THE CITY OF EL CERRITO

AGENDA

CONCURRENT COMMUNITY TOWN HALL BUDGET MEETING AND SPECIAL CITY COUNCIL MEETING
Saturday, August 1, 2020 – 10:00 a.m.

Members:
Mayor Gregory B. Lyman

Mayor Pro Tem Paul Fadelli · Councilmember Janet Abelson
Councilmember Rochelle Pardue-Okimoto · Councilmember Gabriel Quinto

Pursuant to Executive Orders N-25-20 and N-29-20, Teleconference Restrictions of the Brown Act Have Been Suspended, as Well as the Requirement to Provide a Physical Location for Members of the Public to Participate in the Meeting.

Join Via WebEx:
https://elcerrito.webex.com/elcerrito/onstage/g.php?MTID=efe580524b4d61b91ce532b576a1c282a
Event Number: 146 444 1879
Event Password: a5yd38

or

Dial In: 1-408-418-9388
Access Code: 146 444 1879

Members of the public can watch or listen to the meeting online at www.el-cerrito.org/CouncilMeetingMaterials, or participate directly in the meeting by using the WebEx conference information listed above.

Questions can be submitted one of two ways:

1. Via email to cityclerk@ci.el-cerrito.ca.us.
2. Via Webex by using the “Raise Hand” feature to request to speak or submit a written question via the Q&A feature.

   Please note - If a member of the public can join via phone **only, questions or a request to speak can be submitted via email to cityclerk@ci.el-cerrito.ca.us. The request must contain **Budget Town hall – Question/Request to Speak** and include a name and the full phone number that will be used to call in.

The City cannot guarantee that time will permit all questions submitted to be addressed during the townhall, but all submissions received will be provided to City Management and City Council.

10:00 AM CONVENE COMMUNITY TOWN HALL BUDGET MEETING

1. DISCUSSION ON CITY BUDGET AND CURRENT FINANCIAL POSITION

Hear an update on the City's budget, ask questions of staff, and share your thoughts with the City Council.
Contact: Karen Pinkos, City Manager, City Management

12:00 PM ADJOURN COMMUNITY TOWN HALL BUDGET MEETING

Please note this meeting will **not be the typical format for a City Council meeting**, this notice is being posted as a quorum of City Council Members are expected to attend and participate in the discussion.

This meeting will be livestreamed and available at www.el-cerrito.org/CouncilMeetingMaterials.

City of El Cerrito

BUDGET UPDATE

COMMUNITY TOWN HALL MEETING – AUGUST 1, 2020

City Council Budget Actions To Date

- February 2020:
  - Discussed the General Fund Forecast following several modifications that had significantly altered the forecast
  - Directed staff to provide a reduction of $2 million
  - Held a Strategic Plan open house and collected feedback from residents, businesses, employees, and community groups
  - Amended the FY 2019-20 budget, including $600,000 in expense reductions
- March/April 2020:
  - Declared local emergency due to COVID-19 pandemic, closed City facilities and cancelled events, programs, and meetings
  - Received staff proposed reductions of $2 million for FY 2020-21 including deferral of COLAs for all bargaining units subject to negotiation
  - Received an update on third quarter of FY 2019-20 including discussion of projections related to COVID-19 economic impacts
  - Directed staff to amend the FY 2020-21 budget process by preparing a one-year budget that would be considered prior to July 1, 2020

City Council Budget Actions To Date

- May/June 2020:
  - Received a report on additional actions taken with respect to the budget including furloughs for the Management/Confidential/Unrepresented group and SEIU resulting in a 5% to 10% salary reduction; Management/Confidential unit will also increase CalPERS contributions and reduction in benefits
  - Discussed a priority-based framework designed to assist the Council with the evaluation of potential budget reduction strategies for a Fiscal Response Plan for providing further reductions that will allow the City to build back General Fund Reserves that will be implemented over the next 6 to 18 months
  - Approved TRAN financing and reviewed cash flow analysis
  - Adopted preliminary FY 2020-21 Budget, with budget document to be prepared and amendments based on up-to-date projections by October 1

FY 2020-21 Adopted Budget

- The "baseline" for the Proposed FY 2020-21 General Fund Budget was presented to the City Council in February
    - Projected General Fund Revenues of $42.7 million and Expenditures of $42.6 million
- Based on financial position in addition to the COVID-19 pandemic and its effect on City revenues, staff presented City Council with expenditure reductions of approximately $4 million in April
- City Council directed staff to prepare a one-year, preliminary proposed budget for adoption by July 1, 2020; to be amended by October 1, 2020 with prepared line-item budget document
    - Staff will also incorporate strategies from Fiscal Response Plan, once completed, into amended budget
- Staff revised the original baseline estimates and presented a General Fund Budget of $39.4 million in revenues and $38.6 million in expenses for FY 2020-21.
    - $3.3 million (or 8%) reduction in revenues and $4.0 million (or 9%) reduction in expenditures over the baseline budget.
- All funds combined, the FY 2020-21 Budget assumes total expenditures of $53,178,224 and provides funding for all City services

FY 2020-21 Adopted Budget
General Fund Revenues

General Fund Revenues ($000s)

Revenue Category	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actuals through May 31-2020	FY 2019-20 Projected Year-end	FY2020-21 Base Line Budget (February '20)	FY2020-21 Proposed Budget (June '20)	Variance from Base Line Budget	Variance from Base Line Budget (%)
Property Taxes	9,487	9,931	8,617	10,440	11,014	10,440	(574)	-5%
Sales Taxes	6,458	7,545	4,901	5,800	7,171	6,450	(721)	-10%
Real Property Transfer Tax	146	1,103	2,913	2,913	2,500	2,000	(500)	-20%
Utility Tax	2,966	3,208	2,486	3,128	3,531	3,200	(331)	-9%
Franchise Taxes	1,429	1,244	1,236	1,236	1,597	1,250	(347)	-22%
Business License Tax	847	910	906	910	979	850	(129)	-13%
Other Tax	144	149	102	103	136	136	0	0%
Total Taxes	**21,477**	**24,090**	**21,161**	**24,530**	**26,927**	**24,326**	**(2,601)**	**-10%**
Licenses & Permits	766	776	749	770	1,023	800	(223)	-22%
Fines and Forfeitures	222	219	195	200	362	200	(162)	-45%
Use of Money and Property	374	388	375	380	408	400	(8)	-2%
Intergovernmental Revenues	4,116	4,091	3,363	3,500	3,839	3,800	(39)	-1%
Vehicle Licensing Fees	2,499	2,654	1,418	2,760	2,862	2,800	(62)	-2%
Charges for Services	6,099	6,934	4,850	4,922	6,111	6,000	(111)	-2%
Other Revenues	231	983	64	85	250	150	(100)	-40%
Interfund Transfers	51	1,252	719	941	915	915	0	0%
Total Revenues	**35,835**	**41,387**	**32,894**	**38,088**	**42,696**	**39,391**	**(3,305)**	**-8%**

Items in red indicate a decrease

FY 2020-21 Adopted Budget

General Fund Expenditures

General Fund Expenditures and Fund Balance ($000s)

Expenditure Category ($000s)	FY 2017-18 Actual	FY 2018-19 Actual	FY 2019-20 Actuals through May 31-2020	FY 2019-20 Projected	FY 2020-21 Base Line Budget (February '20)	April 5, 2020 Proposed Cost Reductions	Other Proposed Cost Reductions Thru May, 2020	FY 2020-21 Proposed Budget (June '20)	Variance from Base Line Budget	Variance from Base Line Budget (%)
Personnel	27,293	29,862	27,010	30,700	33,141	(851)	(2,400)	29,890	(3,251)	-10%
Professional Services	3,828	4,477	3,463	3,500	3,335	(300)	(3)	3,032	(303)	-9%
Purchased Property Services	1,588	2,300	1,870	2,081	2,023	(185)		1,838	(185)	-9%
Other Services	1,905	1,851	1,692	1,966	2,025	(186)	(15)	1,824	(201)	-10%
Supplies	710	726	508	585	603	(7)		596	(7)	-1%
Property & Capital	379	422	420	420	446	(26)		420	(26)	-6%
Financing Costs	423	478	375	375	366	(10)		356	(10)	-3%
Other Financing Uses	440	1,416	670	693	714	(68)		646	(68)	-10%
Total Expenditures	**36,566**	**41,532**	**36,008**	**40,320**	**42,652**	**(1,633)**	**(2,418)**	**38,601**	**(4,051)**	**-9%**
Net Change in Fund Balance	(731)	(145)	(3,114)	(2,232)	44			790		
Beginning Total Fund Balance	819	88		(57)	544			(2,289)		
Ending Total Fund Balance	88	(57)		(2,289)	588			(1,499)		
Fund Balance Reserve %	**0.2%**	**-0.1%**		**-5.7%**	**1.4%**			**-3.9%**		

Items in red indicate a decrease

FY 2020-21 Adopted Budget General Fund Reductions by Department

Department	Reductions	Amount (rounded)
City Administration	Consulting services, Street Banner Program, supplies/equipment, travel/conferences, printed materials	$199,000
Community Development	Vacant positions, consulting/legal services, contract services, travel/conferences	$141,000
Finance	Consulting/tech services, retiree pension cost financing	$80,000
Fire	Defer vehicle replacement costs, suspending/cancelling education programs	$80,000
Police	Vacant positions, eliminate SRO, defer vehicle purchases	$816,000
Public Works	Consulting services, transferring landscape maintenance costs to Measure H fund, suspending Neighborhood Traffic Management & New Streetlight Programs	$153,000
Recreation	Contract expenses, supplies/equipment, transferring eligible maintenance costs to Measure H	$163,000
Total		$1,632,000

FY 2020-21 Adopted Budget
General Fund Expenditure Assumptions

- **Personnel: $28,890,000**
  - 10% reduction from baseline budget due to agreements with bargaining units:

Bargaining Unit	Action	Cost Savings
Local 1230 Firefighters	Deferred COLA	$177,684
Public Safety Management Association - Battalion Chiefs:	Deferred COLA	$38,523
SEIU Local 1201	Deferred COLA, furloughs*	$740,104
Police Employees Association	Deferred COLA	$213,597
Public Safety Management Association - Police Management	Deferred COLA*	$40,217
Public Safety Management Association - Police Chief	Deferred COLA*	$12,445
Management/Confidential; City Manager	No COLA, no auto allowance, increased contribution to CalPERS, furloughs	$1,189,480
Total		$2,412,050

- **Non-Personnel: $8,712,000**
  - Professional, property and other services, supplies, capital, financing costs and other financing uses

Additional Reductions Under Consideration

Department	Budget Strategies
City Administration/Citywide	• Passport Services • Public Information • Reduce support and budgets for City Commissions • Eliminate subsidy for City events
Finance	• Outsource certain services
Fire	• Reassign training function
Police	• Reassign administrative functions • Reassign certain operations
Recreation	• Reduce business support services • Eliminate subsidy for Aquatics • Eliminate subsidy for Senior Services • Outsource custodial services

Next Steps

- City Council considers Fiscal Response Plan
  - August 11, 2020 4:30 pm
- City staff is developing amendments to budget and producing budget document
  - July – September 2020
- Adopt amended FY 2020-21 Budget
  - September 15, 2020 (or prior to October 1, 2020)