recorded, and presented in compliance with professional and ethical standards
- Core functions include:
  - Budget
  - Treasury
  - Financial Reporting
  - Accounts Payable
  - Accounts Receivable
  - Payroll
  - Purchasing
  - Debt Management

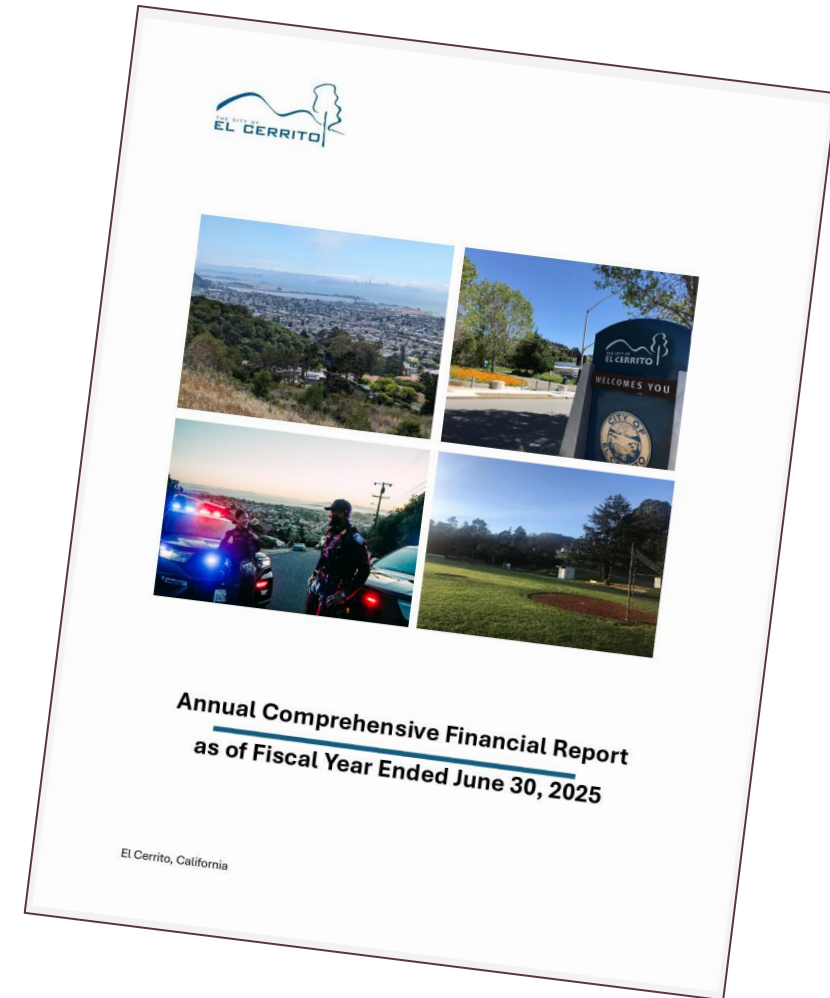
# Department Overview and Staffing



<b>FINANCE DEPARTMENT</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
Finance Director/City Treasurer	1	1	1	1	1
Accountant I	0	2	2	2	2
Budget/Finance Manager	1	1	1	1	1
Finance Technician	2	0	0	0	0
Senior Accountant	1	1	1	1	1
Senior Finance Technician	1	1	1	1	1
Management Assistant	0	0	0.5	0	0
<b>FINANCE DEPARTMENT TOTAL</b>	<b>6</b>	<b>6</b>	<b>6.5</b>	<b>6</b>	<b>6</b>

# Recent Highlights and Accomplishments

- Completed and submitted Annual Comprehensive Financial Report (ACFR) without an extension for the first time in over 12 years
- Implemented new modules in financial software for tracking and transparency
- Completed Cost Allocation Plan and Master Fee Study
- Ongoing implementation of improved Budget Book and Capital Improvement Budget software



# FY 2026-27 and FY 2027-28 Focus/Workplan

- Review and revise Citywide policies and procedures related to Finance
- Continue overhaul the City's Enterprise Resource Planning (ERP) software
- Complete Citywide Asset Verification Inventory and Capital Asset Module implementation
- Payroll process and auditing improvements
- Develop cross-training program among Finance staff



# Recreation Department

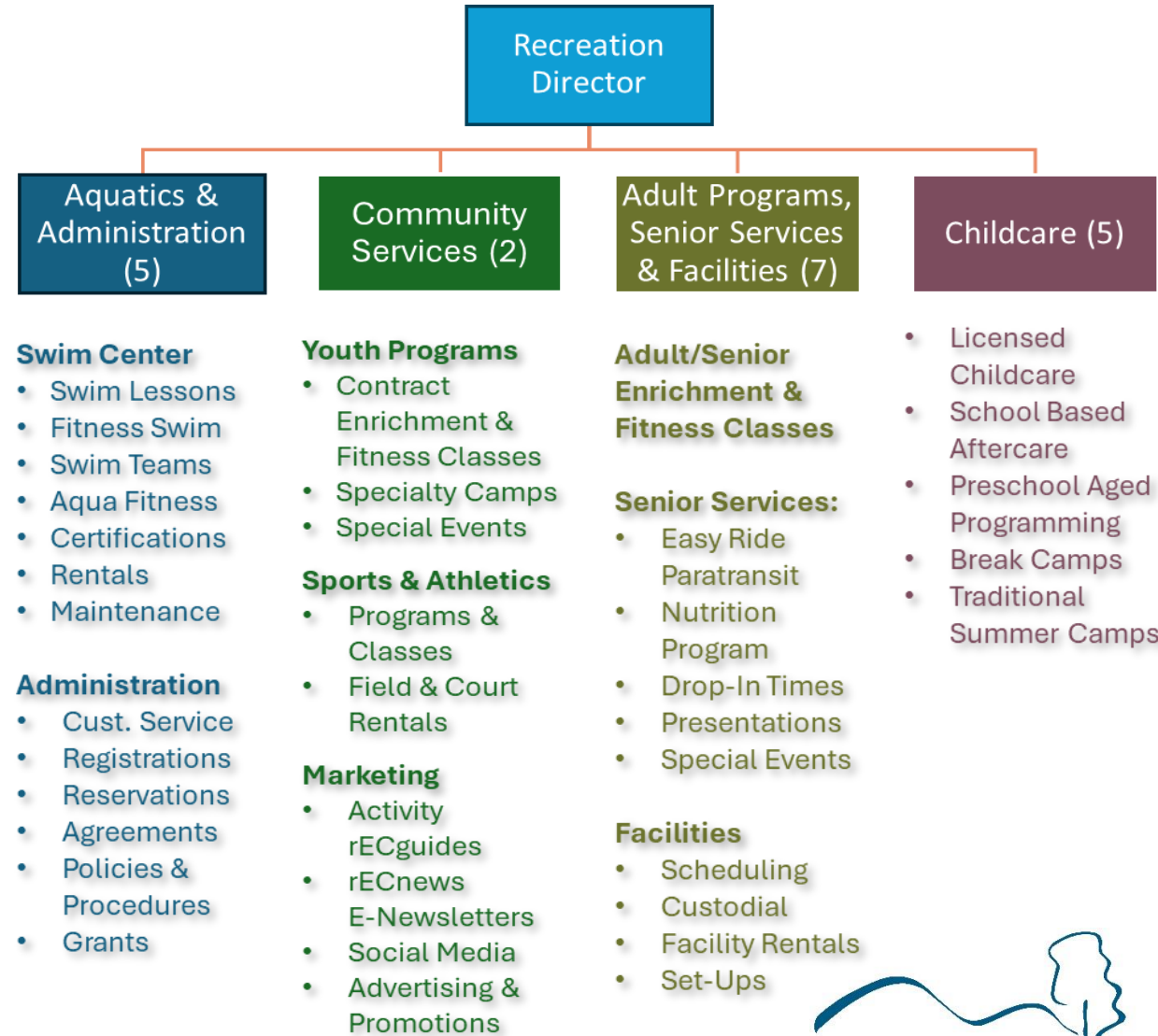


- Provide safe, friendly, reliable services that will enhance the quality of life through diverse programs
- Core functions include:
  - Adult Programs and Senior Services
  - Aquatics
  - Childcare
  - Summer Camps and Classes
  - Park and Facility Rentals, Programming and Planning
  - Special Events
  - Volunteer programs
  - Citywide custodial services



# Department Overview and Staffing

RECREATION	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Admin. Assistant II	2	2	3	3	3
Asst. Rec. Supervisor	0	0	1	1	1
Childcare Teacher	1	1	1	1	1
Recreation Coordinator	4	5	5	5	5
Lead Custodian	1	1	1	1	1
Custodian	4	4	4	4	4
Management Analyst II	1	0	0	0	0
Recreation Director	1	1	1	1	1
Recreation Supervisor	4	4	4	4	4
<b>RECREATION TOTAL</b>	<b>18</b>	<b>18</b>	<b>20</b>	<b>20</b>	<b>20</b>



# Recent Highlights and Accomplishments

## Increased Senior Socialization and Programming

- Senior Social Times
- Coffee & Conversations
- Meals on Wheels Free Programs
- Expanded Holiday Events with Adult School
- Volunteer Appreciation Event Relaunch

## Enhancements to Childcare and After-School Programs

- Fully Staffed Childcare and School-based Programs
- Increased Professional Development

## Technology & Customer Service Improvements

- Annual Waiver
- Online Ticket Sales/Guest Check-Out



# Recent Highlights and Accomplishments



## Projects

- Replaster and Parking Lot Projects with Public Works
- Castro Park Pickleball Courts & Arlington Tennis Center Collaboration

## 4<sup>th</sup> of July

- Record \$48,175 in Sponsorships and Donations
- First visit from a U.S. Senator, Sen. Adam Schiff
- Enhanced Event Security with Police Department

## Awards

- Best of Contra Costa County Parents' Press
  - 1 Winner, 8 Top 5
- Best of El Cerrito (Chamber of Commerce)
  - 2 Bests, 2 Runner Ups

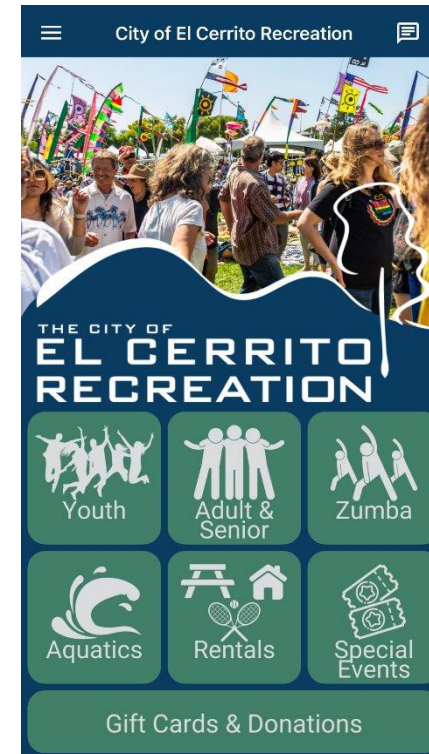
# FY 2026-27 and FY 2027-28 Focus/Workplan



- Review Department Structure
  - Evaluate Divisions based on programming and functions
  - Operational Efficiencies and Staff Retention
- Increase Program Participation & Facility Rentals
  - Enhance Youth, Adult, and Senior Programming
  - Evaluate underperforming programs and prioritize higher demand activities
- Optimize Customer Experience & Staff Processes
  - Customer Service and Operational Efficiencies
  - Update Training Manuals and Standard Operating Procedures
  - Online Emergency Forms Integration with Registration Software

# FY 2026-27 and FY 2027-28 Focus/Workplan

- Identify alternate funding sources for Senior Nutrition Program (CoCo Café)
- Expand Easy Ride Paratransit Service
- Launch Recreation Department Registration App
- Community Needs Assessment
  - Assist the Park & Recreation Commission & Committee on Aging
  - Identify priority facility improvements and maintenance needs
- Improve Access to Recreation and Partner Facilities
  - Identify funding for facility recreation accessibility improvements
  - Ensure facility needs are met for school-based programs



# Public Works Department

- Maintain, operate, develop, design, and construct public infrastructure, buildings, parks, landscapes, natural areas, integrated waste services, and environmental programs providing for a sustainable and resilient community
- Core functions include:
  - Engineering
  - Capital Improvement Program (CIP) management
  - Multi-modal Transportation Systems
  - Infrastructure & Facilities Maintenance
  - Landscape & Parks Maintenance
  - Recycling Collection and Integrated Waste Management
  - Environmental Sustainability Programs
  - Emergency Response

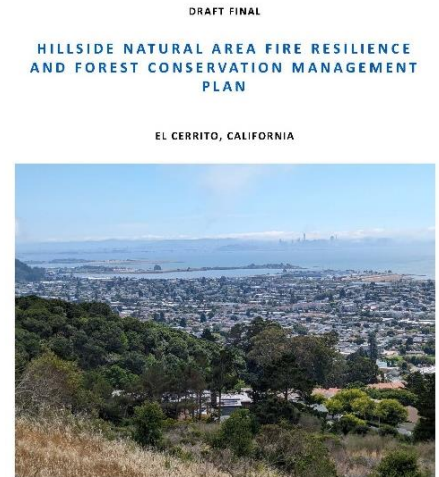
# Department Overview and Staffing

<b>PUBLIC WORKS DEPARTMENT</b>	<b>FY 2021-22</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>	<b>FY 2024-25</b>	<b>FY 2025-26</b>
Management Analyst	1	1	1	1	1
Administrative Clerk	0.8	0.8	0.8	0.8	1.8
Associate Engineer	1	1	1	1	1
Engineering Technician	0	1	1	1	1
Environmental Programs Manager	1	1	1	1	1
Operations + Environmental Services Manager	1	1	1	1	1
Forklift Operator	2.4	2.4	2.4	2.4	2.4
Maintenance Services Lead worker	2	2	2	2	2
Maintenance Services Superintendent	1	1	1	0	0
Maintenance Operations Supervisor	0	0	0	1	1
Maintenance Worker	4	4.3	4.3	4.3	4.3
Management Assistant	2	2	2	2	2
Public Works Director/City Engineer	1	1	1	1	1
Recycling Maintenance Worker	4	5	5	5	5
Recycling Operations Supervisor	1	1	1	1	1
Senior Program Manager	0	0.8	0.8	0.8	0.8
Senior Engineer/Engineering Manager	1	1	1	1	1
Environmental Specialist	1	1	1	1	1
<b>PUBLIC WORKS DEPARTMENT TOTAL</b>	<b>24.2</b>	<b>27.3</b>	<b>27.3</b>	<b>27.3</b>	<b>28.3</b>

- Two Divisions
  - Engineering – 5 FTE including Department-level
  - Operations & Environmental Services Division (OESD)– 23.3 FTE
  
- Continue to evaluate OESD staffing to address facilities, deferred maintenance, and environmental programs

# Recent Highlights and Accomplishments

- Hillside Natural Area (HNA) Fire Resilience Planning, including Coastal Conservancy Grant
- 2025 Platinum Spotlight Beacon Award
- Climate Action & Adaptation Plan Implementation and Community Outreach
- Regional Solid Waste Partnership and SB1383 Outreach
- Recycling Program Improvements and New Trash Receptacles in Parks
- Expanded the Red Flag Day Pilot Parking Program
- Expanded the Sidewalk Shaving Program
- Implemented expanded stormwater regulatory requirements



# Recent Highlights and Accomplishments

## Capital Projects

- Constructed
  - Capital Improvement Projects Webpage
  - Castro Park Pickleball Courts
  - Arlington Park Tennis Center
  - Community Center Roof Repair
  - Ohlone Greenway at Eureka Avenue Path Repair
  - 2025 Street Resurfacing Project
  - 2025 Access Modifications
  - Del Norte Complete Streets
  - Storm Drain System Maintenance and repairs
- Underway
  - Richmond Street Complete Streets Improvement
  - Swim Center Large Pool Replastering and Accessible Parking Improvements
  - El Cerrito Plaza BART TOD Active Transportation Improvements



# FY 2026-27 and FY 2027-28 Focus/Workplan

- **Staff Retention, Recruitment & Training & Technology**
  - Recruit & Onboard new staff
  - New Maintenance & Asset Management Software System
- **Planning**
  - Capital Improvement Program Budgeting & Long-Range Capital Needs Planning
  - Public Fleet Zero-Emission Vehicle Transition Plan
  - Local Road Safety Plan
  - Storm Drain Master Plan Update
- **Programs**
  - Hillside Natural Area Fire Resilience & Forest Conservation Plan, Coastal Conservancy Grant & Apply for Additional Grants
  - Permanent Red Flag Parking Program
  - Climate Action & Adaption Plan Phase 1



# FY 2026-27 and FY 2027-28 Focus/Workplan

- **Projects**

- Swim Center Pool Replastering and Accessible Parking Improvements
- 2026 Street Resurfacing
- Richmond Street Complete Streets
- El Cerrito Plaza BART TOD Active Transportation Improvements

- **Collaborations**

- San Pablo Avenue/SR123 Repaving and Pedestrian Safety Projects
- Central Avenue I-80 Undercrossing Pedestrian & Bicycle Path
- Countywide Smart Signals Project
- I-80/Central Avenue Local Road Realignment
- San Pablo Avenue Multimodal Phase III

- **State Mandates**

- Clean Water Program Municipal Regional Permit 3.0
- SB 1383 Organics Recycling



# Police Department

- Protect our community, solve crime, and pursue justice
- Foster an environment of collaboration, honesty, and respect with each member of the community, the department, and allied agencies
- Core Functions include:
  - Emergency Response
  - Criminal Investigations
  - Traffic Safety
  - Parking Enforcement
  - Public Education and Outreach

# Department Overview and Staffing

## 2025 Statistics Snapshot

Calls for Service  
24,393  
Up 2%

Reports Taken  
2,276  
Down 1%

Moving Violations  
3,485  
Up 37%

Parking Violations  
2,995  
Up 6%

POLICE DEPARTMENT	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Police Chief	1	1	1	1	1
Community Services Officer (CSO)	2.4	2.4	2.4	2.4	2.4
Police Cadet	1.6	1.6	1.6	1.6	1.6
Police Captain	1	1	1	1	1
Police Corporal	4	4	4	4	4
Police Corporal - Detective	1	1	1	1	1
Public Safety Executive Assistant	1	1	1	1	1
Police Lieutenant	2	2	2	2	2
Police Officer	13	13	13	13	13
Police Officer - Detective	6	6	6	6	6
Police Officer - K9	2	2	2	2	2
Police Officer - Traffic	0	1	1	1	1
Police Records Specialist	4	3	3	3	3
Police Records Supervisor	1	1	1	1	1
Police Sergeant	5	4	4	4	4
Police Sergeant - Detective	1	1	1	1	1
Police Sergeant - Admin	1	1	1	1	1
Property and Evidence Specialist	1	1	1	1	1
Senior Police Records Specialist	0	1	1	1	1
<b>POLICE DEPARTMENT TOTAL</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>48</b>

# Recent Highlights and Accomplishments

- **Significant Cases**

- Ohlone Greenway Sexual Assault
- Home Invasion Robbery
- Facial Recognition Successes – Potrero Burglary, Chevron Hate Crime, Arson
- Assault on Officer with Vehicle

- **Training**

- P.O.S.T. Compliance
- Policing the Teenage Brain

- **E-Bikes**

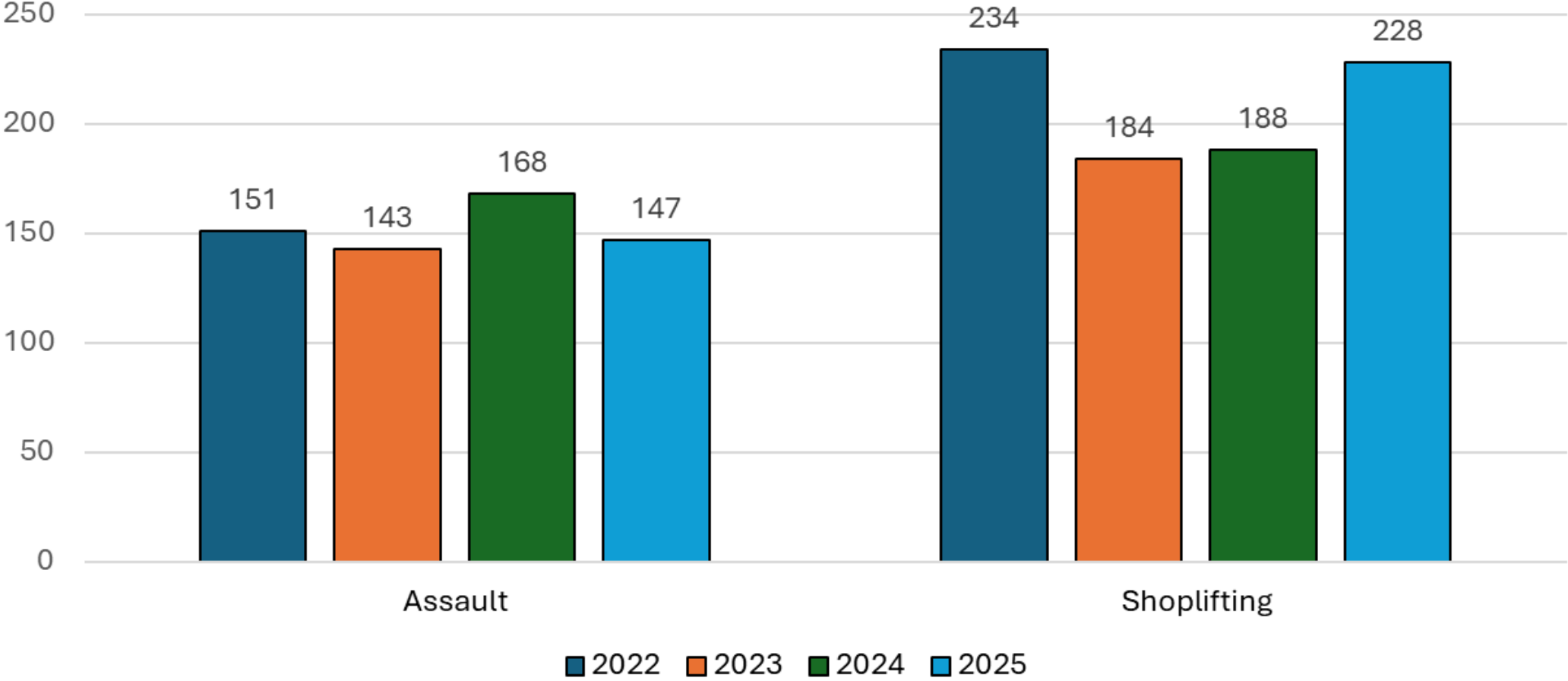
- **Traffic Safety**

- Traffic Officer Deployment
- Fatal Collision Investigations
- 33% Increase in DUI Arrests



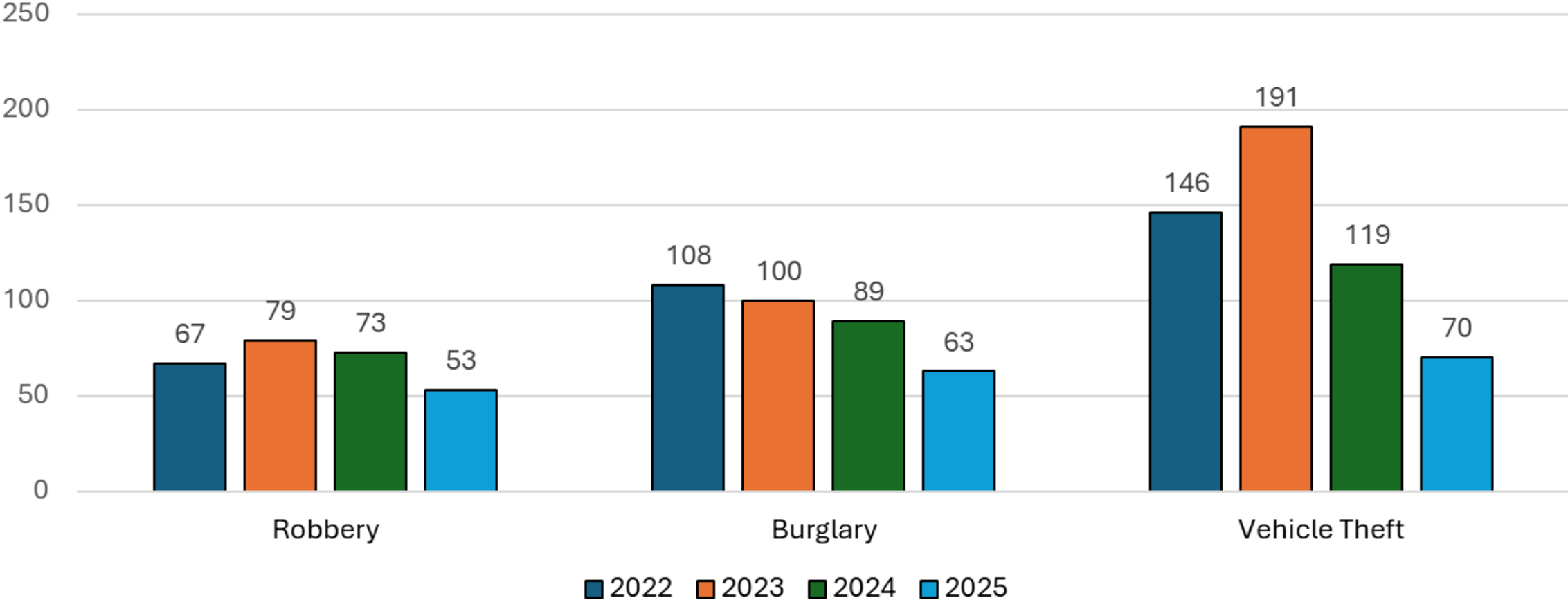
# Static Crime Trends, 2022-2025

## Assault and Shoplifting



# Declining Crime Trends, 2022-2025

## Robbery, Burglary, and Vehicle Theft



# Technology Initiatives



- **License Plate Readers**
  - Static
  - Vehicle-based
- **Investigative Aids**
  - Cell Phone Forensics
  - Facial Recognition
- **Patrol**
  - AI-Assisted Report Writing
  - E-Bikes
  - Drones
  - Camera Systems (Body-Worn and Fleet)

# New Concepts for FY 2026/2027 and Beyond



- **Refocus on Traffic Safety**
  - Traffic Safety Unit Reorganization
  - Grant Applications
  - Bicycle Unit
- **Advanced Investigative Tools**
  - Peregrine
- **Drones as a First Responder**
  - Regional Collaboration
- **Parking Program**
  - Vehicles
  - Enforcement
- **Training**
  - Active Bystandership for Law Enforcement (ABLE)

# FY 2026-27 and FY 2027-28 Focus/Workplan

- Crime Focus
- Traffic Safety
- Staff Development
- Community Engagement
- Technology Adoption



# Fire Department

- Protect life, property, and the environment
- Respond effectively to emergencies and disasters
- Core Functions include:
  - Fire Suppression
  - Emergency Medical Response
  - Fire Prevention & Inspections
  - Vegetation Management
  - Public Education & Outreach

# Recent Highlights and Accomplishments

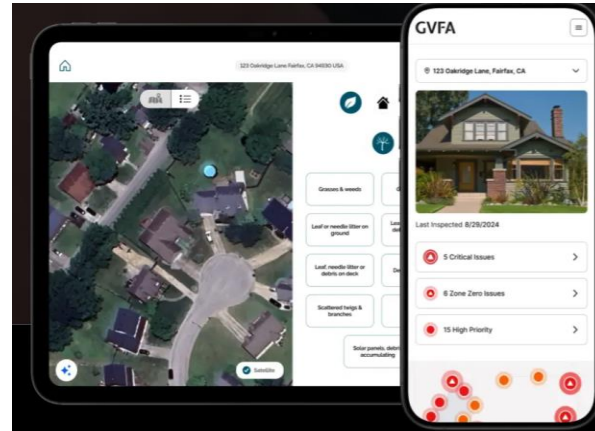
## Operational Readiness

- Rapid response across all hazards
- Strengthened company-level operations through training and drills
- High-rise and multi-company coordination training



## Firefighter Health & Development

- Expanded cancer prevention and safety practices
- Leadership development through Command College
- Promotional testing supporting succession planning



## Technology & Systems

- Upgraded records and reporting systems
- New mobile tools for inspections and field operations
- Continuous improvement of Standard Operating Guidelines (SOGs)



# Recent Highlights and Accomplishments

## Wildfire Resilience

- Targeted vegetation management using risk-based technology
- Expanded defensible space compliance and community education
- Regional coordination for Red Flag and extreme weather readiness

## Community Engagement & Governance

- Community outreach and fire safety engagement
- Alignment with City and Kensington Community Services District risk, resilience, and fiscal goals



# FY 2026-27 and FY 2027-28 Focus/Workplan

## 2026 Strategic Initiatives

### Operational Readiness

- Plan funding for major equipment replacement
- Establish vehicle replacement cycles
- Prepare for complex, multi-story incidents

### Technology & Data

- Expand wildfire risk & vegetation management tools
- Strengthen data-driven planning

### Wildfire Preparedness

- Enhance Red Flag Day planning & regional coordination
- Pursue risk-reduction policies and grants

### Leadership & Training

- Expand Command College and officer development
- Conduct promotional testing for succession planning

### Fiscal Stewardship

- Maintain disciplined capital planning
- Align staffing, training, and equipment with risk and community needs



# Community Development Department

- Deliver services and programs that ensure a safe, livable, and resilient built environment
- Core functions include:
  - Planning
  - Building
  - Neighborhood Preservation (Code Enforcement)
  - Affordable Housing
  - Economic Development
  - Business Licenses/Parking Permits/Rent Registry
  - Administration

# Department Overview and Staffing



## COMMUNITY DEVELOPMENT DEPARTMENT

	FY 2021-22	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26
Management Analyst III	1	0	0	0	0
Management Assistant	1	1	1	1	1
Neighborhood Preservation Officer	1	1	1	1	1
Building Inspector I-III	1	1	1	1	1
Building Inspector III	1	1	1	1	1
Building Official	1	1	1	1	1
Building Plan Checker II	1	1	1	1	1
Community Development Director	1	1	1	1	1
Planning Manager	1	1	1	1	1
Permit Technician I-II	1	1	1	1	1
Permit Technician III	1	1	1	1	1
Assistant/Associate Planner	1	1	1	1	1
Senior Planner	1	1	1	1	1
Senior Program Manager (Housing/Econ Dev, Transportation)	0	2	2	2	2
Administrative Clerk Specialist	1	1	1	1	1
<b>COMMUNITY DEVELOPMENT TOTAL</b>	<b>14</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>

# Recent Highlights and Accomplishments

- **Housing and Neighborhood Preservation**
  - 84 New Housing Units Completed + 14 ADUs
  - Parcel A South Groundbreaking
  - “Project Kickstart”
- **Economic Development**
  - 13 New Brick-and-Mortar Businesses Business Events and Chamber Partnerships
  - Paperless Business License Process
- **Planning and Development**
  - 64 Planning Applications Processed to date
  - Safety Element and Zoning Updates



Summer Makers Fair. Photographer: Stephanie Dolen

# Recent Highlights and Accomplishments

- **Building and Permitting**
  - Triennial Building Code Update
  - 887 Building and 176 Solar Permits Issued to Date in FY 2025-26
- **Transportation and Sustainability**
  - Plans and Studies, including
    - Parking Management Action Plan
    - Local Road Safety Plan
  - SR-123 Safety and Crosswalk Improvements
  - El Cerrito Plaza Bike Racks



# FY 2026-27 and FY 2027-28 Focus/Workplan

## Housing and Economic Development

- Identify funding source for affordable housing production
- Update policies and program for rental inspections
- Develop graffiti mitigation program
- Support small businesses

## Planning and Building

- Ensure compliance with state and local mandates (TOC)
- Housing Element Zoning Ordinance Updates, Cannabis Ordinance, and Short-Term Rental Policy
- Del Norte TOD Planning Support
- Continue Sustainable Transportation Planning Efforts

## Administration

- Support Successor Agency and Redevelopment Agency dissolution
- Continue to implement self-service for Public Records Requests
- Pursue applicable grants including Affordable Housing Sustainable Communities and One Bay Area Grant (OBAG) 4



*Bike to Wherever Day, Ohlone Greenway.*

# Budget Calendar Next Steps

- March 25, 7pm: Virtual Budget Workshop
- April 21: City Council Study Session
- May 5: City Council Study Session & Master Fee Schedule Consideration
- June 2: Proposed Budget Review
- June 16: Budget Adoption Consideration



**Thank you!**

[elcerrito.gov/budgetprocess](http://elcerrito.gov/budgetprocess)



## Public Comments

---

**From** Cordell Hindler <[REDACTED]>

**Date** Mon 3/23/2026 12:22 PM

**To** Claire Coleman <ccoleman@elcerrito.gov>

Caution! This message was sent from outside your organization.

Hello Claire,

I am submitting the following comments into the Record:

1. I would Like to Invite the FAB to the Contra Costa Mayors Conference on July 9th at 6:30 PM hosted by the City of San Pablo \$80.00 per Person

RSVP is Required

2. The Taste of Richmond Experience is this Saturday from 4:00 to 7:00 PM at the Richmond Auditorium

\$35.00 including one raffle Ticket

sincerely  
Cordell

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## **City of El Cerrito** **Master Financial Study**

Assessment of Per Capita Spending, Service Outcomes,  
Structural Rigidity, and Fiscal Vulnerability  
With Stress-Test Scenarios and Corresponding Trend Analysis  
Benchmarked Against 20 California Peer Cities (Pop. 8,000 to 50,000)

Sources: City Budget Documents (FY14-15 through FY25-26) • CA State Auditor Report 2020-803 • CalPERS Actuarial Valuations  
MTC Pavement Condition Index 2024 • FBI Uniform Crime Reports 2024 • State Controller • Transparent California  
CC Grand Jury • ECCRG Analysis • California Policy Center | March 2026

# Supplemental Materials Submitted by Member Szlatenyi -

*El Cerrito Master Financial Study: Assessment*

## Non-Agenda Item

### The Value Paradox

El Cerrito has a value problem. The city spends \$2,045 per resident from its General Fund: ranking 3rd out of 20 comparable cities, in the 90th percentile, and more than double the statewide median for cities of similar size. Personnel costs alone consume \$1,500 per capita, 2.3 times the peer median. The city's unfunded pension liability of \$3,297 per capita is the highest in the entire 20-city sample: a statistical outlier at 2.32 standard deviations above the mean.

**The outcomes, however, are poor.** Despite spending at this level, El Cerrito posts worse numbers than its neighbors on several objective measures:

Outcome Metric	El Cerrito	Peer / Benchmark	Gap	Implication
Crime Rate	50 per 1,000	31 (Albany)20 (Kensington)	60-150% higher	Highest property crime rate in Contra Costa County despite \$14.6M police budget
Pavement (PCI)	68 (Fair)	80 to 68(own 2017 to 2024)	12-point decline	Dropped from 'very good' to 'fair' in 7 years; once 3rd best in Bay Area
Capital Investment	\$4.3M/yr avg	\$245M needed	50+ yearbacklog	Public safety building (1960s) needs \$35.6M replacement: unfunded
Pension Liability	\$3,297/capita	\$1,199 median	+175%	#1 in 20-city sample; statistical outlier (z = +2.32)
Reserve History	\$0 in FY16-17	10% minimum	Was bankrupt	Required short-term loans FY12-FY22; State Auditor high-risk designation

The question is simple: If El Cerrito spends 2x the peer median per resident, why are streets getting worse, crime is high, infrastructure decaying, and the pension hole growing? Because 73% of every General Fund dollar goes to personnel costs that are largely fixed by labor contracts and pension formulas, leaving virtually nothing for capital investment, service improvement, or fiscal resilience. The high level of spending and lack of any saving opportunity creates a capital gap that gets filled in year by year with extraordinary expenses. These expenses are rising, and there is no prospect or plan to change this trend.

## 1. Service-Level Outcomes: Spending More, Getting Less

### 1A. Pavement Condition Index: A Collapse in Road Quality

MTC's Pavement Condition Index rates streets on a 0-100 scale. El Cerrito was once a Bay Area success story: ranked 3rd in the region (PCI 80) after its Measure A street program. The decline since is tangible.

Year	El Cerrito PCI	Rating	Albany	Hercules	Pinole	San Pablo	Piedmont	Bay Area Avg
2017-19	80	Very Good	57	65	56	69	63	67
2022	70	Good	57	65	56	69	63	67
2023	69	Fair	58	64	56	67	63	67
2024	68	Fair	59	z	55	65	62	67
Change 2019 to 2024	-12 pts	VG to Fair	+2	-3	-1	-4	-1	0

El Cerrito experienced the steepest PCI decline among West CC peers: losing 12 points while the Bay Area average held flat at 67. This occurred despite the city spending \$51.5M/year in General Fund. The decline reflects the structural problem: once the Measure A accelerated program ended, ongoing maintenance couldn't keep pace because the GF is consumed by personnel costs. At PCI 68, streets are at the critical threshold where rehabilitation costs 5-10x more than preventive maintenance.

### 1B. Crime: Highest Property Crime Rate in Contra Costa County

City	Overall Crimeper 1,000	Property Crimeper 1,000	Police Budget	Police \$/Cap	Police FTE/1K
El Cerrito	~50	~40	\$14,574,609	\$579	1.79
Albany	~31	~24	~\$7,200,000	~\$371	1.80
Kensington	~20	~16	(CC County Sheriff)	-	-
Hercules	~25	~19	~\$6,500,000	~\$248	1.33
Pinole	~28	~22	~\$6,100,000	~\$316	1.45

El Cerrito's crime rate of ~50 per 1,000 residents is 97th percentile nationally. The city has the highest property crime rate in Contra Costa County. Vehicle theft rates are in the bottom 10% of all U.S. cities. Yet El Cerrito spends \$579 per capita on police: 56% above the peer average: and maintains 1.79 officers per 1,000 residents (2nd highest in the county per the Grand Jury). Albany achieves significantly lower crime rates with nearly identical police staffing ratios and roughly half the police budget.

## 2. Stress-Test Scenarios: What Happens When Markets Drop

El Cerrito's fiscal structure is exceptionally vulnerable to economic downturns because of three compounding factors: (1) high fixed personnel costs, (2) massive pension exposure, and (3) volatile revenue sources. The following scenarios model the impact of various shocks.

### Scenario A: Moderate Recession (-15% CalPERS return, -10% revenue)

Metric	Baseline (FY25)	Yr 1 Impact	Yr 2 Impact	Yr 3 Impact	Cumulative Gap
GF Revenue	\$51.5M	\$46.4M (-10%)	\$47.8M (-7%)	\$49.3M (-4%)	(\$8.5M)
Personnel Costs (fixed)	\$37.8M	\$38.5M (+2%)*	\$39.3M (+2%)	\$40.1M (+2%)	Costs RISE
CalPERS UAL Increase	\$83M	\$95M (+\$12M)	\$98M	\$100M	\$100M UAL
Additional CalPERS Cost	\$8.5M/yr	\$8.5M (lag)	\$9.5M (+\$1M)	\$10.8M (+\$2.3M)	(+\$3.3M/yr)
Available for Services	\$13.7M	\$7.9M	\$8.5M	\$9.2M	(40% cut)
Reserve Draw	\$16.9M	(\$5.1M)	(\$3.0M)	(\$1.5M)	\$7.3M left

\*Contractual salary increases continue regardless of revenue: this is the structural rigidity problem.

### Scenario B: Severe Recession (-25% CalPERS return, -15% revenue)

Metric	Baseline	Yr 1	Yr 2	Yr 3	Cumulative
GF Revenue	\$51.5M	\$43.8M (-15%)	\$45.5M (-12%)	\$47.6M (-8%)	(\$16.1M)
CalPERS UAL	\$83M	\$108M (+\$25M)	\$112M	\$115M	\$115M UAL
Additional CalPERS Cost	\$8.5M/yr	\$8.5M (lag)	\$10.5M (+\$2M)	\$13M (+\$4.5M)	(+\$6.5M/yr)
Operating Deficit	-	(\$7.7M)	(\$5.8M)	(\$5.5M)	(\$19M total)
Reserve Exhaustion	\$16.9M	\$9.2M	\$3.4M	NEGATIVE	Back to crisis
Short-Term Loans	No	Possible	Likely	Required	FY16-17 repeat

Under Scenario B, reserves run out within 3 years, putting the city back in its pre-audit crisis state. It mirrors what happened in 2008-09 when CalPERS lost 23.5% and El Cerrito's reserves spiraled to \$0 by FY16-17. The difference now: the UAL starts at \$83M instead of \$40M, personnel costs are \$37.8M instead of \$29M, and the city has already used its one-time ARPA cushion (\$6.1M, fully spent).

### Scenario C: Discount Rate Reduction (CalPERS lowers from 6.8% to 6.5%)

Impact	Current (6.8%)	If Reduced (6.5%)	Change	Timeline
UAL (approx)	\$83M	~\$95-100M	+\$12-17M	Immediate recalculation
Annual Employer Cost	\$8.5M	~\$9.5-10M	+\$1-1.5M/yr	Phased over 5 years
Safety % of Payroll	55.9%	~62-65%	+6-9 pts	Becomes unsustainable

CalPERS has repeatedly lowered its discount rate over the past decade (from 7.75% to 7.5% to 7.0% to 6.8%). Its own consultant projects 5.9% returns for the next decade. Any further reduction: which actuarial prudence strongly suggests: would instantly inflate El Cerrito's already-worst-in-class pension liability by \$12-17 million and add \$1-1.5 million in annual costs. This is not a risk: it is a near-certainty that the city has not budgeted for.

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

*El Cerrito Master Financial Study: Assessment*

## 3. Why El Cerrito Can't Adapt - Structural rigidity

The problem is not how much El Cerrito spends. It is how little flexibility the city has to redirect spending when conditions change. Roughly 89% of the General Fund is locked into costs that cannot realistically be reduced in the short or medium term:

Cost Category	Amount	% of GF	Can Be Cut?	Why It's Rigid
Salaries (contracted)	~\$24M	~47%	Very difficult	MOUs with 6 bargaining units; 3% annual COLA typical; cuts require union agreement
Benefits (health)	~\$5.5M	~11%	No	Contractual; 15% annual medical inflation
Pension (CalPERS)	~\$8.5M	~16%	No	Legally required; rate set by CalPERS actuary; increases automatically
Workers Comp/Insurance	~\$2M	~4%	No	Statutory requirement
Debt Service	~\$0.2M	<1%	No	Contractual obligation
<b>SUBTOTAL FIXED</b>	<b>~\$40.2M</b>	<b>~78%</b>	<b>NO</b>	<b>4/5 of budget is untouchable</b>
Non-Personnel Operations	~\$10.5M	~20%	Partially	Already cut repeatedly; insurance, software, contracts
Capital	~\$0.3M	<1%	Yes	Already near zero from GF; deferred repeatedly
Truly Discretionary	~\$1M	~2%	Yes	This is all that's left to cut

**The city has approximately \$1 million: 2% of the General Fund: that is genuinely discretionary.** Everything else is either contractually locked (salaries, benefits, MOUs), legally mandated (CalPERS, workers comp), or already at rock-bottom levels (supplies, maintenance). This means that any revenue decline flows directly into reserve depletion or service cuts: there is no buffer.

### Contrast: What Peer Cities Have Done Differently

San Pablo, Hercules, and Pinole eliminated their single largest fixed cost: the fire department: by contracting with Con Fire. This freed millions annually, reduced pension exposure by eliminating safety pension liabilities, and created genuine fiscal flexibility. El Cerrito has not seriously explored this option despite the State Auditor's recommendation to evaluate service delivery alternatives. Keeping municipal fire service has value, but we need to consider at what cost.

The State Auditor noted in 2020 that El Cerrito 'has not conducted any analyses since the 1990s to assess the classification, structure, or compensation of its positions.' A classification study was finally completed in March 2024: but the Auditor's primary recommendation to evaluate staffing levels BEFORE the compensation study was ignored. The city adjusted salaries upward without first determining whether all positions were necessary.

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## 4. The Full Picture: All 20 Cities Ranked

Ranked by GF per capita.

City	Pop.	Region	FY20\$/Cap	FY22\$/Cap	FY25\$/Cap	5-YrCAGR	Fire	UAL\$/Cap	GF %MHI	Pers\$/Cap
Sausalito	7,100	N.Bay/Marin	\$2,366	\$2,606	\$2,958	4.6%	Municipal	\$2,535	2%	\$2,042
Mill Valley	13,700	N.Bay/Marin	\$1,934	\$2,117	\$2,518	5.4%	Municipal	\$2,190	1.5%	\$1,752
<b>El Cerrito</b>	<b>25,174</b>	<b>E.Bay/CC</b>	<b>\$1,577</b>	<b>\$1,621</b>	<b>\$2,045</b>	<b>5.3%</b>	<b>Municipal</b>	<b>\$3,297</b>	<b>1.8%</b>	<b>\$1,500</b>
Piedmont	11,454	E.Bay/Alam	\$1,441	\$1,572	\$1,833	4.9%	Municipal	\$2,445	0.8%	\$1,379
Benicia	28,400	N.Bay/Solano	\$1,268	\$1,408	\$1,690	5.9%	Municipal	\$2,535	1.8%	\$1,288
San Carlos	30,800	Peninsular/SM	\$1,071	\$1,234	\$1,494	6.9%	County	\$1,136	0.9%	\$974
Campbell	42,900	S.Bay/SC	\$932	\$1,049	\$1,282	6.6%	County	\$1,049	1.1%	\$769
Albany	19,408	E.Bay/Alam	\$824	\$902	\$1,082	5.6%	Municipal	\$1,546	0.9%	\$778
Half Moon Bay	13,600	Coast/SM	\$735	\$809	\$993	6.2%	County Fire	\$882	0.7%	\$662
Martinez	38,400	E.Bay/CC	\$755	\$833	\$990	5.6%	Municipal	\$1,693	1%	\$677
Pacifica	39,700	Coast/SM	\$705	\$806	\$957	6.3%	County Fire	\$882	0.8%	\$655
Pinole	19,306	E.Bay/CC	\$570	\$622	\$725	4.9%	Con Fire	\$1,554	0.8%	\$477
San Pablo	31,052	E.Bay/CC	\$547	\$612	\$708	5.3%	Con Fire	\$1,288	1.1%	\$496
Hercules	26,247	E.Bay/CC	\$514	\$571	\$667	5.3%	Con Fire	\$952	0.6%	\$427
La Mirada	49,700	SoCal/LA	\$503	\$543	\$624	4.4%	LA County	\$563	0.7%	\$362
Covina	49,400	SoCal/LA	\$466	\$506	\$587	4.7%	LA County	\$709	0.8%	\$364
Lemon Grove	28,600	SoCal/SD	\$385	\$420	\$490	4.9%	Contract	\$524	0.7%	\$315
Banning	31,600	Inland Emp	\$380	\$411	\$475	4.6%	Contract	\$570	0.9%	\$301
Lompoc	43,600	Central Coast	\$356	\$378	\$436	4.2%	Municipal	\$1,261	0.6%	\$298
Guadalupe	8,400	Central Coast	\$298	\$333	\$381	5.1%	County Fire	\$357	0.7%	\$262
<b>MEAN</b>	<b>-</b>	<b>-</b>	<b>\$881</b>	<b>\$968</b>	<b>\$1,147</b>	<b>5.3%</b>	<b>-</b>	<b>\$1,398</b>	<b>-</b>	<b>\$788</b>
<b>MEDIAN</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>\$973</b>	<b>5.3%</b>	<b>-</b>	<b>\$1,199</b>	<b>-</b>	<b>\$658</b>

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## 5. El Cerrito: 11 Years of Escalation (FY14-15 to FY25-26)

	FY14-15	FY15-16	FY16-17	FY17-18	FY18-19	FY19-20	FY20-21	FY21-22	FY22-23	FY23-24	FY24-25	FY25-26
GF (\$M)	\$29.1	\$31.2	\$33.8	\$36.2	\$40.2	\$39.7	\$38.7	\$40.8	\$42.8	\$48.5	\$51.5	\$53.8
\$/Cap	\$1,156	\$1,240	\$1,343	\$1,438	\$1,597	\$1,577	\$1,537	\$1,621	\$1,699	\$1,926	\$2,045	\$2,136
Pers (\$M)	-	-	-	-	-	-	\$29.5	\$31.5	\$33.2	\$35.8	\$37.8	\$39.5
Pers %	-	-	-	-	-	76%	76%	77%	78%	74%	73%	74%
Police	-	-	-	-	-	-	-	\$11.6	\$11.7	\$13.7	\$14.6	\$15.5
Fire	-	-	-	-	-	-	-	\$12.9	\$13.1	\$14.9	\$15.3	\$15.8
Reserve	-	-	\$0	(\$1.7)	(\$0.1)	\$0.5	\$3.1	\$8.1	\$23.0	\$15.7	\$16.9	\$16.9
PCI	-	-	80	80	80	80	-	70	69	-	-	68

Growth Metric	Rate	Real (adj.)	Context
10-Year GF CAGR (FY15 to FY25)	5.9%	-2.7%	GF nearly doubled from \$29.1M to \$51.5M; +\$900/capita
5-Year GF CAGR (FY20 to FY25)	5.3%	-0.8%	At peer median; but the BASE is already far too high
3-Year GF CAGR (FY23 to FY25)	6.4%	-2.9%	Accelerating; driven by new salary agreements
Police 3-Year CAGR	8.3%	-4.8%	Fastest-growing department; significant real growth
Fire 3-Year CAGR	6.5%	-3.0%	Steady real growth despite no service expansion
PCI Change	80 to 68	-	-12 points in 7 years; from 'very good' to 'fair' while spending doubled

**Consider the ten-year picture.** El Cerrito's General Fund spending nearly doubled from \$29.1M to \$51.5M over 10 years (+77%), per capita spending rose from \$1,156 to \$2,045 (+77%), yet pavement quality declined from 80 to 68, crime increased, **the capital backlog grew to \$245M**, and the pension hole deepened to \$83M. The additional \$22.4 million per year was almost entirely absorbed by personnel cost growth: it did not translate into better services for residents. The yearly budgeting process is underestimating revenues, to give a buffer for extraordinary spending. Spending that year by year hits a bigger and bigger hole on the overall budget. El Cerrito does not have balanced budget, it has a grab-and-release theater that hides the true nature of its structural issues.

## 6. The Pension Time Bomb

El Cerrito's pension liability is the single most extreme metric: a statistical outlier at +2.32σ above the mean.

#	City	Pop.	UAL	UAL/Cap	Safety %	Fire	σ from Mean
1	El Cerrito	25,174	\$83M	\$3,297	-	Municipal	2.32σ
2	Sausalito	7,100	\$18M	\$2,535	-	Municipal	1.39σ
3	Benicia	28,400	\$72M	\$2,535	-	Municipal	1.39σ
4	Piedmont	11,454	\$28M	\$2,445	-	Municipal	1.28σ
5	Mill Valley	13,700	\$30M	\$2,190	-	Municipal	0.97σ
6	Martinez	38,400	\$65M	\$1,693	-	Municipal	0.36σ
7	Pinole	19,306	\$30M	\$1,554	-	Con Fire	0.19σ
8	Albany	19,408	\$30M	\$1,546	-	Municipal	0.18σ
9	San Pablo	31,052	\$40M	\$1,288	-	Con Fire	-0.13σ
10	Lompoc	43,600	\$55M	\$1,261	-	Municipal	-0.17σ
11	San Carlos	30,800	\$35M	\$1,136	-	County	-0.32σ
12	Campbell	42,900	\$45M	\$1,049	-	County	-0.43σ

**What compounds the risk:** CalPERS pension costs are counter-cyclical: they INCREASE during recessions because market losses create new unfunded liabilities that must be amortized over 20 years. After the 2008 crash, CalPERS safety pension rates rose from ~30% to ~55% of payroll. A similar crash today would push El Cerrito's annual CalPERS bill from \$8.5M toward \$12-13M, precisely when revenues are declining. **The city's \$1.5M Section 115 trust provides less than 2 months of buffer** against a pension spike. For context, CalPERS' own risk report warns that 'the ability of employers to make their required contributions' is the 'greatest risk to the system.' El Cerrito is among the employers CalPERS should be most worried about.

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

El Cerrito Municipal Study - Assessment

## 7. The Fire Department Question

This is debatable, but operating a municipal fire department is the single largest structural choice driving El Cerrito's cost premium.

Fire Model	# Cities	Avg GF/Cap	Avg Pers/Cap	Avg UAL/Cap	Premium
Municipal FD	8	\$1694	~\$1,140	~\$2,150	-
Contract Fire	12	\$782	~\$555	~\$890	-
<b>Premium</b>	-	<b>+117%</b>	<b>+105%</b>	<b>+142%</b>	<b>\$600-900/cap</b>

San Pablo, Hercules, and Pinole all contract through Con Fire: and all three have GF per capita spending under \$750. El Cerrito's fire department costs \$15.3M/year with safety pension rates of 55.9% of payroll. Eliminating this single department and contracting with Con Fire could save \$8-12M annually in direct costs plus reduce the UAL by \$30-40M over time.

Residents would receive identical fire/EMS coverage through Con Fire.

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## 8. Dashboard

Metric	El Cerrito	Mean	Median	Z	Pctl	Rank	Assessment
GF Per Capita	\$2,045	\$1,147	\$973	+1.23	90th	3/20	Top decile; 2x median; only Sausalito & Mill Valley higher
Personnel / Capita	\$1,500	\$788	\$658	+1.35	90th	3/20	2.3x median; 73.3% of GF consumed by personnel
UAL Per Capita	\$3,297	\$1,398	\$1,199	+2.32	100th	1/20	OUTLIER: highest in entire sample by wide margin
Crime Rate	50/1K	-	~30/1K	-	97th	-	Highest property crime in CC County; 97th pctl nationally
Pavement (PCI)	68	67	68	-	-	-	Dropped from 80 to 68 in 7 yrs; now rated fair
Capital Backlog	\$245M	-	-	-	-	-	50+ yrs at current pace; \$35.6M bldg unfunded
FTE per 1,000	6.32	4.49	3.89	+0.83	85th	4/20	42% above mean; less extreme than cost metrics
5-Year CAGR	5.3%	5.3%	5.3%	0.00	50th	10/20	Normal growth rate; but from a far-too-high base
GF Reserve	32.5%	-	-	-	-	-	Recovery from \$0, but under 3 yrs of runway under stress
Muni FD Premium	-	+117%	-	-	-	-	Own FD adds ~\$600/capita vs. contract fire
Recession Runway	~3 yrs	-	-	-	-	-	Reserves exhausted in 3 yrs under Scenario B

Orange = significantly above peers / poor outcome • Gold = moderately above • Green = at/below peers • Blue = structural

## Agenda Item

### 9. Methodology, Sources & Caveats

Statistical Methods: Z-scores =  $(EC - \text{mean})/\sigma$ . Percentile = % at or below EC. CAGR = annualized compound growth. Stress tests use CalPERS' 5-year phase-in methodology for investment gains and losses, combined with historical recession revenue patterns from 2008-09 and 2020.

Pavement Data: MTC Pavement Condition Index 2024 dataset (published November 2025). 3-year moving averages for all Bay Area jurisdictions. Historical comparison from MTC PCI reports 2017-2024.

Crime Data: FBI Uniform Crime Reports 2024 (released September 2025). AreaVibes, NeighborhoodScout, and city-data.com compilations. Verified against El Cerrito PD's own published statistics and Contra Costa Grand Jury findings.

Pension Data: CalPERS actuarial valuations (6/30/2022 most recent for most plans). El Cerrito CalPERS Pension Update presentation (March 2021). Stress scenarios based on CalPERS' own 2023 Annual Review of Funding Levels and Risks methodology, which models -25% market returns.

Budget Data: El Cerrito from FY24-25 & 25-26 Adopted Budget and FAB presentations. Peer cities from most recent adopted budgets. Historical from State Auditor 2020-803, ACFRs, and State Controller ByTheNumbers.

Caveats: (1) Peer GF figures are estimates from budget summaries. (2) Contract fire cities' total public safety costs including fire district taxes would narrow the gap. (3) Crime rate comparisons are approximate and reflect different reporting methodologies. (4) Stress test scenarios are illustrative projections, not predictions. (5) The 20-city sample is purposive. (6) PCI data reflects 3-year moving averages and may lag actual conditions. (7) This analysis presents a critical perspective; the city has made genuine fiscal progress since 2020 that should be acknowledged.

**A note:** This report takes a pessimistic view on purpose. It is not meant to condemn city staff or officials: many of whom have worked diligently trying to address fiscal recovery; but to test whether the city's financial problems are actually solved. The data says it was somewhat stabilized due to external factors and not solved due addressing the internal structural imbalances. The structural vulnerabilities (fire department costs, pension exposure, revenue concentration, capital backlog, high crime despite high spending) remain intact and could come back under conditions that have happened before.

Supplemental Materials Submitted by Member Szlattenyi - Non-Agenda Item

El Cerrito Master Financial Study Assessment

## **APPENDIX: EL CERRITO STRESS SCENARIOS**

### **Detailed Financial Vulnerability Analysis**

Revenue-by-Revenue Sensitivity • Pension Shock Modeling • Compounding Crisis Scenarios  
Multi-Year Projections Under Adverse Conditions

Supplement to El Cerrito Master Financial Study  
March 2026

## A. El Cerrito Revenue Composition & Vulnerability Map

El Cerrito's General Fund depends on six major revenue sources, each with different risk profiles.

Revenue Source	FY24-25 Budget	% of GF Revenue	Volatility	Historical Worst Case	Recession Sensitivity	Key Risk Factors
Property Tax	\$11,760,000	22.8%	Low	Prop 13 limits declines to ~2%/yr	LOW	-2% max annual decline under Prop 13; most stable revenue; but RPTT is separate and volatile
Sales & Use Tax (incl. Measure A/G)	\$7,830,000	15.2%	High	2009: -18% 2020: -12%	HIGH	Consumer spending driven, e-commerce erosion; El Cerrito Plaza anchor tenants; 10.25% rate is highest in area; drives cross-border shopping
Transactions Tax (Measure R/G: 1%)	\$3,855,000	7.5%	High	Tracks sales tax closely	HIGH	Voter-approved but mirrors sales tax volatility; expires only if voters repeal
Utility Users Tax (8% rate)	\$3,520,000	6.8%	Moderate	2020: -5% Electrification risk	MODERATE	Energy rate increases help short-term; electrification reduces gas tax base long-term; telecom shifting to digital
Property Transfer Tax (RPTT)	\$3,000,000	5.8%	Very High	FY23-24: -30% FY08-09: -55%	VERY HIGH	Driven by home sales volume x prices; 2022-24 collapse due to high rates; \$12/1K rate discourages transactions
Cannabis Revenue	\$440,000	0.9%	Very High	Illicit market competition	HIGH	Statewide excise tax + illicit market pressure; prepayment agreements ending; unpredictable
Business License Tax	\$1,152,000	2.2%	Moderate	2020: -8%	MODERATE	Tied to business activity; El Cerrito loses businesses to lower-tax neighbors
Charges for Services (fees, permits, rec)	\$7,529,000	14.6%	Moderate	2020: -25% (rec closures)	MODERATE	Recreation fees under-recover costs (State Auditor); development fees cyclical
Intergovernmental	\$5,569,000	10.8%	High	Federal/state cuts pending	HIGH	ARPA fully spent (\$6.1M); state budget deficit; federal grants uncertain under current admin
All Other	\$6,863,000	13.4%	Mixed	Varies	MIXED	Interest income, fines, misc; interest income declines when Fed cuts rates
<b>TOTAL GF REVENUE</b>	<b>\$51,518,000</b>	<b>100%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>~30% of revenue is HIGH or VERY HIGH volatility</b>

**The vulnerability:** Approximately \$15.1M (29%) of El Cerrito's General Fund revenue comes from HIGH or VERY HIGH volatility sources. In a recession, these revenues can decline 15-25% simultaneously. Meanwhile, \$40.2M (78%) of expenditures are contractually fixed. This asymmetry: volatile revenues funding fixed costs: is the structural recipe for fiscal crisis.

## B. Revenue Sensitivity Analysis: Impact of Economic Shocks

Each row models a specific economic scenario's impact on each revenue source, building from mild to catastrophic.

Scenario	Property Tax	Sales Tax	Trans. Tax	UUT	RPTT	Cannabis	Fees	Intergov	Total GI Impact	\$ Loss
Baseline FY25	\$11.76M	\$7.83M	\$3.86M	\$3.52M	\$3.00M	\$0.44M	\$7.53M	\$5.57M	\$51.52M	-
S1: Mild Slowdown(GDP +0.5%)	0%	-5%	-5%	-2%	-10%	-5%	-3%	0%	\$49.6M	(\$1.9M)
S2: Moderate Recession	0%	-12%	-12%	-3%	-25%	-15%	-8%	-5%	\$46.9M	(\$4.6M)
S3: Severe Recession (2008)	-1%	-18%	-18%	-5%	-40%	-25%	-15%	-10%	\$43.5M	(\$8.0M)
S4: Prolonged Stagnation (2yrs)	0%	-10%	-10%	-4%	-35%	-20%	-12%	-15%	\$44.4M	(\$7.1M)
S5: Stagflation (high CPI + recession)	0%	-8%	-8%	0%	-30%	-10%	-5%	-8%	\$46.4M	(\$5.1M)
S6: Commercial Collapse (anchor loss)	0%	-22%	-22%	-2%	-15%	-30%	-10%	-3%	\$44.3M	(\$7.2M)

S6 (Commercial Collapse) models the loss of a major El Cerrito Plaza anchor tenant: a realistic risk given the retail environment and El Cerrito's 10.25% sales tax rate (highest in the area). Loss of one major retailer can cascade through sales tax, transaction tax, and business license revenue simultaneously. El Cerrito's top-25 sales tax generators are not publicly disclosed, but the concentration risk is significant for a city of this size.

### C. CalPERS Pension Shock: Asset/Liability Mechanics

#### C0. How UAL Is Actually Calculated (Why Recessions Are Worse Than You Think)

UAL = Accrued Liability (AL) – Market Value of Assets (MVA). This formula matters for stress testing because a market crash hits MVA directly: plan assets lose real value. But the Accrued Liability is unchanged by market returns; it is the present value of all promised future benefits, discounted at 6.8%. A crash destroys assets while liabilities remain fixed. Separately, if CalPERS lowers its discount rate (which becomes more likely after a crash), the AL itself increases because future benefit payments are discounted at a lower rate, raising their present value. These two effects compound: assets fall while liabilities rise.

#### C1. El Cerrito's Plan Position (from CalPERS 6/30/2021 Valuation, Projected Forward)

Component	6/30/2021 Actual(CalPERS Presentation)	Estimated Current(FY24-25)	How It Moves in a Crash
Accrued Liability (AL)	\$232,933,484	~\$220,000,000	unchanged by market crash. Increases ONLY if discount rate is lowered or demographics change.
Market Value of Assets (MVA)	\$175,141,265	~\$137,000,000	directly hit by market crash. A -25% crash destroys \$34M of plan assets.
Unfunded Liability (UAL = AL – MVA)	\$57,792,219	~\$83,000,000	Increases by the FULL dollar amount of asset loss PLUS any AL increase from discount rate cut.
Funded Ratio (MVA ÷ AL)	75.2%	~62.3%	Drops rapidly. Below 50% triggers CalPERS concern about plan termination risk.

Source: CalPERS Actuarial Presentation to El Cerrito City Council, September 27, 2022 (Agenda Item 3.A). Current estimates projected forward from 6/30/2021 data using actual CalPERS returns (FY22: -6.1%, FY23: +5.8%, FY24: +9.3%, FY25: +11.6%).

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## C2. Asset/Liability Stress Table: What Actually Happens to El Cerrito's Pension

Each row models the DIRECT impact on plan assets and liabilities. Earlier versions of this analysis applied percentage changes to the UAL number, which understates the damage. This version models the actual mechanics: market crash to MVA drops; discount rate cut to AL rises; UAL = AL - MVA.

Scenario	CalPERS Return	New MVA (assets)	AL Change (from DR cut)	New AL (liabilities)	New UAL	UAL Change	UAL PerCapita	Funded Ratio
At Target (+6.8%)	+6.8%	\$146M	\$0	\$220M	\$74M	(\$9M)	\$2,927	66.5%
Mild Loss (-5%)	-5.0%	\$130M	\$0	\$220M	\$90M	+\$7M	\$3,569	59.2%
Moderate (-10%)	-10%	\$123M	\$0	\$220M	\$97M	+\$14M	\$3,841	56.0%
Moderate + DR Cut (6.8% to 6.5%)	-10%	\$123M	+\$16.5M	\$237M	\$113M	+\$30M	\$4,497	52.1%
Severe (-20%)	-20%	\$110M	\$0	\$220M	\$110M	+\$27M	\$4,385	49.8%
<b>Severe + DR Cut (6.8% to 6.5%)</b>	<b>-20%</b>	<b>\$110M</b>	<b>+\$16.5M</b>	<b>\$237M</b>	<b>\$127M</b>	<b>+\$44M</b>	<b>\$5,041</b>	<b>46.3%</b>
2008-Level (-23.5%)	-23.5%	\$105M	\$0	\$220M	\$115M	+\$32M	\$4,576	47.6%
<b>2008 + DR to 6.5%</b>	<b>-23.5%</b>	<b>\$105M</b>	<b>+\$16.5M</b>	<b>\$237M</b>	<b>\$132M</b>	<b>+\$49M</b>	<b>\$5,231</b>	<b>44.3%</b>
<b>2008 + DR to 6.0%</b>	<b>-23.5%</b>	<b>\$105M</b>	<b>+\$44M</b>	<b>\$264M</b>	<b>\$159M</b>	<b>+\$76M</b>	<b>\$6,324</b>	<b>39.7%</b>

The compound scenario matters most. A 2008-level crash plus a discount rate reduction to 6.5% nearly doubles the UAL from \$83M to \$132M, an increase of \$49M. If CalPERS were to adopt a more conservative 6.0% rate (which many actuaries argue is overdue), the UAL would reach \$159M, nearly triple the current level. Previous stress tests that applied percentage changes to the UAL understated the damage because they missed the two-sided mechanic: assets fall while liabilities rise.

## C3. Annual Contribution Impact (CalPERS 5-Year Ramp-Up)

New UAL bases are amortized over 20 years with a 5-year phase-in: Year 1 = 20% of full payment, Year 2 = 40%, etc. These are ADDITIONAL costs on top of the existing \$8.5M annual CalPERS bill.

Scenario	UAL Increase	Full Annual Payment	Year 1 (20%)	Year 3 (60%)	Year 5 (100%)	Total CalPERS Cost at Yr 5	CalPERS as % of GF
Moderate (-10%)	+\$14M	\$1.27M	\$0.25M	\$0.76M	\$1.27M	\$9.8M	19%
Moderate + DR Cut	+\$30M	\$2.81M	\$0.56M	\$1.69M	\$2.81M	\$11.3M	22%
Severe (-20%)	+\$27M	\$2.55M	\$0.51M	\$1.53M	\$2.55M	\$11.1M	22%
<b>Severe + DR Cut</b>	<b>+\$44M</b>	<b>\$4.08M</b>	<b>\$0.82M</b>	<b>\$2.45M</b>	<b>\$4.08M</b>	<b>\$12.6M</b>	<b>24%</b>
2008 Repeat	+\$32M	\$2.99M	\$0.60M	\$1.80M	\$2.99M	\$11.5M	22%
<b>2008 + DR to 6.5%</b>	<b>+\$49M</b>	<b>\$4.53M</b>	<b>\$0.91M</b>	<b>\$2.72M</b>	<b>\$4.53M</b>	<b>\$13.0M</b>	<b>25%</b>
<b>2008 + DR to 6.0%</b>	<b>+\$76M</b>	<b>\$7.09M</b>	<b>\$1.42M</b>	<b>\$4.25M</b>	<b>\$7.09M</b>	<b>\$15.6M</b>	<b>30%</b>

#### **C4. Why the Discount Rate Cut Is Not a Risk: It Is a Certainty**

CalPERS has cut its discount rate five times: from 8.25% to 7.75% to 7.50% to 7.00% to 6.80%. Its own consultant projects 5.9% returns for the next decade. CalPERS' 20-year actual return is 6.7%: already below the 6.8% target. Each 0.1% reduction in the discount rate increases El Cerrito's Accrued Liability by approximately 2.5% (~\$5.5M). A recession that triggers a -20% or worse market return would almost certainly accelerate a further discount rate reduction because: (1) the funded ratio would drop below 50%, increasing fiduciary pressure to de-risk; (2) CalPERS' risk mitigation policy encourages lower discount rates after extended poor performance; and (3) the board has already signaled openness to further reductions in its 2025 ALM review.

In the compound scenario, CalPERS costs would consume 25-30% of El Cerrito's entire General Fund: up from ~16% today. This is the kind of pressure that drove cities like Loyalton and Desert Hot Springs toward bankruptcy in the 2010s. With only \$1M in discretionary spending, El Cerrito cannot absorb this without massive layoffs, fire department consolidation, a new voter-approved revenue measure, or some combination of all three.

## Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

## D. Compound Crisis Scenarios: When Multiple Shocks Hit Simultaneously

Crises do not arrive one at a time. The 2008-09 period brought simultaneous market crashes, revenue collapses, and pension spikes. These scenarios model compound effects.

### D1: Recession + Pension Spike + Federal Funding Cuts (Most Likely Adverse Scenario)

Year	Revenue Impact	Personnel (fixed)	CalPERS Cost	Non-Personnel Ops	Total Expenditure	Deficit	Cumulative Reserve	Actions Required
FY25 Base	\$51.5M	\$37.8M	\$8.5M	\$4.9M	\$51.5M	\$0	\$16.9M	None (balanced)
Year 1	\$45.8M (-11%)	\$38.5M (+2%)	\$8.5M (lag)	\$4.5M (cut 8%)	\$51.5M	(\$5.7M)	\$11.2M	Hiring freeze; deferred maintenance; cut travel
Year 2	\$46.5M (-10%)	\$39.3M (+2%)	\$9.8M (+\$1.3M)	\$4.2M (cut 14%)	\$53.3M	(\$6.8M)	\$4.4M	Layoffs begin; freeze vacancies; brown out fire engine
Year 3	\$47.5M (-8%)	\$39.8M (+1%)	\$11.1M (+\$2.6M)	\$3.8M (cut 22%)	\$54.7M	(\$7.2M)	(\$2.8M) NEGATIVE	Emergency declaration; short-term loans; State Auditor re-flags
Year 4	\$48.5M (-6%)	\$40.2M	\$12.2M (+\$3.7M)	\$3.5M (cut 29%)	\$55.9M	(\$7.4M)	(\$10.2M)	Service cuts visible; fire dept consolidation discussion begins
Year 5	\$49.5M (-4%)	\$40.6M	\$13.0M (+\$4.5M)	\$3.2M (cut 35%)	\$56.8M	(\$7.3M)	(\$17.5M)	Structural insolvency; all options on table; CalPERS as 26% of GF

**This is a plausible adverse scenario, not a worst case.** It assumes a moderate recession (not 2008-level), a -15% CalPERS return (not -24%), AND a discount rate cut from 6.8% to 6.5%: which is the key change from prior versions of this analysis. Because UAL = Accrued Liability minus Assets, a crash simultaneously destroys assets (MVA drops by \$20M) while a discount rate cut inflates liabilities (AL rises by \$16.5M). The compound UAL increase is \$36.5M: roughly double what a naive percentage-based estimate would suggest. This drives CalPERS costs from \$8.5M to \$13M by Year 5, consuming 26% of the General Fund versus 16% today. Reserves are negative by Year 3 and the city reaches structural insolvency by Year 5.

# Supplemental Materials Submitted by Member Szlatenyi - Non-Agenda Item

*El Cerrito Master Financial Study: Assessment*

## E. El Cerrito-Specific Vulnerability Catalog

### E1. Revenue Concentration Risk

El Cerrito Plaza and the San Pablo Avenue commercial corridor generate a disproportionate share of the city's sales tax revenue. The loss of a single major tenant (e.g., if Target, Trader Joe's, or Home Depot were to close) could reduce sales and transaction tax revenue by \$1-2M annually. The city's 10.25% sales tax rate: the highest in the immediate area: actively incentivizes cross-border shopping to Albany (10.25%), Richmond (10.25%), and Berkeley (10.25%), limiting the city's ability to grow its retail base.

### E2. Real Property Transfer Tax Volatility

RPTT is El Cerrito's most volatile major revenue source. It dropped from \$4.9M (FY21-22) to a budgeted \$3.0M (FY24-25): a 39% decline in three years. In the 2008-09 housing crisis, Bay Area RPTT revenues fell 40-55%. El Cerrito's \$12/1,000 RPTT rate (on top of the county's \$1.10) further depresses transaction volume. A repeat housing downturn could reduce RPTT to \$1.5-2.0M, a \$1-1.5M revenue loss.

### E3. Wildfire Risk and Insurance Costs

El Cerrito's hillside neighborhoods are in a Wildland-Urban Interface (WUI) zone. Rising wildfire risk has already caused insurance market disruption across California. The city's own property and liability insurance costs have increased significantly: a factor cited in the FY24-25 budget as contributing to the GF imbalance. A major wildfire event in the El Cerrito hills could simultaneously (a) destroy assessed property value, reducing property tax revenue; (b) trigger massive emergency response costs; (c) spike future insurance premiums; and (d) require capital expenditures for reconstruction: all from a city with \$0.3M in annual GF capital spending and a 1960s public safety building.

### E4. BART Station Impact

El Cerrito's two BART stations (del Norte and Plaza) are both an asset and a vulnerability. They support property values through transit access but also concentrate crime. BART ridership remains 30-40% below pre-pandemic levels, dragging down economic activity and commercial revenue around the stations. If BART service deteriorates further due to its own fiscal crisis, or a major safety incident occurs, the ripple effects on property values, commercial activity, and sales tax could be significant.

### E5. Pension Ratchet Effect & the Discount Rate Trap

CalPERS pension costs exhibit a 'ratchet' effect, but the underlying mechanics make it even worse than commonly understood.  $UAL = \text{Accrued Liability (AL)} - \text{Market Value of Assets (MVA)}$ . A market crash destroys assets (MVA drops) while the Accrued Liability is unchanged: it represents the present value of already-promised benefits. But if CalPERS also lowers its discount rate (the assumed future return), the AL itself increases because future benefit payments are discounted at a lower rate. These two effects compound: assets DOWN + liabilities UP. CalPERS has lowered its discount rate five times in the past decade (from 8.25% to 6.80%), and its own consultant projects only 5.9% returns for the coming decade. Each 0.1% reduction adds approximately \$5.5M to El Cerrito's Accrued Liability. The city's \$1.5M Section 115 trust represents less than 2% of its \$83M liability: and less than 1% of the \$159M liability that would result from a 2008-type crash combined with a discount rate cut to 6.0%.

### E6. Labor Contract Rigidity

El Cerrito has six bargaining units covering the majority of employees. MOUs typically include 3-5% annual salary increases, step increases, and benefit enhancements. These contractual obligations continue regardless of revenue conditions. During the 2020 crisis, unions agreed to defer (not cancel) salary increases: meaning the costs were merely delayed, not avoided. The city has never achieved a long-term salary reduction through collective bargaining. In a recession, the city must continue paying contractually mandated raises even as revenue declines: the textbook definition of structural rigidity.

## F. Fiscal Trigger Points & Warning Indicators

The following matrix identifies the specific conditions that would trigger escalating levels of fiscal distress.

Severity Level	Revenue Trigger	Reserve Level	Pension Trigger	Actions Required	Historical Precedent
GREEN Normal Operations	Revenue ≥ budget	≥ 15% of GF	CalPERS cost ≤ 17%	Normal operations; annual budget process	FY22-23 (surplus year)
YELLOW Early Warning	Revenue -3% to -5%	10-15% of GF	CalPERS cost 17-19%	Hiring freeze; defer non-essential projects; monthly monitoring	FY19-20 (pandemic onset)
ORANGE Fiscal Stress	Revenue -5% to -10%	5-10% of GF	CalPERS cost 19-22%	Layoffs; vacancy elimination; service cuts; MOU reopeners	FY20-21 (COVID year)
RED Fiscal Emergency	Revenue > -10%	< 5% of GF	CalPERS cost > 22%	Emergency declaration; short-term loans; fire dept contracting; evaluation mandatory	FY16-17 (\$0 reserves)
BLACK Structural Insolvency	Sustained > -10%+ years	Negative balance	CalPERS cost > 25% of GF	State intervention; bankruptcy evaluation; service dissolution; fundamental restructuring	Never occurred but modeled in Scenario D1 Yr 3-5

**Current Status (FY24-25): GREEN:** Revenue is meeting targets; reserves at 32.5%; CalPERS at ~16%. However, the margin between GREEN and ORANGE is thin. A single bad year moves El Cerrito to YELLOW. Two bad years reach ORANGE. The jump from GREEN to RED can happen in 2-3 years under plausible adverse conditions (see Scenario D1).

### Distance-to-Distress Analysis

Metric	Current Value	Yellow Trigger	Orange Trigger	Red Trigger	Buffer
GF Revenue vs Budget	On target	-\$1.5M	-\$2.6M	-\$5.2M	\$1.5M to Yellow
Unassigned Reserve	\$7.9M	\$5.2M	\$2.6M	\$0	\$2.7M to Yellow
CalPERS as % of GF	~16%	17%	19%	22%	1 point to Yellow
Pension + Personnel %	~89%	90%	92%	95%	1 point to Yellow
Non-Personnel Ops Budget	\$10.5M	\$9.0M	\$7.5M	\$5.0M	\$1.5M to Yellow

**The buffers are thin.** El Cerrito is currently 1 percentage point from the YELLOW trigger on pension burden, \$1.5M from YELLOW on revenue, and \$2.7M from YELLOW on reserves. A single moderately bad year: not a crisis, just a slowdown: moves El Cerrito out of the green zone. El Cerrito has not recovered. It has stabilized at the edge.

Agenda Item

**G. Summary: The Fragile Recovery**

EI Cerrito's fiscal recovery is real, but it is fragile. The city has grown reserves from \$0 to \$16.9M, established a pension trust, achieved surplus years, and had its State Auditor high-risk designation removed. But that did not take discipline and hard choices. It took a very lucky environment, constantly growing revenues, new taxes and locational benefits.

The structural problems underneath have not been fixed:

- 78% of the General Fund is contractually fixed: leaving ~\$1M (2%) of true discretion
- Pension liability per capita (\$3,297) is the highest in the 20-city sample: a statistical outlier
- ~30% of revenue comes from volatile sources that can decline 15-25% in a recession
- The 10-year spending CAGR (5.9%) added \$22.4M/year to the budget without improving service outcomes
- Pavement declined from PCI 80 to 68; crime is highest in the county; capital backlog hit \$245M
- Reserves provide ~2.5 years of runway under moderate stress: far less than prudent levels
- The fire department question: the single largest structural cost driver: has never been formally studied

The next recession will show whether any of this holds. If CalPERS suffers a negative return year concurrent with a revenue downturn: as happened in 2001, 2008, and 2020: EI Cerrito's thin buffers will be consumed rapidly. The stress scenarios in this appendix show that reserves can be exhausted in 2.5-3 years under plausible adverse conditions, returning the city to the pre-audit crisis state.

The question is not whether a recession will come. It is whether the city can survive one. So far, the answer is no.

*This appendix supplements the EI Cerrito Master Financial Study: Critical Assessment (March 2026).*

*All scenarios are illustrative projections based on historical patterns and CalPERS methodology. They are not predictions. Actual results will depend on economic conditions, policy decisions, and market performance.*