



CITY OF NEWARK CITY COUNCIL

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SPECIAL MEETING

AGENDA

Thursday, February 13, 2020

City Administration Building
5:30 p.m.
City Council Chambers

NOTICE IS HEREBY GIVEN that the City Council has called for a Special City Council Meeting to be held on Thursday, February 13, 2020, beginning at 5:30 p.m. in the City Council Chambers located at 37101 Newark Boulevard.

A. ROLL CALL

B. STUDY SESSION

B.1 Study Session to review the Operating Section of the Biennial Budget for 2020-2022 and to seek direction from the City Council on whether the City should conduct polling for a possible ballot measure reauthorizing the Utility Users Tax.

The Council will receive a presentation from City Staff showing current budget updates, trends, projections, and identification of City Department priorities for the 2020-2022 budget cycle. During the presentation, staff will ask for direction from the Council on whether polling should be conducted on a possible ballot measure that would reauthorize the Utility Users Tax.

Please note that the Capital Improvement Projects (CIP) will not be reviewed at this meeting. The CIP will be reviewed at a future meeting date to be determined.

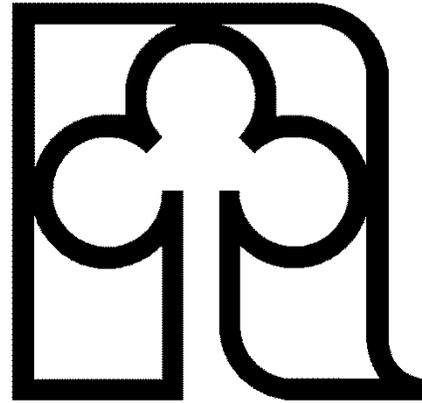
Members of the public are welcome to participate in the discussion and may do so by raising their hand when the Mayor invites public comment. Once recognized, you will be given an opportunity to speak once on the item under discussion. Public comments are limited to five (5) minutes per speaker, subject to adjustment by the Mayor.

C. ADJOURNMENT

Pursuant to Government Code 54957.5: Supplemental materials distributed less than 72 hours before this meeting, to a majority of the City Council, will be made available for public inspection at this meeting and at the City Clerk's Office located at 37101 Newark Boulevard, 5th Floor, during normal business hours. Materials prepared by City staff and distributed during the meeting are available for public inspection at the meeting or after the meeting if prepared by some other person. Documents related to closed session items or are exempt from disclosure will not be made available for public inspection.

For those persons requiring hearing assistance, please make your request to the City Clerk two days prior to the meeting.

City of Newark



Budget Work Session
2020 – 2022
Biennial Budget

Agenda

Overview

Financial Updates and Trends

Five-Year Forecast

Department Priorities 2020 - 2022

Next Steps

Overview

- Budget Process
- State Budget
- CalPERS Update
- Labor Agreements
- Residential/Commercial Development

Budget Process



Economic Forecast

National

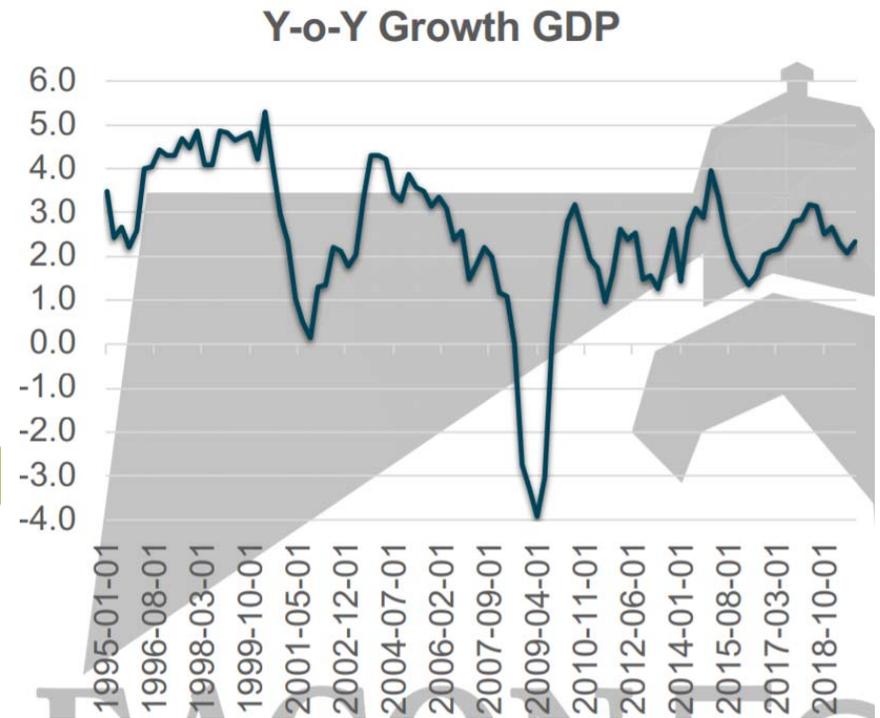
GDP: Slow and steady growth.

Economists says possible downturn late next year.

State

Governor's Budget – Mild recession difficult to forecast.

Pension Concerns.

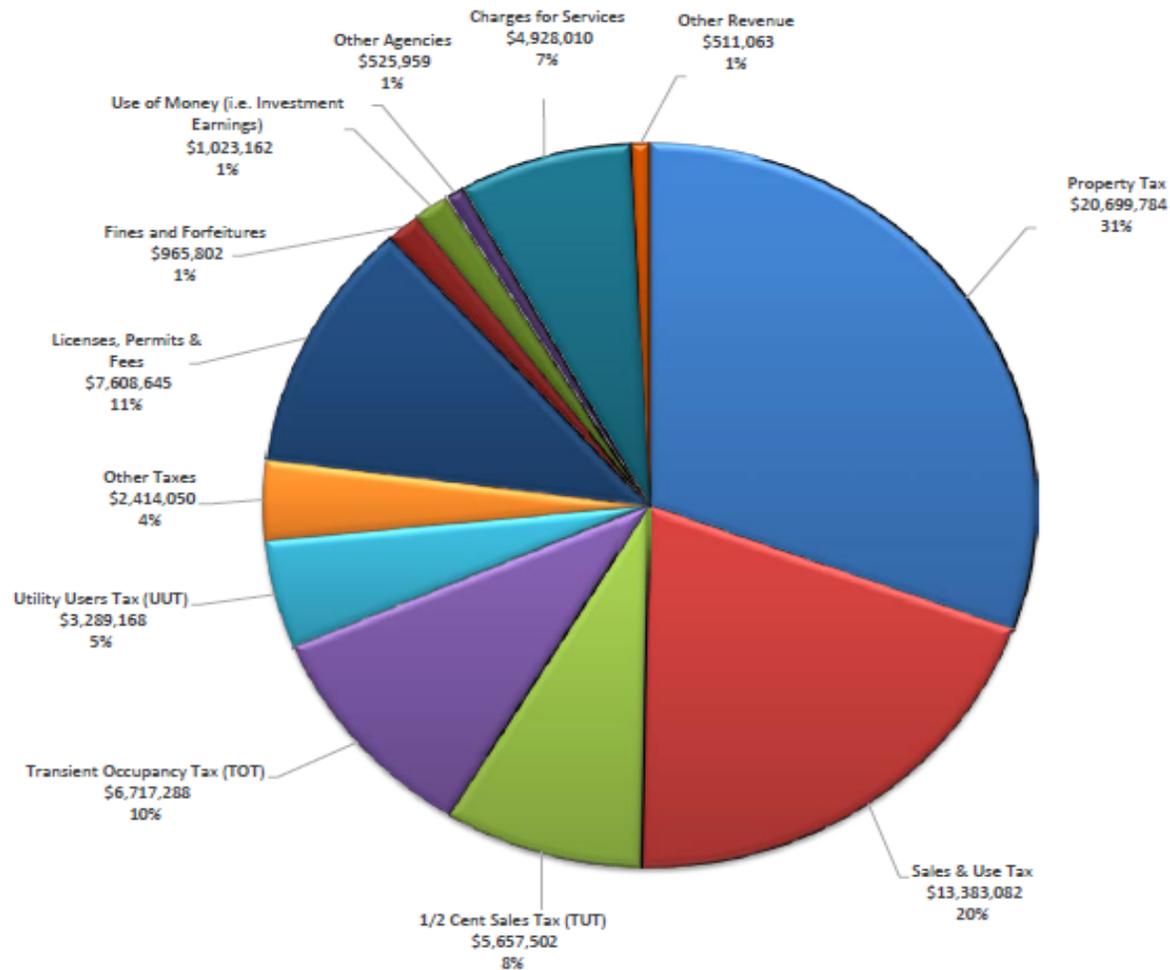


Financial Updates & Trends

	Adj. Budget 2018/19	Actuals 2018/19	Adp. Budget 2019/20	Forecast 2019/20
Taxes				
Property Tax	14,763,000	16,034,987	16,241,000	16,977,000
Property Tax - Vehicle in Lieu	4,687,000	4,664,797	5,156,000	5,119,000
Sales & Use Tax	12,507,000	13,383,082	13,133,000	11,816,000
1/2 Cent Sales Tax (TUT)	4,410,000	5,657,502	4,631,000	4,653,000
Transient Occupancy Tax (TOT)	7,327,000	6,717,288	7,914,000	6,885,000
Utility Users Tax (UUT)	3,545,000	3,289,168	3,652,000	3,296,000
Business License Tax	1,400,000	1,535,249	1,340,000	1,551,000
Property Transfer Tax	463,700	626,539	510,000	510,000
Paramedic Tax	368,033	252,262	272,000	272,000
Licenses, Permits & Fees	4,140,000	7,608,645	3,540,000	7,929,000
Fines and Forfeitures	925,000	965,802	865,000	975,000
Use of Money (i.e. Investment Earnings)	350,000	1,023,162	380,000	1,044,000
Revenue from Other Agencies	652,370	525,959	461,000	536,000
Charges for Services	4,240,000	4,928,010	4,343,000	5,086,000
Other Revenue	510,000	511,063	480,000	527,000
Total Revenues	64,181,103	67,723,515	66,928,000	67,176,000
Personnel	32,840,500	31,454,573	33,749,500	33,780,633
Wages & Salaries		20,995,265		21,906,012
Benefits		2,164,027		2,902,194
Pension		8,295,281		8,972,427
Non-personnel	25,785,703	26,140,251	25,842,600	26,537,419
Civic Center Project	4,342,900	4,551,128	4,631,000	4,653,000
Debt Service Contribution	862,000	863,001	862,000	-
Total Expenditures	63,831,103	63,008,954	65,085,100	64,971,052
Pension/OPEB Reserve Contribution	350,000	3,003,980	1,842,900	1,350,000
Equipment Replacement Reserve	-	200,000	-	200,000
Capital Improvement Plan Transfer	-	500,000	-	250,000
Total Reserve Contributions	350,000	3,703,980	1,842,900	1,800,000
Surplus/(Deficit)	(0)	1,010,581	-	404,948

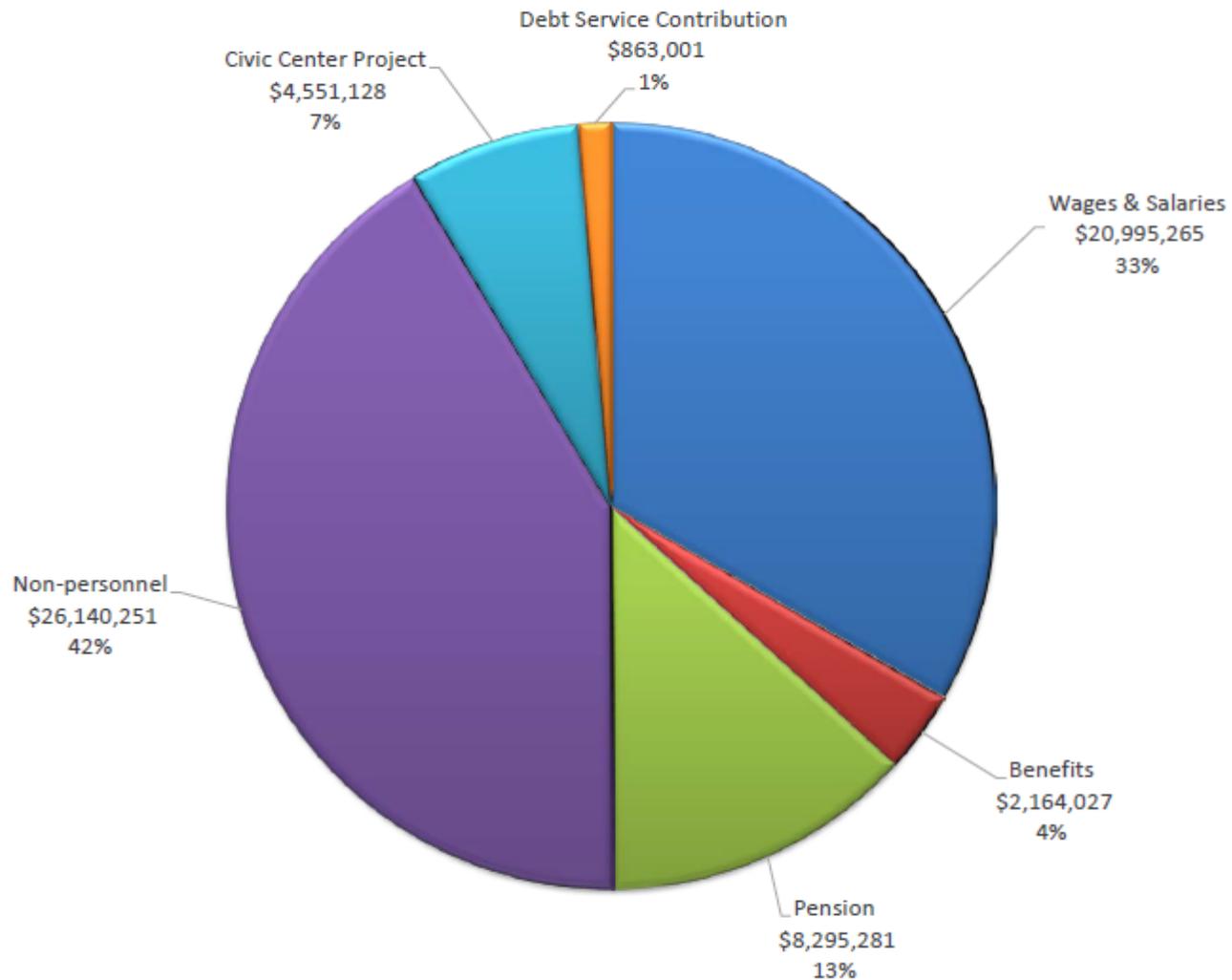
Revenue Sources

Revenue Sources - FY 2018/19



Expenditures By Category

Operating Expenditures - FY 2018/19

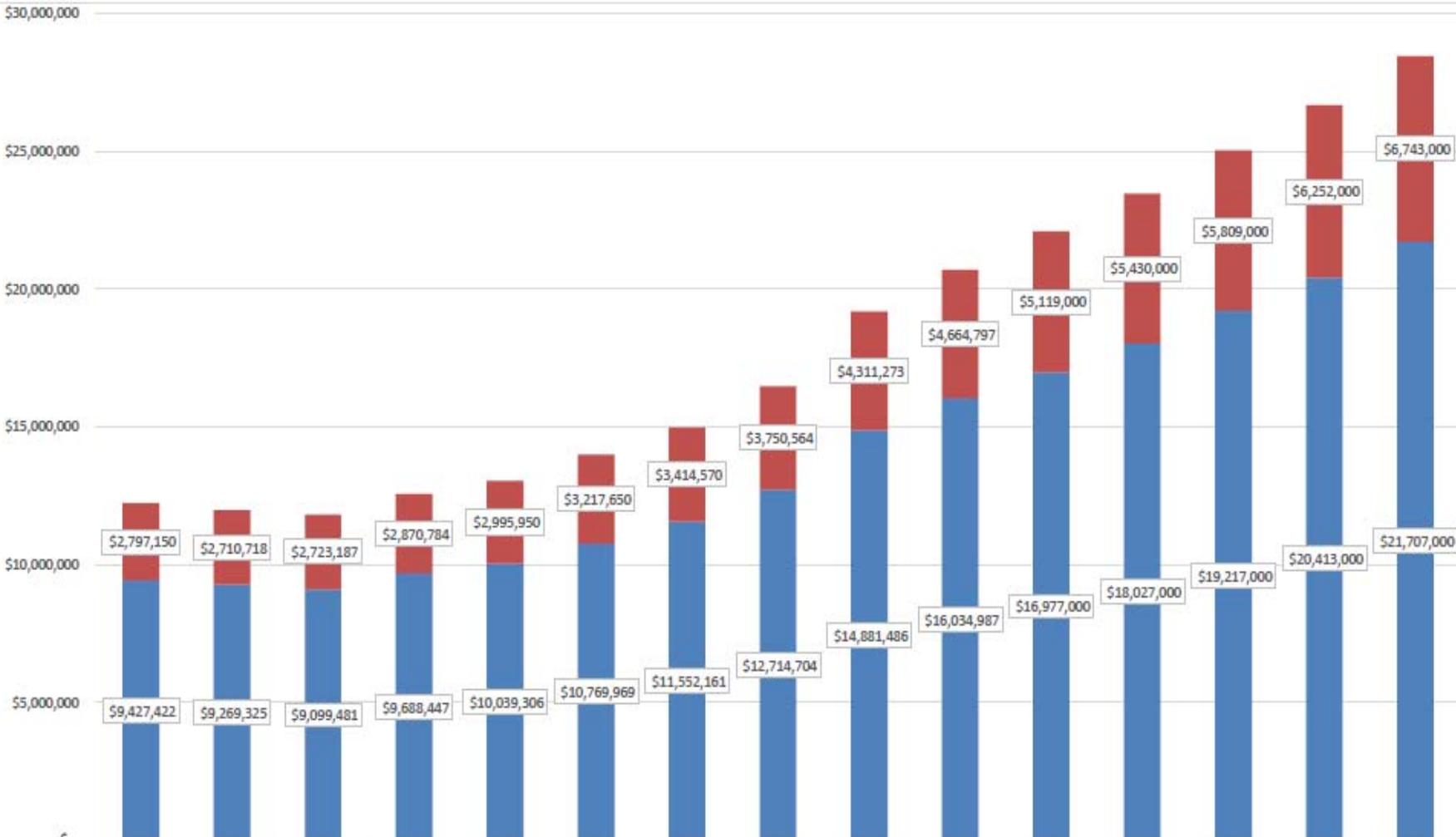


CalPERS Updates

Year	Action	Affect on Calculation
2014	Reduced Discount Rate to 7.5	Added \$11.9 million to Unfunded Liability (UAL)
2017	Reduced Discount Rate to 7.375	Added \$4 million to UAL
2018	Reduced Discount Rate to 7.25	Estimate to add \$4 million to UAL
Proposed 2018	Change amortization of gains/losses to 15 or 20 years schedule	Varies
2019 (Rate Year 2020-21)	Reduced Discount Rate to 7.0	Estimated to add \$8 million to UAL

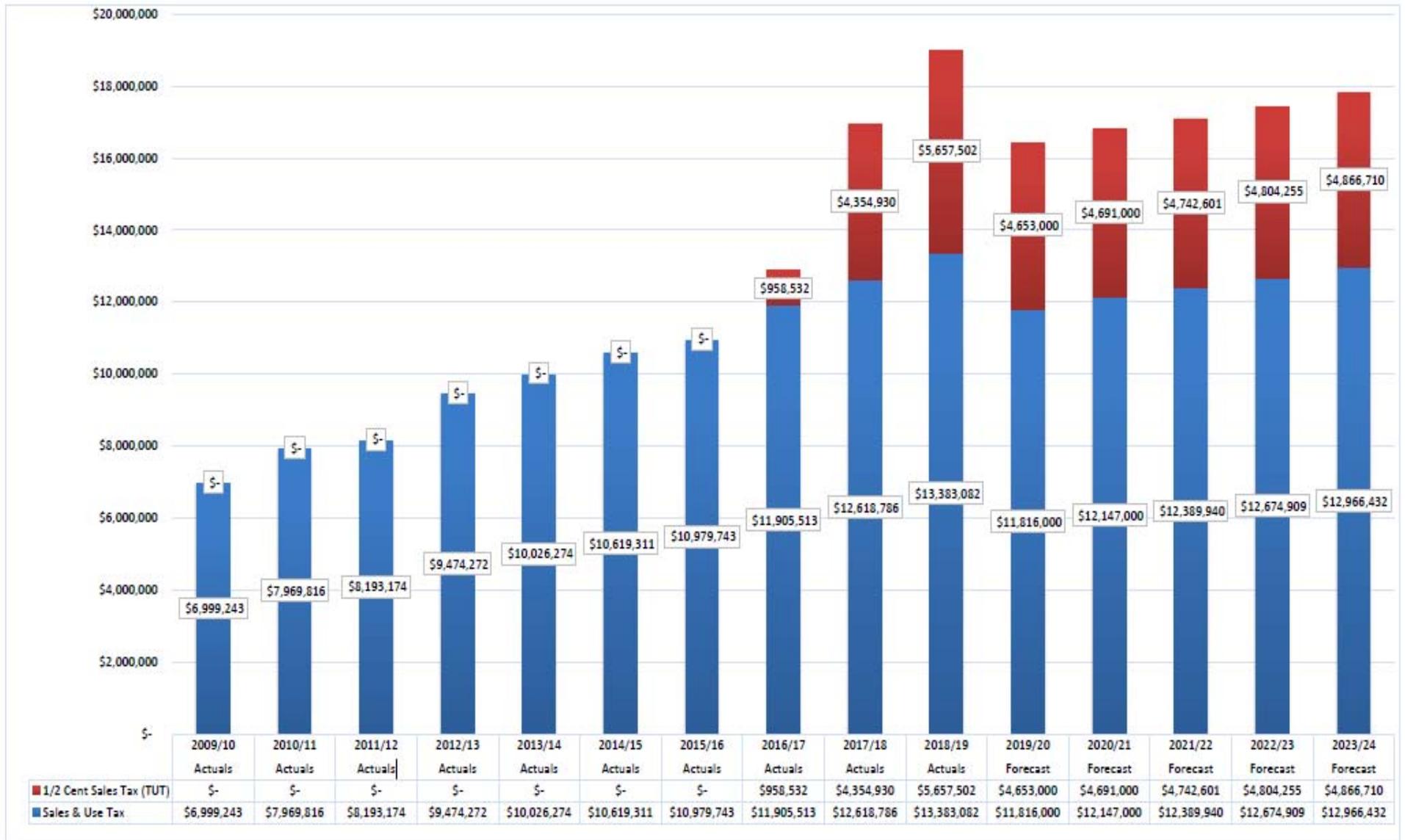


Property Tax

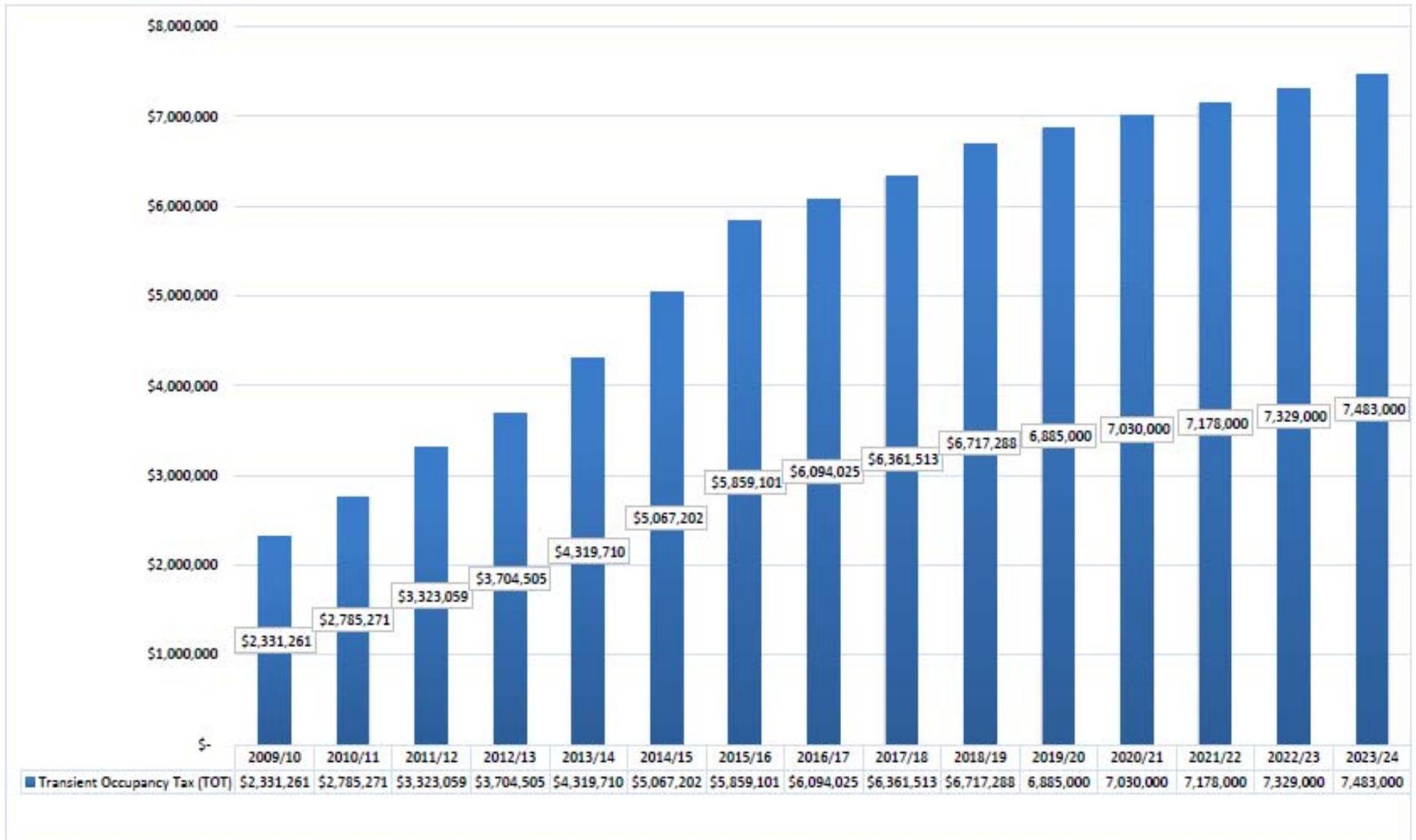


Property Tax - Vehicle in Lieu	\$2,797,150	\$2,710,718	\$2,723,187	\$2,870,784	\$2,995,950	\$3,217,650	\$3,414,570	\$3,750,564	\$4,311,273	\$4,664,797	\$5,119,000	\$5,430,000	\$5,809,000	\$6,252,000	\$6,743,000
Property Tax	\$9,427,422	\$9,269,325	\$9,099,481	\$9,688,447	\$10,039,306	\$10,769,969	\$11,552,161	\$12,714,704	\$14,881,486	\$16,034,987	\$16,977,000	\$18,027,000	\$19,217,000	\$20,413,000	\$21,707,000

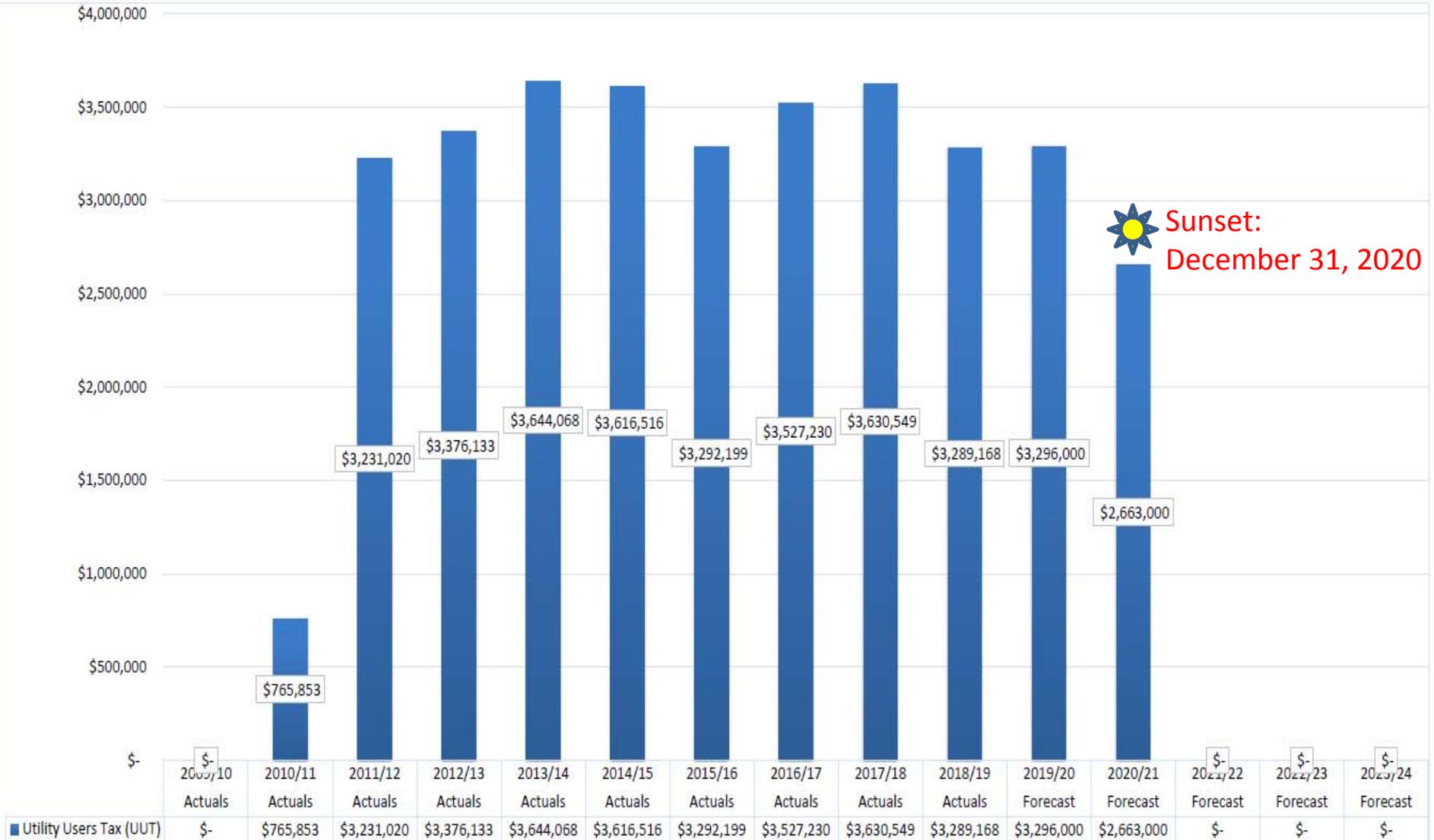
Sales & Transaction Use Tax (TUT)



Transient Occupancy Tax (TOT)



Utility User Tax (UUT)



Questions?

Baseline Forecast Without UUT

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Revenues	67,176,000	68,828,000	68,530,541	71,070,163	73,744,142
Expenditures	64,971,052	68,107,010	70,055,577	72,629,110	74,662,117
Net Operating Results	2,204,948	720,990	(1,525,036)	(1,558,946)	(917,976)
Pension/OPEB Reserve Contribution	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Equipment Replacement Reserve	200,000	200,000	200,000	200,000	200,000
Capital Improvement Projects	250,000	250,000	250,000	250,000	250,000
<Less> Total Reserve Contributions	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Net Operation Results After Reserve Contributions	404,948	(1,079,010)	(3,325,036)	(3,358,946)	(2,717,976)

Downturn Forecast Without UUT

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Revenues	67,176,000	68,828,000	66,605,601	67,321,181	73,025,400
Expenditures	64,971,052	68,107,010	70,055,577	72,629,110	74,662,117
Net Operating Results	2,204,948	720,990	(3,449,976)	(5,307,928)	(1,636,718)
Pension/OPEB Reserve Contribution	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Equipment Replacement Reserve	200,000	200,000	200,000	200,000	200,000
Capital Improvement Projects	250,000	250,000	250,000	250,000	250,000
<Less> Total Reserve Contributions	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Net Operation Results After Reserve Contributions	404,948	(1,079,010)	(5,249,976)	(7,107,928)	(3,436,718)

Baseline Forecast With UUT

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Revenues	67,176,000	69,494,000	71,892,541	74,466,163	77,174,142
Expenditures	64,971,052	68,107,010	70,055,577	72,629,110	74,662,117
Net Operating Results	2,204,948	1,386,990	1,836,964	1,837,054	2,512,024
Pension/OPEB Reserve Contribution	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Equipment Replacement Reserve	200,000	200,000	200,000	200,000	200,000
Capital Improvement Projects	250,000	250,000	250,000	250,000	250,000
<Less> Total Reserve Contributions	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Net Operation Results After Reserve Contributions	404,948	(413,010)	36,964	37,054	712,024

Downturn Forecast With UUT

	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Revenues	67,176,000	69,494,000	69,967,601	69,370,181	75,114,400
Expenditures	64,971,052	68,107,010	70,055,577	72,629,110	74,662,117
Net Operating Results	2,204,948	1,386,990	(87,976)	(3,258,928)	452,282
Pension/OPEB Reserve Contribution	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Equipment Replacement Reserve	200,000	200,000	200,000	200,000	200,000
Capital Improvement Projects	250,000	250,000	250,000	250,000	250,000
<Less> Total Reserve Contributions	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000
Net Operation Results After Reserve Contributions	404,948	(413,010)	(1,887,976)	(5,058,928)	(1,347,718)

Polling for Utility User Tax?

- Direction from the Council on whether the City should conduct polling on a potential measure to extend the Utility User Tax.

Department Priorities 2020 - 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to
**City of Newark
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018



Police Operations

Continue an aggressive recruiting and hiring campaign to fill existing vacancies and anticipated retirements.

Continue to utilize opportunities to regionalize law enforcement efforts.

Continue to utilize a Team Policing staffing model.

Continue to procure and implement less lethal devices and technologies to facilitate our de-escalation strategies.

Police Other Operations

Continue community engagement efforts through the Citizens Police Academy, Newark Police Volunteers, Graffiti Abatement, Police Explorer and Neighborhood Watch programs.

Continue to improve public relations and partnerships by attending events such as Coffee with Cops and safety fairs.

Increase public outreach efforts through social media outlets, community notification systems and other methods as available.

Alameda County Fire

Continue to meet Fire Contract obligations in the delivery of emergency response services.

Provide quarterly service level updates to the City.

Continue to improve public outreach and community partnerships by participating in events such as Newark Days, fundraisers, safety fairs and School District events.

Continue to expand emergency preparedness effort, including provide direction and support to the Newark CERT Program and Emergency Services Coordinator (ESC).

Public Works Department Building Inspection Division

Continue to support residential and commercial construction.

Continue with Project Management of the New Civic Center project.

Establish increased opportunities for electronic or “paperless” building plan reviews.

Identify options for succession planning and structural organizational changes in the Division following relocation to the new City Hall.

Public Works Department Engineering Division

Continue to support ongoing residential and commercial development activity.

Continue implementation of the Capital Improvement Plan, including major projects such as the New Civic Center and Central Overpass.

Continue to comply with Clean Water, Water Conservation, Complete Streets and other ongoing and emerging regulatory requirements.

Continue to manage the City's Solid Waste Management Program, including implementation of new State and local requirements.

Continue to implement ongoing pavement and street light/traffic signal maintenance, as well as traffic engineering programs.

Public Works Department Maintenance Division

Continue to maintain and improve landscape spaces in the City's parks and streets, including ongoing artificial turf maintenance.

Continue to maintain expanding vehicle and equipment fleet assets, including new mower and sweeper, with streamlined efficiencies.

Continue to maintain public streets, storm drain systems, and other infrastructure; coordinate pavement maintenance with Engineering.

Continue to maintain current building assets and establish new schedules and ongoing requirements for upcoming new buildings.

Oversee the Emergency Preparedness Coordinator contract to include development of EOC training exercises and program updates.

Community Development Planning Division

Facilitate Development of Bayside Newark (formerly Dumbarton TOD) and Sanctuary.

Implement NewPark Place Specific Plan.

Facilitate development of affordable housing.

Coordinate with Alameda County to promote participation in the 2020 Census.

Community Development Economic Development Division

Attract new businesses – retail, hotel, and technology.

Market Newark to businesses and real estate brokers.

Coordinate with Ohlone College for workforce development.

Participate in regional economic development efforts.

Help Chamber of Commerce expand memberships and programs.

Community Development Code Enforcement Division

Pursue code enforcement violations on commercial and residential properties.

Help enforce new noise regulations.

Utilize receivership program when appropriate and other enforcement methods to address serious violations.

Hire new Community Preservation Manager to oversee and expand proactive code enforcement efforts.

Recreation & Community Services

Through innovative programs and services, create opportunities for all ages to participate in healthy and enriching recreational activities.

Utilize social media to promote programs and services and highlight department activities and accomplishments.

Continue to partner with local agencies to offer enhanced programs and services for all ages.

Through a grant provided by First 5 Alameda County, develop programs and services to address the early learning childhood needs of Spanish-speaking families.

Human Resources

Attract, retain and develop a talented workforce.

Negotiate labor agreements and update compensation and benefit plans.

Enhance employee development, training and wellness.

Finance Department

Continue safeguarding and accounting of the City's financial assets.

Update and adopt key fiscal policies based on “best practices” recommended by the Governments Finance Officers Association (GFOA) of the United States for effective stewardship of the City’s resources.

Complete implementation of the new Financial Enterprise Resource Planning (ERP) system, which will enable the City to streamline operations and make financial information readily available to the public.

Upgrade the City’s tax administration software to include a platform that would allow online submissions of license applications and renewals.

Explore alternative investment options.

Information Technology Systems Division

Upgrade and maintain the City's network infrastructure and applications to ensure that critical city operations can operate 24/7.

Support technology initiatives within departments to enable greater efficiency using technology.

Continued enhancement of the City's cyber security infrastructure.

Next Steps

- Capital Improvement Plan Discussion – March
- Draft Five-Year Forecast Document Presentation – March
- Approve Five-Year Forecast Document – April
- Capital Improvement Plan Draft Presentation – April
- Budget Work Session – May
- Adoption of 2020-2022 Biennial Budget & Capital Improvement Plan – June

Thank You
&
Any Questions?