

REC'D & PLACED ON FILE  
AT BAKERSFIELD CITY COUNCIL MEETING  
6/24/20 DEFERRED BUSINESS  
12.a.



# BAKERSFIELD

THE SOUND OF *Something Better*

## Fiscal Year 2020-21 Budget



### Budget Process

- January 2020: Internal budget process begins
- March 23<sup>rd</sup>: Proposed budgets due to the City Manager's Office
- April 15<sup>th</sup>: Revised budget instructions issued to departments
- May 1<sup>st</sup>: Revised department proposed budgets due to City Manager's Office
- May 6<sup>th</sup>: Fiscal Outlook and Budget Factors
- May 27<sup>th</sup>: Kick off and Department Presentations
- June 8<sup>th</sup>: Department Presentations
- June 24<sup>th</sup>: Budget Adoption



## Summary of May Budget Outlook

- Community in Transition
- Roller Coaster
- Organization in Transition
- Historical Investments and Deferrals
- Prioritization Framework
- Budget Principles amidst COVID-19



## Council Goals Guide Investments within Budget

1. Provide Quality Public Safety Services
2. Address Homelessness
3. Maintain Fiscal Solvency
4. Enhance Quality of Life and Public Amenities
5. Strengthen and Diversify our Economic Base
6. Enhance Infrastructure
7. Promote Community Pride and Foster Excellent Customer Service
8. Invest in Urban Renewal and Downtown Development

## Community Priorities Guide PSVS Investments



1. Increasing police staffing to improve police response times, reduce crime, and increase neighborhood police patrols
2. Improving rapid response to assaults and robberies
3. Maintaining/improving rapid response to gang violence
4. Investigating and proactively preventing property crimes, burglaries and vehicle thefts
5. Keeping public areas safe and clean
6. Strengthening the capacity of the Special Enforcement Unit
7. Expanding the School Resource Officer Program
8. Maintaining a fully staffed and equipped class II rated fire department
9. Reducing homelessness through partnerships with service providers to increase outreach, sheltering and construction of affordable housing
10. Addressing the fiscal stability of the City of Bakersfield
11. Creating jobs through economic development, business retention/attraction and workforce development
12. Enhancing amenities throughout the community to improve the quality of life and attract visitors
13. Enhancing neighborhoods through additional code enforcement and improved park maintenance

## Investments Moving Forward (from May 6)



- Invest in the community
- Invest in quality of life
- Invest in downtown and neighborhoods
- Invest in economic development
- Continue to invest in business friendly approach
- Continue to invest in infrastructure
- Invest in efficiencies
- Invest in highly professional work force



## FY 21 Budget Key Points

- Budget is balanced
- Budget appropriations reflect City Council Goals & community priorities
- Revenue projection models reflect larger percentage decreases than recession
- Assumes reimbursement from CARES Act funds for eligible expenses
- Discretionary spending within the general fund held flat



## FY 21 Budget Key Points

- Public Safety and Vital Services Measure (PSVS) allows for targeted investments
- Focus on public safety, economic recovery and quality of life
- Continued funding of core infrastructure and neighborhood enhancement projects
- Prioritizes contingency and reserve set-asides
- Emphasizes long-term fiscal sustainability





## Fiscal Prudence

1. General Fund hiring freeze, discretionary cost controls
2. Significantly decreased revenue projections for all major revenue sources using recession-based modeling – 10% reduction
3. Reserves and Contingency within PSVS – 13.5% of Budget
  - \$8.8 million to PSVS reserve per City Council Reserve Plan
  - \$700,000 of PSVS held in contingency
4. Contingent Capital Projects – 10.8% of Budget
  - \$7.2 million in “contingent” PSVS capital projects
5. FY 2019-20 PSVS fund balance to be held in contingency – estimated at 10% of Budget
  - Year end one-time saving & revenues exceeding projections
  - Precise figure known once current year books close (August)



## PSVS Budget

- Not as many PSVS resources as anticipated, but Bakersfield is uniquely positioned
- Every line item recommended in the PSVS Budget was made with specific purpose
- Framework for recommendations:
  - Council Goals
  - Measure N Priorities
  - COVID Economic Recovery Plan
  - Community Need
  - Areas of greatest deferred investment



## Strategic Investments

- Investment in the effectiveness and efficiency of the organization
  - Risk Assessment – External process and procedures review
  - Legislative Advocacy
  - Long Range Financial Planning
  - Employee Development Fund
  - Employee Management Software
  - Police Recruitment



## Provide Quality Public Safety Services

- To create a safer and better community, the voters of Bakersfield in 2018 chose to increase funding for public safety through the Public Safety and Vital Services Tax
  - Staff the police department sufficiently to allow for positive community-based policing
  - Provide resources to address improvements in the department for quality training, best practices, and proactive community engagement
- The proposed budget allocates funding to improve quality assurance and professional standards and support for community-based programs
- Crafting a proposed budget is a challenging balance between many competing interests; we welcome all community input in the budget process
- The City recognizes that additional funding sources need to be identified by federal, state, regional and local governments to better address community and social needs
- The City has dramatically increased funding through the Public Safety and Vital Services Tax for affordable housing, homelessness, economic development and renewal in our urban and disadvantaged neighborhoods



## Provide Quality Public Safety Services

- 29 sworn police positions
  - Focus on Police Officer positions and Detectives to address Priority 1 calls
  - More resources for community engagement and trust building
  - More resources for quality assurance and change management
  - Follow up on more cases; resources to focus on sexual assaults and cold cases
- 15 civilian police positions
  - Make available existing police service technicians currently staffing the property room and training, allowing PST's to return to field for call response
  - Expedite call response to noisy, deceased and stray animal calls for service
  - Address Priority 2 and Priority 3 calls with non-sworn staff
- 13 fire positions
  - Enhancement of response times to most impacted parts of the urban core of the community
  - Cost effective approach to addressing significant increases for calls for service



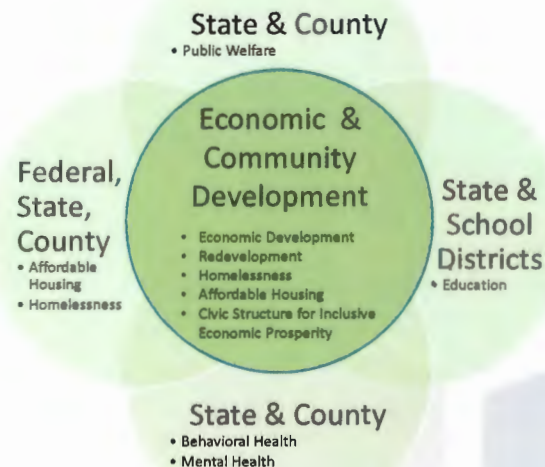
## Economic & Community Development

- Establishment of Economic/Community Development Department
  - Strengthen and Diversify our Economic Base
  - Invest in Urban Revitalization and Downtown Development
  - Enhance Quality of Life and Public Amenities
  - Address Homelessness
  - Post-COVID recovery



## Economic & Community Development

- Programs and initiatives:
  - Data and Performance Management/Community Partnership Program
  - Business Assistance: Build Out Business Incentive Tools
  - Continuation of Economic Opportunity Area Funding
  - Back to Work/Clean City Initiative
  - Continuation of Urban Revitalization/Redevelopment Property Acquisition
  - Operation of the soon to be open Homeless Navigation Center
  - Continued investment of local funding for programs, services, homelessness, affordable housing and economic development for disadvantaged communities







## Key Investments

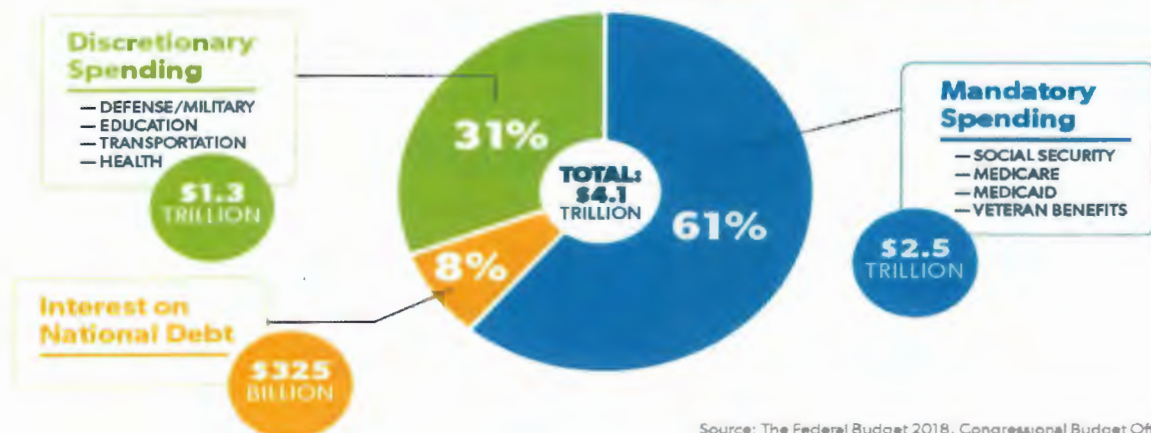
Category	Description	FY 18/19	FY 19/20	FY 20-21
<b>Economic Development</b>	ED Strategy, Urban Renewal, EOAs, Business Assistance, Brownfields, etc.	\$0	\$3,291,399	\$7,094,847
<b>Homelessness</b>	Emergency Shelters, Service Providers, Rental Assistance, Rapid Response Teams, etc.	\$1,453,680	\$8,430,716	\$11,491,442
<b>Housing</b>	Affordable Housing, Fair Housing, Senior Center, Outreach, Home Access, SB2/PLHA, etc.	\$1,249,203	\$4,090,854	\$7,195,251

*\*Summary of key investments through PSVS, HUD, HAAP, HEAP & CARES*



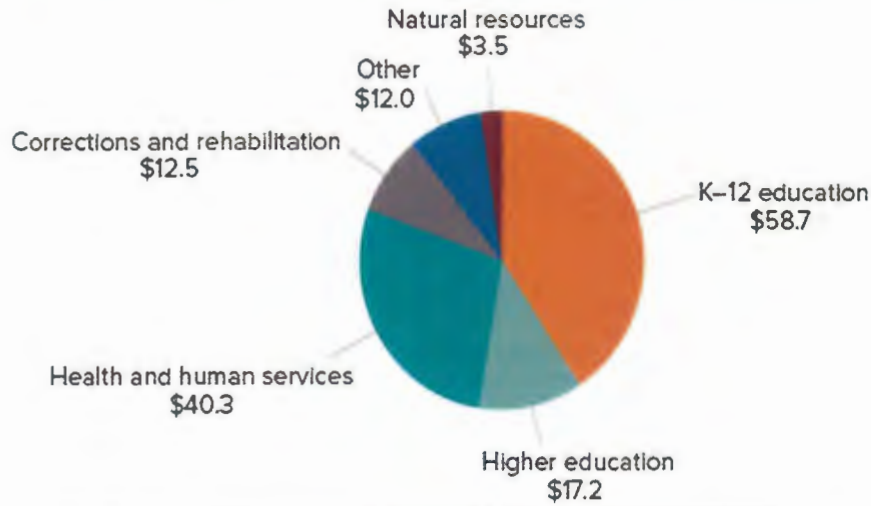
## Federal Tax Allocations (\$4 trillion)

WHERE DOES YOUR **TAX MONEY GO?**

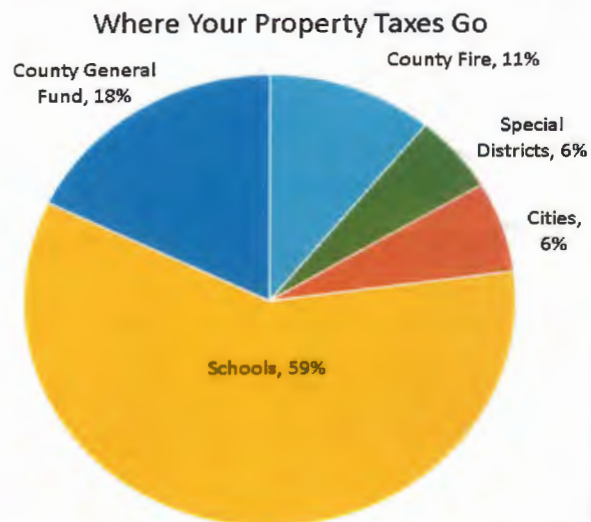




## State Tax Allocations (\$209 billion)

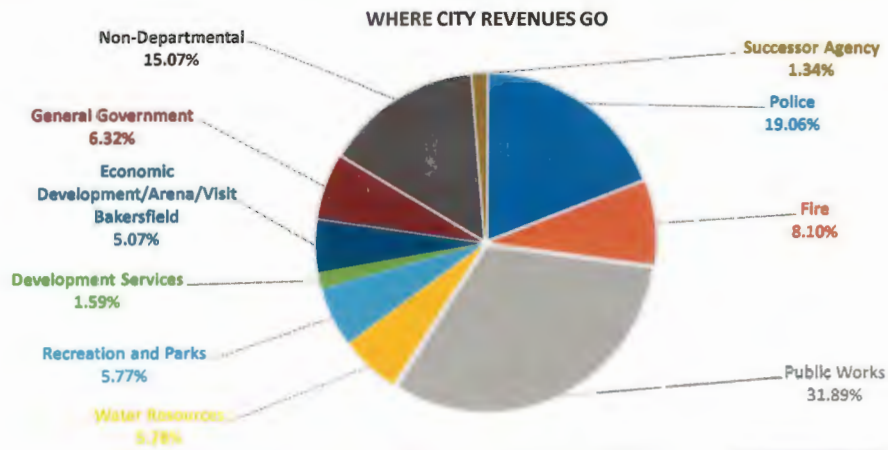


## County Tax Allocations (\$2.2 billion)



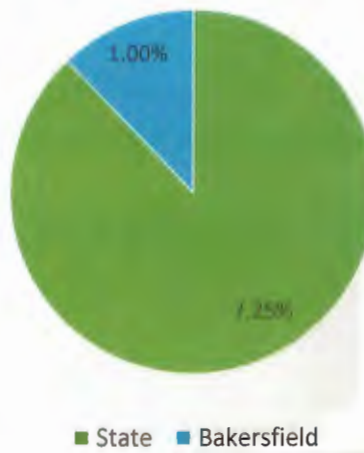


## City Tax Allocations (\$630 million)



## Taxing Structure – Sales Tax

Sales Tax Distribution

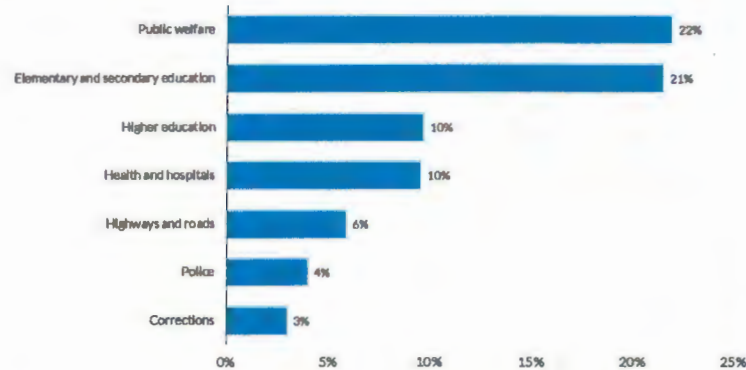




## State & Local Expenditures

### State and Local Direct General Expenditures

Share of Total, by Functional Category, Fiscal Year 2017



Source: State & Local Government Finance Data Query System, <http://www.taxpolicycenter.org/slf-dqs/pages.cfm>, The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments. Date of Access: (04-Feb-2020 2:30 PM).  
 Note: Excludes spending on government-run liquor stores, utilities, and insurance trusts. Medicaid spending is divided between the public welfare and health and hospitals functional categories, with the majority allocated to the former.

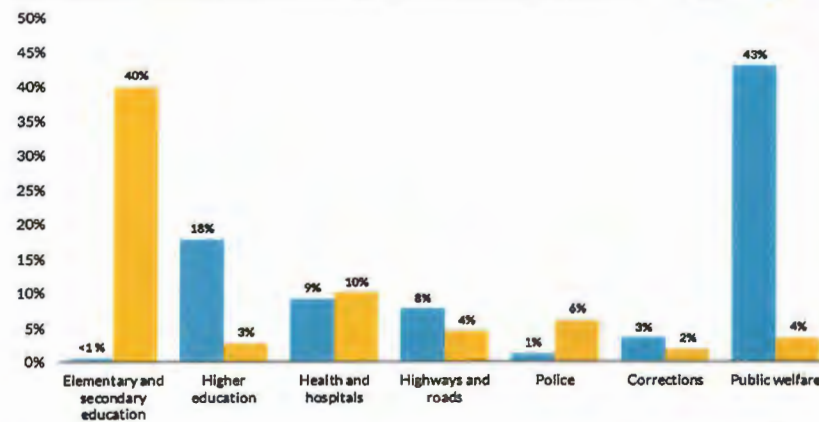
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## State & Local Expenditures

### State Versus Local Expenditures

Percentage Share of Total Direct General Expenditures, by Functional Category, Fiscal Year 2017



Source: State & Local Government Finance Data Query System, <http://www.taxpolicycenter.org/slf-dqs/pages.cfm>, The Urban Institute-Brookings Institution Tax Policy Center. Data from U.S. Census Bureau, Annual Survey of State and Local Government Finances, Government Finances, Volume 4, and Census of Governments. Date of Access: (04-Feb-2020 2:30 PM).

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## Quality of Life

- Parks capital projects
  - Leveraging \$3 million in federal grant funding
  - Focus on access improvements, safety enhancement and playground rehabilitations within neighborhood parks
- Community Enhancements
  - First phase of new streetlights in underlit areas of the City
  - City beautification funding to enhance first impression areas
  - Expansion of rapid response teams to address litter, encampments and park vandalism quicker



## Deferred Infrastructure Risks

- Police Department Property Room
  - Enhancements for crime analysis
- Fire Station Roofing Project
  - deferred maintenance will lead to increased future repair costs
- Fire Station Living Conditions
  - deferred rehabilitation of 25-30 year old living spaces need to be addressed in the near future
- Arena Safety & Customer Experience Projects
  - two safety projects need to be addressed in the near future; smaller customer experience projects will have a return on investment



## Additional PSVS Contingency

- Community feedback through our Oversight Committee process
  - Capital Projects
  - Support Staff Positions



## Quality of Life – All Funds

- Parks capital projects - \$14.5 million
  - Leveraging over \$6 million in federal/state grants
  - New neighborhood park in southeast Bakersfield
  - Focus on playground rehabilitations and access improvements within neighborhood parks
  - Neighborhood parks projects budgeted in all Council wards
- Community Enhancements
  - Over \$30 million to local roads projects (excluding TRIP)



## Miscellaneous Items

- Miscellaneous Items
  - Continuation of contributions to Museum of Art and Symphony
  - Council Contingency
  - Spay/Neuter voucher program
  - Upfront Payment to CalPERS
  - Full retiree healthcare required trust contribution included



## CARES Act Funding

- City receiving two allocations of CARES Act funding:
  - Via County of Kern (Up to \$13 million); Agreement approved
  - Via State budget (Exact amount pending); awaiting budget adoption/DOF direction
- Reimbursement of costs associated with City's COVID-19 response through December 2020:
  - Staff time
  - PPE
  - Infrastructure
  - Telecommuting
- Exploring allowable reimbursable expenditures to community partners; follow up to occur



## All Funds Staffing Changes Summary

- Addition of 97 positions throughout the organization
- 91 PSVS Measure funded positions
- 6 non-PSVS Measure funded positions
- No new general fund positions



## FY 2020-21 PSVS Staffing

Department	# of Positions
Police Department	44
Fire Department	13
Public Works Department	11
Technology Services	9
Recreation and Parks Department	6
Development Services Department	5
Economic Development Department	4
Non-Departmental (CalVIP Grant)	2
Finance Department	1
Risk Management	1
City Manager's Office	1
<b>Total FY 2020-21 Proposed New Full Time Positions</b>	<b>97</b>

*\*Two positions proposed to be partially funded by PSVS*



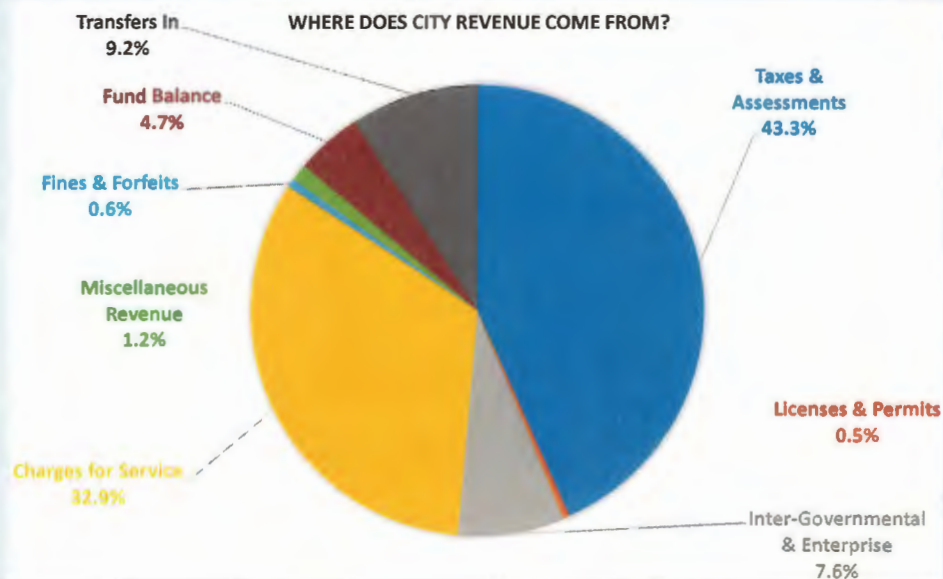


## FY 2020-21 Non-PSVS Staffing

Department	# of Positions
Risk Management	1
Public Works Department	5
<b>Total FY 2020-21 Non-PSVS Positions</b>	<b>6</b>



## Resources – All Funds



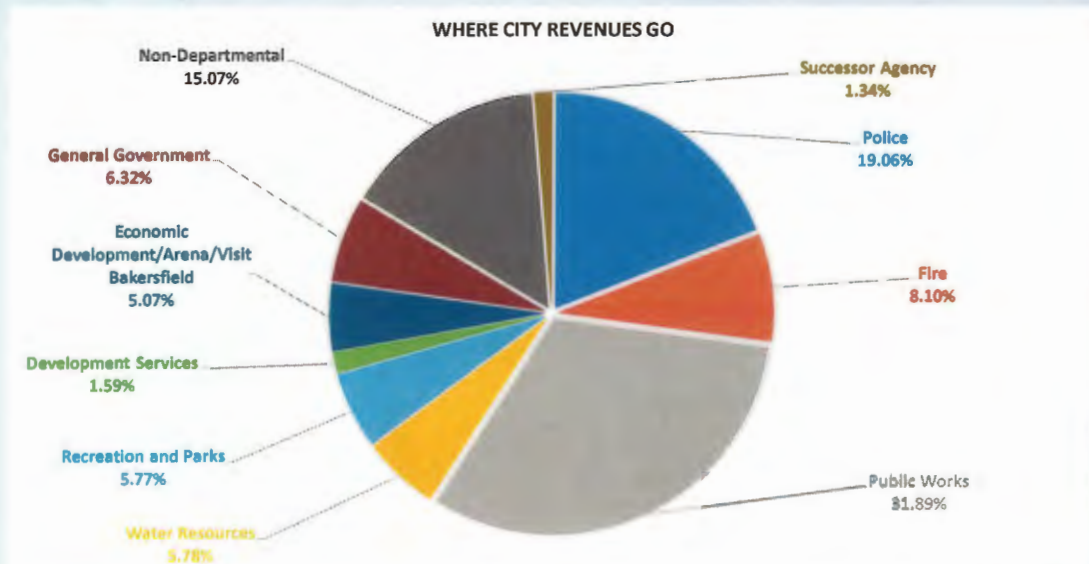


## Resources – All Funds

Revenues and Resources by Type	Adopted 2019-20	Proposed 2020-21
Taxes & Assessments	\$271,907,242	\$272,816,827
Licenses & Permits	3,197,805	3,097,880
Inter-Governmental & Enterprise	29,115,720	47,671,197
Charges for Service	201,793,767	207,371,723
Fines & Forfeits	2,110,000	3,895,000
Miscellaneous Revenue	8,090,084	7,779,866
Other Financing Sources	-	-
<b>Total Revenues</b>	<b>\$516,214,618</b>	<b>\$516,214,618</b>
Fund Balance	28,880,658	29,496,702
Transfers In	74,894,724	58,168,805
<b>TOTAL RESOURCES</b>	<b>\$ 619,990,000</b>	<b>\$ 630,298,000</b>



## Appropriations – All Funds





## Appropriations – All Funds

Appropriations by Function	Adopted 2019-20	Proposed 2020-21
Police	\$121,565,565	\$120,146,064
Fire	46,033,806	51,025,162
<b>Total Public Safety</b>	<b>\$167,599,371</b>	<b>\$171,171,226</b>
Public Works	\$196,543,007	\$201,011,252
Water Resources	31,150,291	36,435,560
Recreation and Parks	27,075,472	36,368,135
Development Services	9,822,561	10,045,772
Economic Development/Arena/Visit Bakersfield	30,371,916	31,972,210
General Government	35,703,441	39,847,256
Non-Departmental	112,355,485	95,017,310
Successor Agency	9,368,456	8,429,279
<b>TOTAL APPROPRIATIONS</b>	<b>\$619,990,000</b>	<b>\$630,298,000</b>



## Budget Comparison – All Funds

	FY 2019-20 Adopted	FY 2020-21 Proposed	Dollar Difference	Percentage Difference
Operating	\$ 520,412,666	\$ 543,163,996	\$ 22,751,330	4.37%
Capital Improvements*	\$ 99,577,334	\$ 87,134,004	\$ (12,443,330)	-12.50%
<b>Total</b>	<b>\$ 619,990,000</b>	<b>\$ 630,298,000</b>	<b>\$ 10,308,000</b>	<b>1.66%</b>

\*Capital Improvement Budget includes TRIP project funding that may fluctuate from year-to-year



## Moving Forward

- CalPERS employer rates likely to increase in FY 23 based on investment returns
  - Update for Council August or September
- Strategic budget allocations to balance immediate needs with significant contingencies built in
- More frequent budget “check ins” to be scheduled moving into next fiscal year
- Positive community engagement and participatory dialogue related to PSVS spending priorities



## Recommended Actions

- Resolution adopting FY 21 operating and capital budgets
- Resolution adopting the FY 21 appropriations limit
- Approval of the Publicly Available Pay Schedule