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City of El Cerrito

Fiscal Sustainability Community Workshop

Today's Objectives

Reflect on what a fiscally strong El Cerrito will look like

Share the City's fiscal status and actions taken to date

Obtain community input on long-term financial strategies

Ground Rules

- Listen with an open mind
- Focus on the future, not the past
- Be respectful
- Share ideas
- Be solutions oriented
- Place yourself on mute when not speaking



Financial Update



A Fiscally-Strong El Cerrito

- A Sustainable Fiscal Outlook for El Cerrito includes:
 - On-going revenue = on-going expenditures (balanced budget)
Together with...
 - Minimum 17% Reserve
 - No reliance on an annual TRAN (short-term borrowing)
 - Improved bond rating

Financial Overview

- The City's budget has been reduced by \$4.2M on-going
 - In addition to one-time reductions of nearly \$1M
- Recommended changes will ensure a balanced FY2021-22 budget
- Fund balance/reserve gap remains
- Until reserves are restored to 17% the City must rely on TRAN
- Rebuilding reserves is a top priority for the City
 - Requires Council/community choices about programs that can be delivered differently

Financial Overview

- What's driving the need for additional changes?
 - PERS discount rate reduction increases City costs (retirement cost)
 - Lower than projected revenue
 - Anticipated settlement not awarded

City Budget Reductions – Spring 2020

Cost Savings	Fiscal Impact of Budget Reductions
Ongoing cost savings (FY 2020-21 and beyond)	
Reductions identified by staff	\$1,632,000
Renegotiated Management and Confidential compensation and benefits plan	\$316,000
Elimination of cost-of-living adjustments from renegotiated memoranda of understanding with labor groups	\$750,000
Total ongoing cost savings	\$2,698,000
One-time savings (FY 2020-21 only)	
Furloughs totaling 13 days through December 31, 2020	\$659,000
Furloughs of managers for an additional 13 days through June 30, 2020	\$300,000
Total one-time savings	\$959,000

Council-Approved Budget Strategies – Fiscal Response Plan

Budget Strategy	Department	Estimated Fiscal Impact
Reduce City administration	City Administration	\$345,000
Change service delivery approach of finance functions	Finance	\$25,000
Restructure Fire management functions	Fire	\$210,000
Restructure police operations	Police	\$595,000
Reduce/shift funding for landscape maintenance costs	Public Works (Parks)	\$165,000
Reduce Recreation administrative functions	Recreation	\$166,000
Total budget strategies		\$1,506,000
Goal		\$1,500,000

Additional Strategies Not Selected in 2020

Budget Strategy	Estimated Budget Savings
Permanently eliminate the 4th of July event	\$30,000
Eliminate additional Library hours	\$110,000
Reduce childcare programs	\$200,000
Outsource custodial services	\$250,000
Eliminate General Fund subsidy for the aquatics center	\$290,000
Eliminate General Fund subsidy to senior center programs/facility lease	\$340,000
Eliminate one fire shift and brownout station two days per week	\$406,000
Convert Fire Engine 72 to emergency medical response only	\$506,000
Total	\$2,132,000

Strategies for a Balanced Budget for FY22

- Conservative revenue estimates
- Expenditures baseline: status quo
 - Modified service delivery reflecting current operating environment because of pandemic
- Increased focus on cost recovery and fees
- Personnel
 - Management/Confidential/Unrepresented
 - Discussions with unions/bargaining units
 - Vacant positions – case by case consideration for filling or eliminating

Full-time Staffing Reductions

Department	FY 2019-20	FY 2020-21 (Authorized)	FY 2020-21 (Actual Including Vacancies)	FY 2021-22 (Proposed)	Position Reductions (since FY20)	FY 2021-22 Vacancies (Funded)
City Council	5	5	5	5	0	0
City Management	11.5	10	10	9	(2.5)	1
Finance Department	6	6	6	6	0	1
Community Development	14	15	14	14	0	0
Police Department	58	55	50	48	(10)	1
Fire Department	37	37	37	37	0	1
Public Works Department	25.2	25	25	24.2	(1.0)	1
Recreation Department	23	21	21	18	(5.0)	0
Total	179.7	174	168	162.2	(17.5)	5



*5 part-time, hourly positions also eliminated in Public Works and Recreation



Services Provided by the City

Community Development Programs

- Advance Planning
- Current Planning
- Building Inspection
- Code Enforcement
- Development Plan Check
- Economic Development

Public Works Programs

- Engineering
- Facilities
- Integrated Waste Management
- Recycling
- Road Maintenance
- Landscape Maintenance

Administrative Programs

- Finance
- Human Resources
- Information Technology
- Legislative Support
- Records Administration
- Public Information

Police Programs

- Patrol
- Investigations
- Special Operations
- Traffic Enforcement
- Crime Prevention

Fire Programs

- Fire Response
- Medical Response
- Vegetation Management
- Prevention and Education

Recreation Programs

- Aquatics
- Child Care
- Enrichment Programs and Camps
- Senior Services
- Special Events
- Custodial Services

Summary and What's Next

- FY 2021-22 Proposed Budget will include strategies to achieve a **balanced budget**
- Additional structural changes needed to **rebuild reserves**
- **Menu of budget strategies** to rebuild the City's reserve was presented to Council last August – serves as a starting point
- **Community input** on the key services areas the City should prioritize (as well as those the City should consider shifting to outside providers or eliminating)
- Initial input today; **further opportunities to weigh in** throughout the summer

Break



Envisioning a Fiscally Strong El Cerrito



Ground Rules for Brainstorming Strategies

- Envision the future
- Be solution-oriented
- Have an open mind and be creative
- Resist the temptation to critique (at this point all ideas are good ideas)
- Focus on programs/services
- Consider new options for delivering city programs/services

Small Groups

- Introduce yourselves.
- Select a member of your group to take notes and report out.
- **Brainstorm bold ideas**
 - What services could the City do without or stop doing?
 - What programs/services are (or could be) provided by another organization? (Is the City the only possible provider?)
 - What programs/services benefit the community as a whole? Which do not?
 - Is there another way to meet the community need?
- **Report out**

Report Out



Council Reflections and Comments



Next Steps

Share additional ideas and input on Open El Cerrito

Convene Council budget subcommittee to discuss fiscal sustainability

Join us on May 18 for the first Council discussion of the FY 2021-22 budget

Present updated fiscal recovery plan to the State Auditor in November



Thank you

Nancy Hetrick, Vice President

Management
Partners

