

Agenda Item 9.B.

City Council Meeting

June 20, 2023

# FISCAL YEAR 2023-24 PROPOSED BUDGET

CITY OF EL CERRITO

EL CERRITO PUBLIC FINANCING AUTHORITY

EL CERRITO EMPLOYEE PENSION TRUST BOARD



# FY 2023-24 Proposed Budget: Budget Process

- February 4, 2023: City Council Retreat
- March 7, 2023: FY 2022-23 Midyear Budget Amendments
- April 22, 2023: Community Budget Town Hall Meeting
- May 2, 2023: City Council Study Session
- May 2, 2023: Master Fee Schedule adopted by City Council
- May 9, 2023: City Department Presentations to City Council
- May 2023: Based on Council priorities, City Departments finalize budgets for all departments and all funds, update CIP, confirm personnel expenditures
- June 1, 2023: Draft Proposed Budget Document published
- June 6, 2023: First FY 2023-24 Proposed Budget Hearing
- June 15, 2023: Financial Advisory Board Special Meeting and Review
- **June 20, 2023: Second FY 2023-24 Proposed Budget Hearing**

# Summary of Updates Following June 6 City Council Meeting

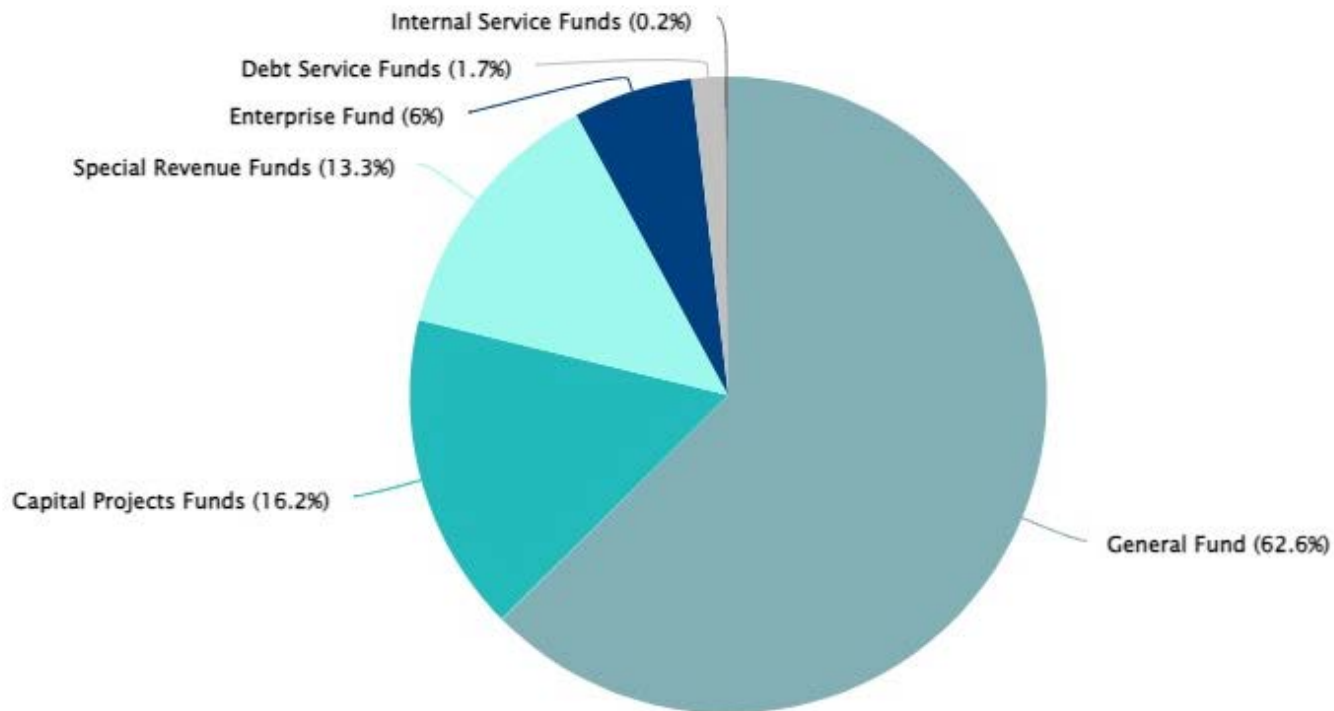
1. Corrected an error in the City's Finance software impacting the FY 2022-23 Amended Budget  
*Prior-year encumbrances were being incorrectly carried forward to FY 2022-23*
2. Implemented an adjustment to account for Recreation revenues in the same year as the expenses
3. Adjusted how 4<sup>th</sup> of July Donations are reflected in Fund 225
4. Corrected a FY 2022-23 Mid-Year Adjustment in Public Works

## **Bottom Line for FY24:**

- \$12,392 reduction in General Fund revenues
- \$50,000 increase in Fund 225 expenditures & revenues

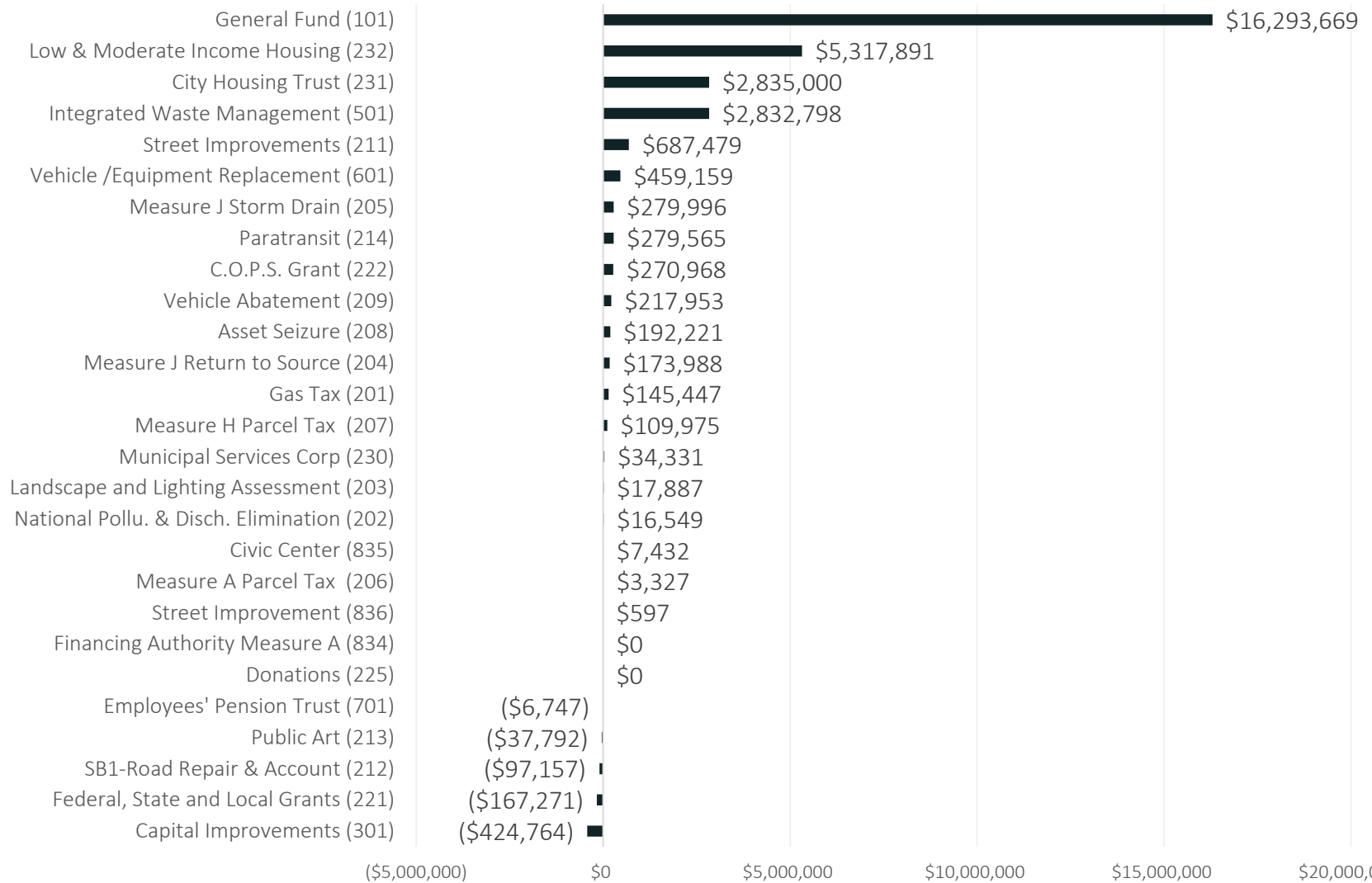
# FY 2023-24 Proposed Budget: All Funds

	FY2019-20 Actual	FY2020-21 Actual	FY2021-22 Actual	FY2022-23 Amended	FY2023-24 Proposed
Revenues	\$55,379,129	\$64,492,228	\$67,811,671	\$70,288,020	\$73,171,734
Expenditures	\$51,537,442	\$53,534,407	\$55,524,018	\$72,435,460	\$77,385,884



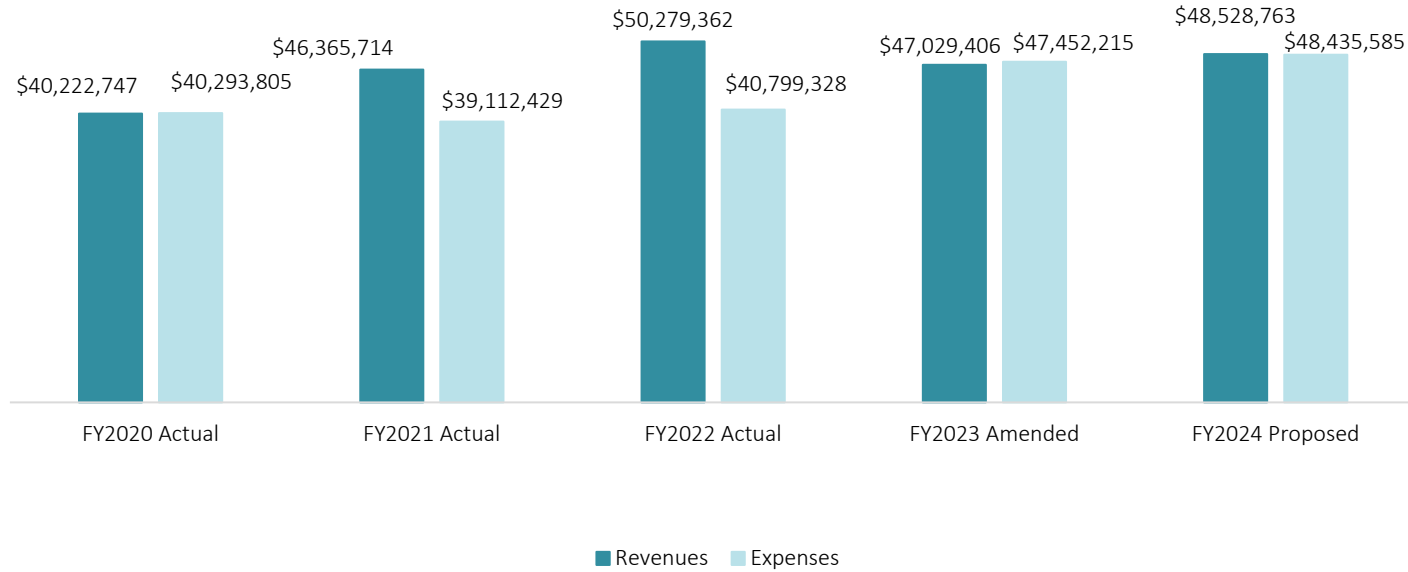
# FY 2023-24 Proposed Budget: Projected Fund Balances

Estimated Fund Balance, June 30, 2024



# FY 2023-24 Proposed Budget: General Fund History

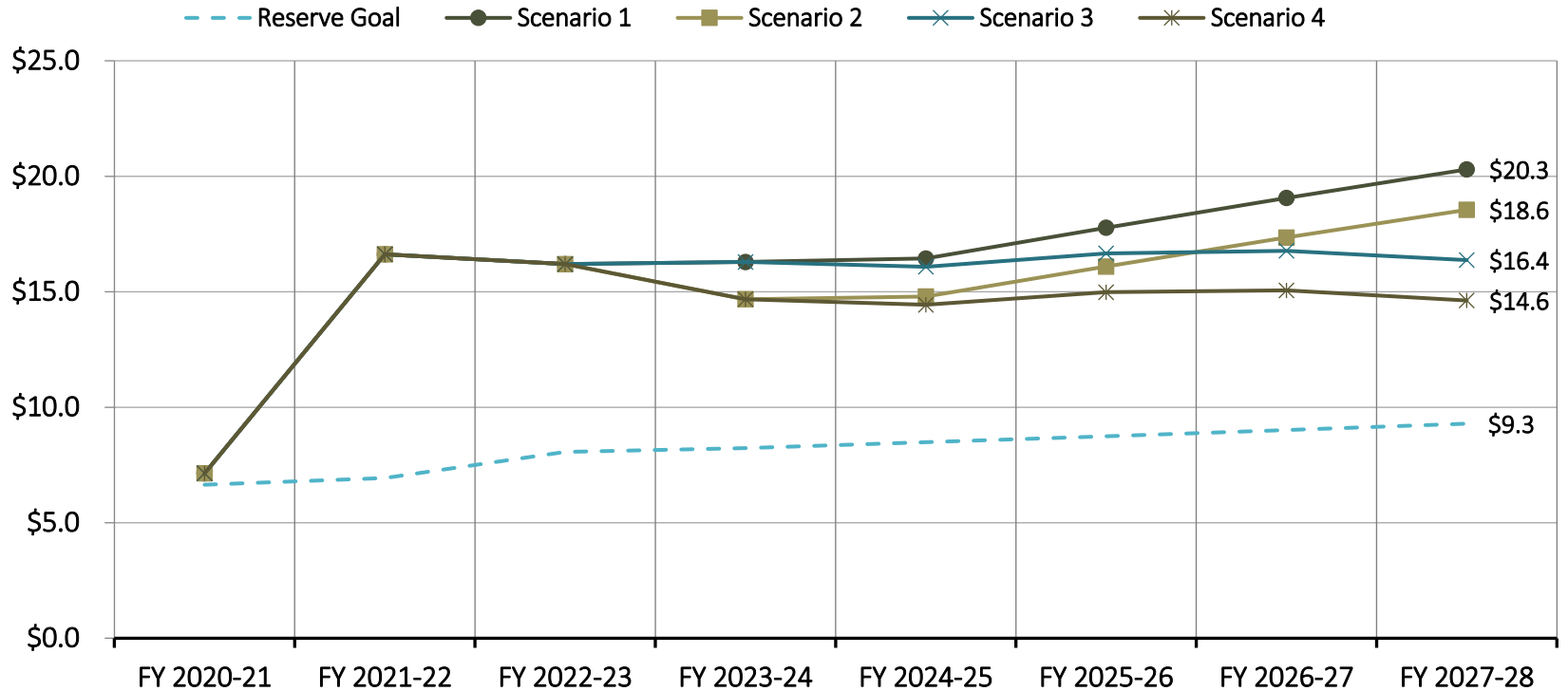
## General Fund Revenue and Expenditure Totals



	FY2019-20 Actual	FY2020-21 Actual	FY2021-22 Actual	FY2022-23 Amended	FY2023-24 Proposed
Revenues	\$40,222,747	\$46,365,714	\$50,279,362	\$47,029,406	\$48,528,763
Expenses	\$40,293,805	\$39,112,429	\$40,799,328	\$47,452,215	\$48,435,585

# General Fund Projections

El Cerrito Current and Projected General Fund Balance (Millions)



*Scenario 1 – Proposed FY 2023-24 Budget*

*Scenario 2 – Proposed Budget + One-time use of \$1.6 million in fund balance during FY 2023-24*

*Scenario 3 - Proposed Budget with a 4% expenditure increase from FY 2024-25 thru FY 2027-28 (5% Healthcare increase)*

*Scenario 4 - Proposed Budget with a 4% expenditure increase from FY 2024-25 thru FY 2027-28 (5% Healthcare increase) AND a one-time use of \$1.6 million in FY 2023-24*



# Real Property Transfer Tax

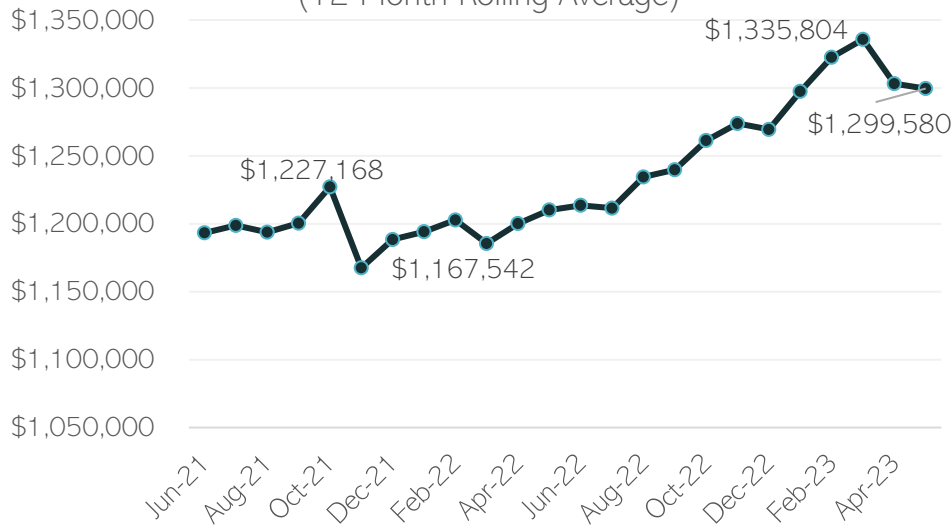
*Sale prices have yet to decline significantly; number of sales lower in FY 2022-23*

	Avg Number of Properties Sold Per Month	Average Sale Price	Total RPTT Generated
FY21	26	\$1,193,324	\$4,510,766
FY22	30	\$1,213,597	\$5,271,864
FY23 (through May)	21	\$1,300,420	<b>\$3,573,555</b>
FY24 Proposed Budget Scenario	25	\$1,193,324	\$4,300,000

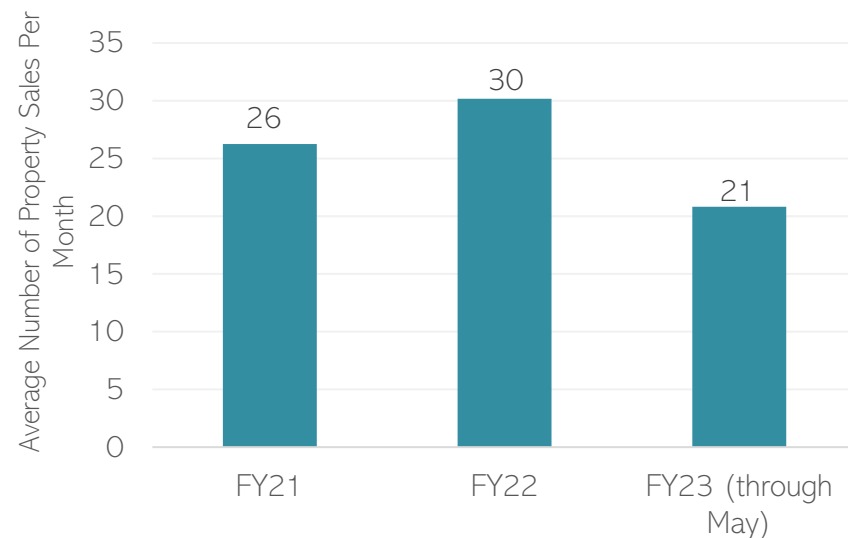
With May numbers in, FY 2022-23 will likely finish at 93% of FY2022-23 Budget

Note: Projections do not include the anticipated sale of 14 condo units at 1715 Elm St. in FY24

El Cerrito, Average Sale Price (12-Month Rolling Average)



El Cerrito Average Number of Sales Per Month







# Real Property Transfer Tax (Cont.)

	FY2020-21		FY2021-2022		FY2022-23	
Month	Total Receipts	Transfer Count	Total Receipts	Transfer Count	Total Receipts	Transfer Count
July	\$323,124	23	\$502,110	34	\$318,564	22
August	\$284,148	22	\$536,676	41	\$440,676	28
September	\$384,240	29	\$311,148	22	\$317,754	21
October	\$421,404	35	\$426,528	28	\$437,520	23
November	\$621,014	28	\$538,296	39	\$343,380	23
December	\$330,264	26	\$587,256	38	\$342,312	23
January	\$204,192	17	\$228,420	17	\$344,769	18
February	\$142,272	14	\$366,558	27	\$219,276	12
March	\$493,740	32	\$446,160	34	\$299,160	22
April	\$415,428	27	\$624,396	37	\$251,172	20
May	\$453,228	32	\$425,916	27	\$258,972	17
June	\$437,712	30	\$278,400	18		
<b>Total</b>	<b>\$4,510,766</b>	<b>315</b>	<b>\$5,271,864</b>	<b>362</b>	<b>\$3,573,555</b>	<b>229</b>

**FY 2023 Projected Actual: \$3,898,424**

**FY 2023-24 Proposed Budget: RPTT Revenue \$4,300,000**  
**300 transfers @ \$14,320 = \$4,300,000**

	FY2020-21	FY2021-2022	FY2022-23	FY21 - FY23
Average Transfers/Month	26	30	21	26
Average Receipts/Month	\$375,897	\$439,322	\$324,869	\$381,605
Average Receipts/Transfer	\$14,320	\$14,563	\$15,605	\$14,742

*Average Receipts/transfer = \$14,320 is lowest average in the last three years  
 300 transfers is below the average number of transfers over the last 3 years*

# Financial Advisory Board Recommendation

**The FAB recommends City Council approve the FY 2023-24 Proposed Budget subject to the following conditions:**

1. That the estimated General Fund balance will be allocated to the General Fund Reserve, and to fully fund the Emergency Disaster Relief Fund (EDRF), per the City's Comprehensive Financial Policy.
2. That all additional expenditures, including one-time projects/expenditures, will not cause the General Fund Reserve to dip below 33% of the budgeted General Fund expenditures.

# FY 2023-24 Proposed Budget: Summary

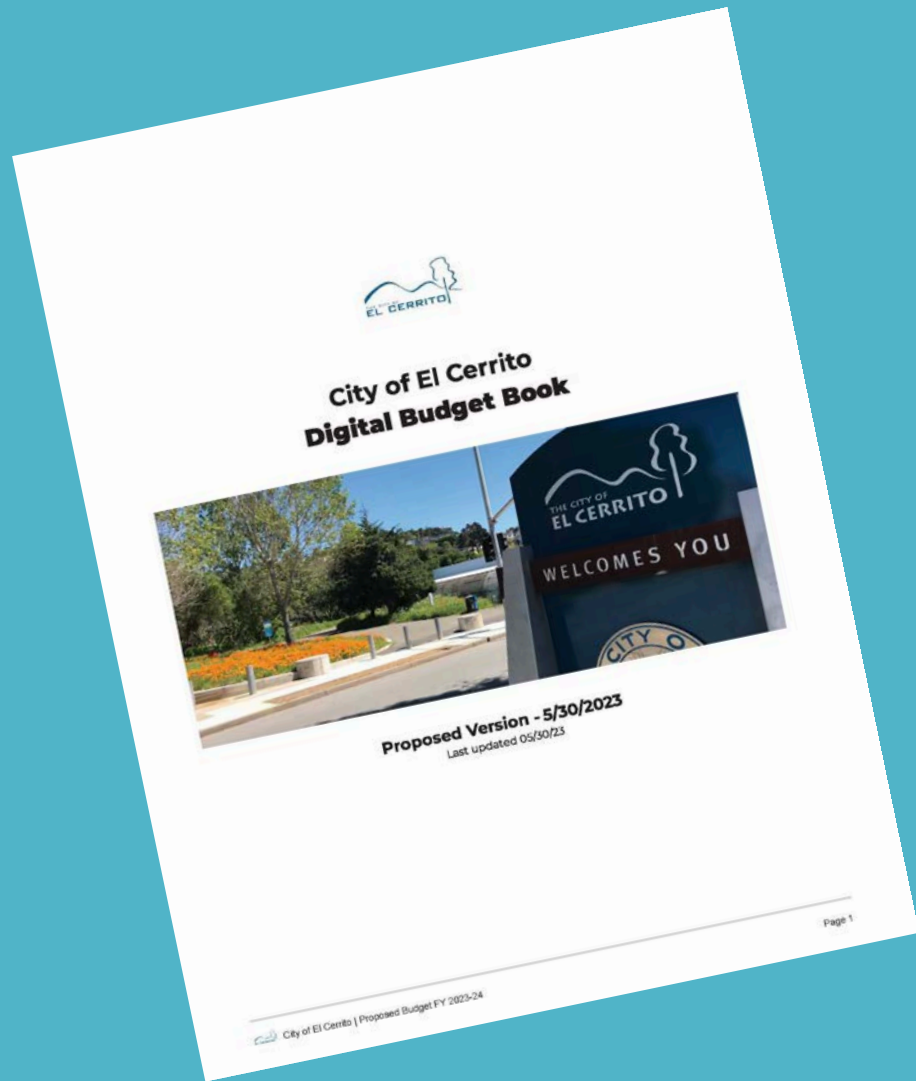
- Reflects City Council priorities, including feedback received as the budget has been developed
- Aligns with the City's Strategic Plan
- Maintains reserves at nearly 30%, even with one-time expenses that will return for City Council consideration
- Makes key investments in capital projects, deferred maintenance, and IT
- Enables the City to continue providing key services while ensuring **fiscal sustainability**

# FY 2023-24 Proposed Budget: Next Steps

- Questions, Comments, Direction
- Additional Special Meetings as needed
- Adoption of Budget by June 30, 2023
  - City of El Cerrito
  - Public Financing Authority
  - Pension Board
  - Gann Limit

# FY 2023-24 Proposed Budget: Again, special thanks to.....

- Residents and businesses of El Cerrito for their engagement
- City Council for their leadership and diligence
- Financial Advisory Board for their review and feedback
- City Staff for their hard work and commitment
- Executive Team for their leadership and dedication
- Will, Alex, Shannon, Agnes, Chris B. for their work on the budget document



## IMPORTANT LINKS:

The Digital Budget Book is available online at:  
[el-cerrito.org/FY2024Budget](https://el-cerrito.org/FY2024Budget)

More information at:  
[el-cerrito.org/BudgetProcess](https://el-cerrito.org/BudgetProcess)