



City of Emeryville

CALIFORNIA

MEMORANDUM

DATE: January 19, 2021
TO: Christine Daniel, City Manager
FROM: Brad Farmer, Finance Director
Mary Grace Houlihan, Public Works Director
SUBJECT: **Fiscal Year 2021-2023 Planning, Budget and Capital Improvement Program Strategies; City Council Goals and Priorities**

RECOMMENDATION

Staff recommends that the City Council receive this report and provide feedback to assist staff with planning for the next two-year budget cycle, Fiscal Years 2021-2022 and 2022-2023.

BACKGROUND

At the January 19, 2021 Council study session staff will present the following topics for the Council's discussion:

- an updated five-year financial forecast,
- a review of the current Capital Improvement Program (CIP), and
- a status update on the City Council's adopted Goals and Priorities for the 2019-2021 fiscal years.

This report provides an overview of current CIP projects and the City Council's priority projects. The updated five-year financial forecast will be provided prior to the study session.

DISCUSSION

Budget Planning

The City of Emeryville adopts a two-year budget; the next cycle is July 1, 2021 through June 30, 2023. This study session commences the planning process for the next budget cycle. Unfortunately, given the current economic environment, the next few years of budgets will be extremely financially constrained.

At a study session on September 15, 2020 staff presented a five-year financial forecast that reflected the likely impacts of the COVID-19 pandemic on the City's revenues. At that time, the revenue shortfall, for each year of the forecast, was estimated at over \$11 million per year. The City's primary revenues are Sales Tax, Transient Occupancy Tax (TOT) and Business License Tax, all of which are highly economically sensitive and all of which have been dramatically affected by the pandemic. TOT revenue alone is estimated to decrease from \$8.6 million in prior years to approximately \$1.2 million this current fiscal year if current hotel usage continues, which it may not. Additionally, the card room, which has generated about \$3 million annually, has not yet been able to re-open and thus has generated zero revenue for the City so far this year.

Staff will present several budget strategies for consideration by the Council. At this stage, staff has identified primarily one-time strategies that are not sustainable for the long term. Identification of new recurring revenue and ongoing expenditure reductions will be necessary as well.

Capital Improvement Program (CIP)

The City Council adopted the current Capital Improvement Program (CIP) in June 2019. The CIP is a five year plan (that is updated every two years) to improve and maintain the City's critical capital assets to enhance the quality of life for Emeryville residents, businesses and visitors. Projects included in the CIP often take several years to accumulate funding sufficient to support commencement of design and complete construction. During the life of the current CIP several significant projects have been undertaken but are not yet complete. The list below includes major projects but is not reflective of all of the ongoing CIP projects, or all of the work staff is overseeing including private development of public improvements. (The project numbers are listed in the parenthetical following each project name for reference back to the adopted CIP.) The following are significant projects that are underway:

- South Bayfront Bridge (CF-02)
- Underground Tank Closures (CF-07)
- Horton Landing Park (CF-13)
- Rail Safety Quiet Zones (T-04)
- General Major Maintenance Program (FM-01)
- Davenport Park (FM-08)
- Rehabilitation of City Facilities' Sewer Laterals (FM-15)
- San Pablo Avenue Mid-Block Crossing (PB-14)
- Point Emery shoreline protection (CF-11)
- Traffic Signal Modernization – Phase 1 (ST-11)
- IDEA grant traffic signal reconfiguration (T-10)
- Art Center (CF-08)

There are a number of projects in the current CIP which have not yet begun but are funded. Staff anticipates that these projects can be commenced, if not completed, within the next two-year CIP cycle.

- Temescal Creek Park (CF-12) (Playground Surfacing)
- Civic Center Exterior Painting (FM-04)
- City Hall HVAC replacement (FM-06)
- Shorebird Park Boardwalk Rehabilitation (FM-10)
- City sewer CCTV and cleaning (SS-01)
- Marina Channel Dredging (M-02)
- Marina Lighting (M-03)
- Storm Drain CCTV, Cleaning and Repair (ST-06; ST-05)
- Large Trash Separator (ST-13)
- 40th Street Bridge Railing and Repair (ST-01)
- Lumec Streetlight Pole painting and LED (ST-04)
- Annual Paving Program (T-01)
- Traffic Signal Modernization – Phase 2 (T-11)

Finally, there are a few unfunded projects in the CIP that are competitive candidates for grant funding. If funding is obtained, these projects could commence in the next two-year cycle.

40th Street Redesign (T-13)
Village Greens (ST-17)

Staff recommends that the City Council consider focusing the next two-year CIP on existing funded projects, and obtaining grant funding for unfunded priority projects such as those noted above.

City Council Goals and Priorities

In January 2019, the City Council discussed, and subsequently adopted, its goals and priorities for the next two-year budget cycle. The following chart provides a brief, summary status update on those items. While significant progress has been made, several items will continue to require focused attention into the next two-year budget cycle.

Priority Project	Status	Expected Completion
South Bayfront Bridge	Span placed 12/18/20	Fall 2021
Housing Bond Expenditure Plan	Council Study Session 12/15/20; Council Agenda 2/16/21	First bond tranche spring 2022
Active Transportation Safety: multi-modal connectivity/40 th St. redesign	40 th Street redesign concept approved; grant applications submitted; Emery Go Round bus yard funding released	Pending grant funding
Art Center	LDDA approved	2022
Disaster Preparedness	Trainings conducted including Council 10/20/20	ongoing
Parking Management	Contracts awarded; staff hired; meter installation January 2021	ACTC grant requirements met by June 2021
Rail Safety Quiet Zones	Designs approved; CTC funding award March 2021	2023
Revenue Generating Ballot Measures	March 3, 2020 Measure F approved by voters	complete
Library Services	12/20 Grant Agreement approved by City Council	Awaiting response from Oakland
Healthy Organization; Model Employer	Multiple policies implemented to support staff during pandemic	continuous
Code Enforcement Program	Measure F approved uses include Code Enforcement	Pending funding decisions

Staff requests that the City Council identify possible goals and priorities for the next two year budget cycle commencing in July 2021. Staff will return with a future agenda item for adoption of those goals and priorities once the Council has completed its deliberation.

FISCAL IMPACT

The updated five year financial forecast will be provided as a supplemental Agenda item prior to the meeting.

STAFF COMMUNICATION WITH THE PUBLIC

The City Council conducted a budget study session on September 15, 2020 and the Budget Advisory Committee and Budget and Governance Committee have received budget updates since that time.

CONFLICT OF INTEREST

Not applicable

CONCLUSION

Staff requests that the City Council consider this report and the information provided in the study session presentation and provide feedback to guide development of the next two-year budget, as well as the City Council's Goals and Priorities.

PREPARED BY: Brad Farmer, Finance Director; Mary Grace Houlihan Public Works Director

APPROVED AND FORWARDED TO THE CITY COUNCIL OF THE CITY OF EMERYVILLE:



Christine Daniel, City Manager

ATTACHMENT

- General Fund Five (5) Year Forecast