



Office of the City Manager

ACTION CALENDAR
June 30, 2020

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Teresa Berkeley-Simmons, Budget Manager
Subject: FY 2021 Budget Adoption

RECOMMENDATION

Adopt a resolution:

1. Adopting the FY 2021 Budget as contained in the City Manager's FY 2021 Proposed Budget Update presented to Council on May 12, 2020, June 9, 2020, and as amended by subsequent Council action.
2. Authorizing the City Manager to provide applicable advances to selected community agencies receiving City funds in FY 2021, as reflected in Attachment 2, and as amended by subsequent Council action.

FISCAL IMPACTS OF RECOMMENDATION

The proposed City expenditure budget for all funds in FY 2021 is \$ \$533,318,519 (gross appropriations) and \$ \$447,702,457 (net appropriations). The General Fund (010) total is \$ \$211,186,604 and the balance of \$ \$322,131,915 represents the other non-discretionary funds. This fiscal information will be reflected in a separate Annual Appropriation Ordinance on the City Council's agenda this evening.

CURRENT SITUATION AND ITS EFFECTS

The City Council adopted the FY 2020 and FY 2021 Biennial Budget (Biennial Budget) and the FY 2020 and FY 2021 Capital Improvement Program Budget (CIP Budget) on June 25, 2019. The Biennial Budget was a 2-year balanced budget. The Proclamation of Local Emergency for the purposes of responding to COVID-19 was issued on March 3, 2020.

The economic and financial impacts of the COVID-19 pandemic on Berkeley's finances was significant and resulted in a projected General Fund deficit estimated at \$28.7 million in FY 2021.

FY 2021 Budget Update (dollars in millions)	
Original General Fund Deficit Based on the Adopted Budget	\$ 25.60
Downtown PBID	\$ 0.01
Increased Insurance Costs	\$ 1.17
Center Street Garage Debt Service	\$ 1.91
Revised General Fund Deficit as of 5/19/20	\$ 28.69

However, with the additional allocations in the chart below, the General Fund shortfall increased to \$39.14 million.

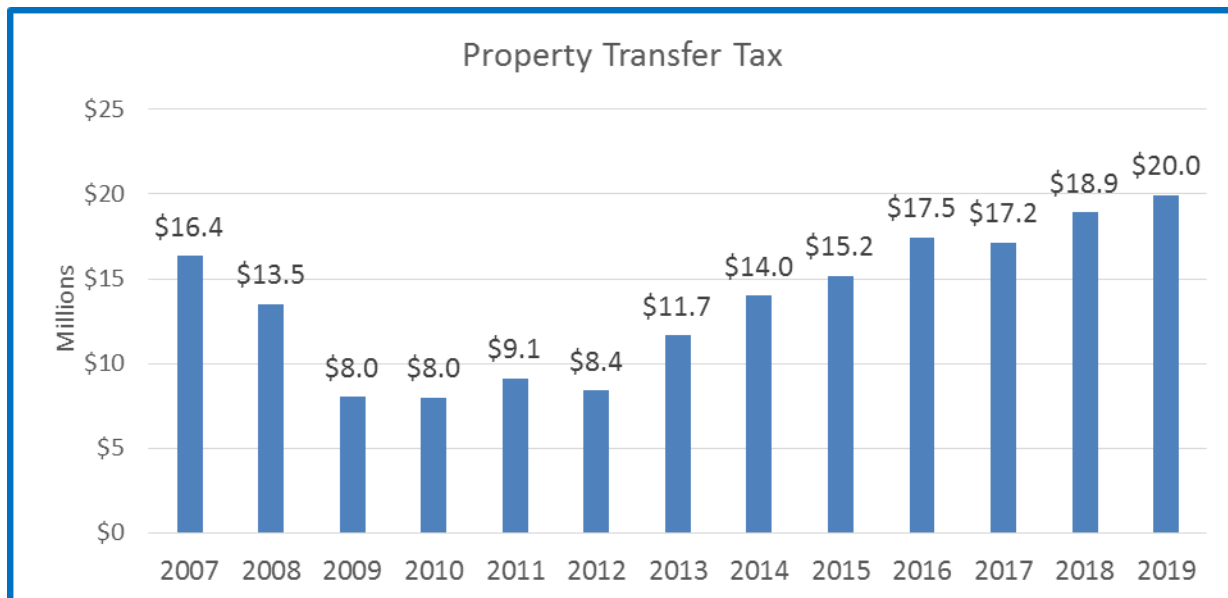
<i>Additional General Fund Allocations</i>	<i>(dollars in millions)</i>
Measure P	\$ 5.12
Measure U1	\$ 3.50
COVID-19 Ongoing Response	\$ 1.00
Families at La Quinta	\$ 0.03
Vegetation Management	\$ 0.25
Waterfront Immediate Capital Needs	\$ 0.55
Sub-total	\$ 10.45
Total FY 21 General Fund Shortfall	\$ 39.14

To resolve the General Fund shortfall departments worked to identify General Fund savings that represent 10%, 12%, and 15% of the departments' FY 2021 General Fund budgets. This action, which was a combination of personnel deferrals, project deferrals, and allowable cost shifts onto other funds resulted in \$26.51 million of general fund cost savings. In addition, Council revised the General Fund reserves policy and allocated \$11.38 million, one-third of the reserves, to mitigate the loss of service delivery as a result of General Fund revenues decline, sustain General Fund operations, and provide funding to support the City's ongoing response to the pandemic. Council also restored \$3.66 million in one-time funding to support currently filled positions included in the proposed deferrals.

<i>Proposed Solutions to Resolve the Shortfall</i>	<i>(dollars in millions)</i>
FY 21 Proposed Deferrals @ 15%	\$ 26.51
Filled Positions in Police Department	\$ (3.66)
Use of General Fund Reserves (1/3)	\$ 11.38
Total General Fund Solutions	\$ 34.23
Unresolved Shortfall	\$ (4.91)

On June 18, 2020, the Budget & Finance Policy Committee met and voted to forward to the Council a recommendation approving a one-time increase to the Property Transfer Tax baseline of \$4.0 million, increasing the baseline from \$12.5 million to \$16.5 million. In addition, the Budget & Finance Policy Committee recommended that Council make a one-time revision to the budget fiscal policies and temporarily suspend the Excess Property Transfer Tax transfer to the Capital Improvement Fund for capital infrastructure needs in Fiscal Year 2021.

The chart below documents the historical trend of the City’s Property Transfer Tax from FY 2007 through FY 2019.



On June 29, 2020, the Budget & Finance Committee met again to discuss the FY 2021 Budget Update and voted to move the Mayor's Fiscal Year 2021 Budget Amendments as amended during the meeting to the City Council with a positive recommendation. This item is included as a Supplemental Item to the FY 2021 Mid-Biennial Budget Update Adoption.

Conclusion

The shortfall resulting from the impacts of the pandemic is unprecedented. The City has numerous revenue streams that depend on economic activities and the "Shelter in Place" order practically stopped most economic activity. The revenue streams that trail consumer and retail activity feel the brunt of this cessation and the economic outcome is largely dependent on the development of the virus itself.

In developing the FY 2021 Mid-Biennial Budget update, City staff acknowledges that there is a significant amount of uncertainty including limited data to accurately determine the fiscal impacts of the pandemic on City revenues. There is a lot that City staff doesn't know at this point in time. More data and time are necessary to determine the long-term effects of the COVID-19 pandemic on the City's budget, which will be critical to inform the FY 2022; FY 2023 Biennial Budget process that will commence November 2020. For this reason, City staff is committed to providing timely updates to City Council and reevaluating the City's budget and projections on a reoccurring basis. In addition, staff is recommending a second round of budget deliberation in November. The discussion would align with the adoption of the First Amendment to the FY 2021 Appropriation Ordinance.

FISCAL IMPACT

See information described above.

ENVIRONMENTAL SUSTAINABILITY

Actions included in the budget will be developed and implemented in a manner that is consistent with the City's environmental sustainability goals and requirements.

CONTACT PERSON

Teresa Berkeley-Simmons, Budget Manager, City Manager's Office, 981-7000

Attachments:

1. Resolution: Adopting FY 2021 Budget
Exhibit A: Community Agency Contracts
Exhibit B: Community Agency Contracts Advance

FY 2021 COMMUNITY AGENCY ADVANCES

AGENCY NAME	LEAD DEPT	FY 2021 ALLOCATION	FY 2021 ADVANCE
Alameda County Homeless Action Center	HHCS	197,759	49,440
Alameda County Network of Mental Health Clients	HHCS	67,737	16,934
Bananas	HHCS	388,637	97,159
Bay Area Community Land Trust	HHCS	5,200	1,300
Bay Area Community Resources	HHCS	94,964	23,741
Bay Area Community Services	HHCS	2,050,773	512,693
Bay Area Hispano Institute for Advancement	HHCS	103,590	25,898
Bay Area Outreach and Recreation Program	HHCS	43,592	10,898
Berkeley Community Gardening Collaborative	HHCS	11,895	2,974
Berkeley Community Media	IT	230,710	57,678
Berkeley Convention & Visitors Bureau	OED	422,500	105,625
Berkeley Food & Housing Project	HHCS	547,700	136,925
Berkeley Free Clinic	HHCS	15,858	3,965
Berkeley High School Bridge Program	HHCS	79,000	19,750
Berkeley Place	HHCS	17,183	4,296
Berkeley Project	PRW	32,000	8,000
Berkeley Youth Alternatives	HHCS	60,000	15,000
Biotech Partners	HHCS	91,750	22,938
Bonita House	HHCS	39,804	9,951
Bread Project	HHCS	57,850	14,463
Building Opportunities for Self Sufficiency	HHCS	295,316	73,829
Center for Independent Living	HHCS	159,660	39,915
Covenant House California (YEAH!)	HHCS	318,388	79,597
Dorothy Day	HHCS	756,501	189,125
East Bay Community Law Center	HHCS	283,644	70,911
Easy Does It	HHCS	1,341,961	335,490
Eden Council for Hope and Opportunity	HHCS	35,000	8,750
Ephesians Children's Center	HHCS	103,920	25,980
Family Violence Law Center	HHCS	61,842	15,461
Fred Finch Youth Center	HHCS	89,255	22,314
Habitat for Humanity East Bay/Silicon Valley	HHCS	250,000	62,500
Healthy Black Families, Inc.	HHCS	87,616	21,904
Inter-City Services	HHCS	101,351	25,338
J-Sei	HHCS	9,110	2,278
Lifelong Medical Care	HHCS	568,010	142,003
McGee Avenue Baptist Church	HHCS	17,844	4,461
Multicultural Institute	HHCS	101,739	25,435
Nia House Learning Center	HHCS	39,999	10,000
Pacific Center for Human Growth	HHCS	23,245	5,811
Rebuilding Together	HHCS	122,850	30,713
RISE Program	HHCS	216,039	54,010
Rising Sun	HHCS	67,828	16,957
SEEDS Community Resolution Center	HHCS	22,553	5,638
Stiles Hall	HHCS	90,000	22,500
Sugar - Sweetened Beverage Berkeley Unified School District	HHCS	950,000	237,500
Sugar - Sweetened Beverage Product Panel of	HHCS	950,000	237,500
Supplybank.org	HHCS	25,000	6,250
The Suitcase Clinic	HHCS	9,828	2,457
Through the Looking Glass	HHCS	52,206	13,052
Toolworks Inc. Supportive Housing	HHCS	47,665	11,916
UC Berkeley	HHCS	130,000	32,500
Women's Daytime Drop-In Center	HHCS	267,071	66,768
YMCA of the East Bay - Y Scholar Program	HHCS	90,875	22,719

FY 2021 COMMUNITY AGENCY ADVANCES

AGENCY NAME	LEAD DEPT	FY 2021 ALLOCATION	FY 2021 ADVANCE
Total		12,244,818	3,061,205

HHCS = Health, Housing & Community Services

IT = Information Technology

OED = Office of Economic Development

PRW = Parks Recreation & Waterfront

FY 2021 Community Agency Allocations

Agency/Individual Name	FY 2020 Adopted	FY 2021 Adopted	CDBG	CSBG	ESG	General Fund	Other Funds
Arts							
Berkeley Art Center	86,652	73,654				73,654	
Civic Arts Grants	500,000	500,000				500,000	
Arts Total	586,652	573,654				573,654	
Childcare							
Bay Area Hispano Institute for Advancement - Child Development Program	82,143	82,143				82,143	
Bananas Inc.							
Child Care Subsidies	283,110	283,110				269,835	13,275
Play & Learn Playgroups	10,527	10,527				10,527	
QRIS Services	95,000	95,000				95,000	
Ephesians Children's Center - Childcare Program	45,507	45,507				45,507	
Healthy Black Families, Inc.							
Sisters Together Empowering Peers (STEP)	87,616	87,616				87,616	
Nia House Learning Center	39,999	39,999				39,999	
St. John's Child Care	0	0					
Women's Daytime Drop-In Center							
Parent and Child Services	0	0					
Childcare Total	643,902	643,902				630,627	13,275
Community Facilities Improvements							
Rebuilding Together							
Community Facilities	24,575	24,575	0			24,575	
Community Facilities Improvements Total	24,575	24,575	0			24,575	
Community Media							
Berkeley Community Media	230,710	230,710				230,710	
Community Media Total	230,710	230,710				230,710	
Disability Programs							
Bay Area Outreach and Recreation Program							
Recreational Services for the Disabled	43,592	43,592				43,592	
Berkeley Place	17,183	17,183				17,183	
Bonita House							
Creative Wellness Center	15,324	15,324				15,324	
Center for Independent Living:							
Wheelchair, Ramp & Lift Program	159,660	159,660	159,660				
Easy Does It	1,297,768	1,341,961					1,341,961
Through the Looking Glass	27,206	27,206				27,206	
Disability Programs Total	1,560,733	1,604,926	159,660			103,305	1,341,961
Economic Development							
Berkeley Convention and Visitors Bureau	650,000	422,500				422,500	
Economic Development Total	650,000	422,500				422,500	
Employment Training							
Bread Project	57,850	57,850				57,850	
Inter-City Services	101,351	101,351				101,351	
Multicultural Institute Lifeskills Program	68,136	68,136				68,136	
Rising Sun – Green Energy Training Services	67,828	67,828				67,828	
UC Theater - Berkeley Music Group	40,000	0					
Employment Training Total	335,165	295,165	0			295,165	
Health							
Lifelong Medical Care:							
Access for Uninsured (BPC, WBFP, Uninsured, Acupuncture Detox Clinic)	189,855	189,855		160,000		29,855	
Geriatric Care/Hypertension	114,543	114,543				114,543	
Berkeley Free Clinic							
Free Women and Transgender Health Care Service	15,858	15,858				15,858	
Sugar - Sweetened Beverage Berkeley Unified School District	872,616	950,000				950,000	
Sugar - Sweetened Beverage Panel (POE)*	872,616	950,000				950,000	
Health Total	2,065,488	2,220,256		160,000		2,060,256	
Homeless Services							
Alameda County Homeless Action Center							
SSI Advocacy	129,539	129,539				109,539	20,000
Rapid Rehousing for Homeless Elders Project	68,220	68,220				68,220	
Alameda County Network of Mental Health Clients							
Daytime Drop-In	35,721	35,721				35,721	
Case Management Tied to Permanent Housing	0	0					
Representative Payee Services	32,016	32,016				32,016	
Bay Area Community Services							
North County HRC/Housing Hub	2,485,866	2,050,773	248,419		210,101	833,366	758,887

FY 2021 Community Agency Allocations

Agency/Individual Name	FY 2020 Adopted	FY 2021 Adopted	CDBG	CSBG	ESG	General Fund	Other Funds
Berkeley Food & Housing Project							
Berkeley Mental Health Flex Spending Program	0	0					
Case Management Tied to Permanent Housing	100,190	100,190				100,190	
North County HRC/Housing Hub	0	0					
Men's Shelter	170,502	170,502	170,502				
Community Meal	0	0					
Russell Street Supportive Housing Program	157,045	157,045					157,045
Women's Shelter	119,963	119,963				119,963	
Bonita House							
Case Management Tied to Permanent Housing	24,480	24,480				24,480	
Building Opportunities for Self Sufficiency:							
BOSS House Navigation Team	86,831	86,831				86,831	
Multi Agency Service Center (MASC)	0	0					
Representative Payee Services	52,440	52,440				52,440	
Sankofa Transitional Housing	25,992	25,992				25,992	
Ursula Sherman Village Singles Shelter	104,662	104,662				104,662	
Ursula Sherman Village Family Transitional Shelter	25,391	25,391				25,391	
City of Berkeley EveryOne Home	20,124	23,143				23,143	
Covenant House California (YEAH!)							
Case Management Tied to Permanent Housing	0	0					
Shelter Services - HCRC	318,388	318,388				318,388	
Dorothy Day							
Berkeley Emergency Storm Shelter	30,101	30,101				30,101	
Breakfast Program	0	0					
Drop In Center	177,437	160,437				160,437	
Vets Shelter	565,963	565,963					565,963
Fred Finch Youth Center:							
Turning Point	89,255	89,255				89,255	
Lifelong Medical Care:							
Case Management Tied to Permanent Housing	163,644	163,644				163,644	
Supportive Housing Program UA Homes	55,164	55,164				55,164	
Options Recovery Services - Detox Services & Day Treatment							
Daytime Treatment & Dual Diagnosis Clinic	0	0					
Transitional Housing and Case Management	50,000	50,000				50,000	
Telegraph Business Improvement District							
Berkeley Host Program	49,139	49,139				49,139	
The Suitcase Clinic	9,828	9,828				9,828	
Toolworks, Inc. Supportive Housing	47,665	47,665				47,665	
Women's Daytime Drop-In Center:							
Bridget Transitional House Case Management	118,728	118,728				118,728	
Daytime Drop-In Services	48,153	48,153				48,153	
Domestic Violence Services	0	0					
Homeless Case Management - Housing Retention	100,190	100,190				100,190	
Meals Program	0	0					
Homeless Services Total	5,462,637	5,013,563	418,921	0	210,101	2,882,646	1,501,895
Housing Development & Rehabilitation							
Bay Area Community Land Trust	5,200	5,200				5,200	
Community Energy Services Corporation	0	0					
CHDO Programs	refer to HTF/CHDO	Refer to HTF/CHDO					
Habitat for Humanity East Bay/Silicon Valley							
Housing Rehabilitation Grant Program	250,000	250,000	250,000				
Rebuilding Together							
Safe Home Project	98,275	98,275				98,275	
Housing Development & Rehabilitation Total	353,475	353,475	250,000			103,475	0
Legal/Advocacy							
East Bay Community Law Center							
Consumer Justice Clinic/Housing Advocacy	33,644	33,644				33,644	
Eviction Defense Services	275,000	275,000					275,000
Housing Retention	250,000	250,000					250,000
Fair Housing Counseling	0	0					
Eden Council for Hope and Opportunity	35,000	35,000	35,000				
Eviction Defense Center	275,000	275,000					275,000
Family Violence Law Center - Domestic Violence & Homelessness Prevention Project	61,842	61,842				61,842	
Legal/Advocacy Total	930,486	930,486	35,000			95,486	800,000

FY 2021 Community Agency Allocations

Agency/Individual Name	FY 2020 Adopted	FY 2021 Adopted	CDBG	CSBG	ESG	General Fund	Other Funds
Other							
Animal Rescue	23,812	23,812				23,812	
Berkeley Community Gardening Collaborative	11,895	11,895				11,895	
Berkeley Project	32,000	32,000				32,000	
Community Agency Publishing Outcomes Project	25,000	25,000				25,000	
Eden Information & Referral	35,000	35,000				35,000	
McGee Avenue Baptist Church	17,844	17,844				17,844	
SEEDS Community Resolution Center	22,553	22,553				22,553	
Other Total	168,104	168,104				168,104	0
Recreation							
Ephesians Children's Center - Greg Brown Park Supervision	18,573	18,573				18,573	
Recreation Total	18,573	18,573				18,573	
Seniors							
J-Sei	9,110	9,110				9,110	
Seniors Total	9,110	9,110				9,110	
Youth							
Bay Area Community Resources							
School Based Behavioral Health Services	94,964	94,964				94,964	
Bay Area Hispano Institute for Advancement - Out of School Time Programs	21,447	21,447				21,447	
Berkeley High School Bridge Program	79,000	79,000				79,000	
Berkeley Youth Alternatives:							
Afterschool Program	30,000	30,000				30,000	
Counseling	30,000	30,000				30,000	
Biotech Partners – Biotech Academy at Berkeley High	91,750	91,750				91,750	
Building Opportunities for Self Sufficiency							
BOSS Homeless Children's Learning Center	0	0					
Ephesians School-Age Program	39,840	39,840				39,840	
Lifelong Medical Care							
Rosa Parks Collaborative	44,804	44,804				44,804	
Multicultural Institute Youth Mentoring	33,603	33,603				33,603	
Pacific Center for Human Growth - Safer Schools Project	23,245	23,245				23,245	
RISE Program	216,039	216,039				216,039	
SEEDS Community Resolution Center - Restorative							
Justice in Schools	0	0					
South Berkeley Community Church - Youth Program	0	0					
Stiles Hall	90,000	90,000				90,000	
Supplybank.Org (Formerly K to College)	25,000	25,000				25,000	
Through The Looking Glass - Parenting Education and Kindergarten Readiness	25,000	25,000				25,000	
UC Berkeley							
BUILD Literacy/Cal Corp	95,360	95,360				95,360	
Bridging Berkeley	34,640	34,640				34,640	
YMCA of the East Bay - Y-Scholars Program							
Y- Scholars Program	40,000	40,000				40,000	
School Readiness Program	50,875	50,875				50,875	
Youth Spirit Artworks							
Vocational Arts Training	0	0					
BUSD Homeless Student Program	0	0					
Youth Total	1,065,567	1,065,567	0			1,065,567	
TOTAL COMMUNITY AGENCY ALLOCATIONS	14,105,177	13,574,566	863,581	160,000	210,101	8,683,753	3,657,131

o Community Development Block Grant (CDBG)/Emergency Solutions Grant (ESG)

*Subject to the Sugar – Sweetened Beverage Panel of Experts (POE) allocation.

RESOLUTION NO.

ADOPTING THE CITY OF BERKELEY BUDGET UPDATE FOR
FISCAL YEAR 2021

WHEREAS, on May 12, 2020, the City Manager presented to the City Council the FY 2021 Proposed Budget Update; and

WHEREAS, the City Council held a series of meetings to consider the FY 2021 Proposed Budget Update, including public hearings held on May 12, 2020 and June 2, 2020; and

WHEREAS, members of the City Council presented recommended revisions to the Proposed Biennial Budget at the Council meetings on June 23, 2020, and June 30, 2020; and

WHEREAS, in addition to formal budget adoption, City Council action is required to authorize advances for select community agencies receiving funds in FY 2021. The advances are to be equivalent to 25% of the agency's allocation.

NOW THEREFORE, BE IT RESOLVED, that the Council of the City of Berkeley adopted the FY 2021 Budget contained in the City Manager's FY 2021 Proposed Budget Update presented to Council on May 12, 2020 and as amended by subsequent Council action on June 16, 2020, June 23, 2020, and June 30, 2020.

BE IT FURTHER RESOLVED that the appropriations constituting the FY 2021 Adopted Budget will be reflected in a separate FY 2021 Annual Appropriation Ordinance, as required by Charter.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute contracts and/or amendments, as necessary, to provide advances to selected community agencies receiving City funds in FY 2021.

BE IT FURTHER RESOLVED, that the City Manager is authorized to use the following invoicing/reporting system in contract administration, but maintains the discretion to amend these requirements depending on risk factors associated with past performance, the amount and type of funding an agency receives, and/or whether or not an agency is a new grantee:

Agencies receiving under \$50,000 in General Fund to provide the following services:

1. Drop-In services only with no intensive case management, meal programs, outreach programs, or recreation programs:
 - Statements of Expense are required quarterly and a General Ledger is required at fiscal year-end; and
 - An end-of-year narrative summary of accomplishments.
2. All other agencies receiving General Fund only:
 - Statements of Expense are required quarterly and a General Ledger is required at fiscal year-end; and
 - Program Reports are required semi-annually.
3. Agencies with State and/or Federal Funding:
 - Statements of Expense are required quarterly and a General Ledger is required at fiscal year-end; and
 - Program Reports are required quarterly.

BE IT FURTHER RESOLVED, that the City Manager is authorized to refuse to execute or amend a contract with any agency that has not provided required contract exhibits and documentation within 60 days of award of funding.

BE IT FURTHER RESOLVED, that the City Manager is authorized to execute other resultant agreement and amendments with other agencies relating to receipt and expenditure under CDBG or CSBG Program in accordance with the proposals for community agency funding approved through the budget process and as outlined in Exhibit E. A record copy of said contracts and any amendments are on file with the Office of the City Clerk.

Exhibits

- A: Community Agency Contracts
- B: Community Agency Contracts Advances