

# SECTION 1:

## BUDGET OVERVIEW

*The City of El Cerrito serves, leads, and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.*

### EL CERRITO PROFILE

The City of El Cerrito is a general law city that was incorporated in 1917. El Cerrito is located in western Contra Costa County and forms part of the highly urbanized area along the eastern shore of San Francisco Bay. El Cerrito has a population of 23,440 and covers an area of 3.9 square miles. It is a community of highly educated residents due primarily to the proximity to UC Berkeley and the San Francisco Bay Area high-tech economy. It is known for its temperate climate and breathtaking views of San Francisco Bay and the Golden Gate Bridge from the hillside areas.

Interstate Highway 80 passes near the western boundary of the community, while the crest of the Berkeley Hills and Wildcat Canyon Regional Park define the eastern boundary. The community is served by AC Transit and the Bay Area Rapid Transit (BART) system, with stations near both the northern (El Cerrito Del Norte station) and southern (El Cerrito Plaza station) boundaries of the city. In addition, several transit agencies including Golden Gate Transit, Fairfield-Suisun Transit, Vallejo Transit, and WestCAT also serve the El Cerrito Del Norte BART station. The combination of services from these agencies provides excellent public transportation to the entire Bay Area.

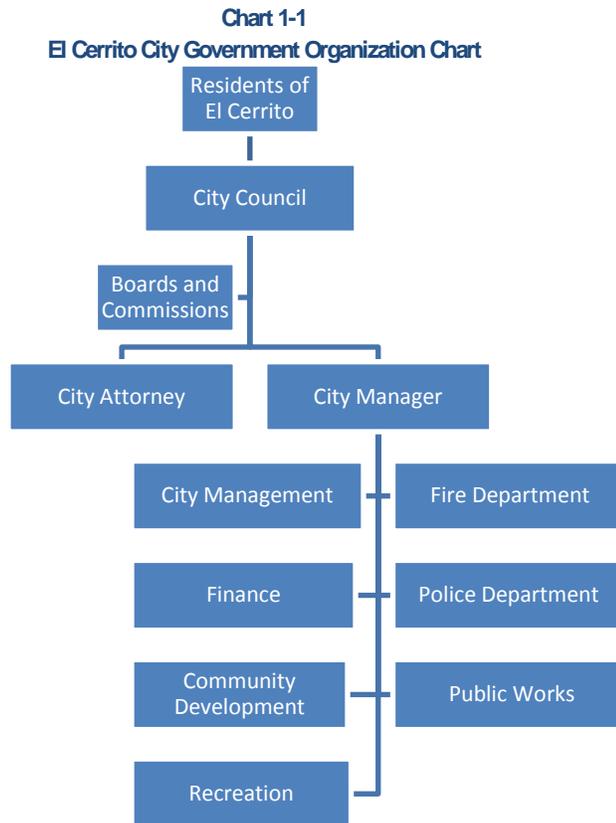
The City is organized as a Council-Manager form of local municipal government. The City Council consists of five members elected at large for four-year, overlapping terms. The Council selects the Mayor for a one-year term from among its members. The Mayor and City Council provide community leadership, develop policies to guide the City in delivering services and achieving community goals, and encourage citizen understanding and involvement. The Council Members also serve as the governing body of the El Cerrito Employees' Pension Board (PB), and the El Cerrito Public Financing Authority (PFA).

The City Manager is appointed by the City Council and is responsible for administration of municipal affairs. All municipal departments operate under the supervision of the City Manager. Through the City Manager, City staff uses the resources appropriated by the Council in the budget to achieve desired service results in the community and carries out the policies of the Council. The City Council also appoints the City Attorney to advise them and City staff on legal affairs, to see that all laws are effectively enforced and, when necessary, to defend the City in litigation.

The City provides police and fire services as well as recreation, streets and roads, recycling, economic development, public improvements, building, planning and zoning and general administrative services. Residents are provided water by East Bay Municipal Utility District and sewer services through Stege Sanitary District. Garbage collection service is provided by East Bay Sanitary, and both Comcast and AT&T provide video, internet and telecommunication services.

## ORGANIZATIONAL OVERVIEW

The City has undergone a reorganization of several departments and divisions for FY 2013-14.. **Chart 1-1** provides a graphical overview of the structure of City Government, including the changes to the organizational structure:



### Overall Position Listing

**Table 1-1** shows the authorized Citywide position listing for permanent positions. The listing reflects interdepartmental transfers. The listing does not include hourly or non-permanent part-time positions.

**Table 1-1**  
**Citywide Position Listing**

	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
City Council	5.00	5.00	5.00	5.00
City Management T	9.80	9.80	9.80	9.00
Finance Department	6.00	6.00	6.00	6.00
Community Development	15.00	15.00	15.00	13.50
Police Department	56.55	56.55	56.55	56.40
Fire Department	37.00	37.00	37.00	37.00
Public Works Department	23.25	23.25	23.25	23.80
Recreation Department	24.00	24.00	24.00	23.00
<b>Total</b>	<b>176.6</b>	<b>176.6</b>	<b>176.6</b>	<b>173.7</b>

\*Formerly Environmental and Development Services

## Summary of Organizational Changes

The City has undergone a restructuring and reorganization of several departments and divisions that better reflect the provision of our core services in harmony with the City's Strategic Plan. The number of vacancies that exist has allowed staff the opportunity to review the functions of each department and division with an eye toward realizing efficiencies and effectiveness in providing service.

- **Finance:** the former Administrative Services Department has been restructured by reorganizing the former Finance and Employee Services Divisions. Finance will again be a separate Department, allowing the organization to better focus on the functions of the financial services provided internally as well as to the public.
- **Human Resources:** the former Employee Services Division is now the Human Resources Division, and has been reorganized into City Management.
- **Community Development:** the former Environmental & Development Services Department has been reorganized back into the Community Development Department. The Department now houses two divisions: Planning and Building, formerly known as Development Services; and Community Sustainability, including Economic Development & Housing Division (moved from City Management) and elements of the former Environmental Services Division.
- **Public Works:** Recycling and solid waste management functions (including the operation of the Recycling+Environmental Resource Center) formerly housed in the Environmental Services Division have moved to the Public Works Department within the new Operations and Environmental Services Division (OESD).
- **Recreation:** Janitorial services previously housed in both the Public Works and Recreation departments have now been moved entirely to a newly created Citywide Custodial Division within the Recreation Department

## STRATEGIC PLAN

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Successful organizations need to have a clear vision of where they are going and how they intend to achieve their mission. The City's vision was crafted by the community during the City of El Cerrito 2013-2017 Strategic Plan process. This Plan provides a framework for linking identified priorities to the budget process, capital improvement program, important policy considerations, economic development initiatives, and the organization's desire for continuous improvement.

### OUR VISION

The City of El Cerrito is a safe, connected, and environmentally focused Bay Area destination with vibrant neighborhoods, businesses and public places, and diverse cultural, educational and recreational opportunities for people of all ages.

### OUR MISSION

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety, and creating an economically and environmentally sustainable future.

## OUR VALUES

Our values drive behavior and support effective implementation of the mission, vision, and goals. The City's values include:

- Ethics and Integrity
- Fiscal Responsibility
- Inclusiveness
- Innovation and Creativity
- Professional Excellence
- Responsiveness
- Transparency and Open Communication

In 2012, the City kicked off the process to create the Strategic Plan. Approximately 500 citizens participated in focus group discussions, community workshops, study sessions and online surveys and forums. Together, participants offered ideas and comments about issues currently facing El Cerrito and hopes and desires for the City's future. The entire plan is available at [www.el-cerrito.org](http://www.el-cerrito.org). The new plan includes the City's vision, mission statement and values, six goals and over forty strategies to achieve the goals.

## Budget Alignment

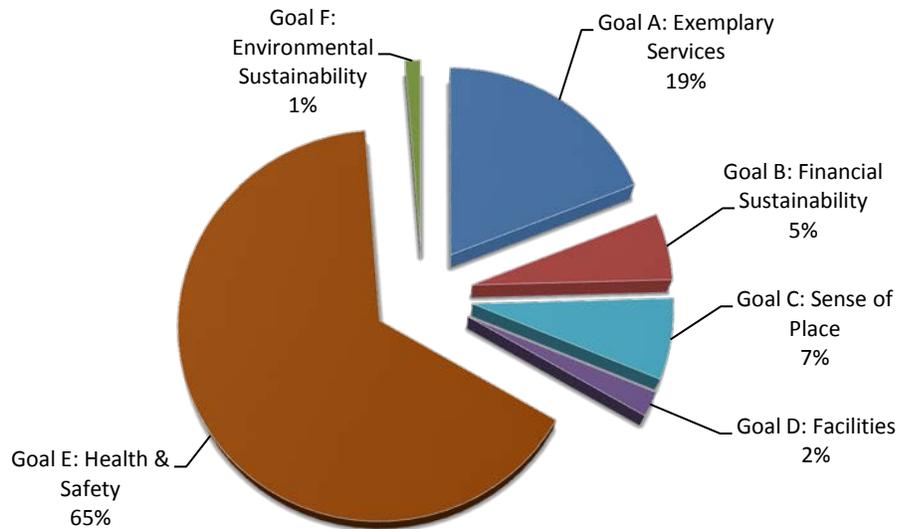
City staff used the goals outlined in the Strategic Plan as well as the data gained from the planning process to inform the development of their departmental budgets for the upcoming fiscal year. In order to best determine the resources to allocate to the goals and strategies in the Plan, the departments submitted information tailored toward aligning programs and services to the strategic plan goals. As a beginning point, departments were asked to self-evaluate their programs and services and determine a baseline amount of resources allocated to the goals of the Strategic Plan.

## GOALS

- A. Deliver Exemplary Government Services
- B. Achieve Long-term Financial Sustainability
- C. Deepen a Sense of Place and Community Identity
- D. Develop and Rehabilitate Public Facilities as Community Focal Points
- E. Ensure the Public's Health and Safety
- F. Foster Environmental Sustainability Citywide

**Chart 1-2** and **Table 1-2** shows the results of the baseline alignment as reported by each department. The percentages reflected in **Chart 1-2** are a depiction of the resources allocated to each goal in the General Fund budget, the City's primary operating fund. This provides a snapshot of how these resources as proposed in the budget reflect the goals of the City Council.

**Chart 1-2**  
**General Fund Allocation to Strategic Plan Goals**



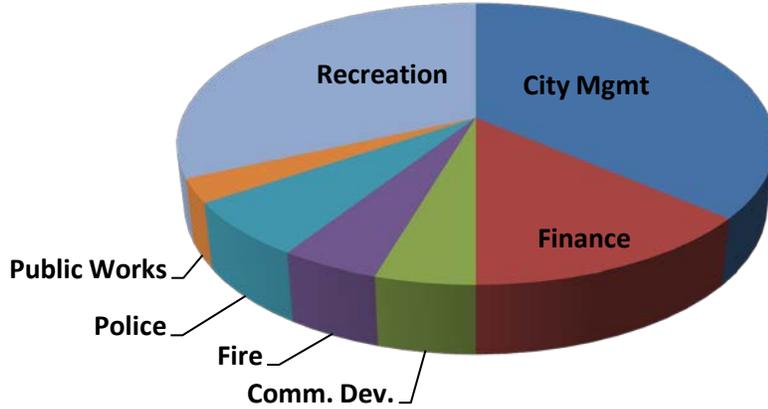
**Table 1-2** is a Citywide Strategic Plan Alignment by department. The dark blue color indicates the primary goal the departments programs and services are aligned to; light blue indicates secondary goal(s). Each department used this template to show in detail the alignment of specific programs, services and projects to the Strategic Plan goals, and these tables are located within each departmental section. In the coming years, departments will continue to gather data and assign specific resource amounts to each goal and strategy.

**Table 1-2**  
**Citywide Strategic Plan Goal Alignment**

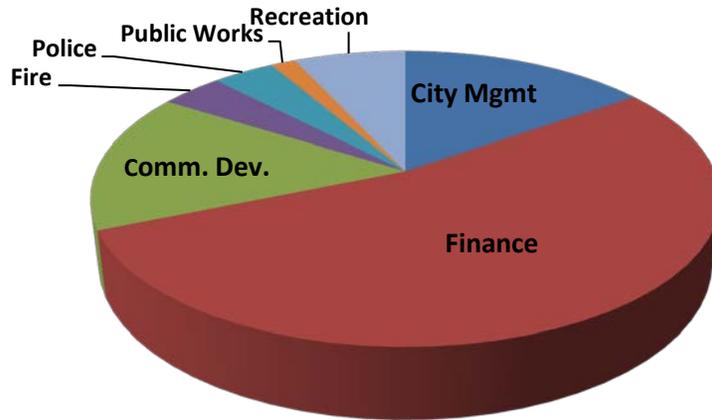
Department	Deliver Exemplary Government Services	Achieve Long-Term Financial Sustainability	Deepen a Sense of Place and Community Identity	Develop and rehabilitate public facilities as community focal points	Ensure the public's health and safety.	Foster environmental sustainability citywide
City Management						
Community Development						
Finance						
Fire						
Police						
Public Works						
Recreation						

**Charts 1-3** through **1-8** show a graphic depiction of the representation of the departments providing the services aligned to each goal area. These charts are relative in nature in that all departments strive to provide exemplary services to the public, and many goals as well as the strategies for fulfilling the goals overlap departments. These charts are an effort to look at priorities by department and will be refined further over time.

**Chart 1-3**  
**Goal A: Deliver Exemplary Government Services**



**Chart 1-4**  
**Goal B: Achieve Long-Term Financial Sustainability**



**Chart 1-5**  
**Goal C: Deepen Sense of Place & Community Identity**

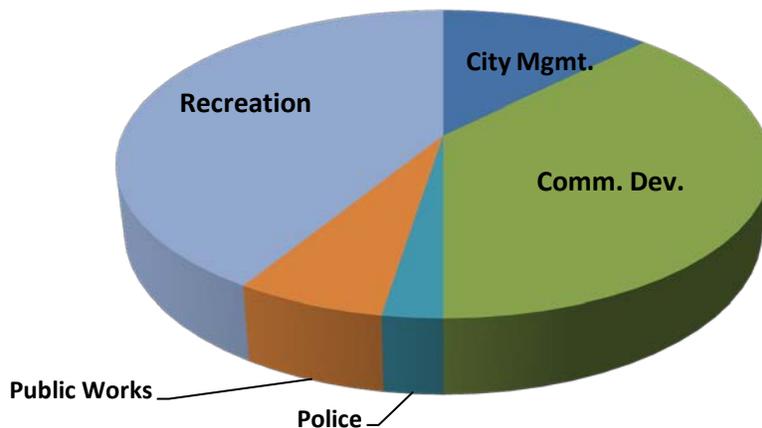


Chart 1-6  
Goal D: Develop & Rehabilitate Public Facilities

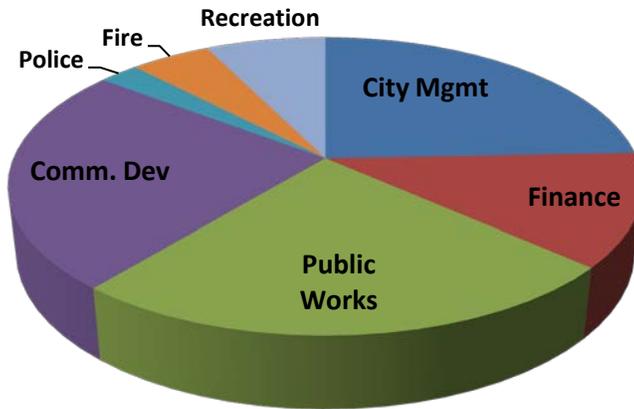


Chart 1-7  
Goal E: Ensure the Public's Health & Safety

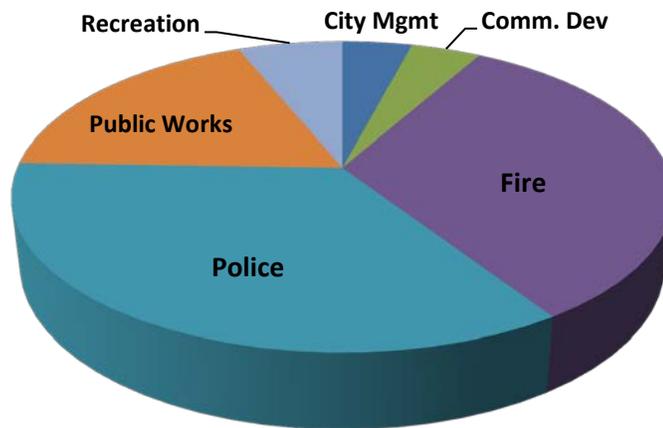
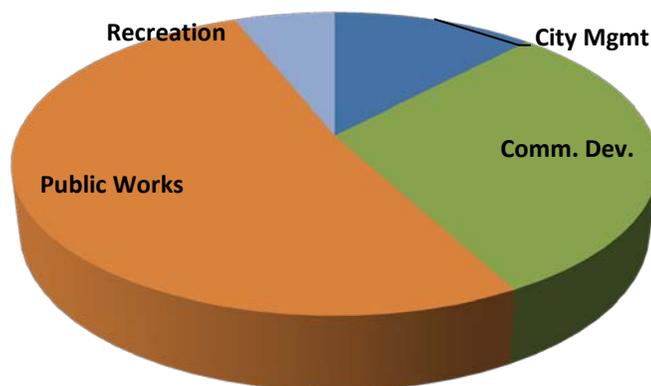


Chart 1-8  
Goal F: Foster environmental sustainability citywide



**Implementation Action Plan**

A successful organization needs to know how well it is doing towards achieving its mission and objectives. As a result, the city will develop quantifiable measures for determining how efficiently and effectively the City is meeting its goals through a citywide Implementation Action

Plan (IAP). The IAP will serve as a method of benchmarking to be undertaken during the development of future departmental budget requests.

Additional information on the quality of services provided by the city is gauged through citizen surveys. The City conducted the National Citizen Survey in April 2012 to gauge citizens' satisfaction with the community and local government services. This was the City's fourth National Citizen Survey. The full report is posted, along with the results from previous surveys, on the city's website at [www.el-cerrito.org](http://www.el-cerrito.org).

## BUDGET PROCESS

The annual budget is the City's service and financial plan for the next fiscal year: a planning tool that matches the services desired by the community to the resources required in order to provide those services. The development, adoption, and implementation of the City budget is a major decision-making process with several phases. This year in April, the City Council held a budget related priority setting session to provide better direction to staff in preparing this document.

At the initial stage of the annual budget process, program managers propose to the City Manager those programs designed to provide essential services and which meet the City Council's expression of community goals during the next fiscal year. At the same time, staff prepares estimates of available revenues for the same period. The City Manager and department directors balance the requested program expenditures with the anticipated resources, and develop a proposed budget and long range financial plan. The proposed document is reviewed by the Financial Advisory Board, and their recommendations and revisions are incorporated prior to the City Manager's presentation of the proposed budget to the City Council for consideration.

After presentation of the staff-prepared, proposed budget, the City Council holds public meetings on the budget to review the staff recommendations and is anticipated to adopt the proposed document with whatever changes are required by the fiscal year end. The City's Fiscal Year is from July 1 through June 30. The City Council receives public testimony and reviews the service, expenditure, and revenue proposals contained in the proposed budget. After discussing and making amendments, if any, to the proposed budget, the City Council adopts the budget and establishes appropriations. The appropriations are the legal authority to spend money. Copies of the various resolutions adopting this budget are provided in the Appendix of the final adopted budget document.

Table 1-10  
FY 2013-14 Budget Calendar

DATE	DESCRIPTION
March 1-26, 2013	<b>Budget Kickoff</b> <ul style="list-style-type: none"> <li>• FY 2014 Payroll budgets sent to Departments</li> <li>• New World System (NWS) baseline budget entered and ready for data entry (revenues and non-personnel expenses) by Departments</li> <li>• Word and Excel files ready for revision by Departments in K:/General/Budget/Budget FY2013-14/Department file</li> </ul>
April 2, 2012	<b>City Council Meeting to consider:</b> <ul style="list-style-type: none"> <li>• Adoption of Strategic Plan</li> <li>• Resolution directing LLAD Report to be done</li> </ul>

DATE	DESCRIPTION
April 9, 2013	<p><b>NWS data entry by Departments to be completed</b>  <b>Information to be completed and submitted in folders on K:</b></p> <ul style="list-style-type: none"> <li>• Department Head approved Current F/T Position Listing</li> <li>• Updated Departmental Narratives</li> <li>• Capital Improvement Project Requests – if any</li> <li>• Department changes to Master Fee Schedule</li> </ul>
April 16, 2013	<p><b>City Council Meeting – Budget Workshop</b></p> <ul style="list-style-type: none"> <li>• FY12-13 Update</li> <li>• Preview FY13-14</li> <li>• Align Budget Goals with Strategic Plan</li> <li>• First Reading on Measure A Parcel Tax Ordinance (publish notice April 8)</li> </ul>
April 22-24, 2013	<p><b>Department Meetings -- Discussion Points:</b></p> <ul style="list-style-type: none"> <li>• Revenue + Expenditures Changes</li> <li>• Review Proposed Staffing Changes</li> <li>• Part Time and Overtime Requests</li> <li>• Capital Improvement Project Requests (if any)</li> <li>• Review Fee Adjustments</li> <li>• Review completed Department Narratives</li> <li>• Discuss alignment of goals and objectives with Strategic Plan</li> </ul>
April 29, 2013	<p><b>Department Revisions Following Meetings</b></p> <ul style="list-style-type: none"> <li>• NWS closed for further Department changes.</li> <li>• Add goals and objectives to Departmental Narratives, based on discussion.</li> </ul>
May 7, 2013	<p><b>City Council Meeting to consider:</b></p> <ul style="list-style-type: none"> <li>• Master Fee Schedule (Public Hearing notice April 26 &amp; May 1)</li> <li>• LLAD Resolution of Intent (publish notice April 29)</li> <li>• Second Reading Measure A Parcel Tax Ordinance (publish notice April 29)</li> </ul>
May 21, 2013	<p><b>City Council Public Hearings</b></p> <ul style="list-style-type: none"> <li>• LLAD Hearing &amp; adoption of confirming resolution (publish notice May 13)</li> <li>• Storm Drain Fees resolution (publish notice May 6 and 13)</li> </ul>
May 28, 2013	<p><b>FAB meeting</b></p> <ul style="list-style-type: none"> <li>• Review proposed budget</li> </ul>
June 4, 2013	<p><b>City Council Meeting Proposed Budget Introduction and Study Session</b></p>
June 18, 2013 (estimated)	<p><b>City Council Budget Hearing/Adoption</b></p> <ul style="list-style-type: none"> <li>• Budgets and Budget Policies</li> <li>• Capital Improvement Program</li> <li>• Appropriations limit</li> </ul>

### Budget Authority Model

During the Fiscal Year, the adopted budget is implemented through the provision of City services and the City's daily fiscal operations. The budget provides legal spending limits and a planned allocation of resources, within which the City's managers are expected to provide services and make the best use of public resources. The City Council provides staff with the authority to raise and expend monies within specific funds. The City Manager has the authority to shift resources within funds, but typically not across funds.

From time to time throughout the year, the City Council receives periodic progress reports on how well the actual service and financial experience are conforming to the adopted service and

financial plan, as expressed in the budget. Under certain circumstances, the City Council may adjust the budgeted appropriations for reasons unforeseen at the time of the adoption of the original budget. Such amendments are made by Council resolutions.

### **Gann Limit -- Proposition 111**

Proposition 4, known as the Gann Initiative, was approved by the voters in November, 1979. This measure requires that the City adopt an appropriations limitation each fiscal year. In June of 1990, the voters passed Proposition 111, which modified the previous appropriations limitation requirements of Proposition 4, as follows:

*The total annual appropriations subject to limitation of the State and of each local government shall not exceed the appropriations limit of the entity of government for the prior year adjusted for the change in the cost of living and the change in population.*

Now chaptered in Article XIII B of the California Constitution and Government Code §7900-7914, these two measures specify that the new limit be based on the prior year's appropriations limit, adjusted for cost of living and population. Each year, every city must select from two alternatives methods for each of these two adjustment factors, as follows:

#### *Cost of Living*

*California Constitution Article XIII B §8(e)(2):*

*"Change in the cost of living" for an entity of local government, other than a school district or a community college district, shall be either (A) the percentage change in California per capita personal income from the preceding year, or (B) the percentage change in the local assessment roll from the preceding year for the jurisdiction due to the addition of local nonresidential new construction.*

#### *Population*

*Government Code §7901(b):*

*A city or special district may choose to use the change in population within its jurisdiction or within the county in which it is located.*

*These factors are applied to the established FY 1986-87 appropriations limit, as adjusted annually to determine subsequent year limits. Therefore, each year's limit becomes the base for computing the succeeding year's limit.*

*To assist with these computations, the California Department of Finance produces in May of each year the population changes of all cities and counties, as well as the Statewide change in per capita income. In 1991, the California State Board of Equalization asked all County Assessors to compute the annual change in nonresidential new construction. For Contra Costa County, the Auditor-Controller's Office provides cities with these figures.*

### **Analysis**

For FY 2013-14 the respective State and County offices have provided the City with the following optional factors to be used in the Gann limit computation:

#### **Cost of Living:**

California Per Capita Personal Income = 5.12%

#### **Population:**

Population Change, City of El Cerrito = .46%

Population Change, County of Contra Costa = .77%

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In order for the City to achieve the highest possible appropriations limit, it would choose the larger of the two figures in each category, California Per Capita Personal Income (5.12%) and County Population (.77%). By choosing these two factors, the City's appropriations limit will grow from \$105,629,673 to \$111,892,904.

It should be noted that these appropriations limits apply only to tax revenues, not to revenues such as fees that recover operating costs. For FY 2013-14, only \$18,145,868 of the City's \$30,191,700 projected General and Street Improvement Fund revenues, net of operating transfers, are subject to the Gann limit. Therefore, the City will be \$93,747,036 under the Gann limit.

### **Accounting and Evaluation**

The City of El Cerrito manages its finances according to Generally Accepted Accounting Principles (GAAP). During the Fiscal Year, expenditures and revenues are carefully documented to ensure compliance with the adopted budget. After the close of the Fiscal Year, an independent, professional auditor performs an audit, and the City publishes General Purpose Financial Statements, which are included in the Comprehensive Annual Financial Report (CAFR). The CAFR documents the City's budgetary performance and the financial health of each fund, which offers managers and policy makers the opportunity to evaluate the City's financial condition and assess the degree to which the City's use of its resources has met the community's goals and policies. The insights gained from this evaluation then can be used in future financial planning and budget decisions.

