



**PROPOSED BIENNIAL BUDGET
FISCAL YEARS 2014-15 & 2015-16**

CITY OF EL CERRITO

EMPLOYEES PENSION BOARD

PUBLIC FINANCING AUTHORITY

CITY COUNCIL

Mayor	Janet Abelson
Mayor Pro Tem	Rebecca Benassini
Councilmember	Jan Bridges
Councilmember	Mark Friedman
Councilmember	Gregory B. Lyman

CITY COUNCIL APPOINTEES

City Manager	Scott Hanin
City Attorney	Sky Woodruff

APPOINTED OFFICIALS

Assistant City Manager	Karen Pinkos
Chief of Police	Sylvia Moir
Fire Chief	Lance Maples
Acting Community Development Director	Melanie Mintz
Finance Director	Lisa Malek-Zadeh
Public Works Director	Yvetteh Ortiz
Recreation Director	Chris Jones
City Clerk	Cheryl Morse



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

CITY OF EL CERRITO
 PROPOSED BIENNIAL FY 2014-15 & 2015-16 BUDGET
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June 9, 2014

Honorable Mayor and Council Members:

I am privileged to present the Proposed Fiscal Year 2014-15 and Fiscal Year 2015-16 Biennial Budget for the City of El Cerrito. This document describes our financial position as well as the program of services and activities the City provides to its residents and businesses. In this document, for the first time since 2004, we endeavor to look forward two fiscal years as opposed to one.

Last year in this same transmittal letter, I asked that we focus on our accomplishments and the City's positive future and not to dwell on our challenges and risks. This year, while the City's future potential has never been stronger, the current fiscal year has provided for more budgetary challenges than anticipated. Even though some parts of the Bay Area are beginning to recover from the Great Recession, El Cerrito has not yet recovered financially and is struggling to not only maintain our quality and breadth of services, but to improve those services, as we always strive to do.

In preparing this letter, I reviewed budget letters from prior years, and was struck by the fiscal year 2007 budget letter, just eight years ago. In that letter I included such highlights as:

Fiscal Year 2007 Highlights

- *Significantly increased police officer staffing (6.5)*
- *Expanded Public Works Department staffing (5) with an emphasis on capital projects and engineering*
- *A significant investment in City infrastructure and facilities by the General Fund and the Redevelopment Agency*
- *Development of our new City Hall*
- *The General Fund will continue to support the City's Landscape and Lighting Assessment District (LLAD). In Fiscal Year 2006-07, we anticipate that amount to be approximately \$384,000*
- *Property tax continues to increase significantly both in the residential and commercial areas due to greatly increased property values*
- *The Redevelopment Agency is on very sound financial footing as the tax increment in the redevelopment area continues to increase significantly....bond proceeds will be used to reinvest in the infrastructure along San Pablo Avenue, assist businesses with building improvements and technical assistance, fund a new senior center and much of a new library*
- *There will be a projected unreserved General Fund balance of \$3.68 million or 15.5% of the General Fund expenditures which continues to exceed that policy*

Financially, many things have changed since that time and impacts to the activities listed in 2007 have been substantial. The Police Department has struggled to maintain its staffing levels and we are planning for at least three vacant officer positions. Four Public Works positions are now vacant or eliminated. The General Fund is no longer contributing to capital improvements or backfilling Landscape and Lighting Assessment District (LLAD) activities. Property taxes have decreased in the past few years with a significant number of homes being reassessed downward. Our Redevelopment Agency, which was instrumental in financing the San Pablo Avenue improvements, the Cerrito Theater

and both the Resources for Community Development and Eden Affordable Housing projects, was dissolved by the State to help address California's budget deficit. For these reasons, El Cerrito continues to need local control over local funds, for local needs.

As has been reported to the City Council, it is anticipated that our undesignated General Fund balance will decrease to about 5% in fiscal year 2013-14. Unfortunately, use of reserves became necessary when revenues did not materialize as had been projected in fiscal years 2012-13 and 2013-14. In the future, that trend must be reversed. Additionally, for the past five years, the City has relied heavily on vacancies to balance the budget and next year will be no exception; in some areas vacancies will increase further, including the Human Resources Manager and Economic Development Program Manager positions.

In spite of these painful changes, each year the City aggressively seeks out opportunities to further our Mission and implement the Vision as described in our Strategic Plan. Over the past few years, City staff has worked diligently to maintain our exemplary services by relying on Special Funds and competitive grants to continually reinvest in our City. However, in this fiscal year, our budget challenges have in fact started to impact the services we deliver. In the sections that follow, the accomplishments, challenges and objectives for the future will be discussed in an attempt to provide the framework for the next two years.

As has been discussed in the recent past, El Cerrito is a City in transition. While respecting our history, we must continue to look to the future and build on recent success. By following the framework established in the City's Strategic Plan – a Plan that lays out the Mission, Vision, Values and Strategies for the City over the coming years. That Plan provides the foundation for this budget and is discussed and incorporated throughout the document. The Plan describes:

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- Innovation and Creativity
- Professional Excellence
- Responsiveness
- Transparency and Open Communication

SELECTED ACCOMPLISHMENTS

During the last fiscal year and years prior, much has been accomplished and is detailed throughout this document. Some of our recent major accomplishments by Strategic Plan Goal Area are:

Deliver Exemplary Government Services

- Continued the process of moving more services online to increase productivity internally and flexibility for our customers
- Managed to largely keep up with continued technology changes with flat resources and a limited technology budget
- For the first time, held four neighborhood budget meetings to solicit input from the community on our fiscal priorities
- Expanded our social media presence through our new website, Twitter, Facebook, Nixle and other regular electronic outreach and launched “Open El Cerrito” with Peak Democracy
- Received 11 “Best of” Contra Costa County Awards from Parents’ Press Magazine including, Best Arts Camps, Best Child Care, Best Circus & Sports Camps, Best Fair/Festival – City of El Cerrito/worldOne Fourth of July Festival, Best General Summer Camps, Best Gymnastics, Best Preschool – Casa Cerrito Preschool, Best Science Summer Camp, Best Spring Break Camp, Best Swim Classes and Best Winter Break Camp

Achieve Long Term Financial Sustainability

- Secured outside funding for several City projects, including: \$3,468,547 One Bay Area Grant (OBAG) to complete Ohlone Greenway and Pedestrian Safety Improvements adjacent to both BART stations; \$100,000 Safe Routes to Transit grant to further San Pablo Avenue Complete Streets effort, \$302,500 for a del Norte Precise Plan and \$251,525 for acquisition of the Hillside Natural Area
- Summer Camp registrations and revenue increased by over 10%
- Achieved \$40,000 in savings to General Fund by bringing citywide custodial duties in house to the Recreation Department

Deepen a Sense of Place and Community Identity

- Broadened our hiring and volunteerism through our EC Stars High School Internship Program, expanded Police Explorer Program, held 2nd Police Citizens Academy and identified eight new Volunteers in Police Service recruits
- Facilitated opening of Off the Grid weekly food truck event
- Negotiated loan terms, facilitated financing and celebrated groundbreaking for Ohlone Gardens affordable housing project
- Updated Library needs assessment
- Installed 12 wind sculptures along San Pablo Avenue
- Completed and released Draft Specific Plan (Form Based Code, Complete Streets) and Draft Environmental Impact Report

Develop & Rehabilitate Public Facilities as Community Focal Points

- Upgraded the irrigation system at Cerrito Vista park using City staff and in partnership with El Cerrito Youth Baseball, rebuilt three baseball infields

- Implemented a Tree Maintenance Agreement that reduced per tree costs by half while pruning twice as many trees
- Initiated construction of the Ohlone Greenway Natural Area and Rain Garden Project

Ensure the Public's Health & Safety

- Reduced overall part one crimes through the use of data, flexible deployments and continued crime analysis in spite of recruitment and retention challenges
- Received Homeland Security grants for a new fire ladder truck, new Automatic Cardiac Compression Devices and rescue equipment in the amount of just over \$1 million.
- Added a 2nd K-9 and handler to expand our Police capabilities
- Implemented five transportation/streets related projects to help improve vehicle, bicycle and pedestrian safety throughout the community.

Foster Environmental Sustainability Citywide

- Installed energy efficient water heaters at the swim center
- Installed solar panels on many city buildings to reduce energy costs
- Began development of Urban Greening Plan and Active Transportation Plan

OVERALL CHALLENGES

Because El Cerrito has not yet recovered financially from the Great Recession, a number of challenges exist as we look towards the next two years, including:

- Managing the continued increases in technology demands including the desire for more online services, network and email security, hardware and software changes, changes in technology and increased training needs with no increase in technology staffing or budget
- The current number of vacancies Citywide makes it difficult to focus on continuous quality improvements, data-driven analysis, succession planning, continuing education and other staff-driven improvements while maintaining current service levels
- Recruitment and retention of excellent staff with no increase in budgets and flat or decreasing compensation in an increasingly improving market
- Managing significant increases in pension costs
- Identifying funds to maintain our aging facilities, parks, open space, playgrounds and playfields
- Identifying resources to successfully advance affordable housing and economic development goals, post-Redevelopment funding
- Attracting aging baby boomers to outdated, low functioning senior center
- Successfully partner with the private sector and other agencies to do business and invest in the City

KEY OBJECTIVES

In spite of our financial challenges, City staff looks to the Strategic Plan to prioritize the projects, programs and services to allocate our limited resources according to the goals in the Plan. As a result, there are a number of exciting things planned for the next two years in addition to our core functions, including:

- Identification of a site for a new library
- Bringing the San Pablo Avenue Specific Plan, Urban Greening Plan, Active Transportation Plan and associated products through to adoption and successful implementation
- Development and passage of an extension and possible increase to the City's general sales tax (Measure R)
- Significantly increase online capabilities for customers
- Increase efficiency and competitiveness in contract services
- Successful implementation of the November General Election
- Continue and expand the City's disaster preparedness training
- Implement relatively small storm drain improvement projects and begin implementation of an update of the Storm Drain Master Plan
- Continue to seek and win grants which further implement the Mission and Vision of the City
- Leverage funding and begin a General Plan update
- Develop recreation Marketing Plan to provide more focused outreach to expand programs and increase revenue potential

PROPOSED BIENNIAL BUDGET FY 2014-15 AND FY 2015-16 OVERVIEW

The Fiscal Year 2014-15 and 2015-16 Proposed Biennial Budget provides funding for all City services and more, including police, fire, recreation, community development, public works, building, planning, environmental and city management services. Although the City's primary operating fund, the General Fund, is in balance, there is not much of a working margin. Further, the budget does not yet identify specific actions to increase the City's reserves. Once again, a number of worthy projects, policies and programs have not been included due to a lack of funds. The continued reliance on vacancies is taking a toll on our ability to achieve the goals of the Strategic Plan. This is felt most directly in Public Works, Police, Economic Development and Code Enforcement – all areas that directly impact the health and safety of our residents.

Entering FY 2014-15, we will add Human Resources Manager, Economic Development Program Manager and Accounts Receivable clerk to the list of vacancies. While we will backfill portions of these positions with consultants or part-time staff, these vacant positions will shift responsibilities to existing staff, hindering our ability to deliver the level of service that has come to be expected. At the time of submittal of this budget, active negotiations are underway with all of the City's employee groups to seek or require concessions to reduce overall staff-related expenses. Certain assumptions related to the outcome of these negotiations are included in the proposed budget. Where possible, these numbers will be refined prior to adoption of a final budget and in some cases after budget adoption.

Similar to the FY 2013-14, our special funds are also at their limits and in some cases, running a temporary shortfall. These funds, which could be used more for specific purposes, are now used primarily to backfill services that the General Fund cannot support. However, a plan to balance these

funds in FY 2015-16 has been implemented and it is our hope that these funds will once again focus on their core objectives in the future.

The chart below provides an overview of the citywide revenues for next fiscal year:

City of El Cerrito Operating Revenues

Revenue Category	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Amended	FY 2014-15 Proposed	FY 2015-16 Proposed
Taxes					
Property Taxes	\$8,396,623	\$5,467,008	\$6,322,213	\$6,442,256	\$6,636,620
Sales Taxes	6,560,971	6,251,355	6,093,750	6,003,000	6,319,960
Utility User Tax	3,163,978	3,066,580	3,605,000	3,677,100	3,750,642
Local Parcel Taxes	1,908,237	1,908,470	1,908,000	1,908,000	1,908,000
Franchise Taxes	1,020,930	1,065,858	1,177,000	1,393,175	1,434,970
Business License Tax	691,948	660,931	750,000	770,495	785,905
Other Taxes	592,386	681,582	702,015	807,728	829,725
Total Taxes	\$22,335,073	\$19,101,784	\$20,557,978	\$21,001,754	\$21,665,822
Licenses & Permits	\$518,276	\$516,703	\$606,000	\$531,000	\$593,000
Fines and Forfeitures	215,336	288,781	306,500	341,500	341,500
Use of Money and Property	494,979	473,706	451,682	485,943	495,272
Intergovernmental Revenues	7,958,811	10,187,663	14,190,858	8,442,405	8,094,330
Charges for Services	6,274,008	6,842,104	6,839,538	6,819,370	7,163,061
Other Revenues	1,751,600	512,435	266,431	891,231	479,567
Total Revenues before Transfers	\$39,548,083	\$37,923,176	\$43,218,987	\$38,513,203	\$38,832,552
Interfund Transfers	\$11,271,935	\$9,517,061	\$5,486,390	\$2,852,533	\$2,815,683
Total	\$50,820,018	\$47,440,236	\$48,705,377	\$41,365,736	\$41,648,235

Staff is projecting an overall decrease in General Fund revenues next fiscal year with somewhat of a rebound in the following year. In terms of our Special Funds, many onetime revenues, largely associated with Capital Projects, Grants, Affordable Housing and other restricted funds will decrease significantly. However, staff largely views many of these revenue sources as cyclical since new grants have been identified and others are likely. In some cases, revenues have been adjusted to better reflect the mission of the fund in which it was generated and the use of special restricted funds to balance other funds has been lessened.

City of El Cerrito Operating Expenses

Department	FY 2011-12 Actual	FY 2012-13 Actual	FY 2013-14 Amended	FY 2014-15 Proposed	FY 2015-16 Proposed
City Management	\$2,685,267	\$2,822,685	\$2,762,692	\$2,646,502	\$2,622,912
Finance	4,333,064	5,737,757	3,466,881	2,773,386	2,849,109
Police	10,106,417	10,546,965	10,519,445	10,690,226	11,292,173
Fire	10,708,768	11,037,456	9,350,128	8,270,229	8,563,769
Public Works	5,311,382	5,284,964	4,484,688	4,600,229	4,655,934
Community Development	2,983,548	2,673,464	6,178,746	1,964,298	1,946,516
Recreation	4,168,183	4,143,703	4,175,483	4,185,592	4,328,846
Capital Outlay	1,709,469	2,945,720	6,868,896	3,719,262	2,818,079
Total Before Transfers	\$42,006,098	\$45,192,714	\$47,806,959	\$38,849,724	\$39,077,338
Transfers	\$10,229,261	\$5,405,261	\$5,486,390	\$2,852,533	\$2,815,683
Total Expenditures	\$52,235,359	\$50,597,975	\$53,293,349	\$41,702,257	\$41,893,021

All services remain substantially intact and continue to be provided at levels higher than in most other cities, however, we anticipate the ability to take on additional programs or projects will be hindered next fiscal year. In order to develop the proposed budget, staff has focused on our core services and

only those things consistent with the Strategic Plan. Key assumptions drive the proposed budget including but not limited to the following:

- No reductions to current filled staff positions
- Fifteen vacancies will remain, five more than the current fiscal year
- An increase of four percent by non-public safety management and unrepresented professional staff in contributions to their pension costs
- Approximately \$600,000 of economic development-related grant funds (from a prior grant from the Municipal Services Corporation) are no longer available
- The overall salary savings from vacancies equals approximately \$1.9 million
- Salary savings of approximately \$530,000 in Police based on current staffing levels; three vacant sworn positions will be re-evaluated at mid-year and allowed to be filled should additional revenues be identified through a ballot initiative
- The Fire Department, while fully staffed operationally with three recent hires, will rely on overtime rather than fill the three authorized “coverage” positions, similar to recent years (results in approximate \$150,000 in savings)
- Capital projects funded outside of the General Fund will progress as planned but once again, no General Fund contributions are included for capital (except a small reimbursement for Recreation software), or facility improvements
- Contract help in certain areas, including economic development and human resources will continue or increase until revenues stabilize at a sustainable level
- \$50,000 for professional services and public information costs associated with a possible ballot initiative in November are included
- No use of unrestricted General Fund reserves

This budget attempts to maintain current levels of police and fire services, including neighborhood patrols, crime prevention programs, and rapid 9-1-1 response times, as well as our quality of life services, in accordance with community desires.

An overview of the General Fund, including fund balances, is presented below:

General Fund Summary	FY 2012-13 Actual	FY 2013-14 Adopted	FY 2013-14 Amended	FY 2013-14 Projected	FY 2014-15 Proposed	FY 2015-16 Proposed
Beginning Restricted Fund Balance	\$598,957	\$0	\$1,059,976	\$1,059,976		
Beginning Unassigned Fund Balance	\$2,608,745	\$2,909,552	\$1,281,566	\$1,281,566	\$1,479,380	\$1,568,773
Total Revenues	\$29,366,108	\$28,479,079	\$28,809,734	\$29,054,141	\$29,341,458	\$30,304,024
Total Expenses	\$28,947,137	\$28,453,592	\$28,929,497	\$28,860,545	\$29,252,065	\$30,396,301
Personnel	\$22,728,201	\$23,649,427	\$23,836,894	\$22,180,815	\$24,151,835	\$25,161,615
Salary Savings	(\$28,480)	(\$1,467,048)	(\$1,467,048)	(\$22,858)	(\$1,532,693)	(\$1,608,952)
Non-Personnel	\$6,247,416	\$6,271,213	\$6,559,651	\$6,702,589	\$6,632,923	\$6,843,638
Annual Balance/Shortfall	\$418,970	\$25,487	(\$119,763)	\$193,596	\$89,393	(\$92,277)
Transfer Out Grant			\$598,957	\$598,957		
Transfer Out - Solar CIP	\$1,134,584		\$456,801	\$456,801		
Total Transfer out of Restricted Funds	\$1,134,584	\$0	\$1,055,758	\$1,055,758	\$0	\$0
Ending Fund Balance/Deficit	\$2,492,088	\$2,935,039	\$1,166,021	\$1,479,380	\$1,568,773	\$1,476,496
Unassigned Ending Fund Balance/Deficit	\$2,492,088	\$2,935,039	\$1,166,021	\$1,479,380	\$1,568,773	\$1,476,496
Ending Unassigned Reserve Percent	8.6%	10.3%	4.0%	5.1%	5.4%	4.9%

At this point, staff is projecting reserves to increase slightly to 5.4%, or about half of the minimum amount desired under the City’s reserve policy, and could dip in FY 2015-16 if additional revenues or decreased expenses are not identified. Although relatively common, temporary borrowing to manage cash flow will once again be necessary. For FY 2015-16, many assumptions could not yet be firmed up as they rely heavily on the ultimate result of ongoing negotiations. In that same year, personnel assumptions were similar to FY 2014-15 with no vacancies filled. Other expenses would remain flat where we are able to control them.

Although the process of looking both to the future and inside of the organization identified numerous priorities and areas for additional funding, most were not addressed in this budget due to limited resources. A few of the items considered but not funded include:

- Implementation of a restricted reserve fund, primarily for one-time needs and not utilized for cash flow
- A larger increase in general fund reserves but that could be achieved based on successful contract negotiations or additional balancing measures
- Development of a capital facilities reinvestment fund to identify funds for the repair and replacement of our aging facilities
- An update of our cost allocation model and fee study
- Some additional financial support for our playfields and playgrounds

Personnel

At the time of this letter, negotiations are underway with all of the City’s bargaining units in an effort to seek their financial support in developing a balanced budget. Certain assumptions about the outcome of those discussions are built into these projections. Should these discussions result in differing outcomes, the budget may need to be adjusted accordingly which could impact personnel and services.

Our employees are the key to the success of the City. In spite of the economic turmoil of the last few years, the reduced reserves and the growing vacancies, the City has not eliminated any filled positions or dramatically reduced services. However, many familiar faces have moved on over the past few years through retirement or other employment. In most cases, positions that become vacant have not been refilled. In other areas, such as police officer and building official, hiring will still occur. Having said that, it is becoming difficult across most departments to maintain the level of service our residents and businesses have come to expect. Many of our facilities cannot provide the accommodations and tools our residents and employees deserve.

An overview of our projected staffing for FY 2014-15 is shown in the following table:

Department	Approved	Actual	Vacant
City Council	5	5	0
City Management	9	8	1
Finance Department	6	5	1
Community Development	13.5	12.5	1
Fire	37	33	4
Police	56.4	52.4	4
Public Works	22.8	20.8	3
Recreation	23	22	1
Total	172.7	158.7	15

In order to balance the budget this year, 15 previously approved positions will remain vacant in FY 2014-15 (9%). In FY 2008-09, the Council authorized just over 178 positions; an approximately 16% reduction in actual staffing in five years. Unfortunately, without significant changes in revenues, staffing is proposed to remain the same in FY 2015-16.

RESERVES

Although the General Fund budget is proposed to be balanced, reserves are still well below desired levels. Both the staff and the City Council set a goal to minimally increase reserves to 6% next fiscal year. In order to do that, an additional \$175,000 in expense reductions will be necessary. Some of this amount could come from the ongoing labor negotiations, staffing reductions, further service reductions or increased revenues which staff currently has not identified. Staff will work with Council during June to identify additional alternatives to increase reserves or reduce expenses if requested. Should Measure R be reauthorized and increased, new revenues collected during the fiscal year 15 could increase reserves by 1-1.5 percent.

MEASURE R EXTENSION

In July, the City Council will consider placing an extension of Measure R on the November 2014 ballot to continue to address the City's critical needs. Measure R currently generates nearly \$1.5 million annually. Extending Measure R funding at the one-cent sales tax rate will help the City maintain or improve current levels of fire and police services, including neighborhood patrol, crime prevention, and rapid 9-1-1 response. These funds could also be used to restore and maintain our parks, playfields and open space as well as ensure funding for our after school programs which are critical in providing students and teens with the resources they need to succeed. These funds would continue to require independent citizen oversight, mandatory financial audits, and yearly updates to the community to continue to ensure that all voter-approved funds are spent as promised. Once again, El Cerrito needs local control over local funds, for local needs. Extending existing, voter-approved funding at the one cent sales tax rate will continue to address these needs, while keeping all funds local and ensuring that no funds can be taken by Sacramento.

* * * * *

I would like to thank all of the senior staff for their hard work, diligence and high standards in their contributions to the budget document. In particular, I would like to thank Karen Pinkos, the Assistant City Manager, Lisa Malek-Zadeh, the City's Finance Director, Geoffrey Thomas, the City's Finance Manager, Lori Trevino, Senior Financial Analyst, and each of our Department Directors, for their work in developing and continuously improving the document over the past few years to achieve this award-winning status for the City. Most importantly, I would like to thank all of the City employees who continually evolve and innovate in order to maintain the programs and service levels our residents and businesses desire and the residents and businesses of El Cerrito who continue to support and show faith in our efforts.

Again, on behalf of all the staff, I present a budget that will continue to serve our City well.

Respectfully,



Scott Hanin
City Manager

BUDGET GUIDE

The City of El Cerrito's Fiscal Years 2014-15 & 2015-16 Biennial Budget presents accurately and clearly the City's projection of revenues and expenditures for the next two fiscal years. It describes in detail the various components of the City, each of its departments and divisions, and the City's separate legal entities: the Employee Pension Board and the El Cerrito Public Financing Authority. The budget also describes the City's mission, vision, and values, outlines overall goals and strategies developed through the 2013-2018 Strategic Plan, and indicates how resources are allocated to fulfill these objectives.

The budget is the City's fundamental policy document and communicates the expenditures legally appropriated by the City Council for the fiscal year. The budget document is intended to help the City Council, residents, businesses, and other interested parties understand the overall responsibilities and goals of the City and to enable the departments to present financial plans and workload data. In addition to its role as a policy document, the budget also serves as a financial plan, an operations guide and a communications tool.

Each year staff aims to improve the budget document in a significant way. This year's budget will be the first biennial budget to be presented since FY 2003-04. Additionally, the budget document expands upon the alignment of programs, services and resources to the City's Strategic Plan goals.

As in previous years, this budget document includes Ten-Year Financial Plans for the General Fund and Integrated Waste Management Fund. The purpose of these long term plans is to allow the residents, City Council, and the public to evaluate the results of actions taken today by projecting out ten years into the future. Using this planning tool on an on-going basis will help the City refine projections and develop long-term stability.

CSMFO Award

City staff is very proud to include in this Budget Overview Section a copy of the award for Excellence in Operational Budgeting from the California Society of Municipal Finance Officers (CSMFO) for the FY 2013-14 operating budget. This is the City's ninth consecutive year of receipt of this award.

GFOA Award

The City of El Cerrito was honored with its fourth consecutive Government Finance Officers Association of USA/Canada (GFOA) Distinguished Budget Presentation award. Staff is extremely proud to continue to receive this award that reflects a nationally recognized standard for budget documents prepared by local agencies. This award represents a culmination of efforts to continuously improve the budget document.

Reporting Entity

Throughout this budget document, reference is made to the City. As appropriate, such references should be inferred to include activity and financial contributions of each of the three separate entities covered under this budget: City of El Cerrito, El Cerrito Employees' Pension Board, and the El Cerrito Public Finance Authority.

The El Cerrito Municipal Services Corporation (MSC) is a non-profit corporation whose purpose is to support the City in expanding economic opportunities and eliminating blight, as well as assisting and implementing programs and activities that will lessen neighborhood tensions and combat community deterioration. While it is a component unit of the City for reporting purposes, and is therefore included in the City's Comprehensive Annual Financial Reports, the MSC's FY 2014-15 budget is approved separately by its Board of Directors and is therefore not included in this document.

Budget Structure

City Manager's Transmittal Letter: The City Manager's letter is intended to provide an executive summary of the City's priorities, major projects, general philosophy, and discussion on the Citywide financial outlook and budget.

Budget Overview: The Budget Overview section presents information on the structure and policies of the City and detail of the budget on a Citywide basis.

Financial Overview: This section provides summary financial information regarding projected revenues, expenditures, fund balances and reserves as well as transfers between funds. The section reviews detailed assumptions in the General Fund, the City's main operating fund, including historical data, a discussion of current programs and activities, future concerns and strategies as well as the Ten-Year Plan. The section also includes the summary analysis of all other major operating funds, forecasts, details of all inter-fund transfers, and information describing significant changes compared to the prior year's budget.

Department Operating Budgets: The departmental operating budget sections describe historical and adopted expenditures by department and division as well as descriptions of core responsibilities, Strategic Plan Alignment, service indicators, and accomplishments. Budget summaries are provided for each department in their corresponding section; line-item detail budgets by division are located in the appendices. The City is organized into seven operating departments: City Management, Community Development, Finance, Fire, Police, Public Works, and Recreation.

Successor Agency: Per AB1x 26 the El Cerrito Redevelopment Agency (RDA) was dissolved as of February 1, 2012 and a Successor Agency was created to wind down the former RDA's affairs. Historical budget and actual data for the former RDA is shown in this section. The Successor Agency has no budget authority, therefore no budget data is presented in this document.

Other Entities: This section outlines the adopted revenues and expenditures for the City's other legal entities: the Employees Pension Fund and the Public Financing Authority.

Capital Improvement Program: The Capital Improvement Program (CIP) section details the adopted capital projects for Fiscal Years 2012-13 through 2021-22. It includes a description of those capital projects previously funded and other Capital Improvement Needs that are presented as a non-prioritized listing of those proposed projects or programs for which no funding has been currently identified.

Long Term Debt: The City has various long-term commitments for payments that range from accumulated benefits due to employees to debt obligations to be repaid from various revenue sources. These obligations are discussed in this section and supported with the FY 2011-12 audit information.

Appendices, Statistics and Line-Item Budget Detail: The final section of this document contains a glossary of budget terms, a demographic profile and various statistics intended to assist the reader in achieving a greater understanding of El Cerrito as a community. This section also holds the financial policies referred to throughout the document. Additionally, this section also houses the detailed line-item tables for each department and division of the City.



In FY 2013-14 the City's Operating Budget was prepared using the criteria published by the California Society of Municipal Finance Officers (CSMFO) required to receive their award for Excellence in Operating Budgeting. This was done in an effort to continue to improve the clarity and content of the budget document, as well as provide the City Council and the public with financial peer review in order to assure them that the substance and accuracy of the document meets their high standards. This is the ninth year in a row that the City has received this award.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

PRESENTED TO

**City of El Cerrito
California**

For the Fiscal Year Beginning

July 1, 2013

A handwritten signature in black ink, appearing to read 'Jeffrey R. Egan'.

Executive Director

This is the fourth year the City has won the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA). The GFOA established the Distinguished Budget Presentation Awards Program in 1984 to encourage and assist state and local governments to prepare budget documents of the very highest quality that reflect both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's best practices on budgeting and then to recognize individual governments that succeed in achieving that goal. This award represents many years of refinements and clarification of the budget document and represents a commitment to presenting a complete and concise report of the City's overall mission and financial plan.