Date: April 7, 2020
To: El Cerrito City Council
From: Karen Pinkos, City Manager, City Management; Mark Rasiah, Finance Director/City Treasurer, Finance Department
Subject: General Fund Budget Reductions Update and Fiscal Impacts of COVID-19

ACTION PROPOSED
Conduct study session and receive an update on the City’s General Fund Budget reductions; provide staff with direction on further budget reductions for the FY 20-22 biennial budget.

BACKGROUND
The City Council has been closely monitoring the City’s budget and financial position over the past several months in light of the results of the FY 2018-19 financial audit and the review initiated by the California State Auditor. The City Council and City staff initiated a strategic planning process by engaging the consulting firm Management Partners to assist in informing the Council of the priorities of the community for the upcoming FY 2020-21 and FY 2021-22 biennial budget process. At the January 21, 2020 City Council meeting, the City Council received an update on the City’s financial position, overview of the upcoming strategic plan, and biennial budget process. The Council held a community town hall budget meeting on February 1 to review the City's financial position, answer questions, and hear feedback. At the February 4, 2020 City Council meeting, the City Council discussed the General Fund Forecast following several modifications that had significantly altered the forecast. Following this review, the Council directed staff to provide to the City Council a reduction of $2 million, approximately 5% of the General Fund, as they develop the upcoming biennial budget.

On February 12, the City held a Strategic Plan open house, following a series of focus group meetings held in January and an online survey that collected feedback from residents, businesses, employees, and community groups. At the February 18, 2020 City Council meeting, the Council received an update on City revenues and expenditures for the first six months of the fiscal year through December 31, 2019 and adopted a resolution authorizing amendments to the FY 2019-20 budget, including $600,000 in expense reductions, and approving new spending limits. The City Council also discussed whether or not to continue various City events. Following that, the intention was to hold a Strategic Plan workshop with the City Council on March 14 in order to discuss the results of the community feedback, review the priorities, and provide direction on strategic goals that would be used in developing the biennial budget. The Council was also set to review the City Council's budget at the March 17 City Council meeting, and receive the staff's proposed budget cuts in response to the Council's request for a 5% reduction on April 7, 2020.
Since that time, however, the COVID-19 Coronavirus pandemic has resulted in a public health crisis that has interfered with the planned course of business. On March 10, 2020 the Contra Costa County Board of Supervisors declared a local emergency within Contra Costa County through April 7, 2020. On March 12, 2020, the West Contra Costa Unified School District (WCCUSD) closed schools through April 6, 2020. On March 13, 2020 the City Council declared a local emergency in an emergency meeting. This resulted in the closure of all City facilities to the public and cancellation of all public meetings, events, programs, and classes. On March 16, 2020, along with six other Bay Area jurisdictions, Contra Costa County issued an order requiring all individuals currently living within Contra Costa County to shelter at their place of residence. On March 18, 2020, Governor Gavin Newsom issued a statewide stay-at-home order. On March 25, 2020, the City extended the closure of City facilities through May 1, 2020, and cancelled events and non-essential meetings through May 31. Additionally, that same day, WCCUSD extended the closure of their schools through May 1. On March 31, 2020, Contra Costa County extended its public health order to May 3, 2020.

Both the state and county public health orders not only require residents to shelter at home, it also requires non-essential businesses to be closed to the public. Businesses that are open are subject to strict social distancing guidelines. Similar orders and guidelines have been issued all over the United States. These are critical interventions to reduce harm from the spread of the Coronavirus in our community.

However, as a result of these orders and guidelines the U.S. economy has been impacted significantly. This has prompted local governments all over the U.S. to consider the impacts of this public health crisis on their budgets. In El Cerrito, the immediate impacts are revenue losses due to decreased sales taxes, real property transfer tax, and from the cancellation of Recreation programs and classes. Staff estimates this loss could be in the area of at least $2-3 million dollars in revenue. This means that the previous budget adjustments, projections, and proposed reductions must all be reviewed again in light of this unprecedented economic downturn.

**ANALYSIS**
City staff has been in consultation with Management Partners and other financial consultants over the past few weeks to discuss recommendations and strategic priorities in light of the new budget reality that cities are faced with because of the COVID-19 public health crisis. Management Partners will provide the City Council with an update on the information gathered in the strategic planning process and outline their recommendations for the financial priorities for the upcoming biennial budget.

As requested, City staff has prepared an overall 5% reduction for the FY 2020-21 and FY 2021-22 biennial budget. The amended General Fund budget is $40,555,794, therefore the reduction target is $2,027,790. Each department director worked to identify reductions through a combination of vacant positions, reducing programs and contracts, and shifting costs to special funds (including the recently passed Measure H)
where possible. These reductions will result in $1,631,848 in savings. Furthermore, the overall reduction also includes an assumption that employees will forgo their planned Cost of Living Adjustments (COLAs) for FY 2020-21. Staff are currently negotiating with all bargaining units to achieve this and are optimistic that most, if not all, bargaining units will agree to this request. Currently, a savings of at least $400,000 is anticipated; if all bargaining units agree, this amount will increase to approximately $750,000. At this point, including the anticipated savings of $400,000, the overall reduction would be $2,031,848.

Attachment 1 outlines the proposed reductions by department. These reductions include the following:

- Holding open vacant positions; freeze on hiring
- Eliminating one School Resource Officer position in the Police Department due to reduction from WCCUSD
- Suspending or reducing various programs
  - Neighborhood Traffic Management Program
  - New Streetlight Program
  - Street Banner program
  - Reducing number of public workshops, events, and classes, especially those that require staff overtime
- Reductions in various categories of expenditures:
  - Professional Services: reducing consulting contracts
  - Travel and Training: only essential training required by law or to maintain license or credential
  - Events and Field Trips: reducing budgets for Boards, Commissions, and Committees; canceling most events for calendar year
  - Public information: reduce number of printed materials and newsletters
  - Supplies, Equipment, Vehicles: essential only, suspend major purchases
- Expenditures related to park maintenance, landscaping, vegetation management: move eligible expenses to Measure H

Immediate actions City staff have taken to date in response to the COVID-19 emergency includes an unpaid furlough of 90 part-time staff members, reduction in discretionary benefits for management and confidential staff, a freeze on hiring, and a freeze on non-essential spending.

However, in light of the current fiscal situation, City staff recognizes that this 5% reduction will not be a sufficient response to mitigate revenue shortfalls due to COVID-19. Staff is presenting these proposed General Fund reductions in order to set a new Budget baseline for the City Council to consider, knowing that we face incredible uncertainty as to how the budget will eventually be developed because it is impossible to know how long this crisis, and therefore the resulting public health orders, will last.
As a result, City staff is considering further proposed reductions in expenses, that will result in further decreased services, programs, and staff. These could include, but are not limited to: elimination of vacant positions, reduce hours paid to Contra Costa County for library services, cancellation of major City events, restructuring City operations, restructuring Recreation programs, restructuring employment terms for management and confidential staff, reducing management and staff positions, and contracting out administrative and other specialized functions.

Following the discussion by Management Partners on the strategic priorities and baseline reductions by City staff, the City Council will be asked to consider providing direction to staff on additional reductions and discuss the potential impacts to City services. The City Council is expected to continue to review the current and upcoming budget as conditions continue to change throughout this public health crisis.

**STRATEGIC PLAN CONSIDERATIONS**
This fiscal update is consistent with Strategic Plan Goal A: Deliver exemplary government services and Goal B: Achieve long-term financial sustainability.

**ENVIRONMENTAL CONSIDERATIONS**
This section is not applicable to this agenda item.

**FINANCIAL CONSIDERATIONS**
While the impacts on the economy due to the COVID-19 public health crisis continue to evolve, staff currently projects that the City is facing at least a $2-3 million dollar loss in revenue. The proposed reductions developed by City staff per the City Council's request total $2,031,848. Staff is considering this reduction the new baseline from which we must work as we develop further cuts to the General Fund in the upcoming biennial budget.

**LEGAL CONSIDERATIONS**
This section is not applicable to this agenda item.

Reviewed by:

Alexandra Orologas, Assistant City Manager

**Attachments:**
1. General Fund Reductions April 2020
<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>EXPENSE ITEM</th>
<th>ACCOUNT CODE</th>
<th>FY 2019-20 Budget</th>
<th>Proposed Reduction</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Clerk</td>
<td>Professional Services</td>
<td>101-1040-52190</td>
<td>$5,150</td>
<td>$4,150</td>
<td>Reduce records consultant services</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Telephone Expenses</td>
<td>101-1040-54210</td>
<td>$824</td>
<td>$344</td>
<td>Based on actual charges</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Mobile/Wireless Expenses</td>
<td>101-1040-54220</td>
<td>$1,339</td>
<td>$619</td>
<td>Based on actual charges</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Publications required by state/local regulations</td>
<td>101-1040-54310</td>
<td>$8,240</td>
<td>$3,240</td>
<td>Required publications; based on average charges</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Travel &amp; Training</td>
<td>101-1040-54610</td>
<td>$3,605</td>
<td>$1,105</td>
<td>Reduce travel/conferences</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Administrative Services</td>
<td>101-1040-54990</td>
<td>$86,050</td>
<td>$19,700</td>
<td>Elections: based on projected election costs</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Events/Field Trips</td>
<td>101-1040-54920</td>
<td>$1,030</td>
<td>$1,030</td>
<td>Reduce expenses</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Office Supplies</td>
<td>101-1040-55110</td>
<td>$1,030</td>
<td>$530</td>
<td>Minute/Resolution Books and Paper</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Postage &amp; Supplies</td>
<td>101-1040-55120</td>
<td>$3,000</td>
<td>$1,260</td>
<td>Passport postage; based on average charges</td>
</tr>
<tr>
<td>City Clerk</td>
<td>Office Equipment &lt;10K</td>
<td>101-1040-56410</td>
<td>$1,030</td>
<td>$830</td>
<td>Based on actual charges</td>
</tr>
<tr>
<td>City Management</td>
<td>Technical Services</td>
<td>101-1020-52230</td>
<td>$61,800</td>
<td>$8,000</td>
<td>Reduce production of News &amp; Views Newsletter</td>
</tr>
<tr>
<td>City Management</td>
<td>Mobile/Wireless Expenses</td>
<td>101-1020-54220</td>
<td>$4,120</td>
<td>$1,960</td>
<td>Reduce expenses</td>
</tr>
<tr>
<td>City Management</td>
<td>Travel &amp; Training</td>
<td>101-1020-54610</td>
<td>$15,450</td>
<td>$7,725</td>
<td>Reduce travel and conferences</td>
</tr>
<tr>
<td>City Management</td>
<td>Events/Field Trips</td>
<td>101-1020-54920</td>
<td>$7,210</td>
<td>$7,210</td>
<td>Reduce ACC budget</td>
</tr>
<tr>
<td>City Management</td>
<td>Street Banner Program</td>
<td></td>
<td></td>
<td>$8,695</td>
<td>Eliminate Street Banner Program</td>
</tr>
<tr>
<td>City Management</td>
<td>Professional Services</td>
<td>101-1020-52190</td>
<td>$61,800</td>
<td>$40,000</td>
<td>Reduce public info, consultants</td>
</tr>
<tr>
<td>Citywide</td>
<td></td>
<td></td>
<td></td>
<td>$30,000</td>
<td>Does not include July 4</td>
</tr>
<tr>
<td>Community Development</td>
<td>Personnel</td>
<td>101-4030-51110</td>
<td>$50,000</td>
<td>$50,000</td>
<td>Vacant Assistant Planner position</td>
</tr>
<tr>
<td>Community Development</td>
<td>Professional Services</td>
<td>101-4010-52190</td>
<td>$51,500</td>
<td>$26,500</td>
<td>Reduce consulting expenses</td>
</tr>
<tr>
<td>Community Development</td>
<td>Technical Services</td>
<td>101-4030-52190</td>
<td>$46,350</td>
<td>$20,000</td>
<td>Reduce expenses</td>
</tr>
<tr>
<td>Community Development</td>
<td>Legal and Financial</td>
<td>101-4010-52120</td>
<td>$10,300</td>
<td>$5,000</td>
<td>Reduced use of legal services for successor agency</td>
</tr>
<tr>
<td>Community Development</td>
<td>Travel &amp; Training</td>
<td>101-4010-54610</td>
<td>$7,725</td>
<td>$2,725</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Community Development</td>
<td>Events/field trips</td>
<td>101-4010-54920</td>
<td>$8,240</td>
<td>$3,240</td>
<td>Reduce EDC budget, events, meetings</td>
</tr>
<tr>
<td>Community Development</td>
<td>Training</td>
<td>101-4030-54610</td>
<td>$7,210</td>
<td>$2,210</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Community Development</td>
<td>Professional Services</td>
<td>101-4040-52190</td>
<td>$72,000</td>
<td>$25,000</td>
<td>Contract building project services</td>
</tr>
<tr>
<td>Community Development</td>
<td>Dues/Subscriptions</td>
<td>101-4030-54910</td>
<td>$2,266</td>
<td>$500</td>
<td>Reduce subscriptions</td>
</tr>
<tr>
<td>Community Development</td>
<td>Dues/Subscriptions</td>
<td>101-4040-54910</td>
<td>$2,060</td>
<td>$1,000</td>
<td>Non Code Year</td>
</tr>
<tr>
<td>Community Development</td>
<td>Vehicles</td>
<td>101-4040-53250+</td>
<td></td>
<td>$5,000</td>
<td>Reduced expense</td>
</tr>
<tr>
<td>Finance</td>
<td>Purchased Professional &amp; Technical Services</td>
<td>101-10-50-5200</td>
<td>$285,800</td>
<td>$40,000</td>
<td>Reduce consulting, tech services</td>
</tr>
<tr>
<td>Finance</td>
<td>Other Financing Uses</td>
<td>101-10-50-5900</td>
<td>$705,660</td>
<td>$40,000</td>
<td>Pensions/Debt Service</td>
</tr>
<tr>
<td>Fire</td>
<td>Transfer Out -I/S ITEMIZE</td>
<td>101-2510-59990</td>
<td>$27,668</td>
<td>$27,668</td>
<td>Delete payment to vehicle replacement fund</td>
</tr>
<tr>
<td>Fire</td>
<td>Solid Waste (medical waste)</td>
<td>101-2510-53910</td>
<td>$8,240</td>
<td>$2,000</td>
<td>Renegotiated contract with Stericycle</td>
</tr>
<tr>
<td>Fire</td>
<td>Events/Programs</td>
<td></td>
<td></td>
<td>$50,000</td>
<td>Eliminate CPR classes, 2 CERT classes, 1 CERT boot camp</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Settlements &amp; Judgments</td>
<td>101-1060-54120</td>
<td>$41,200</td>
<td>$10,300</td>
<td>Anticipated costs</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Travel &amp; Training</td>
<td>101-1060-54610</td>
<td>$5,150</td>
<td>$1,030</td>
<td>Reduce travel, conferences</td>
</tr>
<tr>
<td>DEPARTMENT</td>
<td>EXPENSE ITEM</td>
<td>ACCOUNT CODE</td>
<td>FY 2019-20 Budget</td>
<td>Proposed Reduction</td>
<td>COMMENTS</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------------------------</td>
<td>--------------</td>
<td>-------------------</td>
<td>--------------------</td>
<td>-----------------------------------------------</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Dues &amp; Subscriptions</td>
<td>101-1060-54910</td>
<td>$2,060</td>
<td>$1,030</td>
<td>Reduce subscriptions</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Events/Field Trips</td>
<td>101-1060-54920</td>
<td>$7,210</td>
<td>$721</td>
<td>Reduce HRC budget, events</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Postage &amp; Delivery</td>
<td>101-1060-55120</td>
<td>$1,030</td>
<td>$515</td>
<td>Reduce postage expenses</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Photocopying Charges</td>
<td>101-1060-55130</td>
<td>$1,030</td>
<td>$257</td>
<td>Reduce expenses</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Collect &amp; Admin Services</td>
<td>101-1060-52110</td>
<td>$20,600</td>
<td>$5,150</td>
<td>Expected reduction in expenses</td>
</tr>
<tr>
<td>Info Technology</td>
<td>Collect &amp; Admin Services</td>
<td>101-1070-52110</td>
<td>$15,450</td>
<td>$15,450</td>
<td>Based on current expenses</td>
</tr>
<tr>
<td>Info Technology</td>
<td>Other Technical Services</td>
<td>101-1070-52230</td>
<td>$65,000</td>
<td>$28,236</td>
<td>Reduce expenses</td>
</tr>
<tr>
<td>Police</td>
<td>Personnel</td>
<td>101-2012-51110+</td>
<td>$377,493</td>
<td>Vacant 3 sworn Police Officer positions (salary &amp; benefits)</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>Personnel</td>
<td>101-2012-51110+</td>
<td>$160,265</td>
<td>Vacant Community Liaison Officer (salary &amp; benefits)</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>Personnel</td>
<td>101-2012-51110+</td>
<td>$150,000</td>
<td>Permanent Elimination of 1 School Resource Officer</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>Personnel</td>
<td>101-2012-51110+</td>
<td>$113,660</td>
<td>Vacant 1 Senior Records Specialist (salary &amp; benefits)</td>
<td></td>
</tr>
<tr>
<td>Police</td>
<td>VEHICLES</td>
<td>101-2012-56520</td>
<td>$15,000</td>
<td>$20,000</td>
<td>Reduce consultant services</td>
</tr>
<tr>
<td>Public Works</td>
<td>Professional Services</td>
<td>101-3020-52190</td>
<td>$50,000</td>
<td>$20,000</td>
<td>Reduce consultant services</td>
</tr>
<tr>
<td>Public Works</td>
<td>Landscape/Park Maint Svcs</td>
<td>101-3030-53240</td>
<td>$480,000</td>
<td>$130,000</td>
<td>Reduce Landscape Maint and HNA budget; transfer to Measure H</td>
</tr>
<tr>
<td>Public Works</td>
<td>Events/Field Trips</td>
<td>101-3030-54920</td>
<td>$5,000</td>
<td>$2,500</td>
<td>Reduce EQC budget</td>
</tr>
<tr>
<td>Recreation</td>
<td>Professional Services</td>
<td>101-5030-52190</td>
<td>$41,200</td>
<td>$41,200</td>
<td>Swim Center Maintenance to Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Professional Services</td>
<td>101-5010-52190</td>
<td>$35,000</td>
<td>$10,000</td>
<td>Reduce rECguide expenses</td>
</tr>
<tr>
<td>Recreation</td>
<td>Instructor Services</td>
<td>101-5050-52250</td>
<td>$10,800</td>
<td>$10,800</td>
<td>Contract Field Coordinator--transfer function to staff</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5010-53230</td>
<td>$15,540</td>
<td>$15,540</td>
<td>To Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5020-53230</td>
<td>$1,545</td>
<td>$1,545</td>
<td>Recreation</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5030-53230</td>
<td>$10,000</td>
<td>$10,000</td>
<td>To Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5040-53230</td>
<td>$10,300</td>
<td>$10,300</td>
<td>To Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5050-53230</td>
<td>$10,300</td>
<td>$5,300</td>
<td>To Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Building Maintenance</td>
<td>101-5070-53230</td>
<td>$15,000</td>
<td>$5,105</td>
<td>To Measure H</td>
</tr>
<tr>
<td>Recreation</td>
<td>Events/Field Trips</td>
<td>101-5010-54920</td>
<td>$103,000</td>
<td>$20,000</td>
<td>Public Arts Fund &amp; July 4 reductions</td>
</tr>
<tr>
<td>Recreation</td>
<td>Finance Charges</td>
<td>101-5010-58920</td>
<td>$135,000</td>
<td>$10,000</td>
<td>Secured better rates</td>
</tr>
<tr>
<td>Recreation</td>
<td>Travel &amp; Training</td>
<td>101-5010-54610</td>
<td>$5,150</td>
<td>$2,500</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Recreation</td>
<td>Travel &amp; Training</td>
<td>101-5020-54610</td>
<td>$5,150</td>
<td>$3,000</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Recreation</td>
<td>Travel &amp; Training</td>
<td>101-5030-54610</td>
<td>$4,120</td>
<td>$2,000</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Recreation</td>
<td>Travel &amp; Training</td>
<td>101-5040-54610</td>
<td>$2,060</td>
<td>$1,000</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Recreation</td>
<td>Travel &amp; Training</td>
<td>101-5050-54610</td>
<td>$1,545</td>
<td>$500</td>
<td>Reduce travel, local trainings only</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Equipment &lt;$10K</td>
<td>101-5010-56710</td>
<td>$5,270</td>
<td>$2,270</td>
<td>Reduce and delay equipment replacement</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Equipment &lt;$10K</td>
<td>101-5020-56710</td>
<td>$7,940</td>
<td>$2,940</td>
<td>Reduce and delay equipment replacement</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Equipment &lt;$10K</td>
<td>101-5040-56710</td>
<td>$4,500</td>
<td>$2,500</td>
<td>Reduce and delay equipment replacement</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Equipment &lt;$10K</td>
<td>101-5050-56710</td>
<td>$6,000</td>
<td>$2,000</td>
<td>Reduce and delay equipment replacement</td>
</tr>
</tbody>
</table>
## GENERAL FUND REDUCTIONS BY DEPARTMENT

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>EXPENSE ITEM</th>
<th>ACCOUNT CODE</th>
<th>FY 2019-20 Budget</th>
<th>Proposed Reduction</th>
<th>COMMENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recreation</td>
<td>Other Operating Supplies</td>
<td>101-5020-55290</td>
<td>$75,000</td>
<td>$1,500</td>
<td>Reduce supplies</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Operating Supplies</td>
<td>101-5030-55290</td>
<td>$20,600</td>
<td>$1,500</td>
<td>Reduce supplies</td>
</tr>
<tr>
<td>Recreation</td>
<td>Other Operating Supplies</td>
<td>101-5050-55290</td>
<td>$5,150</td>
<td>$1,500</td>
<td>Reduce supplies</td>
</tr>
</tbody>
</table>

**TOTAL** $1,631,848
SUPPLEMENTAL AGENDA MATERIALS  
(Revised 4/8/2020)  

CITY COUNCIL MEETING  
April 7, 2020  

PUBLIC COMMENT INDEX  
  1. Public Comments received by 12:00 p.m. April 7, 2020  
  2. Public Comments Read into the Record  

AGENDA ITEM 4.P. Construction Contract Award for the Carlson Boulevard and Central Avenue Pavement Rehabilitation Project, C3077  
  1. Revised Resolution  

AGENDA ITEM 7.A. General Fund Budget Reductions Update and Fiscal Impacts of COVID-19  
  1. PowerPoint Presentation
The following Public Comments were received by 12:00 p.m. 4/7/2020, were provided directly to City Councilmembers in advance of the meeting, and were posted online as supplemental materials at www.el-cerrito.org/CouncilMeetingMaterials.

Public Comments – Not on the Agenda:
1. Marlene George
2. Nick Zamorano

Public Comments – on Policy Items:
7A
1. Michael Fischer
2. Al Miller
3. Rose Stamm
4. Daniel Schulman
5. Marlene George
6. Susan Duncan
7. Paul Duncan
The audit study assessed El Cerrito’s fiscal health to be the 7th worst in the state with significant risk factors of poor cash flow, no reserves and substantial unfunded pension liabilities. The residents of El Cerrito were informed of the cash strapped status of their city through an article published in the San Francisco Chronicle. At no time have city staff or city council engaged in any meaningful discussion regarding the audit concerns related to fire department overtime and the cost effectiveness of the contract for Kensington Fire Protection. Instead the council wants to wait until the full audit is completed and no one seems to know when this will happen. The city manager estimates city revenue will take about a $2-3 million hit as a result of the economic impact of the public health crisis and El Cerrito has no emergency reserve fund. After raising taxes on El Cerrito residents several times in the last few years, failing to recognize the downward trend of revenue and the increase in expenditures throughout the 2019 and making necessary budget adjustments, the mayor at the last special council meeting referenced Alameda County raising taxes suggesting this as an option for El Cerrito. In contrast, the mayor of SF is convening a business revitalization round table and rethinking how to modernize and streamline city government.

Marlene George
Resident of El Cerrito
El Cerrito does not charge for emergency medical services or bill health insurance plans. El Cerrito over the past five years has seen a 9% increase in calls and this trend is likely to continue. Neighboring cities Albany and Berkeley charge residents a reasonable fee and use a third party vendor to charge residents or bill insurance. Residents are never sent for collections. Many residents are paying for this service twice, through health coverage and local taxes. Cities charge at a rate established by emergency services in their respective counties usually $300 per hour and each city structures their fees differently. Fees are automatically billed to insurance companies or residents, but no one is sent to collections. Neither Albany or Berkeley has seen a decline in 911 calls and in fact have seen an increase like El Cerrito. There is minimal to no impact to the residents of El Cerrito, either Medicare or insurances are billed and those who cannot pay, don't. Charging EMS fees is an immediate source of revenue for El Cerrito and unlike community development efforts that will take years to yield results. El Cerrito needs revenue now to offset the cuts that are coming and help fund the priorities established through the strategic planning process.

Nick Zamorano
El Cerrito Resident
Public Comment on funding of library hours (Agenda Item 7-A) by Michael A. Fischer, El Cerrito Resident and El Cerrito Designated Member and Vice-Chair of the Contra Costa County Library Commission

Mayor Lyman, Mayor Pro-Tem Fadelli, and Councilmembers Abelson, Pardue-Okimoto, and Quinto:

In the past I have said I speak for our library. But the truth is that our library itself is both an inanimate object and a concept, not a living, breathing organism. Instead, I speak for our library community, those who use our library and its many important services. I am also speaking for the neediest members of our library community whose need for a library open to them is even greater than others. Finally, I am speaking for all El Cerritans – because a library is so important to sense as a community and meeting the needs of the most vulnerable is one of most important core-values.

I speak for the continuation of our library’s crucial and critical role in our community in light of the global coronavirus pandemic. Attachment 1 are the remarks I was to submit to the city council for the March 25 meeting had that meeting not been cancelled. I submit them even though they are now somewhat out-of-date in view of the rapidly changing environment we live in. The points made in those remarks are still just as valid, if not more so.

I call the council’s attention to the resolution that I hope you will have adopted by the time this item comes before you, namely item 4-B proclaiming National Library Week. The resolution states just a few of the many important roles our library plays in our community. I ask that you give meaning to those words by protecting the functioning of our library, even in the very hard economic times we’re facing. I also note that the Environmental Quality Committee Work Plan, which is also before you as item 4-F, shows that committee’s valuable resource in providing fixit clinics for the city. As the picture of that activity shows, it is the library that provides the physical space for that activity.

Our library is, quite frankly, already operating at about the most basic level it can and still meet the very real needs of our community that all libraries should supply. By now you’re probably all sick of hearing from me about the need for an adequate and appropriate library for our community instead of the out-of-date,
unsafe, too-small, and inadequate building we currently have. And, while it is true that this council increased library hours from 35 to 50 a week a few years ago, that action was long overdue. A library building that is closed to patrons several days a week is not serving our community and is wasting the important resource that a library should represent.

I would be remiss if I did not call the council’s attention to the even-greater need for our library to be open as many hours as possible once we are again able to congregate outside our homes. We need greater access to our library in order to prevent what happens far too often in times of public financial crisis – the services cut are those that are most valuable to our most vulnerable. We must not solve our city’s financial problems on the backs of the poor. Too many governments do that. I am proud that my city will not do this.

It is clear that the poor will be impacted exponentially greater than others by a reduction in library hours. Let me give just a couple of examples:

1. The poor rely on the library’s computers and network to access the internet. In normal times this is so very important. In today’s world it is critical, perhaps even vital. We know that during the shutting of the schools, instruction has been carried out online. This results in effectively cutting out those students who have neither a computer nor internet access. We cannot fix that problem so long as we have a shelter-in-place requirement. But we don’t need to pile on in this regard by reducing the access from 50 hours a week to just 35 hours, which would result from a cutting of library hours. And I will remind the council that before the COVID-19 pandemic hit we had already seen a 50% increase in computer usage in our library since the commencement of the increased hours. Those people on the needy side of the digital divide must have the library to be open to take advantage of it. Those of us fortunately enough to have computers and an internet connection have other options.

2. Libraries serve as a refuge for those experiencing homelessness. Some have referred to libraries as “De Facto Homeless Shelters” although, in the words of Ryan Dowd, executive director of Hesed House, a homeless shelter in Aurora, Illinois, and author of The Librarian’s Guide to Homelessness, “Libraries are everything that homeless shelters are not. They’re not as crowded, not as loud. ...[A] homeless shelter ... [is] not a great place to be, particularly if you’re
struggling with autism or mental health issues. So libraries can be a refuge from the chaos of homelessness. It’s not just the [climate], it’s not just the fact you can charge your cellphone there – but an opportunity to get away from homelessness for a little while.” This is from an article dated April 10, 2019 from Mother Jones magazine entitled “Libraries Have Become De Facto Homeless Shelters,” (attachment 2) which features Mr. Dowd in an interview with Emilio Estevez.

I recognize that my position causes a great problem to the city COVID-19 has exacerbated an already existing financial problem facing our city to one that is much more serious. Yet in this atmosphere of a global pandemic, the role of our library – a source of reliable information open to all – is magnified even in conjunction with the irony that to protect our community’s health it has been necessary to temporarily close access to our library.

We need to be clear that the public health requirement of temporarily closing our library is minor when compared to the drastic and disastrous effect that would result from reducing library hours by 30% just to save our residents less than 50 cents per person per month. Yes, the city is facing a budgetary crisis, a crisis that has been horribly exacerbated by the pandemic, and we need to look at all means of saving money. Yet it is also important that we take every step possible to ensure that the necessary budget reductions not fall on the poor.

We also need to ensure that as few jobs as possible are lost by council actions. It is technically true that no city jobs would be lost by cutting the funding for library hours. But we live in an inter-connected society – and the cutting of the funding would result in the loss of the jobs of those county library staff who have been hired to serve our community during the increased library hours. These dedicated employees are just as valuable and hard-working to our community as our valuable and hard-working city staff. They deserve similar consideration.

I want to emphasize that it is not just the neediest who benefit from the current adequate 50 hours a week our library is open. Every El Cerritan benefits from these hours. Our library is there for all of us and we need to make sure it is accessible.
I would urge the council to consider requesting, in conjunction with other cities in our county, that the County Board of Supervisors recognize the critical need our libraries provide to the most vulnerable among us, and the burden on the cities of providing these extra hours following the economic consequences of the global pandemic. I would urge the council, in conjunction with the League of California Cities, the California Library Association, and the American Library Association, to ensure some of the funding for library relief and recovery be used for increased library hours and to seek further federal and state assistance for library hours. (See attachments 3 and 4.) Use of funding in this way would also help the economic recovery needed by providing much needed employment. But in any case, I would urge the city to keep our library open as much as possible as one of the most important services our city can provide today.

I do not envy the council’s difficult decisions they must make as they face putting our financial house in better order against the economic chaos engendered by the COVID-19 pandemic. I stand ready to assist in any way I can in this regard. But I urge you to at least keep the current level of library hours because it is the right thing to do.
Public Comment on Agenda Item 7-A for cancelled March 24, 2020 Council Meeting by Michael A. Fischer, El Cerrito Resident and El Cerrito Designated Member of the Contra Costa County Library Commission

Mayor Lyman, Mayor Pro-Tem Fadelli, and Councilmembers Abelson, Pardue-Okimoto, and Quinto:

I will not be able to attend tonight’s meeting in person as I am socially distancing myself to the greatest extent possible as our City Manager urged in her update last Friday to you. I trust that my remarks in written format will be received equally to those delivered orally.

I speak tonight for our library, which is both the burden and privilege you gave me when you selected me as your Library Commissioner. I speak for the continuation of our library’s crucial and critical role in our community with the background of the global coronavirus pandemic. I cite COVID-19 in part because the role of our library – a source of reliable information open to all – is magnified in times like this, even in conjunction with the irony that to protect our community’s health it might become necessary to close in-person access to our library.

We need to be clear that the public health requirement of temporarily closing our library is minor when compared to the drastic and disastrous effect that would result from reducing library hours by 30% just to save our residents less than 50 cents per person per month. Yes, the city is facing a budgetary crisis and we need to look at all means of saving money. Our library has already suffered greatly in this financial crisis. We have had to put off for the foreseeable future the desperately-needed replacement of our completely inadequate library building. And, under normal conditions, I would be advocating for an increase in library hours from our “adequate” 50 hours a week to at least 60 hours or even more given the demonstrated need and benefit to our community from our library hours.

Parts 1 to 5 of the report I’ve submitted under Agenda item 5-B, together with the attachments, should be considered as part of my remarks here. As shown there, the city’s funding for adequate library hours is one of the biggest bargains in our city’s budget. This expenditure should be placed in the budget as an on-going expenditure, which is where it should have been since it was first adopted. Why the expenditure was placed in the City Council division budget, where it is at greater risk of removal, is a mystery. The council should demonstrate its strong support for a robust, viable library by directing staff to change the placement of the hours funding in the budget.

As I noted, the adequate hours funding is one of the biggest bargains in our city’s budget. Let’s see what we get for this expenditure:

1) A demonstrated commitment to supporting a municipal institution that is considered one of the most beloved, most important and busiest of our public buildings;
2) El Cerritans continue to demonstrate that we all want a vibrant, viable, and accessible library;
3) 48,000 additional patron visits during the 15 additional hours the library is open;
4) Computer access across the digital divide for our most needy patrons with more than a 50% increase over the usage before the additional hours, a number that is likely to skyrocket even higher since the addition of the newly available laptops;
5) Over 50% additional library programs resulting from the increased hours;
6) Over 9,000 additional attendees at library programs, an increase of over 120%;
7) Increased funding from the Friends of the El Cerrito Library for library programs at over 170% (over $6,800 a year); and
8) Increased donations to the El Cerrito Library Foundation of over 200 new households per year and an increase in donations to the Permanent Endowment Fund from $1,000 to nearly $25,000, with many of the donors citing the increased hours as a motivating factor.

Considered from just a pure return on investment basis, “investment in public libraries is a sound use of public funds: for every dollar invested in libraries, $2-$10 are returned, with an average of between $3 and $6.” This quote is from the California State Librarian’s webpage entitled “The Value of California’s Public Libraries” at https://library.ca.gov/services/to-libraries/value-of-libraries/. This is merely financial return, not the inestimable social, cultural, historical, and community value returned.

Our library represents a tremendous investment of city and council capital. Every hour that it is not open is an hour that this resource is wasted. A libraries costs more than an umbrella, but like an umbrella, it truly works when open.

In conclusion, I urge you to continue the important investment in our community that is the funding of adequate hours for our library and move that item to the regular city budget. It is one of the most important, most rewarding, and most effective use of city funds.
“Libraries Have Become De Facto Homeless Shelters”: Emilio Estevez on His New Movie, “The Public”

The filmmaker discusses the timely drama and ethical battle lines drawn at libraries nationwide during a special screening and panel with Mother Jones editor-in-chief Clara Jeffery.

For indispensable reporting on the coronavirus crisis and more, subscribe to Mother Jones' newsletters.

The last time audiences saw actor Emilio Estevez in a library was in 1985 for a dance sequence in the brat pack classic The Breakfast Club.

Thirty-four years later in his new movie, The Public, Estevez is playing the librarian, caught in the middle of a police standoff with library patrons, most of whom are homeless, during a life-threatening cold snap in Cincinnati. Estevez wrote, produced, and directed the feel-good drama, which came out in limited release on April 5, also starring Alec
Baldwin and Gabrielle Union.

*Mother Jones* editor-in-chief Clara Jeffery sat down with Estevez earlier this month during a special screening at Laemmle Music Hall in Los Angeles to spotlight the issues of homelessness. He was joined by Joel Roberts, CEO of People Assisting the Homeless, a nonprofit in Los Angeles that helps low-income and homeless people find a place to live, and Ryan Dowd, executive director of Hesed House, a homeless shelter in Aurora, Illinois, and author of *The Librarian’s Guide to Homelessness*.

Listen to a short excerpt of the interview at the end of this week’s episode of the *Mother Jones Podcast* below, or read on for an edited version of the conversation:

**Clara Jeffery:** The last time moviegoers saw you in a library, you were vaulting through the stacks at Shermer High. I have one semi-frivolous question, which is, what did you think of Alexandria Ocasio-Cortez’s rendition of *The Breakfast Club* dancing?

**Emilio Estevez:** She definitely has moves. I thought it was cool. I don’t think it’s something she should have been punished for. It’s something she should have been celebrated for and she was.

**CJ:** What compelled you to make a movie about the
EE: This began 12 years ago, on April 1, 2007. The LA Times landed on my door, and I opened it up and there was an article by a retiring Salt Lake City librarian named Chip Ward called *Written Off*. It was later published online under another title, *What They Didn’t Teach Us In Library School* on *Tom Dispatch*.

It was essentially about how libraries have become de facto homeless shelters and how librarians have become de facto social workers and first responders. He said this was not isolated to Salt Lake, but happening in every library across the country. I was moved by the piece. I went back down to the downtown branch of the LA public library and started digging back into library world, and it was, in fact, every bit the crisis that he described. So, I began to imagine a story of what would it look like if the patrons on a particularly cold night decided not to leave. How would the media spin it? How would politicians spin it? How would law enforcement react? And that was the beginning of it. A year later I had an unwieldy 155-page monster script but nevertheless, we got some funding for it. I was casting, putting a crew together. And then the economic crisis hit. We lost our funding. And in many ways, I’m grateful because I think the film is far more relevant now than it would have been if we made it 10 years ago.
“Librarians have become de facto social workers and first responders.”

**CJ:** How did events that transpired between the first script and cast influence this version of the film?

**EE:** There was a big shift. It went from a very diabolical, very dark ending to one that was an ending that celebrates nonviolent civil disobedience. I had to think about how I was going to physically disarm the police. Then I thought, no better way than to fully expose ourselves, because what better way to disarm a fellow human being with a weapon than to present yourself in all of your glory and let your freak flag fly?

**CJ:** Your last film, *The Way*, was about an existential crisis or a crisis of faith, and this is really more about a larger societal breakdown. Do you see those two things as being related?

**EE:** I’m interested in films that explore our humanity and in movies that are about people. I make movies about things that I know about: the human condition, how we relate to each other, and the intersectionality of all of us in this moment in time. That is what *The Way* was about, that’s what *Bobby* was about, and certainly that’s what this picture is about.
CJ: Now, Ryan and Joel, you both run homeless NGOs. And Ryan you’ve written a book about how the homeless avail themselves to the library. I’m wondering, besides seeking shelter, what is it about the library that draws homeless people to it?

Ryan Dowd: Libraries are everything that homeless shelters are not. They’re not as crowded, not as loud. I run a homeless shelter, but they’re not a great place to be, particularly if you’re struggling with autism or mental health issues. So libraries can be a refuge from the chaos of homelessness. It’s not just the heat, it’s not just the fact you can charge your cellphone there—but an opportunity to get away from homelessness for a little while.

CJ: There’s a question I’ve always wondered about: When homeless people are suffering from mental illness, is that the likely cause of why they ended up on the street, or is ending up on the street causing people to have mental breakdowns? I mean, it’s so traumatic.

Joel Roberts: All kinds of people end up being homeless—from a woman who’s fleeing domestic violence, to veterans, to people struggling with alcoholism or drugs or mental health issues. But frankly, if I were living on the streets, it would really freak me out, and I might turn to alcohol to self-medicate or just to survive. The reality is people are going to libraries because there’s nothing else out there. And for the
last 20 or 30 years, we have not built the infrastructure of housing to get these people off the streets. As we know here in Los Angeles, they’re living in the parks, they’re living in vehicles, and they’re going anywhere they can, including libraries, and it’s just a sad state of our society today.

**CJ:** Ryan, in Chicago, is there a “must shelter” or a right-to-shelter rule?

**RD:** No.

**CJ:** So even in a place as cold as Chicago, there’s no mandate to provide shelter?

**RD:** No. But Chicago did a fairly good job when the polar vortexes made it hit negative-60 windchill about a month ago, and everybody mobilized. But other than that...

**JR:** In New York City, if you are homeless you have a right to shelter. So the city actually has to have enough shelter beds for every single person on the streets. We don’t have that here in Los Angeles.

**RD:** New York state, Massachusetts, and DC are the only three that have right to shelter laws.

**CJ:** Emilio, you’ve been going to cities all over the country. Are you seeing cities embrace a housing-first philosophy?
“I don’t think you could have a conversation even about universal health care until you get a roof over somebody’s head.”

EE: We were just in Salt Lake City last week, and it has pretty much eliminated chronic homelessness by providing housing. But again, this is an epidemic. Every urban area in the country is experiencing it. And to your point, it is about housing first. I don’t think you could have a conversation even about universal health care until you get a roof over somebody’s head because when you start looking at the emergency assistance to treat somebody who is on the street in Los Angeles, it costs $68,000 a year to take care of a person. That’s emergency room visits, police response. You put a roof over that same person’s head and it goes down to $15,000 a year. So we’re all paying that number, whether it’s 68 or 15. We all do better when we all do better. We’ve got to get to universal housing to be able to tap into universal health care because you can’t get well if you’re on the street.

CJ: Here comes my shameless plug: We actually did a big feature story on the housing-first policy in Salt Lake City and also in Santa Clara County, and if you guys are interested in learning more about it, you can find that online at MotherJones.com.
getting more of that housing? Is the voucher system no longer sufficient?

**JR:** Obviously, it’s really expensive to buy land and to build or to even rent or own here in LA. So the big barriers are: The cost to build it, the cost to provide services, and for neighborhoods to say, “Yes, in my backyard!”

**CJ:** Ryan, how have the drivers of homelessness changed over the years? What’s the difference, if any, in the kind of makeup of the population?

**RD:** When our shelter opened, it was almost exclusively unemployed single males. There were no women, there were no children. First time we had a child in our shelter it made the front page of the newspaper. And now we average 50 kids a night, and 20 percent of the population is female. Seventy-five percent of the population has some sort of income. The demographics are broadening and, not only is it expanding the number of people, but the demographics of who’s affected is broadening dramatically.

**CJ:** At least in San Francisco, a lot of people assume that because of the weather and San Francisco’s kind of permissiveness, folks come from elsewhere to be homeless in our city. Actually that’s not really true. And I’m wondering, Joel, were most homeless in San Francisco previously housed in San Francisco?
JR: I think that’s the case in most cities. Even Los Angeles, if you’re homeless in Long Beach or Venice, you probably came from Long Beach or Venice because you’re not going to want to be homeless in another neighborhood that you’re not familiar with. It’s the same thing all over the country.

EE: Just working with Ryan for the last year, we talk about the fact that homelessness is a relatively new issue. It’s a new problem. It began when HUD was gutted by 77 percent in 1980. But we’re often asked when we do these Q&As, can it be solved? And I believe it can.

RD: Homelessness absolutely can be solved. If we can create homelessness in 40 years, certainly we can uncreate it in 10, 20, 40 max. But in order for that to happen, we have to be having the right conversations. And I think we have an absolutely fantastic tool to have those right conversations, so thank you, Emilio, for that. But in order to have those conversations and have this tool, we need to get people seeing this movie.

CJ: And by the way, the movie opens in theaters on April 5. So everyone tell your friends to go see it and pay to see it yourselves again. I’ve now seen it twice. It’s even better the second time around. I’m sure you all have experienced, either yourselves or in your fields, the question of how to deal with compassion fatigue. How do we get the public over their compassion fatigue? Do you guys experience that
among your workers and volunteers? How do you handle the stress?

**JR:** I share with our staff that we have to keep our eye on the ball. For us, the ball is moving somebody off the street and into an apartment. And when they move into an apartment, we celebrate with them. We have signs and pictures and everything saying that they made it home, and that’s what keeps us going.

**CJ:** Emilio, what are some of the biggest misconceptions that you wanted to confront in this movie?

“To solve this problem we’ve got to look to each other and we’ve got to look to ourselves and we have to dig in because it is solvable.”

**EE:** Well, certainly the library is not an antiquated institution. In fact, librarians were the first Google and they are woefully underfunded. Most of the money goes to law enforcement and fire, paramedics, parks and rec. Libraries are ninth or tenth in terms of funding, if you’re lucky. The author Anne Lamott said, “Communities without libraries are like radios without batteries.” So it’s my hope that people will go and rediscover their libraries. Also, that people will check their bias at the door when encountering folks on the street. There’s no other place for any of us to
We’re all in this together. To solve this problem we’ve got to look to each other and we’ve got to look to ourselves and we have to dig in because it is solvable.

CJ: I would just like each of you to leave us with one thing that you would like us to know about homelessness and what we can do to help mitigate and combat it.

JR: If people are so desperate to look for housing that they’re going to our libraries, our society has a big problem, and the problem is we just don’t have enough housing that’s affordable for everybody.

RD: The thing we can do right now is get this movie out there because this movie does something that Hollywood never gets right. Hollywood usually takes homelessness and informs a caricature of every stereotype or a caricature of the “noble poor person” who’s perfect and blameless and has never done anything wrong and never cusses, and smells perfect. None of that is real, and this movie actually is the first movie in a long, long time that actually captures the humanity of homelessness. So the biggest thing we can do right now is get people out to see this movie.

EE: We talked about “not in my backyard.” I think we all have to sort of step back and say, okay, if not me, then who? If not now, when? And I think we have to find that place in our heart to say, “Yes, you are my brother, you are my sister,
and I accept you as my neighbor,” and invite development in your neighborhood, and that is a big giant step because it comes with a lot of unknowns, but isn’t that part of the great mystery of life?

FACT:

Mother Jones was founded as a nonprofit in 1976 because we knew corporations and the wealthy wouldn't fund the type of hard-hitting journalism we set out to do.

Today, reader support makes up about two-thirds of our budget, allows us to dig deep on stories that matter, and lets us keep our reporting free for everyone. If you value what you get from Mother Jones, please join us with a tax-deductible donation today so we can keep on doing the type of journalism 2020 demands.

From: https://www.motherjones.com/media/2019/04/emilio-estevez-public-movie-libraries-homelessness/
Federal Relief Package Supports Libraries

ALA asks advocates to remain engaged

Libraries were included in the largest economic stimulus package in history, which passed March 27. The $2 trillion Coronavirus Aid, Relief, and Economic Security Act (CARES) Act includes $50 million for the Institute of Museum and Library Services (IMLS) for digital inclusion projects and more than $30 billion in relief for schools and colleges, plus billions more for state and local governments and nonprofit organizations. The stimulus package also includes libraries...
—on Main Street, in schools, and on campuses—as part of a massive, long-overdue effort to ensure digital equity in America. (Read a summary of CARES Act provisions for libraries, education, and cultural heritage institutions.)

In addition to supporting funding for libraries, the American Library Association (ALA) supported relief provisions for nonprofit organizations that will allow ALA and other library associations to continue to serve our professions during a crisis that has severely impacted revenue streams, such as conferences. The significant aid for workers across the country through stimulus checks, unemployment benefits, and other provisions will provide relief for thousands of library workers and the communities they serve.

The infusion of $50 million to IMLS for digital inclusion projects could help bring immediate support to libraries that have had to pivot quickly in their services. The scourge of COVID-19 may have closed library doors, but it has revealed the indomitable spirit of the profession. Here are a few inspiring stories:

- Waunakee (Wisc.) Public Library is one of many libraries across the country hosting virtual storytimes.
- Though its 28 branches are closed to the public, San Francisco Public Library has transformed into emergency youth care centers for children of health care workers and low-income families.
• Live Oak Public Libraries and the Savannah-Chatham School District in Georgia are partnering to give every student free access to millions of digital resources.

• University libraries that had stocked up on N95 masks and other personal protective equipment for their preservation work, have been donating their supplies to local health care providers.

ALA is confident that IMLS, under the leadership of Director Crosby Kemper III and in coordination with state library agencies, will deliver the stimulus funding and provide guidance for libraries to deploy the infusion of resources.

To echo the statement from ALA President Wanda Kay Brown, this allocation of emergency funding underscores what we know to be true: Libraries are poised to lead during this unprecedented time of increased reliance on digital connectivity and when communities begin to recover. That said, significant declines in state and local budgets will put the financial stability of libraries at risk. ALA will continue to advocate for support for libraries, library workers, and library organizations to recover from the impacts of COVID-19 and support economic recovery in their communities. ALA's Public Policy and Advocacy Office is in close contact with the Hill, and we are preparing to push for libraries in the next congressional relief package as it takes shape.

These are challenging times for library workers. As you
adjust and continue to care for yourself and your communities, please know that ALA has an active presence in Washington, D.C., and we are here for you. Moving forward, ALA asks that advocates remain engaged and to sustain the momentum, especially as the next stimulus package takes shape. Visit ala.org/advocacy/contact-congress to sign up as a library advocate.
Coronavirus Aid, Relief, and Economic Security Act (CARES) Act
Phase 3 Package - Libraries, Education, and Cultural Heritage

The $2 trillion dollar CARES Act includes $50 million for IMLS to support digital inclusion projects, more than $30 billion in relief for schools and colleges, and billions more for state and local governments and nonprofit organizations. Resources highlighted below are directly related to libraries.

INSTITUTE OF MUSEUM AND LIBRARY SERVICES: $50 MILLION
To prevent, prepare for, and respond to coronavirus, including grants to States, territories and tribes to expand digital network access, purchase internet accessible devices, and provide technical support services.

NATIONAL ENDOWMENT FOR THE HUMANITIES: $75 MILLION
For grants, including funding for state humanities councils and other partners in an effort to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning.

NATIONAL ENDOWMENT FOR THE ARTS: $75 MILLION
For grants, including funding to state arts agencies and other partners in an effort to help local, state, and regional communities provide continued access to cultural organizations and institutions of learning.

DEPARTMENT OF EDUCATION: $30.8 BILLION
- $13.5 billion for the Education Stabilization Fund dedicated to elementary and secondary education; distributed as formula grants to states.
- $14.25 billion for Education Stabilization Fund dedicated to higher education emergency relief for institutions and at least 50% for emergency financial aid to students for expenses related to disruption.
- $3 billion for Education Stabilization Fund for governors to be used for K-12 or higher education.

FEDERAL LIBRARIES: $18.8 MILLION
- $10 million for the National Library of Medicine to prevent, prepare for, and respond to coronavirus, domestically or internationally.
- $700,000 for the Library of Congress to pay the workers in its Little Scholars Child Development Center who have been ordered to cease working due to measures taken in the Capitol complex.
- $8.1 million for the National Archives and Records Administration to increase remote work capacity.

Attachment 4 - From http://www.ala.org/advocacy/sites/ala.org.advocacy/files/content/libfunding/fed/CARESActSummary.pdf
Public Comment as part of Agenda Item 7.A on City Council Meeting April 7, 2020, strongly supporting Comments on funding of library hours by Michael A. Fischer, El Cerrito Resident and El Cerrito Designated Member of the Contra Costa County Library Commission" submitted April 3 at 3:51 pm.

Mayor Lyman, Mayor Pro-Tem Fadelli, and Councilmembers Abelson, Pardue-Okimoto, and Quinto:

My name is Al Miller and I am a resident of El Cerrito.

I am writing in strong support of Michael Fischer’s comments identified above. I especially believe that his comments about regular access to our library, and the "bridge over the digital divide" the computers and Internet access it provides to the portion of our community that does not have such access in their home, is more important this year because of the change in the method of collecting census data to an on-line process. The fact that many of these members of our community are also part of the "difficult to count" category of our community only increases the vital importance of adequate hours library access.

Thank you.

Al Miller, President, El Cerrito Library Foundation
Dr. Walter S. Linsley, Rose Stamm, El Cerrito residents for 26 years

The track record for city upper management staff regarding budgetary issues is bad, demonstrating gross mismanagement and incompetence. Despite two warnings by the FAB, two warnings by the independent auditor and a warning by the state auditor, they gave themselves pay raises in Jan. 2020! When looking at surrounding cities upper management staffing, even cities with substantially greater population, the city of El Cerrito upper management staff is overpaid by 16.9%. When it comes time for the $2-3 + million cuts this should be the first place to cut. The citizens of El Cerrito are overtaxed and did not create this financial crisis. Leave the library hours alone!
Public comments agenda item 7A
From: Daniel Schulman, El Cerrito

Thank you for putting forth the proposed general fund reductions and working to address the situation we face as a city. I would encourage the council and city leadership to:

1) Please protect the recreation programs El Cerrito families rely on, specifically after school programs, summer camps, and swim center programming.

2) Please evaluate if the fire department can maintain its high level of service more efficiently, via reductions in overtime and/or lower cost resources for vegetation inspections.

3) Assist in any way possible to keep the momentum with the proposed and approved new developments on San Pablo Ave which will add exciting new benefits to our city and help with the revenue side of our budget.

Thank you.

Dan
The city ended last fiscal year in the red and now with the economic impact of the public health crisis and no emergency reserves, El Cerrito is facing a multi-million dollar debt and may be on the verge of bankruptcy. The city council needs to take leadership of the financial crisis and make immediate deep and serious cuts of at least 10%. It is not enough to freeze vacant positions and salaries and reduce by a mere 10% travel, training, field trips and professional subscriptions. The council needs to make at least 10% reductions immediately and not wait until the full audit later in the year. $1,000,000 could be saved by reducing the city manager's office to FY 15/16 levels. The state audit has flagged fire department overtime in the amount of $1.2 million and no one is discussing the restructuring that needs to take place. Although El Cerrito pays higher than median salaries to attract the best and brightest employees the city hires numerous consultants. El Cerrito pays $3.6 million to purchase professional and technical services on top of its salaried personnel. These are the reductions that need to be made before the council touches services such as the library, recreation, and seniors. Cut and streamline bureaucracy and no one goes to training or on a field trip until this mess is cleaned up.

Marlene George
El Cerrito Resident
Good evening. Sue Duncan, El Cerrito.

First, thank you to all of the first responders for continuing to put their health on the line as they perform their duties. May they all stay negative.

Reading the Strategic Plan goals as listed by consultant Management Partners, putting Exemplary Service as #1 is ridiculous! Cut consultant fluff and just say the important things! It is understood that service should be exemplary, that is your job. If you don’t automatically do this, then you should be fired. #1 should be Long-term Fiscal Responsibility and Sustainability. #2 Wildfire Prevention and Safety.

The council is going to have to make extremely hard decisions that will change the city for a long time. The cuts that are listed on the chart in the epacket are tough but they are just the start. The next round of cuts will have to be at least equal in amounts to these.

I ask that you put the fire and police departments at the top of the list to be preserved. Please keep in mind that almost half of EC geographically is in the VHFHSZ and that to date, we have had barely 1/2 of our average rainfall for season ending June 30. It will be a dry, dangerous spring and fall when the Diablo Winds blow. The city can not afford to cut the fire budget. Thank you.

Sent from my iPad
Public comment on agenda item #7A

I'm Paul Duncan, a resident of El Cerrito

I have heard reports of the city’s use of multi million dollar short term loans to manage cash flow. Is this routine? Will our future net revenue be adequate to repay these loans or are we on the verge of needing bigger and bigger new loans to pay off old loans?

Answers to these questions need immediate public answers. Financial transparency is necessary.

In order to present a balanced budget and begin funding an adequate reserve, the city needs to make some very hard decisions. I know that many citizens feel like I do that Police and Fire protection is top priority and should not be cut. The global pandemic has had a drastic effect on all of us. Our sense of security is certainly less than it was just a few months ago. Huge parts of the city lie in the very high fire hazard severity zone. A big wildfire, especially now, would be more than devastating. Please don’t cut El Cerrito’s vital public safety and security services at this critical time.
The following Public Comments were received and read into the record during the meeting.

**Public Comments – Not on the Agenda:**
1. Aylin Beyce and Steven Bryan
2. Nick Zamorano

**Public Comments – on Policy Items:**
7A
1. Mike Cunningham
2. Elizabeth Thorsnes
3. Cathy Hanville
4. Sherry Drobner
5. Howdy Goudey
Dear Council Members,

It saddens me that it has taken so much time for the city leaders to make meaningful changes to our city’s budget. I wonder if any changes would have been made had the auditors report not highlighted our financial issues. An incredible group of dedicated citizens has provided oversight and collected evidence of the city mismanagement. I am grateful to them but I can’t help but think that their talents could have been used towards growing the city, not just trying to save it from total insolvency,

I eagerly await the meaningful cuts that need to happen. As others have mentioned, new taxes is not the way forward. That is the old way of doing things and it is no longer acceptable. Thanks for residents’ generosity, the city spent freely while providing residents with General Fund services that are average at best—only our library hours, festivals, and senior services rise about the minimal level of city services.

The city needs to look inward first, before cutting services to residents or raising taxes yet again. Start by rolling back senior management salaries that have grown without regard to the city’s broken and disregarded median compensation policy*, and that, in any case, the city cannot afford to pay. Eliminate overtime pay for FLSA-exempt managers. Reduce the Fire Department’s unreimbursed overtime, over-reliance on uniformed personnel for non-response activities, and top-heavy staffing. Eliminate contracting for all professional services that can be performed by staff. Reduce the cost of providing senior services, while preserving their most important functions. And once past the immediate crisis, plan to fully restructure fire safety, negotiate sustainable pensions, and undertake economic development efforts.

We need the entire city to know what is going on. Remember all the glossy mailings used for every new tax or for the Library bond? You didn’t fool around then, when you wanted people to know certain things. We need some truth here, and some guts. It is time that all our council members step up, something that our staff does not seem able or willing to do. Please remember that your choices affect everyone in El Ceritto. Please remember why you got into public service in the first place and make a positive difference in peoples lives.

Thank you,
Aylin Beyce and Steven Bryan

El Cerrito Residents
According to the city managers update dated 1-23-2020, the El Cerrito full service fire dept. conducted 3,643 service calls in 2019. This number reflects a record year of service calls and over a 5 yr. period there has been a 9% increase. Out of these 3,643 calls, 1,200 were for emergency medical services and rescues. This increase is likely to continue in 2020 and 2021. Current city practice is not to charge residents for these services or to bill health insurance plans. Other cities either charge a reasonable rate for EMS calls and/or obtain reimbursement from health insurance plans. For example, the city of Albany first responder rates are $300 per hour ($100 for engine and $100 each for firefighter/paramedic). The city of Berkeley bills for EMS first responders at the Alameda approved rate for ambulance services ($300 flat fee). Both cities implement direct billing through a third party billing agency (Wittman Enterprises, LLC) and report a seamless process for charging residents and obtaining reimbursement from health insurance providers.

In addition to charging for emergency medical calls, Albany and Berkeley contract with Alameda Co Emergency Services Agency for ambulance services at the base rate of $2,181 which was a 6.18% increase from 2017. In FY 2018, the ambulance billing revenue collected for Berkeley was $4.34 million. Based on an estimated 8,000 transports per year, the newly fee increase is projected to increase Berkeley’s revenue by approximately $75,000 a year. Should El Cerrito choose to do the same it would be with Contra Costa Co LEMSA. The Contra Costa Co Board of Directors set the ambulance base rates for 2019 at $2,312. Contra Costa Co Fire Protection District has established a Compassionate Care Program for residents who don’t have health insurance plans such as Medicare, MediCal or private insurance. The CCP was established for financial hardships and can discount up to 100% of a patient’s ambulance services bill. Patients must meet program criteria to be eligible.

Nick Zamorano

Make El Cerrito Fire Safe
It is surprising how little pain seems to be required for the city to cut $2 million from its budget. One wonders why the city did not pursue such belt-tightening immediately upon the State Auditor’s warning, or during the three years of “going concern” warnings, or during the ten years in which the city repeatedly felt it necessary and appropriate to ask residents to dig into their pockets to support the city with four new General Fund taxes.

Because city leaders failed to competently and responsibly manage the budget over many years and failed to build and maintain even a modest reserve, the cuts ahead of us will require pain. Keep in mind, residents are already bearing their share of pain. Thanks to those four new taxes, El Cerrito residents now shoulder the highest local tax rates in the entire state of California. As thanks for residents' generosity, the city spent freely to the brink of insolvency, while providing residents with General Fund services that are average at best—only our library hours, festivals, and senior services rise about the minimal level of must-do activities of a city.

This time, the city needs to look inward first, before cutting services to residents or raising taxes yet again. Start by rolling back senior management salaries that have grown without regard to the city’s broken and disregarded median compensation policy*, and that, in any case, the city cannot afford to pay. Eliminate overtime pay for FLSA-exempt managers. Reduce the Fire Department’s unreimbursed overtime, over-reliance on uniformed personnel for non-response activities, and top-heavy staffing. Eliminate contracting for all professional services that can be performed by staff. Reduce the cost of providing senior services, while preserving their most important functions. And once past the immediate crisis, plan to fully restructure fire safety, negotiate sustainable pensions, and undertake economic development efforts.

It’s the city’s habit to blame others for its fiscal difficulties, but if the city had been willing to maintain a budget without structural imbalances and with even a modest 10% reserve, it would not be facing immediate fiscal catastrophe from coronavirus, or from any recession. That’s the whole point of a reserve, and it’s why the State Auditor raised the red flag that the city tried so hard to wave away.

Make sure, by the way, to discuss tonight whether the city will be able to secure a new cashflow loan in July, and what are the city’s options and plans if it cannot.

(*Median Compensation Policy fail: El Cerrito has not done a comparison with other cities since 2014, and even then it appears that it used the median of the top of the ranges at comparison cities to set the middle of El Cerrito’s ranges, which would automatically make
El Cerrito’s salaries substantially higher than comparison cities.)

Mike Cunningham
El Cerrito resident
(To be read into the minutes of El Cerrito City Council minutes, April 7, 2020)

To Our City Council Members,

There is no question that El Cerrito is in dire financial straits, despite the blasé attitude of the city’s finance director, the persistent non-mention of the issue by the city manager, and the hopes of residents and council members alike. The state auditor, our independent auditor, and Standard and Poor’s analyst cannot all be wrong. We are in trouble, and let us not pretend otherwise.

In my opinion, top city staff has been grossly incompetent in handling city finances and in advising and informing the city council. But council members did not question things, making you abettors in the botchery, because you in effect allowed, and are still allowing, staff to continue the flim flam. However, we now rely on you, not on the staff that forwarded the machinations, to lead us out of this mess.

You already know all the numbers and actions that contributed to our situation. If you don’t know these numbers, you are not paying attention, because key residents have found and posted every detail—something staff should have done for you. A few residents know this information, but most do not, because they have not been overtly informed about the situation (and little surveys about desired improvements or a narrowly-advertised town hall will not do). We don’t have a newspaper that reports anything that might disturb El Cerrito staff and/or council. We have no way to get the word out to the bulk of city residents. The city is in trouble and most of the residents have no idea! I suspect the city council could float a ballot measure for a new library right now and most residents would naively vote “yes.”

This all needs to stop! You, our city council, need to step up. We need serious cuts to salaries and personnel, for starters. I have tenants who are working full time from home while their salaries have been cut in half. What about OUR staff? Are any of them feeling that same pain?

Finally, we need the entire city to know what is going on. Remember the consultants and all the glossy mailings used for every new tax or for the Library bond? You didn’t fool around then, when you wanted people to know certain things. We need some truth here, and some guts. It is time that all our council members step up, something that our staff does not seem able or willing to do.

BJ Thorsnes (Elizabeth)
Sorry I had a typo so if you can read these instead. thanks
Cathy

Remarks by Cathy Hanville
El Cerrito resident

Agenda Item 7A

First I want it read into public record that we are at this point of financial devastation due to major incompetence by staff allowed by the City Council. FAB has been pushing for increased reserves for at least several years. Instead big raises were given to staff employees and nothing was put into reserve and we ended last year with a deficit. And while these current cuts are a good START they should have been done in October after the State Auditor raised the alarm. Instead of listening to the red flags made by the state auditor staff and council have resisted making any but the most minimal in cuts and now you are getting a slide set, produced by expensive consultants saying El Cerrito needs to act now. And that a recession is coming in the next three years and bringing up the idea of bankruptcy. Right now we must address making cuts to see if that can be avoided. But a VERY SERIOUS look at the incompetence and lack of action that brought us here needs to also happen ASAP. How can we trust the people who brought us to the current brink of bankruptcy to save us from the same?

While these cuts make a start more substantive cuts need to be made.

My Suggestions
Roll back wages to 2016 rates. This in and of itself could solve most of our problems.

Cut the 4th of July for 2020 and use that 60k to keep the library open the additional hours. The 4th of July will now be a health and safety issue so the question of it is mute. This packet showed many reasons why the additional library hours are needed and with unemployment soaring there will be even more need.

Reduce the use of ALL consultants unless there is a council decision that they are needed.

Address the gross inefficiencies of the fire department. Looking at overtime costs versus staffing, charging for EMT, and the structure of the department, along with the Kensington
contact. There is no reason that department cannot keep us fire safe within the budget they have.

All travel and training must be cut unless specifically approved by Council

These are a few suggestions and I hope you will quickly to make the necessary cuts.

Thank you.
Dear Mayor, City Council Members and City Manager,

The 5% target for budget reductions is no longer a baseline if we address the loss of revenue to our City due to the pandemic. I would hope that the City Finance Department with the City Manager offer the City Council several alternative scenarios by the next meeting. It’s obvious that the 10% reduction, also discussed at a previous meeting, which in a good time would help us build the required reserves, is now more likely the minimum reduction required. I realize there a lot of moving parts, that perhaps there may be some relief for cities, etc., but please offer a range of options that encapsulates the best and the worst case so that we are all prepared. It feels that we are still playing catch-up, discussing a 5% reduction. As we look at the cuts, we can also be thinking about revenue and how we might mitigate those cuts. Now’s the time to go full throttle ahead and look at many options and scenarios.

Sincerely
Sherry Drobner
El Cerrito
Dear Mayor Lyman and Council members,

I sympathize with the unenviable position you are facing with tough cuts necessary to stabilize the city budget, particularly with the new layer of upheaval caused by the COVID-19 health and economic crisis.

Amidst the current context, it is critically important to remember the Climate Emergency declaration that the City made at the end of 2019. The Climate Emergency is still with us and frankly is much bigger and long lasting than COVID-19. The current pandemic is a strong reminder of the importance of preparation and action toward know challenges we must confront, like climate change. Please do not lose sight of the importance to continue meaningful action on reducing climate impacts, even as we weather the current hardships.

The presentation for this study session is light on options for raising new revenue for the city budget, perhaps because of the imminent economic contraction and the perceived resistance to new/raised taxes under the circumstances. I am actually not opposed to new taxes that are thoughtfully designed to avoid regressive impacts. Even if a general fund tax is currently unpopular, it would be interesting to consider the potential for a targeted tax to fund climate action (such as a restructuring the Utility User Tax UUT to incentivize the reduction of natural gas usage by having a higher tax on natural gas compared to electricity with far lower carbon emissions). Without a dedicated stream of resources for climate action, the near-term city budget will not be able to support much climate action. Hopefully there is a great deal of public support to raise funding for climate action, particularly if the programs help residents make meaningful transitions. Fostering local action will also serve as an important job creation center in a challenging time.

Likewise, on other topics, I urge you to have a forward thinking basis of action regarding the budget cuts under these difficult circumstances. As an example, it is short sighted to choose to save money by reducing library hours, a public service that promotes so many positive public benefits that will sorely impact our future if they are neglected.

Below is a cartoon depicting the COVID-19 curve flattening (left) to the necessary climate change curve flatting (right). source: https://climatesafety.info/links-between-corona-and-climate/
I'll be happy when this is over...
City of El Cerrito

Strategic Plan Update and Fiscal Implications from the COVID-19 Pandemic

Steve Toler, Nancy Hetrick
April 7, 2020
Presentation Overview

**Review Strategic Plan Engagement Results**
Review input obtained through engagement activities

**Understand Fiscal Impacts of COVID-19**
Hear an update on the City’s current financial situation, actions taken and planned, and the new recessionary impacts of the pandemic

**Determine Top Priorities for the Next year**
Discuss and build consensus on the top priorities/actions for the coming year.

**Next Steps**
Revisit the elements of the strategic plan and establish vision, mission, values, goals and strategies for the next five years
Update on City’s Strategic Planning Process
Overview Of The Process

Five Types of Input

- Council Interviews
- Department Questionnaire
- Stakeholder Focus Groups
- Community Survey
- Environmental Scan
Notable Themes

- Strengths
- Challenges
- Opportunities
- Threats
Notable Themes

- Central location
- Safe and Clean
- Diversity
- Accessible staff & officials
- Recreation programs
- Parks and Open Space
- Commitment to the Environment and Sustainability

Strengths

Challenges

Opportunities

Threats
Notable Themes

**Challenges**
- High Service Expectations
- Budget/Staffing Limitations
- Lack of Infrastructure Funding
- Safety at BART stations
- Succession Planning
- Small Size Limits
- Economies of Scale
Notable Themes

- Engagement (Budget)
- Economic Development
- Revenue Generation
- Re-Establish Reserves
- Identify Efficiencies
- Utilize Technology
- Transit-Oriented Development
Notable Themes

- Economic Downturn/Recession
- Climate Change
- Natural Disasters
- Development Outpaces Capacity
- Loss of Employees
- Loss of Trust from the Public
Takeaways from Community Surveys and Focus Groups

El Cerrito is a desirable place to live.
9 in 10 residents recommend living in El Cerrito

The Natural Environment is a community asset.
Residents participate in recycling and water conservation at higher rates than the national average.

Economy is an area of opportunity for El Cerrito.
Only 1/3 of residents gave high-marks to economic development in El Cerrito.

Safety of City buildings of special interest.

Source: OpenGov 2020 Strategic Plan Survey and 2019 National Community Survey.
Our Residents’ Top 5 Priorities

1. [Schools and education]
2. Longer-term financial health of the City
3. Public safety
4. Emergency preparedness
5. Economic development
El Cerrito City Profile

Population: Slow-Growing and Aging

Population Growth

- El Cerrito: 2010 - 2040
  - 0-19: 20%
  - 20-23: 3%
  - 24-44: 30%
  - 45-53: 13%
  - 54-72: 24%
  - 73+: 11%

Contra Costa County:
- 0-19: 19%
- 20-23: 6%
- 24-44: 13%
- 45-53: 9%
- 54-72: 23%
- 73+: 5%

Higher Income/Education Levels

- Median Household Income:
  - El Cerrito: $96,914
  - Contra Costa County: $87,245
- High School Diploma:
  - El Cerrito: 93.8%
  - Contra Costa County: 91.5%
- Bachelor's degree or higher:
  - El Cerrito: 59.7%
  - Contra Costa County: 43.4%

Home Ownership Higher; Rents Lower

- Home Ownership:
  - El Cerrito: 55.7%
  - Contra Costa County: 63.5%
  - Alameda County: 50.2%
- Median Home Value ($000s):
  - El Cerrito: $1,797
  - Contra Costa County: $1,827
  - Alameda County: $2,966
- Median Monthly Rent:
  - El Cerrito: $682
  - Contra Costa County: $860
  - Alameda County: $900
## El Cerrito Top Employers

<table>
<thead>
<tr>
<th>Barnes and Noble</th>
<th>Fat Apple's Restaurant</th>
<th>Romano's Macaroni Grill</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bed Bath &amp; Beyond</td>
<td>Home Depot</td>
<td>Safeway</td>
</tr>
<tr>
<td>Berkeley Country Club</td>
<td>Honda of El Cerrito</td>
<td>Shields Nursing Center</td>
</tr>
<tr>
<td>City of El Cerrito</td>
<td>Lucky's</td>
<td>Trader Joe's</td>
</tr>
<tr>
<td>CVS Pharmacy</td>
<td>Nation's</td>
<td>US Post Office</td>
</tr>
<tr>
<td>El Cerrito Royale</td>
<td>Pastime ACE Hardware</td>
<td>West Contra Costa Unified School District</td>
</tr>
</tbody>
</table>

Source: City of El Cerrito CAFR.
FY 2018-19 General Fund Operating Deficit

Revenues*:
$39,353,732

Operating Deficit*:
$40,202,753

$(849,021)

*Actuals from FY 2019 CAFR
General Fund Reserves Have Been Declining

Source: City of El Cerrito.

General Fund Reserve VS. 10% Reserve Goal

- Actual Reserve (Year-End Balance)
- Minimum Reserve Goal (10% of FY Expenditures)
of General Fund expenditures in FY 2019-20 are budgeted to go towards employee compensation. This is consistent with other cities in California.
FY 2019-20 Projected General Fund Revenue
$39.9 million

Taxes 64%

Charges for services 15%

Vehicle license fees 7%

Intergovernmental 9%

Licenses and permits 3%

Other revenue 2%

Other taxes 4%

Business license tax 2%

Real property transfer tax 5%

Property tax 26%

Sales tax 18%

Utility users tax 9%

Source: City of El Cerrito.
Stable revenue sources comprise 60% of General Fund
- Property and utility users taxes provide a strong base of revenues for a City (not as prone to economic volatility)

Volatile revenue sources comprise 40% of General Fund
- Sales taxes and development revenues are highly volatile
- Recessions can reduce these revenues sources by 10-25% depending upon severity

Cities with less than 65% or more in stable revenue sources are less able to withstand economic downturns and need greater level of minimum reserves to weather economic storms
Providing Context to El Cerrito’s Financial Realities –
Summary Observations

**El Cerrito’s Strengths**
- Strong property tax apportionment rate
- Addition of real property transfer tax provides diversified revenue source
- Legislative relief that allows 0.5% local sales tax for road improvements to not count against the 2% cap for overlapping local sales taxes
- Relatively low debt obligations
- Fiscally responsible provisions in labor agreements

**El Cerrito’s Challenges**
- Reserves have been depleted over the years
- Opportunities to implement new revenue sources are limited
- City will likely need to “right-size” service delivery based on existing revenue sources
Additional Challenges

**Stormwater Assessment Fees**
- Current cost is greater than assessment fees

**Utility User Tax Revenue**
- Cord-cutting will reduce telecom taxes

**Landscape and Lighting District Tax**
- Current cost is greater than tax revenue

**Personnel Costs**
- Maintaining competitiveness
- Managing increase pension and health costs

**Underfunded Infrastructure Improvements**
- Parks Master Plan (2019)
- Pavement Management Study (2017)
Five-Year Forecast
(Baseline forecast including real property transfer tax revenues from Measure V)

General Fund Annual Surplus (Deficit)

Cumulative Deficit 2012-13 to 2018-19: $(3.7 million)

Source: City of El Cerrito.
Pre-COVID 19 Five-Year Forecast
(Baseline forecast including real property transfer tax revenues from Measure V)

Baseline Forecast

General Fund Annual Surplus (Deficit)

Cumulative Deficit 2012-13 to 2018-19: $(3.7 million)

Source: City of El Cerrito.
Pre-COVID 19 Five-Year Forecast
(Baseline forecast including real property transfer tax revenues from Measure V)

Revised Forecast ($2 million cost reductions)

General Fund Annual Surplus (Deficit)

General Fund Reserve Levels and Minimum Reserves

City’s minimum operating reserve (10%)

GFOA recommended minimum reserve (17%)

City’s minimum operating reserve plus emergency reserve (22%)

Source: City of El Cerrito.
Summary Observations – Prior to COVID-19

- Amended to integrate an **assumption for a recession** within the next 3 years, and
- **Extended to 10 years** to understand the impacts of the loss of the 1% local sales tax rate in 2027 if not renewed/extended by voters
Latest Update on COVID-19 Pandemic
Snapshot of COVID-19 Pandemic Today

National Pandemic with No End in Sight

Sources: Centers for Disease Control (CDC); Worldometers.info (graphic)

America Sheltered In Place

Rampant Unemployment

“During the Great Recession, employment of the population dropped 4.6 percentage points from December 2007 to December 2009. That took two years. The deterioration of the labor market in the past two weeks almost defies belief.... The labor market is in a historic freefall.”

- Nick Bunker, Indeed Hiring Lab's director of economic research

U.S. JOBLESS CLAIMS SKYROCKET AMID CORONAVIRUS OUTBREAK

INITIAL CLAIMS, SEASONALLY ADJUSTED

CLAIMS FOR WEEK ENDING MARCH 28

6,648,000

CLAIMS FOR WEEK ENDING MARCH 21

3,307,000

Source: Yahoo! Finance
### CARES (Coronavirus Aid, Relief, and Economic Security) Federal Stimulus Package

#### Assistance for Individuals

<table>
<thead>
<tr>
<th>Stimulus Checks</th>
</tr>
</thead>
<tbody>
<tr>
<td>• $1,200 payment to individual taxpayers, $2,400 for married couples</td>
</tr>
<tr>
<td>• Additional $500 per qualifying child under 17</td>
</tr>
<tr>
<td>• Income limits apply</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Unemployment Insurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Additional $600 per week up to four months</td>
</tr>
<tr>
<td>• Eligibility expanded to 39 weeks</td>
</tr>
<tr>
<td>• “Gig economy” workers now included</td>
</tr>
<tr>
<td>• Furloughed employees eligible</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Paid Family/Sick Leave</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Expansion of eligibility</td>
</tr>
<tr>
<td>• Pay up to $1,000 per week</td>
</tr>
<tr>
<td>• Employers reimbursed through IRS</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Debt Relief</th>
</tr>
</thead>
<tbody>
<tr>
<td>• FNMA/FHLMC loans eligible for 6 months forbearance</td>
</tr>
<tr>
<td>• Federal student loan payment and interest halted from April 1 to September 30, 2020</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retirement Plans</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Withdrawals before 59 ½ up to $100,000 avoid 10% penalty</td>
</tr>
<tr>
<td>• Retirement plan loans increased to $100,000</td>
</tr>
</tbody>
</table>
Shelter in place since mid-March through April at least
Governor decides what businesses are allowed to remain open

### What’s Open
- Takeout/delivery food service*
- Gas stations
- Pharmacies
- Grocery stores
- Banks
- Laundromats
- Essential government functions

*Takeout is non-taxable

### What’s Closed
- Dine-in restaurants
- Bars/nightclubs
- Entertainment venues
- Gyms and fitness studios
- Public events/gatherings
- Convention centers
- Hair/nail salons

### What’s Really Closed
- Shopping centers
- Non-grocery retail
- Auto dealerships
- Several small, non-chain restaurants
- Services
- Non-essential government functions
Economists have warned that when people have to make extreme choices in spending limited money, like skipping restaurant outings to pay for groceries, the knock-on effects could turn an acute economic crisis into a long recession. If laid-off workers can’t pay their bills, there could be a cascade of further layoffs and business failures. The greater the damage, the less chance of a quick economic rebound once the health crisis eases.

- New York Times article, 4/2/2020
What Other Cities are Experiencing During the Pandemic, and What They are Doing About It
Impacts to City Revenues

- Property Taxes
- Real Property Transfer Tax
- Sales Tax and Local Transactions and Use Taxes
- Transient Occupancy Tax (TOT)
- Business License Tax
- Recreation Programs and Facility Rentals
Impacts to City Revenues

**Property Taxes**
- Lower new construction and home sales will hit supplemental roll payments
- Longer-term impact depends on home sale prices, and whether reassessments under Proposition 8 are triggered
Impacts to City Revenues

Real Property Transfer Tax
- Property sales slowing; transfer tax hit hard
- Paid to city monthly
Impacts to City Revenues

Sales Tax and Local Transactions and Use Taxes
- Settlement is quarterly, but state may scale back monthly advances
- Length of “stay at home” the key; new buying habits may impact future revenues
Impacts to City Revenues

Transient Occupancy Tax (TOT)
- Hit in FY 2020 depends on payment schedule; full impact reflected when second quarter 2020 tax payments are received
- Significant business travel reductions may have long-lasting implications for TOT revenues
Impacts to City Revenues

Business License Tax
- Mostly paid for FY 2019-20
- FY 2020-21 will reflect businesses that temporarily or permanently closed and/or have lower gross receipts
- Long-term impacts on composition of businesses may negatively impact revenues
Impacts to City Revenues

Recreation Programs and Facility Rentals
• Recreation and other fee-supported programs are largely stalled due to "stay at home" order
Impacts on California Cities

- Public safety overtime
  - Fire/EMS response
  - Police support

- Emergency shelters
  - Medical aid
  - Homeless
  - Other

- Operational and Technology costs
  - Remote workforce
  - Workflow changes

- Paid Time Off
  - Increased admin leave
  - Loss in productivity

Cost Increases
CARES (Coronavirus Aid, Relief, and Economic Security) Federal Stimulus Package

Assistance for Local Government

Aid Relevant to Local Governments...

But What Will Actually Materialize?

- Coronavirus Relief Fund*
- Business, City and State Loan Fund
- Disaster Relief Fund
- CDBG Programs for Economic and Housing Impacts
- Transit System Grants
- Election Security Grants

* $15.3B for California, 45% of that ($6.9B) for cities over 500,000 population

For more details, search “NCSL COVID-19 Stimulus Bill”
How California Cities are Addressing Negative Fiscal Impacts from COVID-19

**Federal Reimbursement**
- Purchasing policies consistent with FEMA requirements
- Tracking incremental costs associated with COVID-19 response

**Budget/Accounting Actions**
- Reassessing internal service fund allocations
- Reassessing cost allocation formulae

**Capital Assets**
- Reducing scope/deferring of capital infrastructure improvements
- Deferring replacement or significant maintenance
How California Cities are Addressing Negative Fiscal Impacts from COVID-19

**Workforce Reductions**
- Allowing/encouraging voluntary part-time status
- Instituting hiring freezes
- Eliminating vacant positions
- Implementing temporary furloughs/layoffs
- Reopening discussions with employee bargaining groups

**Operational Reductions**
- Cancelling spring/summer recreation programs
- Shutting all non-essential facilities, including parks, public restrooms, etc
- Reducing/halting planning and building activities
- Reducing administrative staff workweek (e.g., 20% reduction in hours)
Fiscal Impacts to El Cerrito from the COVID-19 Pandemic
El Cerrito’s Strengths
- Strong property tax apportionment rate
- Addition of real property transfer tax provides diversified revenue source
- Legislative relief that allows 0.5% local sales tax for road improvements to not count against the 2% cap for overlapping local sales taxes
- Relatively low debt obligations
- Fiscally responsible provisions in labor agreements

El Cerrito’s Challenges
- Reserves have been depleted over the years
- Opportunities to implement new revenue sources are limited
- City will likely need to “right-size” service delivery based on existing revenue sources
## Impact of COVID-19 on El Cerrito’s General Fund Revenue Sources

<table>
<thead>
<tr>
<th>Revenue Source</th>
<th>FY 19-20 Projection</th>
<th>Description of Potential Impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax</td>
<td>$10.4M</td>
<td>Delayed receipt of property taxes; market decline leading to AV reductions</td>
</tr>
<tr>
<td>Sales tax</td>
<td>$7.1M</td>
<td>Up to 25% reduction in sales tax receipts due to closed businesses and lower gas prices; Governor’s order on March 31 allows for delayed payment of sales tax to July 2020 for small businesses</td>
</tr>
<tr>
<td>Real property transfer tax</td>
<td>$2.0M</td>
<td>Significant slow down in real estate transactions</td>
</tr>
<tr>
<td>(Measure V)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charges for services</td>
<td>$5.9M</td>
<td>Elimination of recreation programs; slow down in property improvements and development</td>
</tr>
<tr>
<td>Utility users taxes</td>
<td>$3.5M</td>
<td>Likely little impact as residents are more reliant on gas, electricity and telecommunications during “stay at home” order; commercial revenues could fall, however, as businesses are closed</td>
</tr>
</tbody>
</table>
El Cerrito was already facing a decline in fund balance even before this economic collapse.
Revenue impacts will only worsen the situation.
Assumes the City implements $2 million in cuts in FY 2021.

Dashboard Shows Impact of Revenue Loss Scenario

- **El Cerrito General Fund Fund Balance (mil.):**
  - Recession Forecast
  - No-Recession Forecast
  - Reserve Goal

- Potential Deficit by: **Jun-2019**

- This chart shows change in revenue compared to "no recession" revenues and expenditure levels.
- City should reasonably expect about a $10 million revenue loss through FY 2022.
El Cerrito was already facing a decline in fund balance even before this economic collapse. Revenue impacts will only worsen the situation. Assumes the City implements $2 million in cuts in FY 2021.

Dashboard Shows Impact of Revenue Loss Scenario

- Change in fund balance chart shows annual surplus or shortfall based on parameters of economic downturn.
- Again, this assumes the City implements $2 million in cuts in FY 2021.

Potential Deficit by: Jun-2019
Peak/Average FY20-27: -$5.3M $0.1M

Change in fund balance chart shows annual surplus or shortfall based on parameters of economic downturn. Again, this assumes the City implements $2 million in cuts in FY 2021.
El Cerrito was already facing a decline in fund balance even before this economic collapse
Revenue impacts will only worsen the situation
Assumes the City implements $2 million in cuts in FY 2021

Change in fund balance chart shows annual surplus or shortfall based on parameters of economic downturn
Again, this assumes the City implements $2 million in cuts in FY 2021

This chart shows change in revenue compared to “no recession” revenues and expenditure levels
City should reasonably expect about a $10 million revenue loss through FY 2022
Actions El Cerrito Has Taken to Date
<table>
<thead>
<tr>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planned expenditure reductions of $2 million (5% of annual operating expenditures) starting in FY 2020-21</td>
</tr>
<tr>
<td>Restructuring benefits for management group</td>
</tr>
<tr>
<td>Temporary unpaid furlough of part-time unrepresented and represented staff</td>
</tr>
<tr>
<td>Instituted a hiring freeze</td>
</tr>
<tr>
<td>Exploring tax revenue anticipation notes (TRAN) to address potential cash flow needs</td>
</tr>
<tr>
<td>Negotiating with all bargaining units to suspend cost-of-living adjustments in current MOUs</td>
</tr>
<tr>
<td>Freezing travel and other non-essential activities</td>
</tr>
</tbody>
</table>
Best Practices and Next Steps for the City to Take
Best Practices Relevant to El Cerrito

Short-Term

• Prepare for short-term revenue loss
• Address cash flow needs to remain solvent
• Get the General Fund back in the black

Long-Term

• Fiscal sustainability planning
• Priority based budgeting
Short-Term Action Steps
Preparing for Near-Term Revenue Loss

Quick action by the City will be necessary to address what we see as major problems as early as fall 2020.

- Make sure you have everything in place to meet FEMA requirements
- Reassess internal service fund and cost allocation formulas
- Reduce the scope of capital asset investments
- Allow voluntary part-time status
- Institute a hiring freeze
- Eliminate vacant positions
- Short-term borrowing
- Reopen discussions with employee bargaining groups

Develop budget scenarios based on the solutions chosen for implementation.
1. Develop and implement a fiscal sustainability plan

2. Implement Smart Budgeting (priority-based budgeting) principles
Fiscal Sustainability Planning

- Comprehensive set of fiscal policies and action steps to provide services in the long term without threat of insolvency or default of promised expenditures or liabilities
- Customized to the requirements and priorities of the City
- In-depth analysis of fiscal strategies
  - Fiscal impact
  - Feasibility

Fiscal Sustainability Strategies

- Expenditure controls and cost shifts
- Service delivery alternatives
- Revenue enhancements
- Service level reductions
- Reduce services
Critical Decisions for El Cerrito

Get a grip on the problem
• Differentiate short-term from long-term factors

Set priorities of service delivery
• Which services do residents value most?

Determine appropriate spending levels
• How much can the City spend for priorities based on available resources?

Implement the priorities
• Determine how best to deliver the priorities for available funding
AB 506 (2011) – Bankruptcy protection under Chapter 9 for California agencies

Allows agencies to retain control of addressing creditors and liquidity

Two key provisions:

1) Municipality’s financial condition would jeopardize the health, safety or well-being of residents

2) Municipality is or will be unable to pay its obligations within the next 60 days
Overview of Local Government Insolvency Analysis

Precautionary Measures for El Cerrito

- Update citywide cash flow model assuming high economic recession as a result of COVID-19 by mid-April
- Check availability of short-term borrowing (e.g., tax revenue anticipation notes) opportunities by mid-April
- Determine that the City has the cashflow to meet creditor obligations for the next 6-18 months
Overview of Local Government Insolvency Analysis

Precautionary Measures for El Cerrito

Update citywide cash flow model assuming high economic recession as a result of COVID-19 by mid-April

Check availability of short-term borrowing (e.g., tax revenue anticipation notes) opportunities by mid-April

Determine that the City has the cashflow to meet creditor obligations for the next 6-18 months

Key point
• If El Cerrito has sufficient cashflow to meet its obligations over the next 60 days, the City does not need to implement AB506
• The City Council and staff must take proactive steps now to avert insolvency
Conclusion

Our financial world is uncertain.

Cities like El Cerrito are starting now to plan ahead.

The City must update its cashflow model in light of the COVID-19 pandemic to ensure it has the solvency to maintain operations.

City Council and staff must take action now to assure the City can meet the community’s needs through this pandemic and the future.
Discussion/Questions