

FY 2025 Updated City Council Budget Priorities

IBA Report 24-02

Budget & Government Efficiency Committee

Item 3

February 7, 2024



Office of the Independent Budget Analyst



Background

Budget Priorities Resolution is Council's first step in the budget process

- Budget Priorities Resolutions are initially prepared in September/October.
- Priorities Updates are determined February.
- New step: 1¢ TOT recommended allocation
 - B&GE to consider ED&IR recommendation
- Budget Priorities Resolution will be submitted to Mayor after approval by City Council.

Background

Budget Priorities Resolution is Council's first step in the budget process *(con't)*

- Updates to FY 2025 Councilmembers' priorities – submitted to our Office on January 12, 2024.
 - IBA Report 24-02 summarizes updated budget priorities.
 - Besides majority supported priorities, priorities that received support from four Councilmembers are also highlighted.
 - Not part of the Budget Priorities Resolution unless Council designates them as such.

Background

Budget Priorities Resolution is Council's first step in the budget process *(con't)*

- On January 10, 2024, ED&IR forwarded a recommendation for the proposed allocation of the 1¢ TOT to the B&GE Committee for consideration:
 - 6.5% of total TOT revenue (estimated \$21.5M) for Arts, Culture, and Community Festivals
 - Remaining amount (estimated \$10.0M) to help balance the General Fund budget



FY 2025 Priorities Receiving Majority Support

Operating Budget Priorities
Homelessness and Housing
Environment and Climate Action
Public Safety
Neighborhood Services
Arts and Culture
Other Budget Priorities

Infrastructure Budget Priorities
Transportation and Mobility Safety
Streets
Sidewalks
Facilities
Stormwater
Americans with Disabilities Act

New Majority-Supported Budget Priorities

New Operating Budget Priorities	Updated	Initial
Heat Action Plan	5 Districts	4 Districts
Shuttle and Other Transit Programs	5	4
LGBTQ+ Community Fund	5	3

New Infrastructure Priority	Updated	Initial
Fire Stations	5	4

Other Identified Budget Priorities

Priorities Supported by <u>Four</u> Councilmembers	Updated	Initial
Senior Shelters and Age-friendly Shelters	4	4
Climate Equity Fund	4	4
Parks Programming	4	4
Unimproved Streets and Alleys	4	4
<i>City Clerk Cubicle Updates and Front Counter Phone System</i>	4	5

Moved from Four Councilmembers in Support	Updated	Initial
<i>Fire Staffing</i>	3	4

FY 2025 Budget Resources and Mitigations

Resources and Mitigations

Excess Equity (*one-time resource*)

Infrastructure grant opportunities being monitored (*fiscal estimates unavailable*)

Federal Infrastructure Investment and Jobs Act (IIJA)

California Child Care and Development Infrastructure Grant

Federal Inflation Reduction Act (IRA)

Recommended B&GE Committee Actions

- Recommend the FY 2025 Updated Budget Priorities Resolution to the City Council for adoption including:
 - Updated budget priorities – based on IBA Report 24-02, with any desired modifications
 - Any proposed allocation of the 1¢ TOT
- The resulting B&GE decisions will be incorporated in a revised version of IBA Report 24-02 to be presented to the full Council for consideration on February 12.
 - Council's approved resolution will be submitted to the Mayor for consideration in the FY 2025 Proposed Budget.