



FY 2020-21 Third Quarter Budget Status Report, FY 2021-22 Preliminary GOF Forecast Update, and American Rescue Plan Act Funding Update

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APRIL 27, 2021

Item 8.1

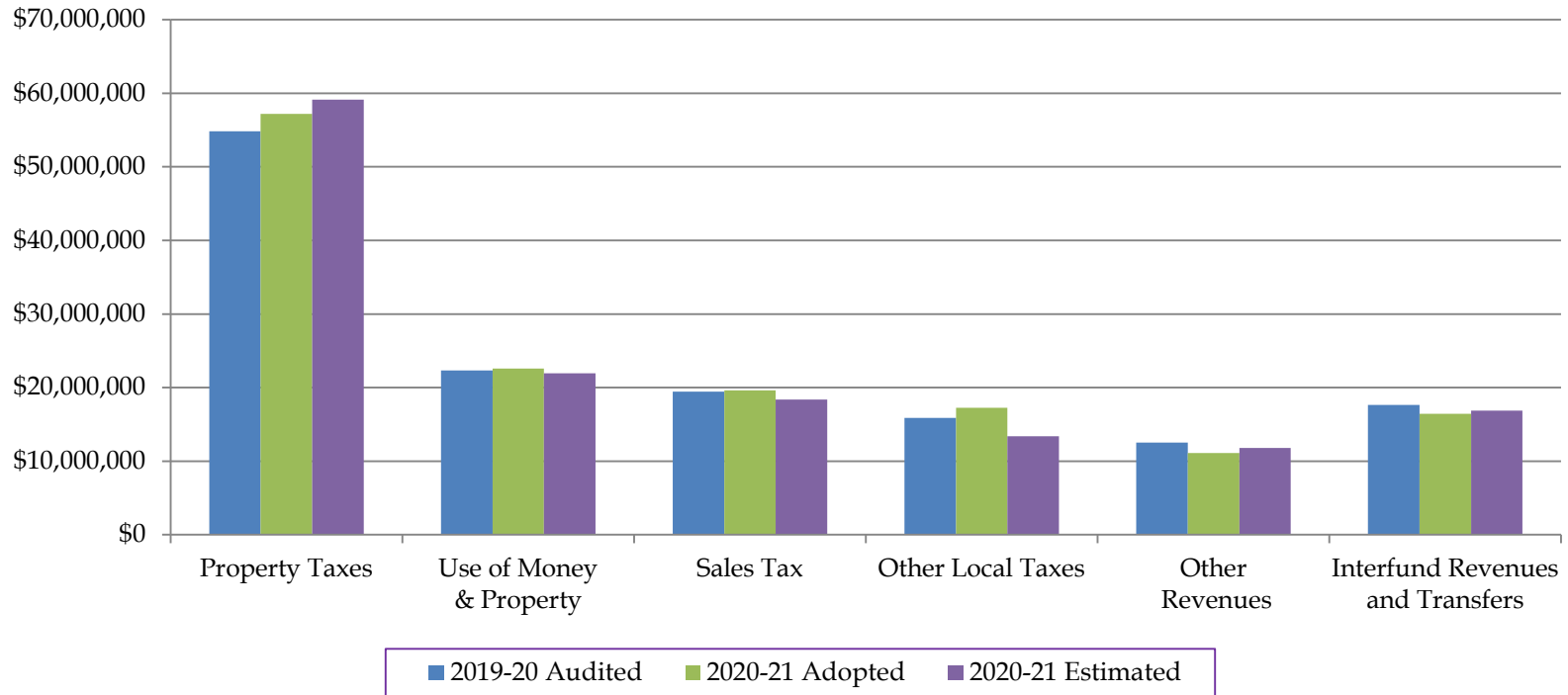


Background

- Midyear Update in February Projected \$1.5M GOF Deficit
- COVID-19 Continues to Impact Economy
- Since Last Update:
 - COVID test positives and hospitalization rates decrease significantly
 - County has moved to less restrictive tier
 - Vaccine rollout expanded to everyone over the age of 16
 - Economic outlook more positive, but uncertainty still remains
 - Governor announced June 15 as target date of State reopening
 - “American Rescue Plan Act (ARPA)” enacted

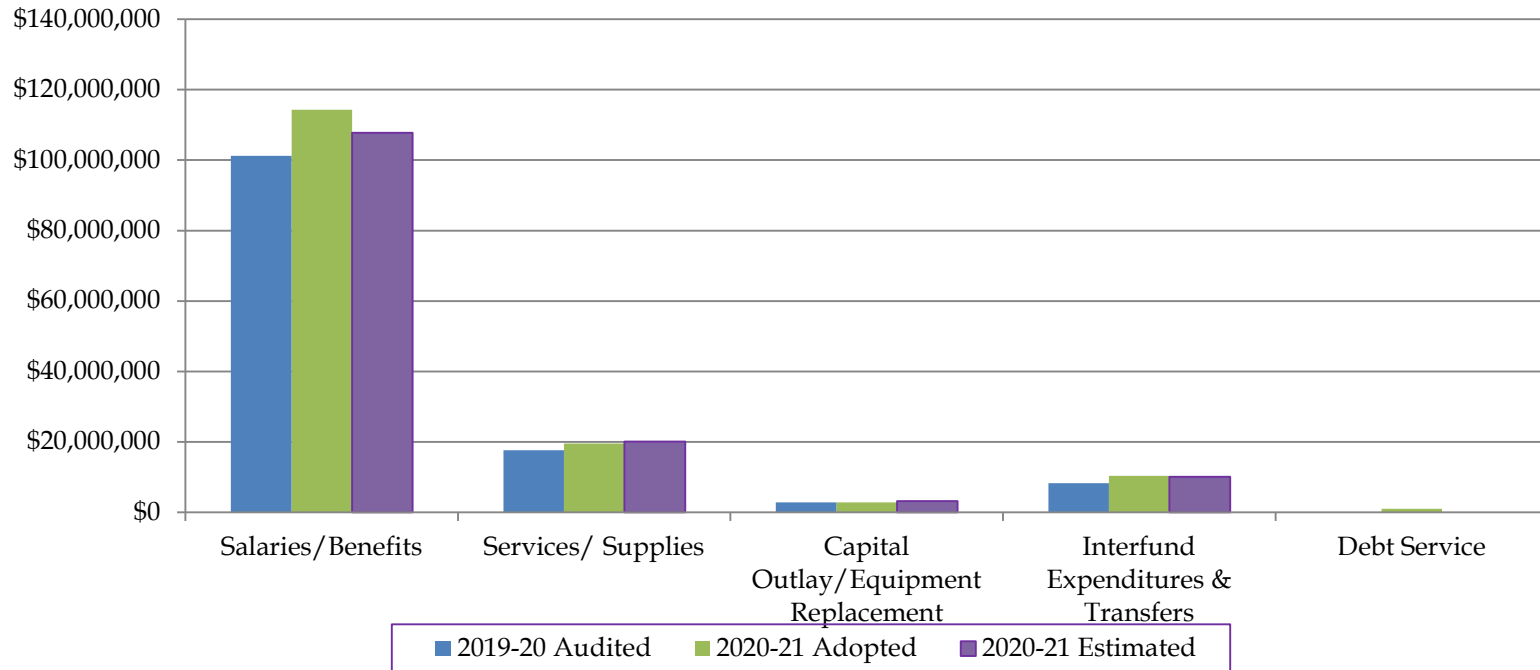


FY 2020-21 GOF Revenues





FY 2020-21 GOF Expenditures



FY 2020-21 GOF

(dollars in thousands)



		2019-20 <u>Audited</u>	2020-21 Adopted <u>Budget</u>	2020-21 <u>Estimated</u>
Revenues	\$	142,667	144,162	141,487
Expenditures		(129,911)	(144,021)	(141,171)
Rebudgets		<u>(1,229)</u>	<u>-0-</u>	<u>-0-</u>
Operating Balance		11,527	141	316
Excess ERAF		-0-	-0-	4,864
Transfer to GNOF		(5,527)	-0-	-0-
Transfer to GF Reserve		(2,000)	-0-	-0-
CalPERS Contribution		<u>(4,000)</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	\$	<u><u>-0-</u></u>	<u><u>141</u></u>	<u><u>5,180</u></u>



FY 2021-22 Forecast Assumptions

- Property tax base increase by 1.036% vs. 2%
 - Expect appeals to increase
- SIP continues in some form through Summer
 - Economic activity slowly improves
- Vaccinations continue into Fall
- Sales tax and hotel tax improve slowly
- Other revenues still impacted by COVID-19
 - Facility rentals, charges for service, etc.

FY 2021-22 Preliminary GOF Forecast

(dollars in thousands)



	2020-21 Adopted <u>Budget</u>	2020-21 <u>Estimated</u>	2021-22 Preliminary <u>Forecast</u>
Revenues	\$ 144,162	141,487	146,412
Expenditures	(<u>144,021</u>)	(<u>141,171</u>)	(<u>150,402</u>)
Operating Balance	141	316	(3,990)
Excess ERAF	-0-	4,864	5,836
Transfer to GNOF	-0-	-0-	-0-
Transfer to GF Reserve	-0-	-0-	-0-
CalPERS Contribution	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Ending Balance	\$ <u><u>141</u></u>	<u><u>5,180</u></u>	<u><u>1,846</u></u>



American Rescue Plan Act (ARPA) Funding Update

- President signed \$1.9 trillion relief bill March 11
- City's direct allocation = \$14.8M (estimate) split over 2 years
 - 50% distributed this year (\$7.4M)
- Eligible use of funds include:
 - Replace revenue lost due to pandemic.
 - Mitigate negative economic impacts from pandemic.
 - Assistance to small businesses, households, hard-hit industries, and economic recovery.
 - Investments in water, sewer, or broadband infrastructure.
- Funds must be spent by December 2024



ARPA Recommendations for First Tranche

- Staff recommending approximately \$4.4M in uses out of the first tranche of \$7.4M

Preliminary Recommended Uses	Amount
Safe parking and homelessness services	\$ 250,000
Rent relief program	\$ 1,000,000
Small business grants of \$5,000 provided to businesses who applied and did not get selected in the grant lottery	\$ 135,000
Economic vitality strategy	\$ 200,000
Castro StrEats aesthetic improvements	\$ 60,000
Unpaid utility bills for residents/small business	\$ 750,000
Nonprofit funding gap from CDBG/GF NOFA process	\$ 117,000
CHAC one-time funding	\$ 100,000
Contract services/PPE/facility improvements related to reopening City buildings and implementing required health and safety changes	\$ 600,000
Technology equipment, hardware, and IT contracts to support online services/remote work/zoom conference rooms/hybrid meetings	\$ 1,000,000
Displacement strategy	\$ 50,000
Transit Center Master Plan	\$ 100,000
TOTAL	\$ 4,362,000



Next Steps

- May 25: Second CIP Study Session
- June 8: Public Hearing for the Recommended Budget
- June 22: Public Hearing for Utility Rates and Budget Adoption
CIP Adoption



Recommendations

1. Acknowledge and file the Fiscal Year 2020-21 Third Quarter Budget Status Report and the Fiscal Year 2021-22 Preliminary General Operating Fund Forecast Update.
2. Consider staff's recommendations on the use of American Rescue Plan Act funding and approve or modify as appropriate.