



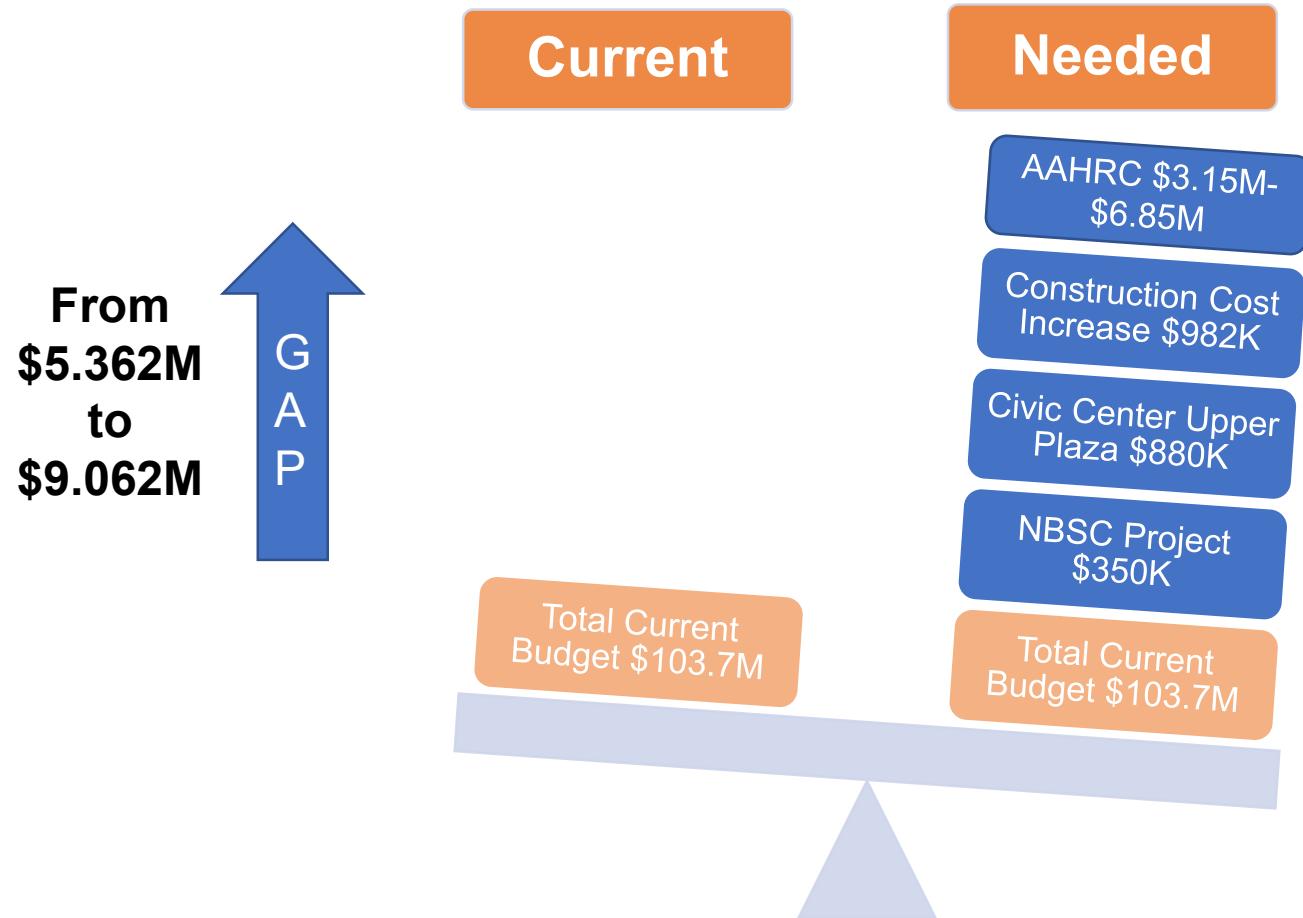
# Measure T1 Funding Gap Recommendations

Budget and Finance Policy Committee  
20 April 2023

# PURPOSE

- Review T1 funding gap
- Discussion of non-CIP funding sources
- Discussion of current CIP projects and funding sources
- Options for Council action

# MEASURE T1 FUNDING GAP

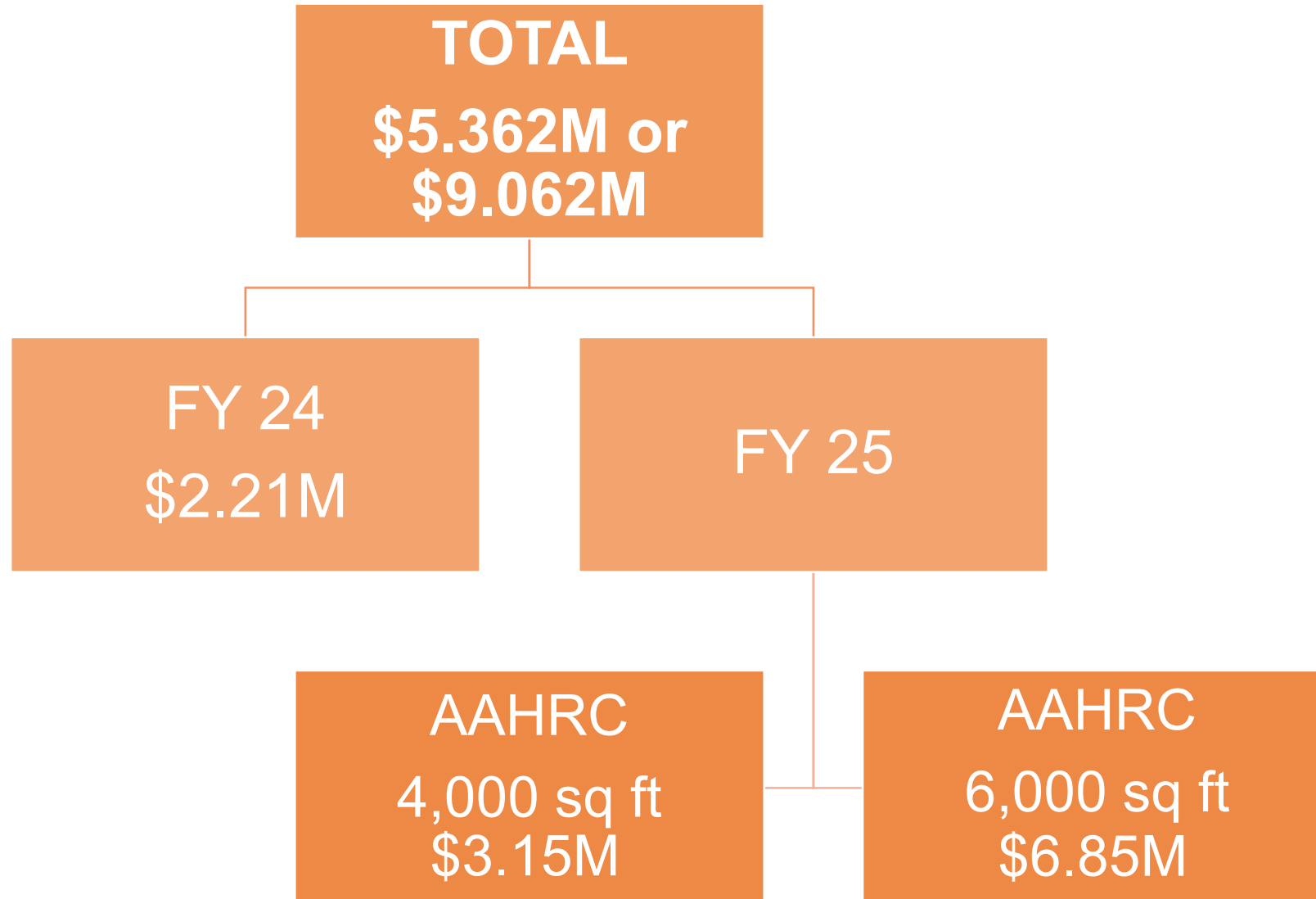


# COUNCIL DIRECTION

## Council Jan 31, 2023 Direction:

- Fully Fund African American Holistic Resource Center & the Upper Civic Center Plaza Improvements - Turtle Island Monument
- Use criteria to develop funding options
  - Public-facing
  - Public-serving
  - Leveraging funds
  - Significant planning
- Funding options - grants, excess equity, other funding sources and project deferral
- Recommendations for AAHRC based on size

# TIMING OF FUNDING NEED

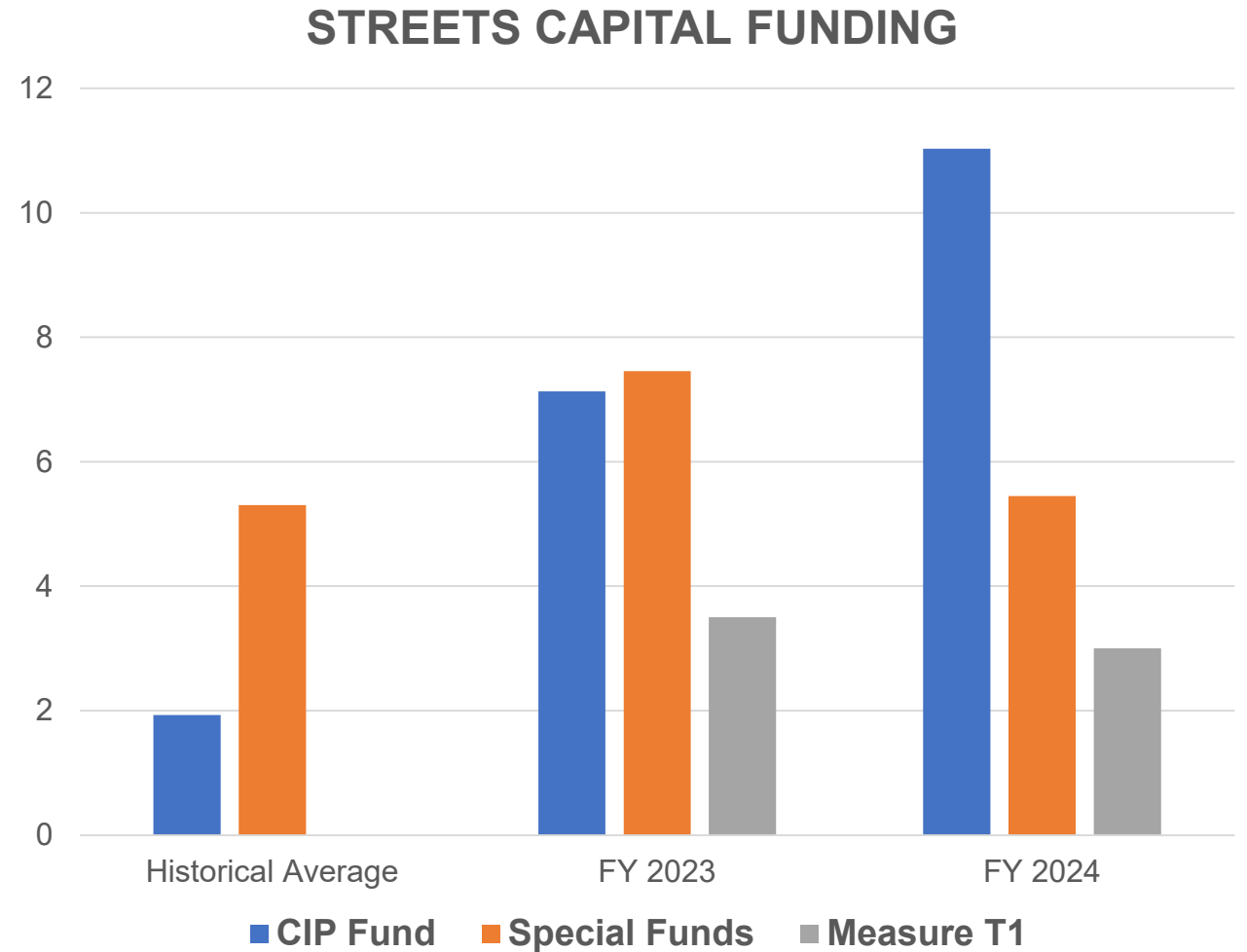


# ALTERNATIVE FUNDING SOURCES

- Use of FY 2024 Streets Funding
- Use of General Fund FY 2022 Excess Equity
- Use of General Fund Reserves
- Use of Public Liability Fund
- Use of CIP Fund

# STREETS FUNDING SOURCES

- Historically, CIP Streets Funding consisted of the following recurring baseline funding sources and **averaged \$7.00 million annually.**
  - \$1.93 million – CIP Fund**
  - \$2.00 million – SB1**
  - \$2.70 million – Measure BB LS&R**
  - \$450k – State Transportation Tax**
  - \$155k – Measure F**
- Due to Measure T1, an increase in 1x CIP Fund allocation, and overall increase from the baseline funding sources, **the FY 2023 Adopted Budget is \$18.03 million and FY 2024 Adopted Budget is \$19.48 million.**



# GENERAL FUND EXCESS EQUITY

## Use of Excess Equity in the AAO#1 & AAO#2:

- \$67.8K for Employer of Choice Initiative
- \$230K for Labor Standards Enforcement & \$50K for Fair Work Week Ordinance Outreach
- \$100K for Harriet Tubman Terrace Tenant Grant; \$150K for La Peña Cultural Center Capital Grant; \$50K for Strawberry Creek Lodge Food Program & \$6K for Berkeley Junior Jackets Field Use
- \$50K for MLK and Addison Intersection Imprvmt & \$1.0 million for Southside Complete Streets
- \$1.5 million for additional GF Reserves
- \$100K for Homeless Outreach Coordinator
- \$376K for November 2022 Election; \$200K for Tree work for storm damage; \$70K for Police staffing assessment & \$120K for mailings and outreach for eviction moratorium

**Recommendation for Measure T1 Projects  
Funding Gap = \$240K**

GENERAL FUND EXCESS EQUITY CALCULATION (EXCLUDES MEASURE P)	
FY 2022 Beginning Balance	\$ 19,806,333
FY 2022 Revenues	\$ 263,936,692
FY 2022 Expenditures	\$ (236,342,638)
<b>Available Balance</b>	<b>\$ 47,400,387</b>
<b>Less:</b>	
FY 2022 G. F. Encumbrances Restricted (AAO #1)	\$ (8,980,951)
FY 2022 G.F. Carryover (AAO #1)	\$ (5,936,110)
FY 2023 Other Adjustments (AAO #1)	\$ (2,309,412)
	\$ (17,226,473)
<b>Available Balance After AAO #1 Items</b>	<b>\$ 30,173,914</b>
Excess Property Transfer Tax to Balance FY 23 & 24 Operating Budget	\$ (17,268,170)
Excess Property Transfer Tax to Replenish Reserves	\$ (1,500,000)
Excess Property Transfer Tax Available for Capital	\$ (8,569,573)
	\$ (27,337,743)
<b>Available Balance After Pre-Funding of Excess Property Transfer Tax</b>	<b>\$ 2,836,171</b>
<b>Additional Allocation to Reserves (part of AAO#2)</b>	<b>\$ 1,522,439</b>
<b>Excess Equity Balance</b>	<b>\$ 1,313,732</b>
<b>Less other AAO#2 Items</b>	<b>\$ 845,831</b>
<b>Net Available Excess Equity Balance</b>	<b>\$ 467,901</b>



# GENERAL FUND RESERVES

- T1 funding gap does not meet criteria based on policy.
- However, Council has the option to reduce the \$4M in pre-funding of reserves included as part of the FY 24 Adopted Budget.
- Option would delay the repayment of the \$10M borrowed from the reserves during the pandemic.

- On January 24, 2017, the City Council adopted Resolution No. 67, 821-N.S., establishing the City's Council's Policy for the General Fund Reserves.
- A **Stability Reserve** will be maintained to mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. The purpose of the Stability Reserve is to provide fiscal stability in response to unexpected downturns or revenue shortfalls, and not to serve as a funding source for new programs or projects.
- A **Catastrophic Reserve** will be maintained for the purpose of sustaining General Fund operations in the case of a public emergency such as a natural disaster or other catastrophic event. The Catastrophic Reserve will be used to respond to extreme, onetime events, such as earthquakes, fires, floods, civil unrest, and terrorist attacks. The Catastrophic Reserve will not be accessed to meet operational shortfalls or to fund new programs or projects.

# PUBLIC LIABILITY FUND

- Purpose to cover costs related to damage, loss, or injury that results from the routine operations of the City that is not covered by the City's insurance
- Funded by General Fund
- Projected deficit in FY 23

	FY 2023 Adopted	FY 2023 Revised	FY 2024 Adopted	FY 2025 Projected	FY 2026 Projected
<b>Beginning Balance</b>	696,664	696,664	133,993	404,188	384,894
<b>Revenues</b>	<b>3,895,888</b>	<b>3,895,888</b>	<b>3,895,888</b>	<b>3,895,888</b>	<b>3,895,888</b>
<i>Program (Transfer In from GF. 491011)</i>	3,895,888	3,895,888	3,895,888	3,895,888	3,895,888
<i>Transfer from General Fund</i>					
<b>Expenditures</b>	<b>3,797,298</b>	<b>4,458,559</b>	<b>3,811,342</b>	<b>3,880,569</b>	<b>3,951,180</b>
<i>Personnel</i>	335,963	335,963	350,007	350,007	350,007
<i>Non-Personnel</i>	3,461,335	4,122,596	3,461,335	3,530,562	3,601,173
Annual Surplus/Shortfall	98,590	-562,671	84,546	15,319	-55,292
<b>Ending Balance</b>	<b>795,254</b>	<b>133,993</b>	<b>218,539</b>	<b>419,507</b>	<b>329,602</b>

# PRELIMINARY CIP FUND FIVE-YEAR PROJECTION

	FY 2023 Adopted	FY 2024 Adopted	FY 2025 Projected*	FY 2026 Projected*	FY 2027 Projected*
<b>BEGINNING AVAILABLE CASH BALANCE</b>	<b>\$8,165,917</b>	<b>\$3,154,520</b>	<b>(\$739,349)</b>	<b>(\$3,069,806)</b>	<b>(\$5,398,143)</b>
TRANSFER FROM FUND 011 (ANNUAL BASELINE TRANSFER)	\$4,950,905	\$4,950,905	\$4,950,905	\$4,950,905	\$4,950,905
TRANSFER FROM FUND 011 (EXCESS PROPERTY TRANSFER TAX)	\$14,050,000	\$13,420,000	\$0	\$0	\$0
<b>TOTAL REVENUES</b>	<b>\$19,000,905</b>	<b>\$18,370,905</b>	<b>\$4,950,905</b>	<b>\$4,950,905</b>	<b>\$4,950,905</b>
PERSONNEL - ZERO COLA	\$2,269,652	\$2,317,067	\$2,317,067	\$2,317,067	\$2,317,067
NON-PERSONNEL	\$21,742,650	\$19,947,707	\$4,964,295	\$4,962,175	\$4,962,175
<b>TOTAL EXPENDITURES</b>	<b>\$24,012,302</b>	<b>\$22,264,774</b>	<b>\$7,281,362</b>	<b>\$7,279,242</b>	<b>\$7,279,242</b>
<b>ANNUAL SURPLUS/(DEFICIT)</b>	<b>(\$5,011,397)</b>	<b>(\$3,893,869)</b>	<b>(\$2,330,457)</b>	<b>(\$2,328,337)</b>	<b>(\$2,328,337)</b>
<b>ENDING AVAILABLE CASH BALANCE</b>	<b>\$3,154,520</b>	<b>(\$739,349)</b>	<b>(\$3,069,806)</b>	<b>(\$5,398,143)</b>	<b>(\$7,726,480)</b>

\*FY 2025 and outward years projections shows a return to baseline revenue and baseline expenditures.

# REVIEW OF FUNDED CAPITAL PROJECTS

Review of all Capital Projects in Attachments 3a, 3b and 3c:

1. Council Criteria from 1/31 Meeting
  - Public-Facing
  - Public-Serving
  - Leveraging Funds
  - Significant Planning
2. Project Progress
3. Identified Funding Spent to Date
4. Funding Source

# POSSIBLE PROJECTS TO DEFER TO FY25 OR BEYOND

## General or CIP Funded Projects representing up to \$1.7M

- **\$400,000 – FY24 PRW CIP Fund Allocation**

This allocation is designated for replacing Cedar Rose 2-5 and 5-12 Play Structures. The design for this work is underway and construction funding for 1 of the 2 play structures is already available in FY24 Parks Tax funding.

- **\$650,000 – 50% of FY23 GF Allocation for Cameras in the Public ROW**

This \$1,293,889 project was the result of a referral by Councilmember Taplin. Ten locations have been identified by City Council. The acquisition and use policies will be up for City Council adoption in May. The remaining budget will ensure staff can implement cameras at least half of these intersections and potentially more. Should further budget be required, staff would return to City Council to make that request.

- **\$300,000 – FY23 CIP Fund for 62<sup>nd</sup> Street Conversion to Cul De Sac.**

This project was the result of a referral by Councilmember Bartlett. Work on this project has not been started.

- **\$350,000 – FY23 CIP Fund for Dredging of South Sailing Basin.**

This funding was the result of a referral by Councilmember Robinson. Work on this project has not been started.

## T1 Funded Projects representing up to \$12.675M

- **\$6.75M- Street Paving Improvements**

This T1 funding has been assigned to the Hopkins Street project and while significant planning and public process has occurred, this project has been delayed indefinitely..

- **\$2.8M- Tom Bates Community Space and Restroom**

While the \$390,000 of T1P1 funding has been invested in establishing a sewer line in front of the Tom Bates Sports Complex and doing conceptual design, the project has not reached the “significant planning threshold.” PRW staff will submit a \$3M grant to augment additional work on site that uses this \$2.8M as a match.

- **\$1.5M- 1947 Center Street Improvements**

This project would improve the HVAC system throughout the 1947 Center Street building. \$300,000 of the original \$1.8M has already been allocated for design.

- **\$680,000- Ohlone Lighting Project**

This project is still in the planning phase and has \$680k remaining of the \$700k budgeted.

- **\$445,000- Cesar Chavez Park Restroom**

This project has just started preliminary design, and significant planning has not yet occurred. If reduced, a portable toilet will remain in the same location until future funding is located.

- **\$500,000- North Berkeley Senior Center: Emergency Power Supply Solar Batteries**

This project has not yet started.

# OPTION 1

Option 1 – Identify the \$2,211,750 needed for FY24 and commit to either the 4,000 or 6,000 square foot AAHRC and allocate the needed funding (\$3.15M or \$6.85M) in FY25.

## Option 1a

- Use funding from FY22 Excess Equity (\$240K)
- Reassign \$400K of T1 street funds
- Defer the following projects (totaling \$1.58M) to the FY25 budget process:
  - \$400K of PRW FY24 GF CIP for Cedar Rose Playgrounds
  - \$680K of T1 for Ohlone Lighting
  - \$500K of T1 for NBSC Solar Battery Storage

## Option 1b

- Reassign \$2,211,750 of T1 street funds.

# OPTION 2

Option 2 – Identify all \$9,062,000 in funding needed for the shortfall in all 11 T1 projects, including the 6,000 square foot AAHRC.

## Option 2a

- Use funding from FY22 Excess Equity (\$240K)
- Reassign \$6.75M of T1 street funds
- Defer the following projects (totaling \$2.072M) to the FY25 budget process:
  - \$400K of PRW FY24 GF CIP for Cedar Rose Playgrounds
  - \$522K of 40% of FY23 GF for Cameras in the Public Right of Way
  - \$300K of FY23 CIP Funds for 62<sup>nd</sup> Street Conversion to Cul De Sac
  - \$350k of FY23 CIP Fund Allocation for Dredging of South Sailing Basin
  - \$500K of T1 funding for NBSC Solar Battery Storage

## Option 2b

- Use funding from FY22 Excess Equity (\$240K)
- Reassign \$1.197M of T1 street funds
- Defer the following projects (totaling \$7.625M) to the FY25 budget process:
  - \$2.8M of T1 funding for Tom Bates Restroom and community space
  - \$1.5M of T1 funding for 1947 Center Street HVAC Improvements
  - \$400K of PRW FY24 GF CIP for Cedar Rose Playgrounds
  - \$650K of 50% of FY23 GF for Cameras in the Public Right of Way
  - \$300K of FY23 CIP Funds for 62<sup>nd</sup> Street Conversion to Cul De Sac
  - \$350K of FY23 CIP Fund Allocation for Dredging of South Sailing Basin
  - \$500K of T1 funding for NBSC Solar Battery Storage
  - \$680K of T1 Funding for Ohlone Lighting Project
  - \$445K of T1 Funding for Cesar Chavez Restroom

# OPTION 3

Option 3 – Identify all \$5,361,750 in funding needed for the shortfall in all 11 T1 projects, including the 4,000 square foot AAHRC.

## Option 3a

- Reassign \$5.361M of T1 street funds

## Option 3b

- Use FY22 Excess Equity (\$240K)
- Reallocate \$321,750 of T1 streets funds
- Defer the following projects (totaling \$4.8M) to the FY25 budget process:
  - \$2.8M of T1 funding for Tom Bates Restroom and Community Space
  - \$1.5M of T1 funding for 1947 Center Street Improvements
  - \$500K of T1 funding for NBSC Solar Battery Storage



# NEXT STEPS

- Budget and Finance Policy Committee to discuss staff presentation and options during the April 20, 2023 meeting
- Budget and Finance Policy Committee to provide direction on closing the fund gap to complete Measure T1 Projects during the April 20, 2023 meeting
- City Manager to return to the full City Council at one of the May 2023 meetings with recommendations for how to close the project funding gap (after direction from the Budget and Finance Policy Committee)