



CITY OF NEWARK

CITY COUNCIL

City Administration Building, City Council Chambers

37101 Newark Boulevard, Newark, CA 94560 | (510) 578-4266 | E-mail: city.clerk@newark.org



AGENDA and NOTICE

Special Meeting

Thursday, March 10, 2022
5:00 P.M

**HYBRID IN-PERSON/VIRTUAL MEETING
REFER TO THE END OF THE AGENDA TO REVIEW
OPTIONS FOR PARTICIPATING IN THE MEETING
REMOTELY OR IN-PERSON.**

**IF YOU ATTEND THE MEETING IN PERSON, A FACE COVERING
IS RECOMMENDED BUT NOT REQUIRED. LIMITED PUBLIC SEATING
WILL BE AVAILABLE IN THE CITY COUNCIL CHAMBERS
CONSISTENT WITH CDC GUIDELINES.**

A. ROLL CALL

B. CITY MANAGER REPORTS

1. Work Session for 2022-2024 Biennial Budget

C. ADJOURNMENT

HYBRID IN-PERSON/VIRTUAL MEETING NOTICE

This meeting is being conducted utilizing teleconferencing and electronic means consistent with Assembly Bill 361. Members of the public may attend the meeting in person, virtually via Zoom, or watch it via YouTube. If you attend the meeting in person, a face covering is recommended but not required. The City Council Chambers will have limited public seating consistent with CDC Guidelines.

Mayor Nagy, Vice Mayor Hannon, and Council Members Bucci, Collazo, and Freitas may be attending this meeting via teleconference. Teleconference locations are not open to the public. In the event that any members of the City Council elect to attend this meeting via teleconference, all votes conducted during the teleconferencing session will be conducted by roll call vote.

How to view the meeting remotely:

Livestream online at YouTube <https://www.youtube.com/channel/UC383NGSxaPwZP1kJbo2T8A>

Copy/paste the YouTube URL into your browser if the link does not automatically open.

How to participate in the meeting remotely, via Zoom Webinar:

From a PC, Mac, iPad, iPhone or Android device: Zoom Meeting <https://us06web.zoom.us/j/83014694471>

From a telephone dial 1 669 900 9128, Webinar ID Number 830 1469 4471

Provide live, remote public comments, when the Mayor calls for comments. Use the raise your hand feature in Zoom to be called upon by the City Clerk.

For frequently asked Zoom questions, please go to [Agendas and Minutes](#) and select the Frequently Asked Questions link.

No question shall be asked of a council member, city staff, or an audience member except through the Mayor. No person shall use vulgar, profane, loud or boisterous language that interrupts a meeting. Any person who refuses to carry out instructions given by the Mayor for the purpose of maintaining order may be guilty of an infraction and may result in removal from the meeting.

Council Meeting Access/Materials:

The agenda packet is available for review at [Agendas and Minutes](#). The packet is typically posted to the City website the Friday before the meeting, but no later than 24 hours before a special meeting.

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 will be posted, if time allows, at [Agendas and Minutes](#). 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 who require special accommodations, please contact the City Clerk at least two days prior to the meeting at [City Clerk](#) or 510-578-4266.



STAFF REPORT

Item B. 1.

DATE 03/10/2022
TO Honorable Mayor and City Council Members
FROM David Benoun, City Manager
SUBJECT Work Session for 2022-2024 Biennial Budget

The City is currently in the process of developing the 2022-2024 Biennial Budget and Capital Improvement Plan, which will include hosting multiple work sessions to discuss the budgetary needs of the City.

During this first session, staff will present to the Council an overview of the City's budget process, summarize issues that affect the City's budget, provide a review of various revenue trends and projections, present draft policy objectives and goals, and discuss recommended prioritization of various specific projects. A PowerPoint containing the most up-to-date financial information will be uploaded to the City's website as we get closer to the work session.

The work session will focus on the operating budget. The related Capital Improvement Plan will be discussed at a future Newark City Council meeting, tentatively scheduled for Thursday, March 24.

Attachments

Presentation



2022-2024 Biennial Budget Work Session

March 10, 2022



1 COVID-19 Pandemic's Impact on Budgets

2 Additional Issues Impacting the City's Budget

3 Budget Process

4 Economic Trends & Inflation

5 Financial Updates & Five-Year Forecast

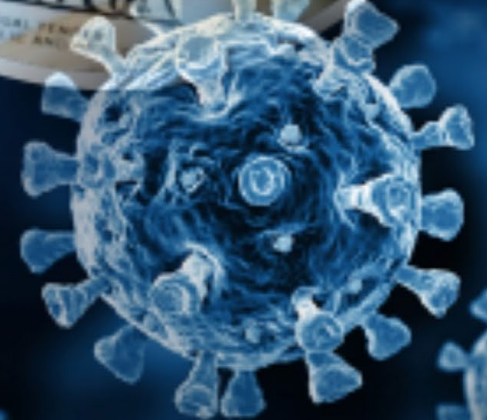
6 CalPERS

7 Department Priorities for 2022-2024

8 Next Steps

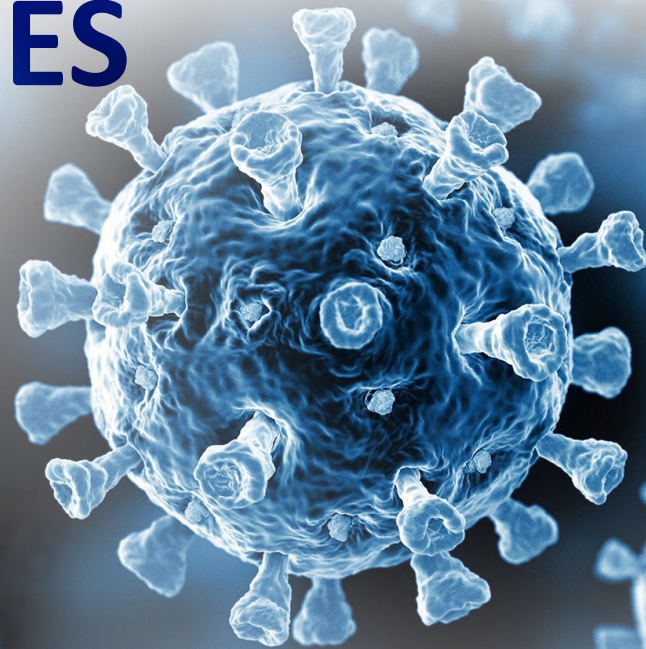
ARPA Recovery Plan

COVID-19 Pandemic's Impact on Budget



ADDITIONAL ISSUES

Impacting the City's Budget



Additional Issues

Impacting the City's Budget

2



Utility Users Tax



Labor
Agreements

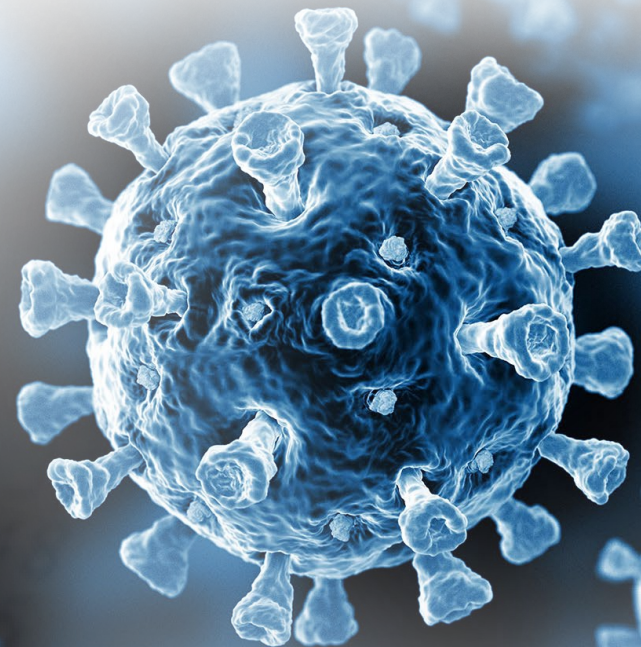


Measure GG



Expansion of
residential
construction

BUDGET PROCESS



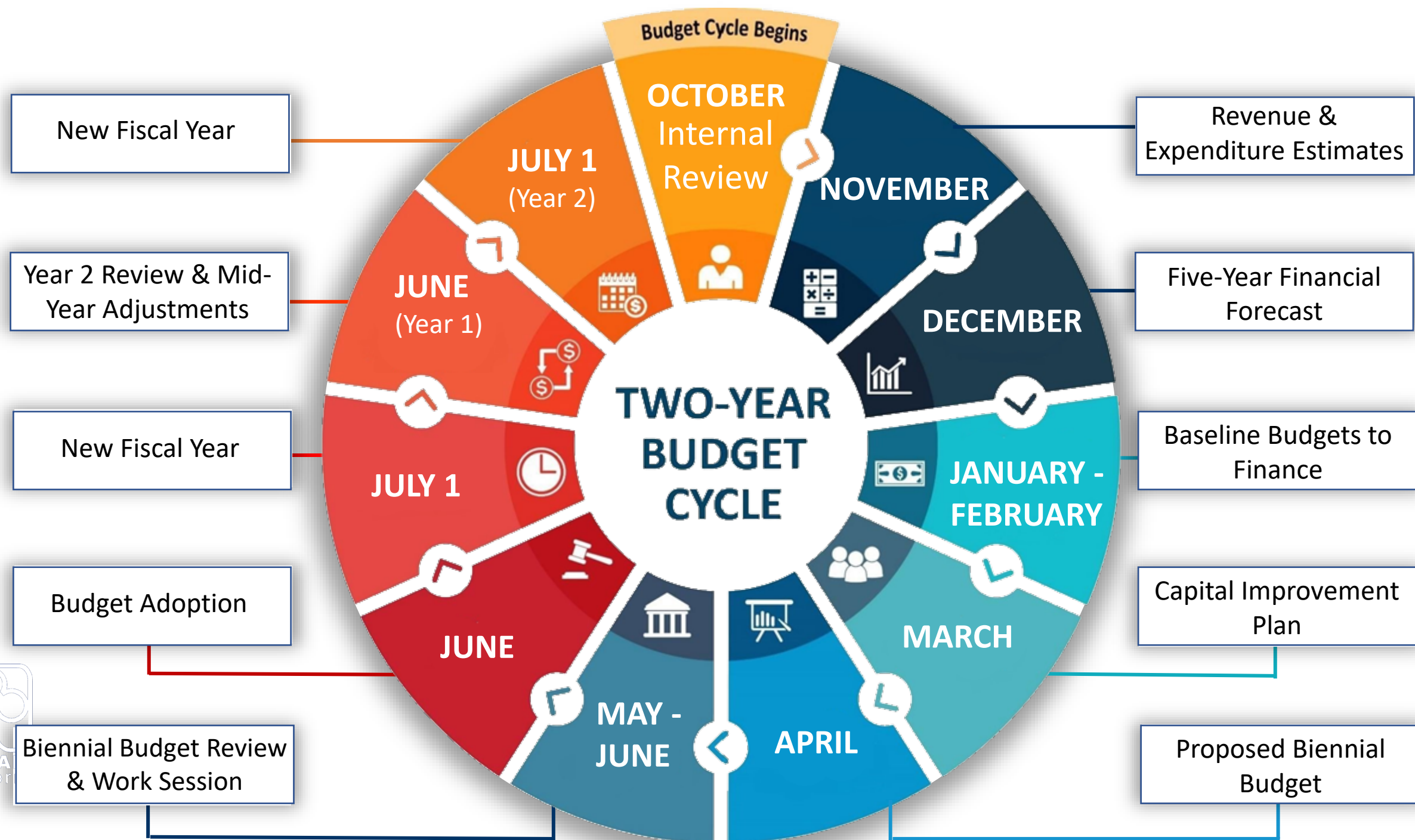
38992.44

+ 3542.55
+ 1352.14
+ 2100.36
+ 854.94

+ 1445.65
+ 1204.25
+ 2008.6
+ 1804.7

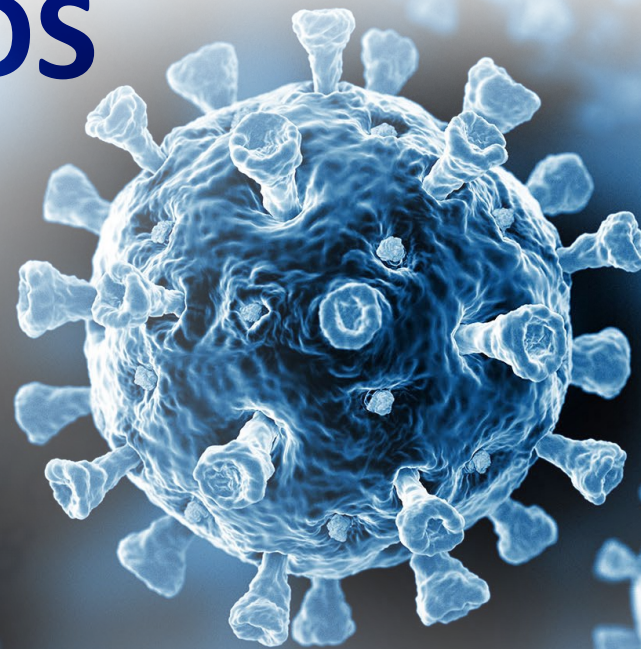
2055

Biennial Budget Cycle



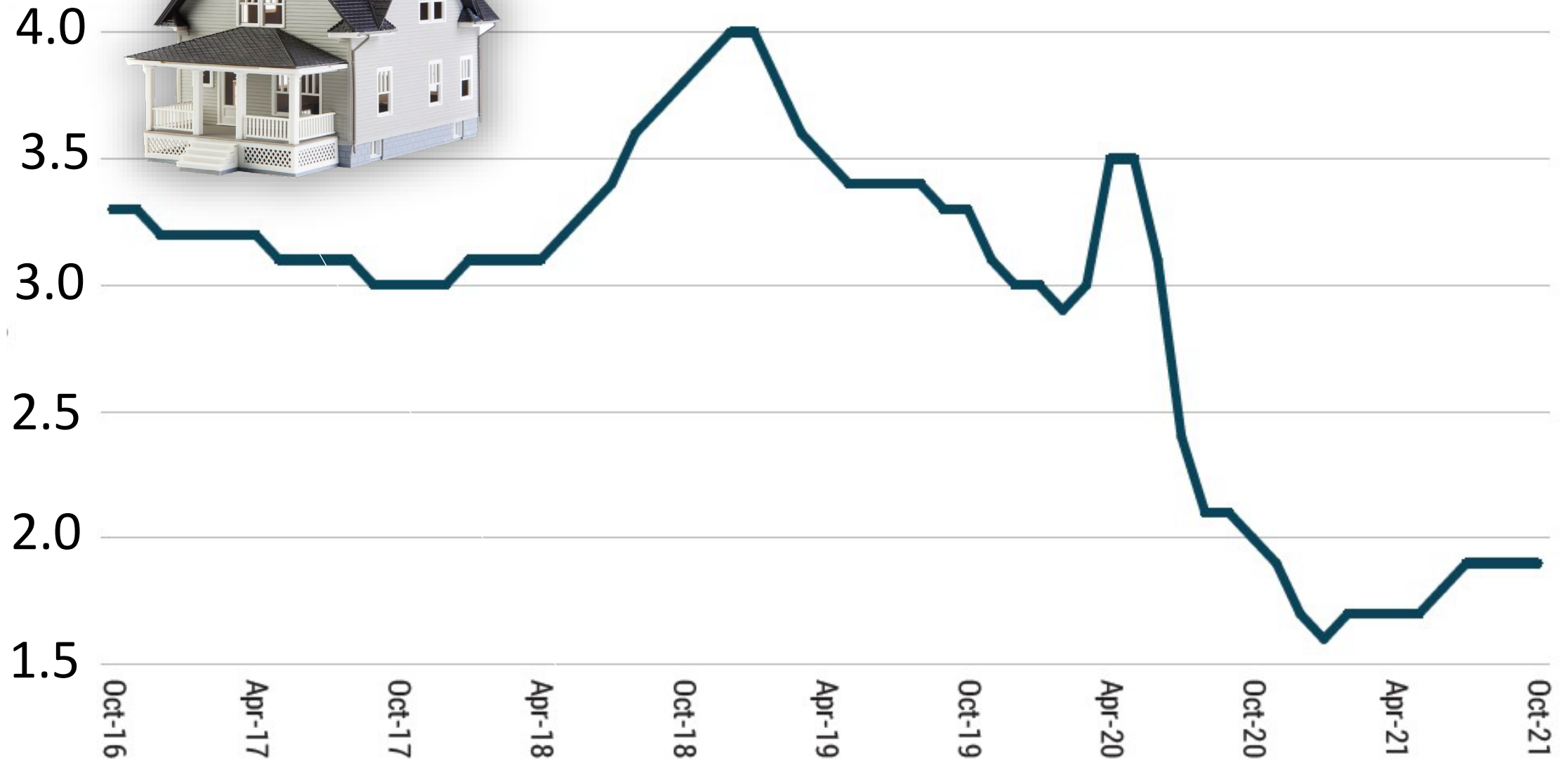
ECONOMIC TRENDS

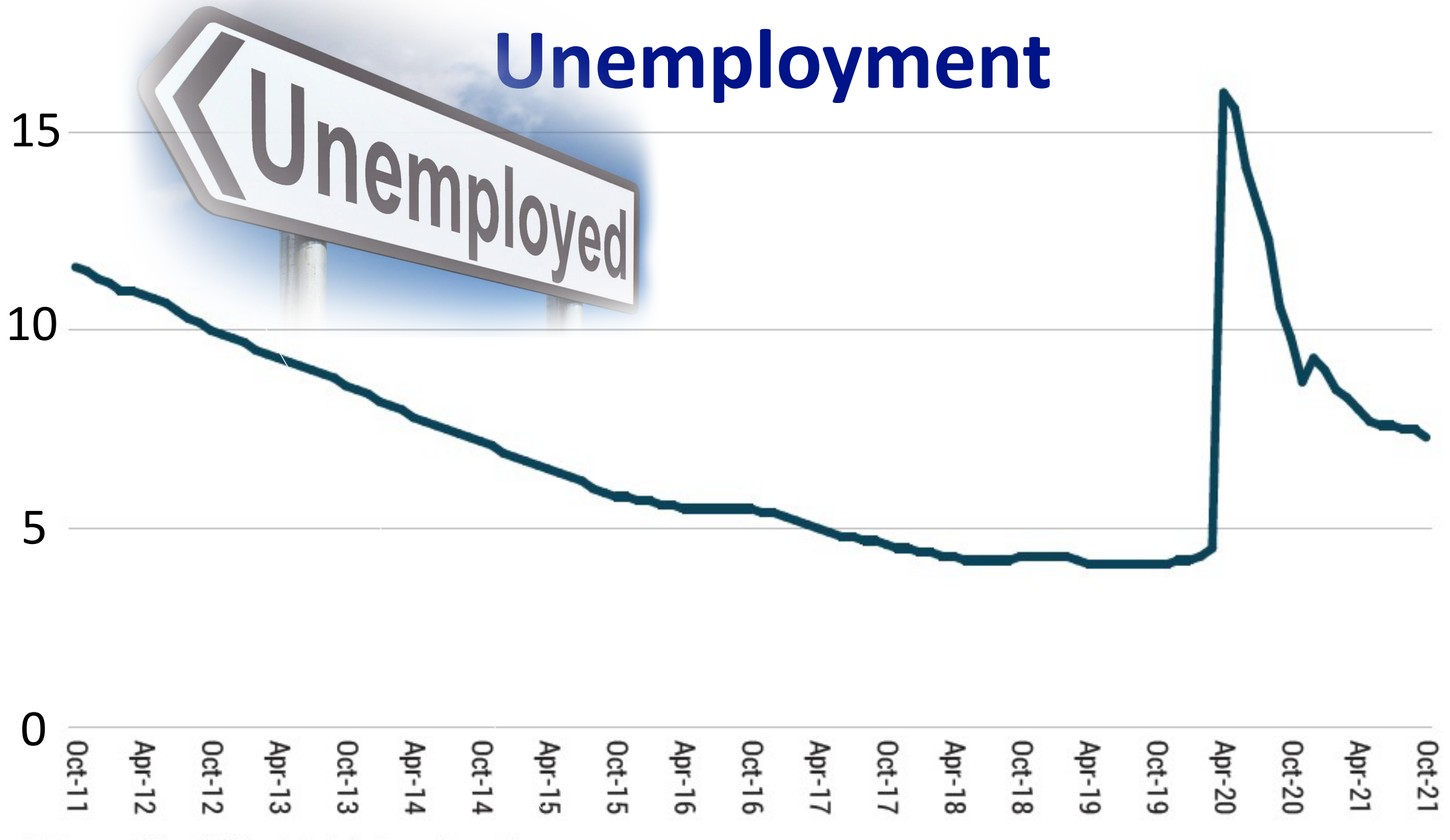
And INFLATION





Housing Inventory Shortage





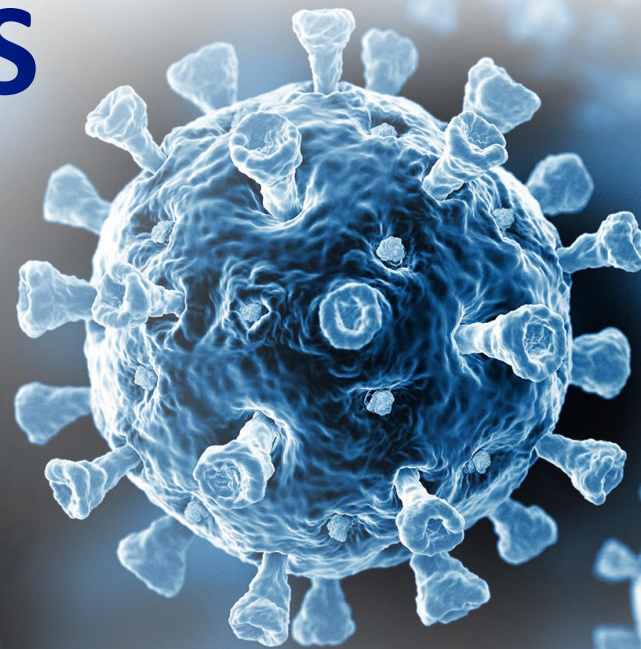
Inflation

Monthly 12-month Inflation Rate in the United States
January 2021 to January 2022



FINANCIAL UPDATES

And FIVE-YEAR FORECAST



38992.44

+ 3542.55
+ 1352.14
+ 2100.36
+ 854.94

+ 1445.65
+ 1204.25
+ 2008.6
+ 1804.7

2055

305

Overview of Revenue & Expenditures

Revenue Sources	FY 2021 Amended Budget	FY 2021 Actuals
PROPERTY TAX	\$ 25.75	\$ 24.42
SALES TAX	17.63	20.47
TRANSIENT OCCUPANCY TAX	2.24	2.92
UTILITY USERS TAX	3.22	3.37
OTHER TAXES	1.85	2.11
LICENSES PERMITS & FEES	10.48	9.86
OTHER REVENUE	2.67	1.44
TOTAL REVENUE	\$ 63.84	\$ 64.59

Expenditures by Category	FY 2021 Amended Budget	FY 2021 Actuals
PERSONNEL	\$ 33.10	\$ 32.49
PENSION ADP & OPEB CONTRIBUTION	10.00	10.00
ACFD FIRE SERVICES	11.06	10.77
NON-PERSONNEL EXPENDITURES	14.16	12.53
TOTAL EXPENDITURES	\$ 68.32	\$ 65.79
NET OPERATING RESULTS BEFORE TRANSFERS	\$ (4.48)	\$ (1.20)

TRANSFERS IN ⁽¹⁾	10.00	10.03
TRANSFERS OUT ⁽²⁾	3.98	6.98
NET OPERATING RESULTS AFTER TRANSFERS	\$ 1.54	\$ 1.85

FY 2022 Adopted Budget	FY 2022 Year-End Projection	% Over/(Under) Adopted Budget	% Change 2022/2021
\$ 22.96	\$ 26.25	▲ 14%	▲ 7%
15.44	20.68	▲ 34%	▲ 1%
2.48	3.88	▲ 56%	▲ 33%
-	3.30		▼ -2%
1.52	2.33	▲ 53%	▲ 10%
11.63	10.48	▼ -10%	▲ 6%
2.66	1.88	▼ -29%	▲ 31%
\$ 56.69	\$ 68.80	▲ 21%	▲ 7%

FY 2022 Adopted Budget	FY 2022 Year-End Projection	% Over/(Under) Adopted Budget	% Change 2022/2021
\$ 35.30	\$ 33.59	▼ -5%	▲ 3%
-	5.57		▼ -44%
11.34	11.34	0%	▲ 5%
13.17	14.65	▲ 11%	▲ 17%
\$ 59.81	\$ 65.15	▲ 9%	▼ -1%
\$ (3.12)	\$ 3.65		

-	7.27
4.20	9.00
\$ (7.32)	\$ 1.92

Projected Year-End General Fund Revenues

\$68.8 M

Projected Expenditures

\$65.2 M

Estimated Surplus

\$1.9 M

General Fund Revenues by Category

Projected FY 2022

Miscellaneous
3%

Charges for
Services 2%

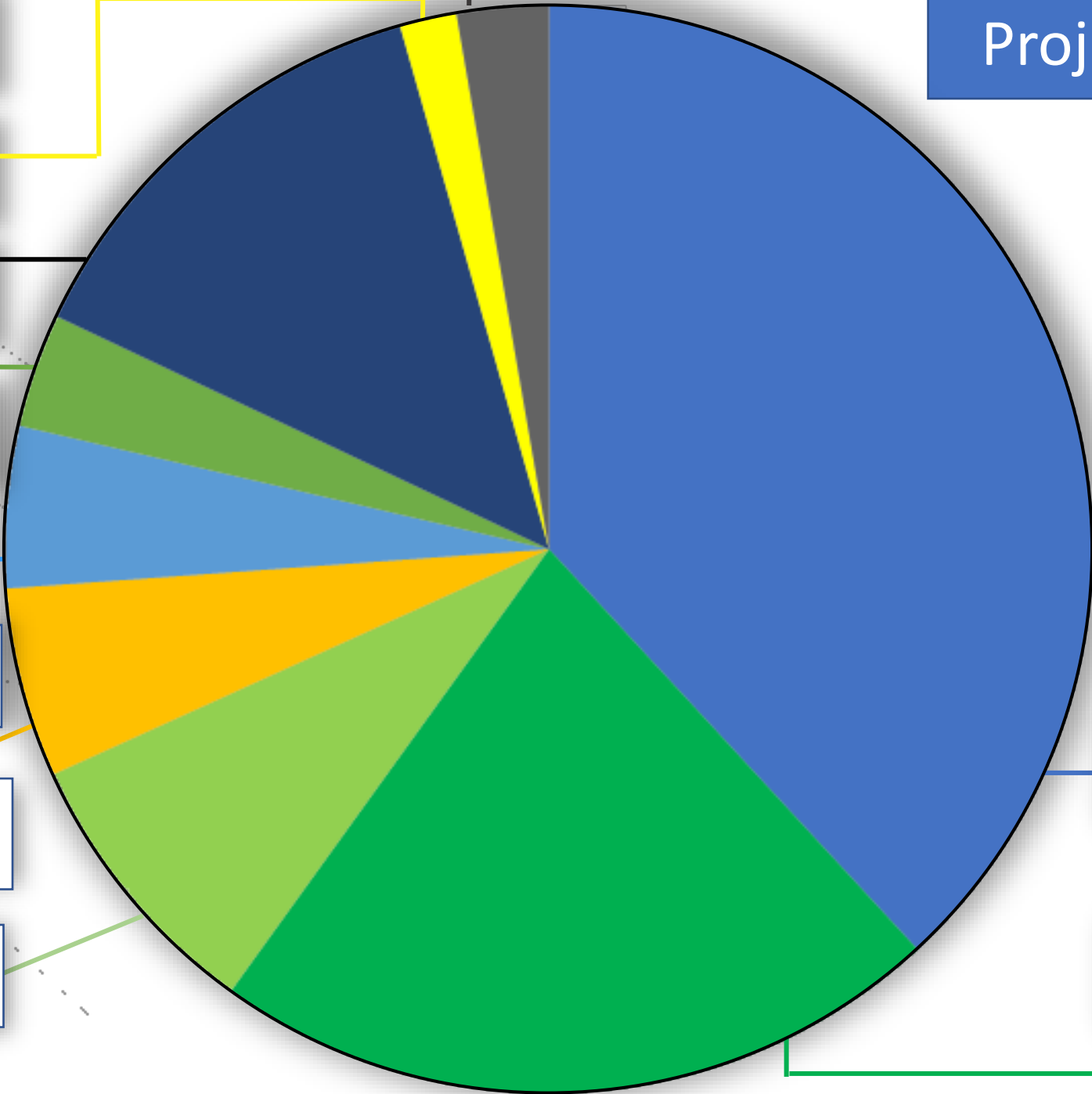
Licenses, Permits, and
Fees 13%

Other Taxes 3%

Utility Users Tax
5%

Transient
Occupancy Tax 6%

Measure GG 8%



- Property Tax
- Sales Tax
- Measure GG
- Transient
- Occupancy Tax
- Utility Users Tax
- Other Taxes
- Licenses, Permits, and Fees
- Charges for Services
- Miscellaneous

Property Tax 38%

Sales Tax 22%

Revenue Sources	FY 2021 Amended Budget	FY 2021 Actuals	FY 2022 Adopted Budget	FY 2022 Year-End Projection	% Over/(Under) Adopted Budget	% Change 2022/2021
PROPERTY TAX	\$ 25.75	\$ 24.42	\$ 22.96	\$ 26.25	▲ 14%	▲ 7%
SALES TAX	17.63	20.47	15.44	20.68	▲ 34%	▲ 1%
TRANSIENT OCCUPANCY TAX	2.24	2.92	2.48	3.88	▲ 56%	▲ 33%
UTILITY USERS TAX	3.22	3.37	-	3.30		▼ -2%
OTHER TAXES	1.85	2.11	1.52	2.33	▲ 53%	▲ 10%
LICENSES PERMITS & FEES	10.48	9.86	11.63	10.48	▼ -10%	▲ 6%
OTHER REVENUE	2.67	1.44	2.66	1.88	▼ -29%	▲ 31%
TOTAL REVENUE	\$ 63.84	\$ 64.59	\$ 56.69	\$ 68.80	▲ 21%	▲ 7%

\$68.8M

Projection
General Fund
Revenues

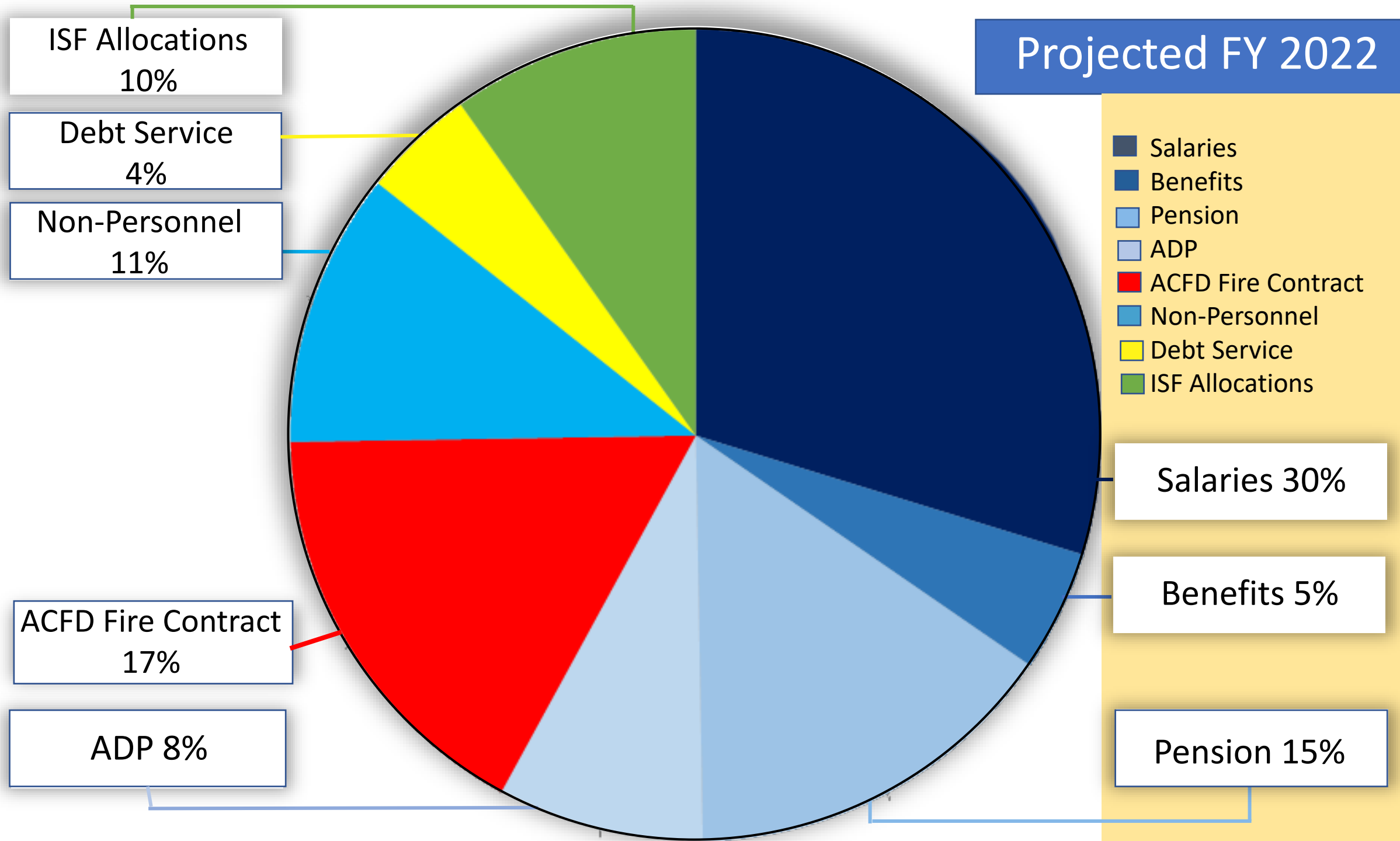


Excludes
Transfer to fund
ADP to CalPERS

Increase
21% from
Adopted Budget

Increase
7% compared to
last Fiscal Year

General Fund Expenditures by Category



General Fund - Expenditures

Expenditures by Category	FY 2021 Amended Budget	FY 2021 Actuals	FY 2022 Adopted Budget	FY 2022 Year-End Projection	% Over/(Under) Adopted Budget	% Change 2022/2021
PERSONNEL	\$ 33.10	\$ 32.49	\$ 35.30	\$ 33.59	▼ -5%	▲ 3%
PENSION ADP & OPEB CONTRIBUTION	10.00	10.00	-	5.57		▼ -44%
ACFD FIRE SERVICES	11.06	10.77	11.34	11.34	▬ 0%	▲ 5%
NON-PERSONNEL EXPENDITURES	14.16	12.53	13.17	14.65	▲ 11%	▲ 17%
TOTAL EXPENDITURES	\$ 68.32	\$ 65.79	\$ 59.81	\$ 65.15	▲ 9%	▼ -1%

Projected
\$65.15M
 End of FY



Includes
 \$5.57
 million
 ADP to
 CalPERS

Projected
 \$65.15M
 expenditures
 for FY 2022 is
 \$5.3 million
 higher

9% above
 Adopted
 Budget –
 result of
 ADP

Includes
 \$1.5M
 increase for
 non-
 personnel
 expenditures

Five Year Forecast

Revenue Sources	FY 2021 Actuals	FY 2022 Year-End Projection	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
PROPERTY TAX	24.42	26.25	27.09	28.74	30.48	32.33	34.32
SALES TAX	20.47	20.68	21.07	21.83	22.66	23.48	24.35
TRANSIENT OCCUPANCY TAX	2.92	3.88	4.08	4.29	4.51	4.75	5.00
UTILITY USERS TAX	3.37	3.30	3.30	3.31	3.32	3.33	3.33
OTHER TAXES	2.11	2.33	2.38	2.43	2.48	2.53	2.58
LICENSES PERMITS & FEES	9.86	10.48	10.93	11.38	11.85	12.40	12.88
OTHER REVENUE	1.44	1.88	1.46	1.48	1.51	1.54	1.58
TOTAL REVENUE	64.59	68.80	70.31	73.46	76.81	80.36	84.04
Expenditures by Category	FY 2021 Actuals	FY 2022 Year-End Projection	FY 2023 Forecast	FY 2024 Forecast	FY 2025 Forecast	FY 2026 Forecast	FY 2027 Forecast
PERSONNEL	32.49	33.59	34.60	35.64	36.70	37.81	38.94
PENSION ADP & OPEB CONTRIBUTION	10.00	5.57	-	-	-	-	-
ACFD FIRE SERVICES	10.77	11.34	11.88	12.44	13.02	13.64	14.28
NON-PERSONNEL EXPENDITURES	12.53	14.65	16.69	17.22	17.78	18.34	18.93
TOTAL EXPENDITURES	65.79	65.15	63.16	65.30	67.50	69.79	72.15
NET OPERATING RESULTS BEFORE TRANSFERS	(1.20)	3.65	7.15	8.16	9.31	10.57	11.89
TRANSFERS IN ⁽¹⁾	10.03	7.27	1.02	1.02	-	-	-
TRANSFERS OUT ⁽²⁾	6.98	9.00	5.85	6.03	6.24	6.45	6.68
NET OPERATING RESULTS AFTER TRANSFERS	1.85	1.92	2.32	3.15	3.07	4.12	5.21

(1) Transfers In from Pension Reserve and CARES/ARPA reimbursements.

(2) Transfer Out Measure GG revenue earmarked for debt service and Civic Center capital expenditures.

(2) Transfers Out to Pension Reserve & ACFD OPEB payments.

Revenues

Conservatively
forecasted
with increases

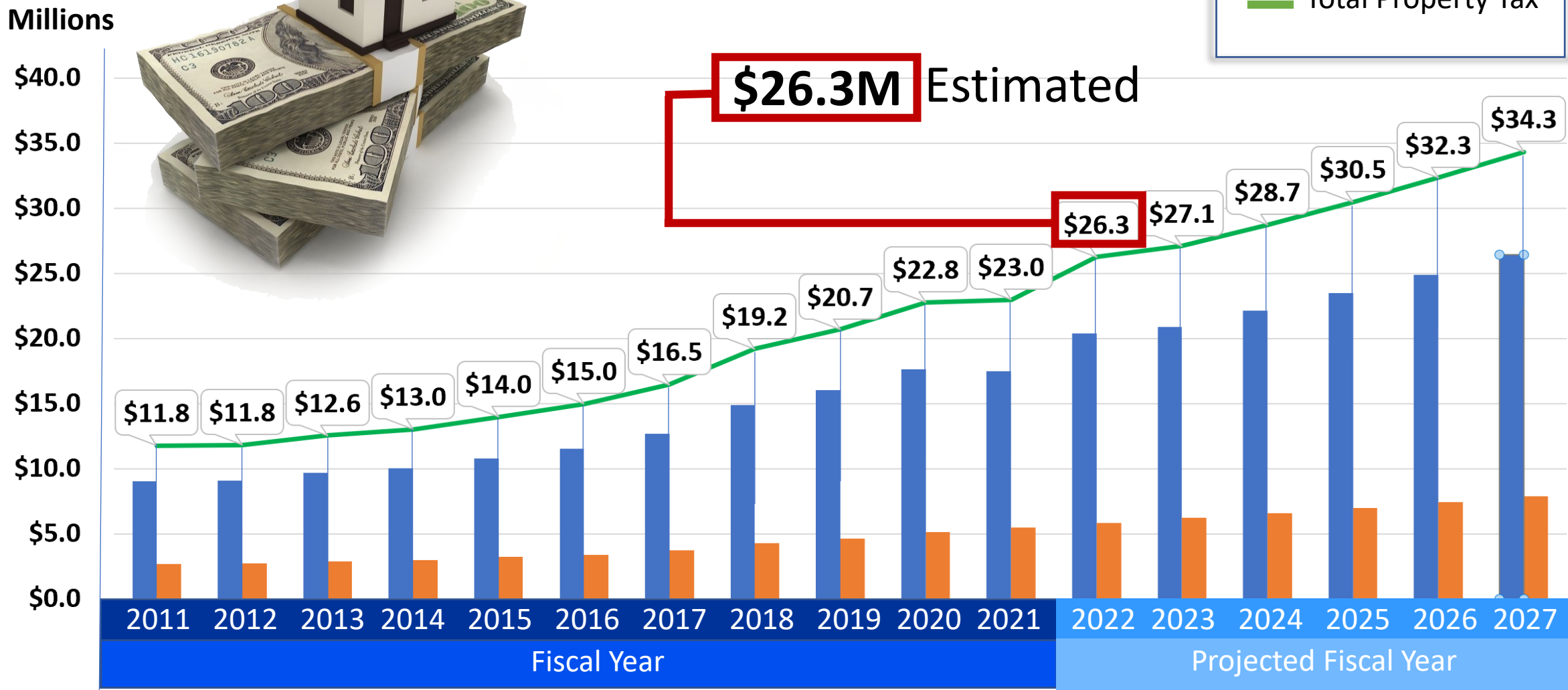
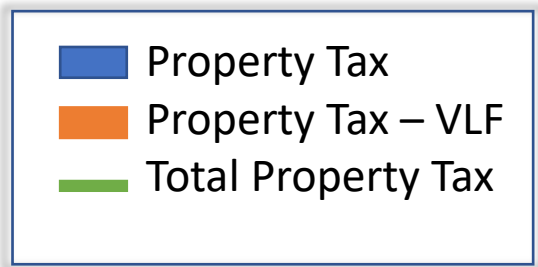
**Property &
Sales Tax**
Show growth

Expenditures

Forecasted
with average
increases



Property Tax



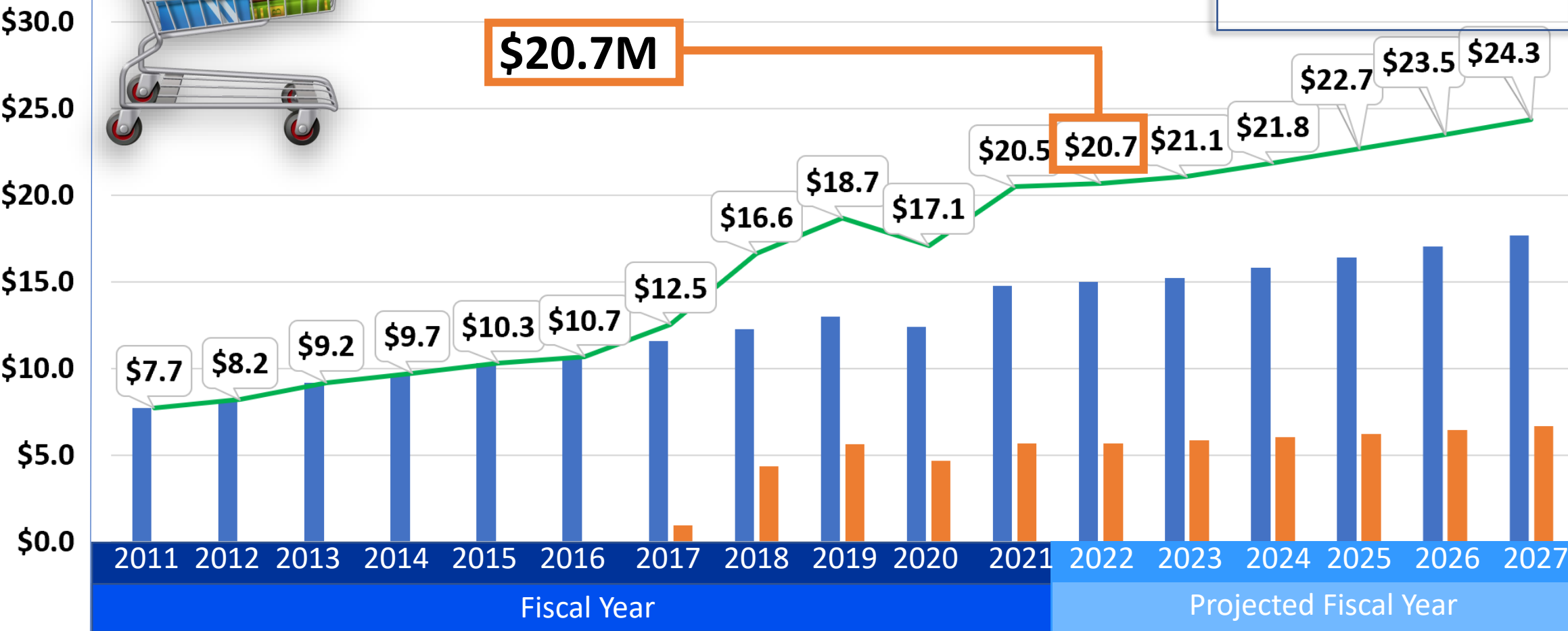
\$4M (14%) higher than adopted budget
\$1.8M (7%) higher than last fiscal year

Assessed Value – FY 2022 tax roll
Increased a net 5.5%



Sales Tax & Measure GG

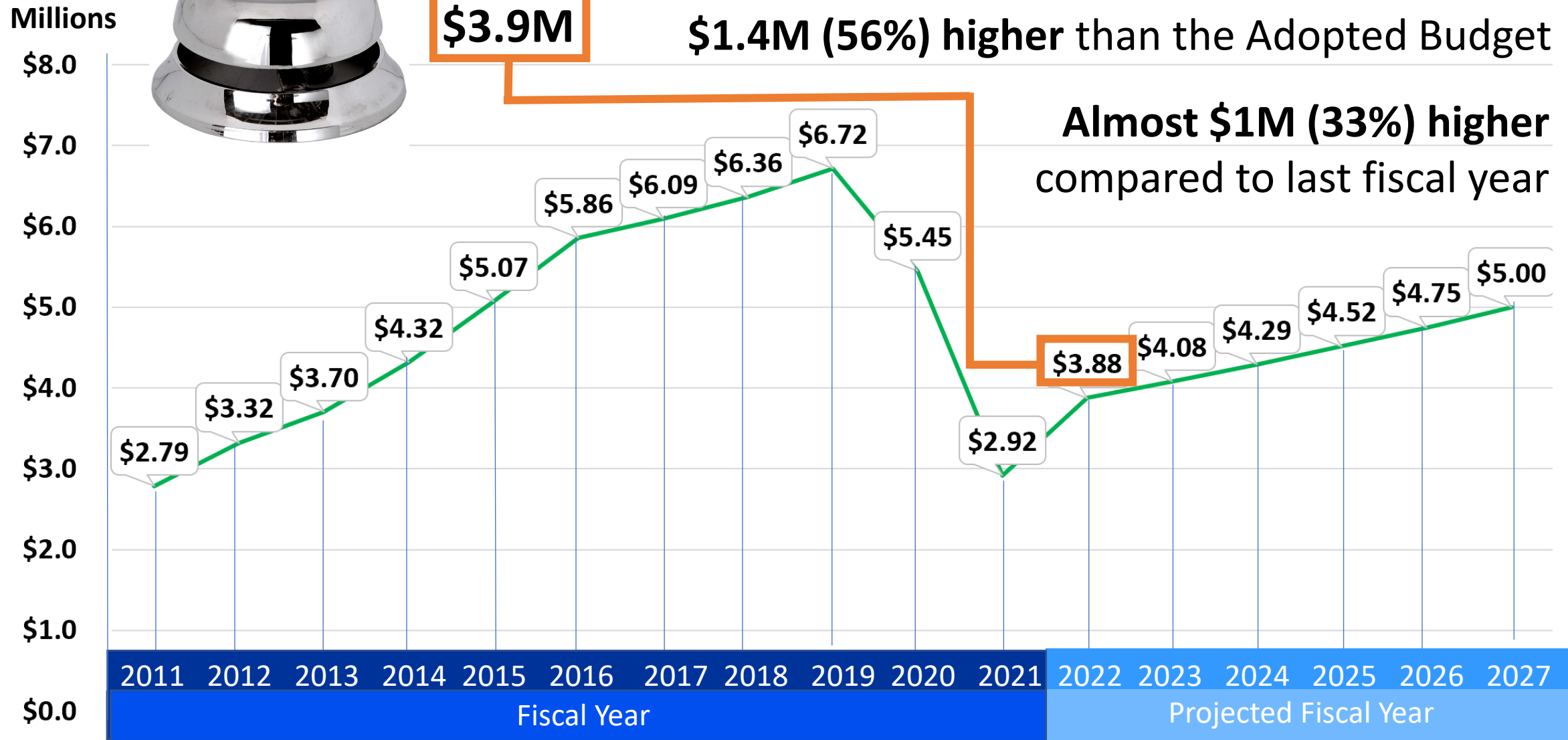
Millions

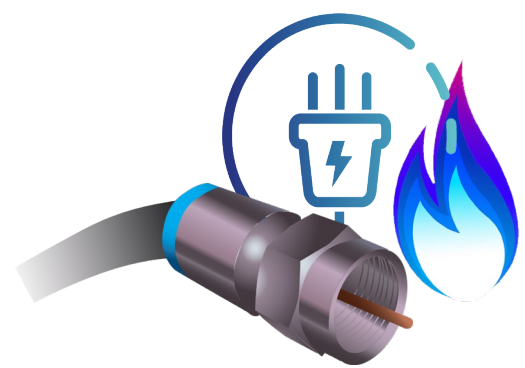


34% higher than the Adopted Budget but 1% over the FY

\$5.7M Measure GG revenues earmarked for debt service payments and residual Civic Center Project expenditures.

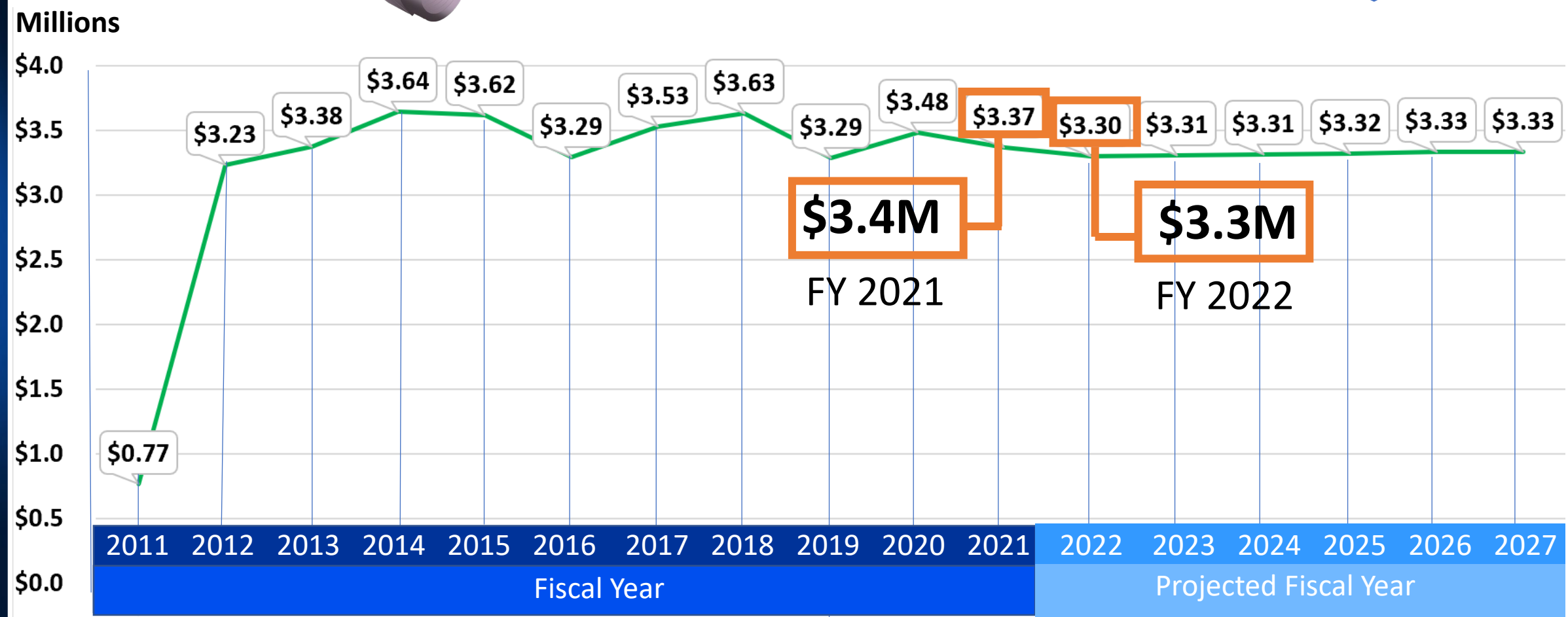
Transient Occupancy Tax





Utility Users Tax

TAX RATE
3.25%



Generates about 5% of the General Fund revenues

BUSINESS LICENSE
NOT TRANSFERABLE

Valid
July 1, 2015 - June 30, 2016

BUSINESS TYPE
DESCRIPTION
BUSINESS OWNER

000
Contractor - General
John Smith
Jane Doe

NEWARK
california

hellt

License Officer

City and County of Newark, California, hereby grants this license to engage in the business, profession, occupation, trade or exhibition named, in the City of Bothell, Washington, under the provisions of the City of Bothell Municipal Code, Chapter 22.05, for the term of the license. The license does not constitute a guarantee or endorsement by the City.

TO BE POSTED IN A CONSPICUOUS PLACE

Business License Tax

- 46% above Adopted Budget
- 7% above FY 2021

Property Transfer Tax = \$732K

- 70% above Adopted Budget
- 15% above FY 2021



Fines and Forfeitures



Category includes:

- Municipal Code Violations
- Parking Citations
- Vehicle Code Fines

Revenue

- Somewhat unpredictable

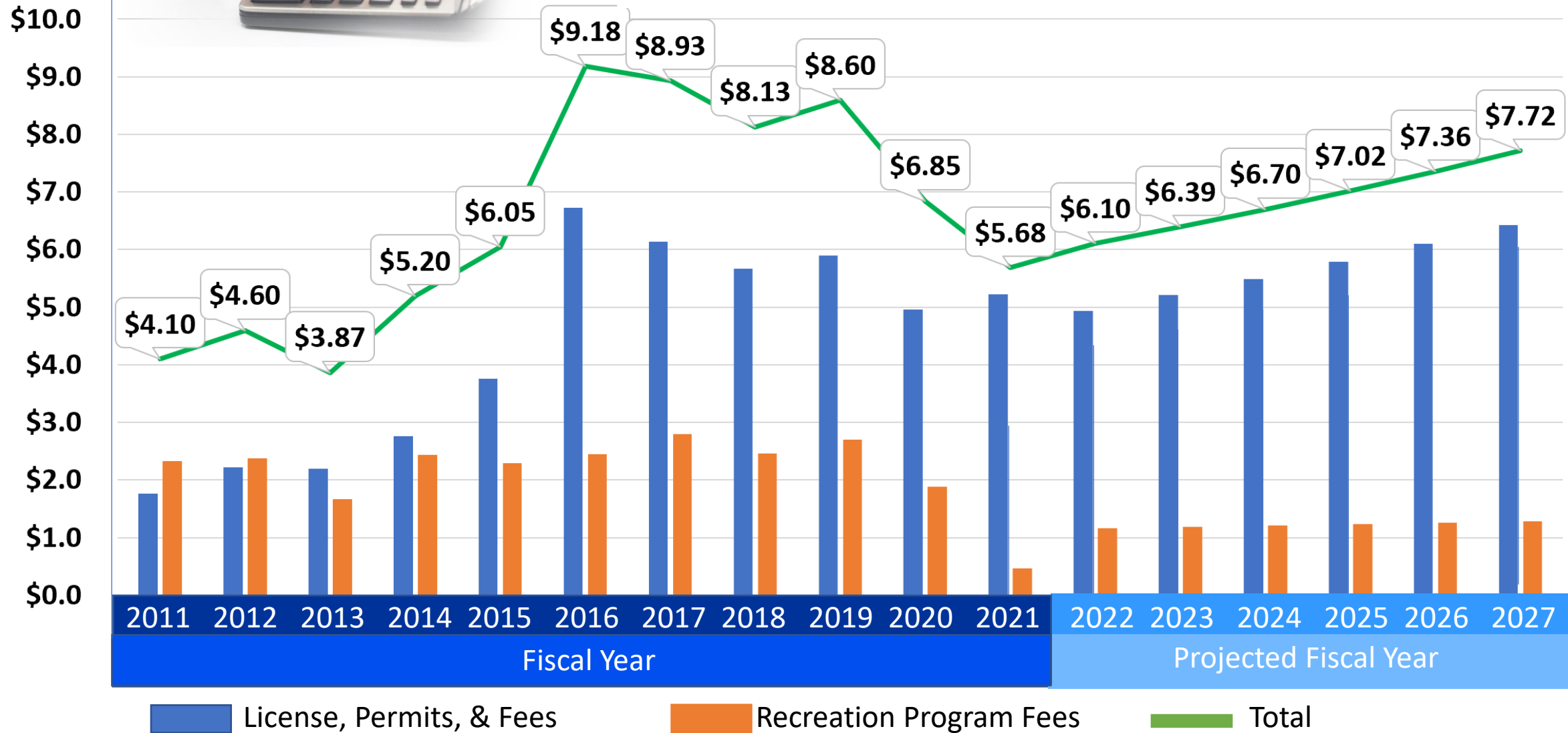
Current year-end projection = \$537K

- 39% below Adopted Budget
- 42% above FY 2021



License, Permits, and Fees

Millions



General Fund

Reserves and Unallocated Fund Balance

RESERVE FUND

Balance as of June 30,
2021 (millions)

Emergency

\$11.4M

17.4%

FY 2021 Operating
Expenditures

Fiscal Uncertainty

\$10.7M

16.3%

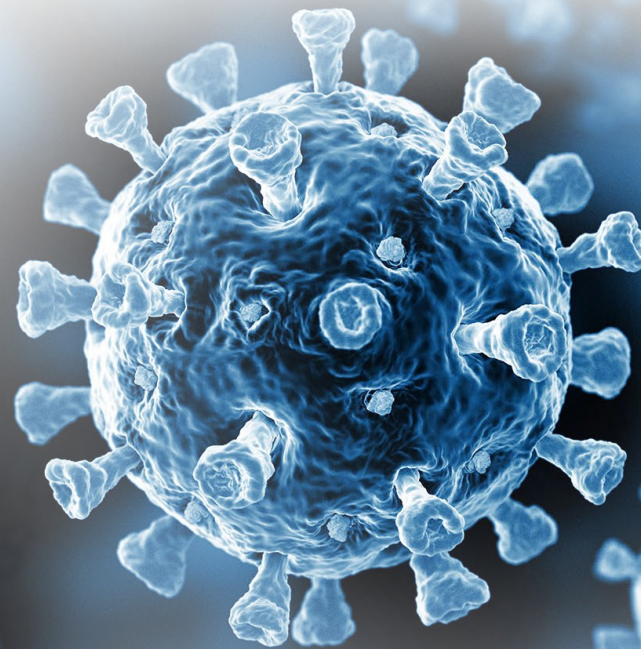
FY 2021 Operating
Expenditures

Pension and OPEB

ADP Transfer
\$16.8 - \$10.0 = \$6.8M

Equipment Replacement \$6.0

CalPERS





CalPERS Updates

Year	Action	Affect on Calculation
2021	\$10 million ADP to fund Unfunded Accrued Liability	Decreased the UAL by \$10 million
2021	FY 2021 Investment Gain Impact to UAL	Projected to decrease UAL by \$44 million
2022	Discount Rate Reduction to 6.8% (Rate Year 2024)	Projected to increase UAL by \$12.8 million



CalPERS Updates

Leading Up to the Discount Rate Decision

2021

Began the
ALM review
Conducted
every 4 years

21.3%

Return for
fiscal year
2020 - 2021

**Funding Risk
Mitigation
Policy**
triggered

Discount Rate
Automatically
lowered to
6.8% on
July 1, 2021

**New Capital
Market
Assumptions
adopted**

Current portfolio
has projected
returns of **6.2%**
over next 20 years.

**Board
considered
portfolios**

6.5%, 6.8%, & 7.0%
discount rates with
varying degrees of
leverage.

Budget Work Session



Year-End Summary

FY 2022 PROJECTED YEAR-END

General Fund
Projected Revenues

\$68.8 M

Projected
Expenditures

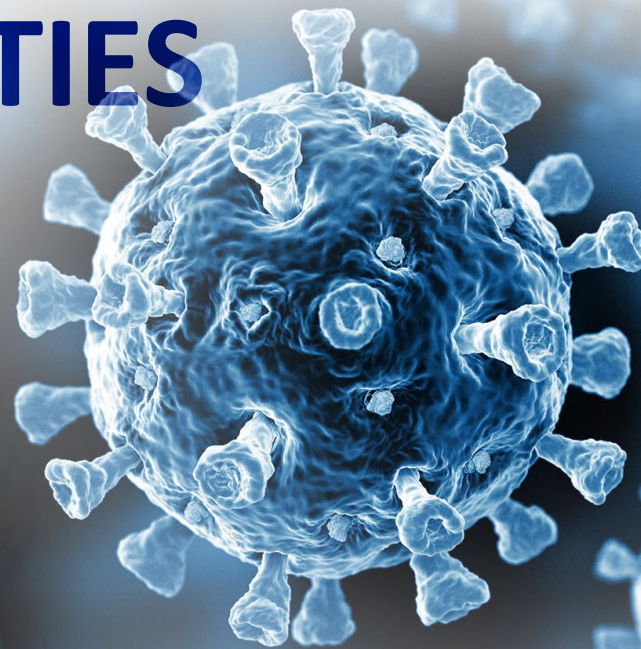
\$65.2 M

Net Operating Results Before Transfers
\$1.9 after transfers

\$ 3.6 M

DEPARTMENT PRIORITIES

2022 - 2024



Police Department

Operations



**Recruit and
train**

New Crime
Analyst



**Assigns
officers to
areas of
increased
crime**
Based on
Crime Analyst
recommendations



**Address
complaints**
Unregistered
and
non-operating
vehicles on
public/private
property



Train
using less
lethal devices
and
technologies
to facilitate
de-escalation
strategies

Police Department

Support Services

Expand # of
residents &
businesses
currently
opted-in to
AC ALERT
mass notification
& evacuation
platform



Explore new
ways to
Increase # of
candidates for
entry
level/lateral
police officers

Prioritize
professional
development &
succession
planning
Include adoption
Acting Sergeant
in Training
Program

Ensure current
practices are
consistent with
department
policy through a
policy
compliance
audit



Alameda County

Fire Services

Including

- Listos
- PEP
- CERT
- Newark residents

Review and support City's CEMP and LHMP



Public Works

Engineering

Support
Residential
and
commercial
construction



**Oversee
construction
of**
Central
Avenue
Railroad
Overpass
Start Summer
2023 - 2025

Complete
Lakeshore
Park
Landscape
Restoration
project in
2022

Complete
Citywide
Facilities Master
Plan
(Determine
buildings' future
needs/evaluate
existing
buildings)
Railroad Quiet
Zones Study

Public Works

Building Inspections

Support
Residential
and
commercial
construction

**Develop
options**
Electronic or
“paperless”

Evaluate
Permit
tracking
software and
internal
processes for
permit review
streaming



Public Works

Maintenance

Maintain

- City landscaping
- Parks-Streets
- Streets
- Public buildings
- Equipment assets

Explore Opportunities

To improve service levels

Invest in more efficient equipment and advanced technology

Maintain and Improve

City's urban forest

Emphasizing street tree and park safety for the community

Identify opportunities for

Improving safety conditions in all

- Streets
- Parks
- Buildings



Public Works

Environmental Services

Implement
City's
Stormwater
Program in
coordination
with regional
partners

Work with
franchise
hauler on
garbage
related issues

Promote
diversion of
solid waste
from landfills

Implement
water
conservation
efforts in
partnership
with Alameda
County Water
District
Address
drought

Research
opportunities
for collaborative
efforts to
address climate
protection
measures



Community Development Planning

Implement Specific Plans for

- Areas 3 & 4
- Old Town
- Bayside Newark
- NewPark Mall

Update
Housing
Element and
Environmental
Hazards
Element of
the General
Plan

Implement
Affordable
Housing Work
Plan



Community Development

Economic Development

Attract New Businesses

- Retail
- Hotel
- High Technology Businesses
- Employment

**Market
Newark to
Businesses
and
Real Estate
Brokers**

**Use ARPA
funds to
Support the
Chamber of
Commerce
and small
businesses**



Community Development

Community Preservation

Hiring of a new Community Preservation Division Manager

- Expand and revitalize the City's Community Preservation Program



**Analyze and
implement**
New
strategies and
procedures
and revisit
City's
ordinances

**Utilize
receiverships
and other
aggressive
enforcement
methods**
When necessary
and appropriate

Recreation & Community Services

**Develop
Programming**
at Newark
Family
Resource
Center

**Establish
partnerships**
Offer human
services

Promote
Human
Services
available at

- Fremont Family Resource Center
- 211 Alameda County

Provide
community
special events
and recreation
opportunities

**Offer
Scholarships**
recreational
and fitness
opportunities

Offer
empowering
leadership and
educational
programs



Financial Services

Monitor/ Evaluate

- City Revenues
- National & State Economies
- Fiscal policies
- Other economic trends

Develop

- Biennial Budget & 5-Year Forecast
- Monitor Spending
- Advise Council with budget amendments

Provide Leadership in Development

- Implementation
- Update financial policies

Complete

- replacement of
- Financial mgmt. H.R. & Asset Mgmt. modules ERP system

Maintain

ERP system for systematic updates and enhancements

Continue to

Evaluate additional modules



Human Resources

Department

**Develop
innovative
Measures**

Attract and
retain a
talented
workforce



Implement
professional
development
opportunities
to enhance
employees'
success

**Ensure
departments
have tools
and resources
to provide
timely,
accurate,
relevant
performance
evaluations**

**Support
employee
wellness &
Safety**

**Protect
Resources**
Limiting liability
& property
claims

Information Systems Department

Implement
Information
Systems
Division
Strategic
Framework



**Customer
Focused
Technology
Solutions**
Anticipate
City's
current/future
needs

Develop
Information
Technology
Business
Continuity and
Disaster
Recovery Plan
Recovers
Technology
services from
major disaster

**Support
Department
Initiatives**
Enhance
customer
experience



City Manager's Office

City Manager, City Clerk, City Attorney

Implement
City of
Newark ARPA
Recovery
Plan



ARPA

Implement
City
Council
Priorities
and
Projects

**Administer
Municipal
Election**
11/8/2022
Coordinate w/
Alameda County
Registrar of
Voters



**Facilitate
Selection of**
ARPA-funded
community
engagement
and outreach
platform

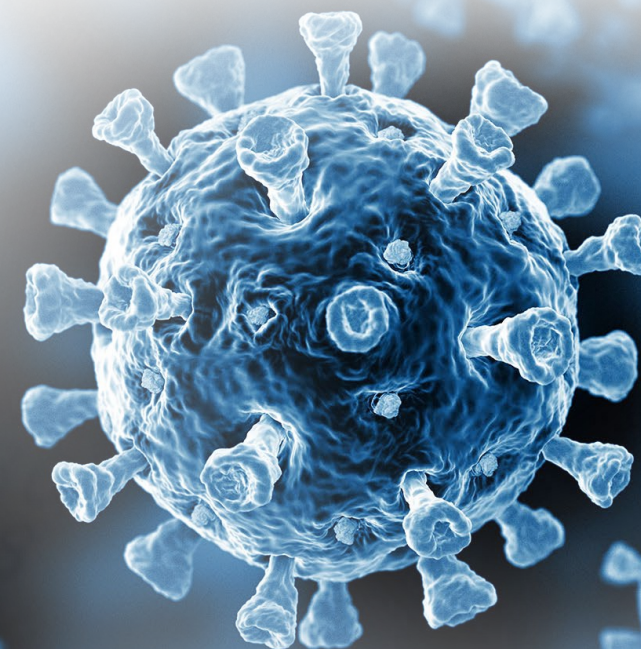
01

02

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Next Steps



Next Steps

**Capital
Improvement
Plan Discussion**
March 24th



**Draft Biennial
Budget
Document
Presentation**
May

**Capital
Improvement
Plan Draft
Presentation**
May

**Budget Work
Session**
May

**Adoption of
Biennial Budget
& Capital
Improvement
Plan**
May - June

01

02

03

04