

FY 2025 Updated City Council Budget Priorities IBA Report 24-02 REV

City Council
Item S400
February 12, 2024



Office of the Independent Budget Analyst



Budget Priorities Resolution Background

Council's first step in the budget process

- Budget priorities *initially* prepared in Sept/Oct.
- Priorities *updates* are determined February.
 - Individual Councilmembers' memos with FY 2025 updates sent to our Office January 12, 2024.
- New step: 1¢ TOT recommended allocation
 - ED&IR Committee's January 10, 2024 recommendation to B&GE Committee
 - 6.5% of total TOT revenue (est. \$21.5M) for Arts, Culture, and Community Festivals
 - Remaining amount (est. \$10.0M) to help balance the General Fund budget

Budget Priorities Resolution Background

B&GE Committee Action – February 7, 2024

- B&GE Committee recommended approval of ED&IR Committee's recommended 1 cent TOT allocation, as well as the updated priorities included in IBA Report 24-02, with the following additions:
 - Funding for an enhanced stormwater maintenance program that takes aggressive action to clear, maintain, and upgrade stormwater channels in close proximity to underserved neighborhoods, including creation of a Chollas Creek Stormwater CIP
 - Prioritizing flood disaster response and recovery, including but not limited to staff time and a potential waiving of fees, that would assist those impacted by the floods, particularly in underserved communities

Budget Priorities Resolution Background

- B&GE Committee decisions were incorporated in a revised report – IBA Report 24-02 REV – for Council to consider today.
 - Budget Priorities Resolution will be sent to Mayor after Council approval.
- Besides majority supported priorities, those receiving support from four Councilmembers are also highlighted in our report.
 - Not part of the Budget Priorities Resolution unless Council designates them as such.

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
Flood Disaster Response and Recovery	B&GE Add	n/a

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 Council Actions

- Approve IBA Report 24-02 REV, with any desired modifications, including:
 - The updated priorities in this report, including the B&GE Committee's additions
 - The recommendation to the Mayor for the 1 cent TOT allocation
- Direct the IBA to deliver its approved Budget Priorities Resolution, and each Councilmember's FY 2025 budget priorities memorandum update, to the Mayor's Office for consideration in developing the FY 2025 Proposed Budget.