



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 14, 2024

5:30 P.M

- A. ROLL CALL
- B. CITY MANAGER REPORTS
 - 1. Work Session for 2024-2026 Biennial Budget
- C. ADJOURNMENT

MEETING INFORMATION

Members of the public may attend the meeting in person, watch online or watch on Cable Channel 26. The ability to observe online or Cable Channel 26 is predicated on those technologies being available and functioning without technical difficulties. Should those platforms not be available, or become non-functioning, or should the City Council otherwise encounter technical difficulties that make those platforms unavailable, the City Council will proceed with business in person unless otherwise prohibited by law.

How to view the meeting remotely:

Livestream online at YouTube <https://www.youtube.com/@cityofnewark3077/streams>

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

Cable Channel 26 - if the meeting does not broadcast live, please contact your service provider and request the City of Newark channel lineup.

Zoom will no longer be available for public participation unless required by Assembly Bill 2449. Should a Council Member or the Mayor attend the meeting via Zoom pursuant to Assembly Bill 2249, then the Webinar ID 811 9926 0233 will be activated. The Mayor will make an announcement at the beginning of the meeting that the City will be allowing public comment via Zoom. Raise your virtual hand to notify the City Clerk that you would like to speak during the item that you wish to speak on.

How to submit written Public Comment:

Send an email to City Clerk by 3:00 p.m. the day of the meeting. Please identify the agenda item number in the subject line of your email. Emails will be compiled into one file and will be distributed to the City Council before the meeting.

No question shall be asked of a council member, city staff, or an audience member except through the Mayor. No person shall interrupt the 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 at <https://www.newark.org/departments/city-manager-s-office/agendas-minutes> and will concurrently be made available for public inspection during regular business hours at the David W. Smith City Hall, 37101 Newark Boulevard, Newark CA. 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 03/14/2024
TO Honorable Mayor and City Council Members
FROM Krysten Lee, Finance Director
SUBJECT Work Session for 2024-2026 Biennial Budget

The City is currently in the process of developing the 2024-2026 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, review various economic trends and factors that could impact our budget, provide an update on the City's current year's operating budget, and present draft policy objectives and goals, and discuss recommended prioritization of various specific projects for individual departments. A PowerPoint containing the most up-to-date financial information is attached.

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, April 11, 2024.

Attachments

Presentation v1



2024-2026 Biennial Budget Work Session

March 14, 2024



Agenda

1 Budget Process

2 Economic Trends

3 Financial Update

4 Department Priorities

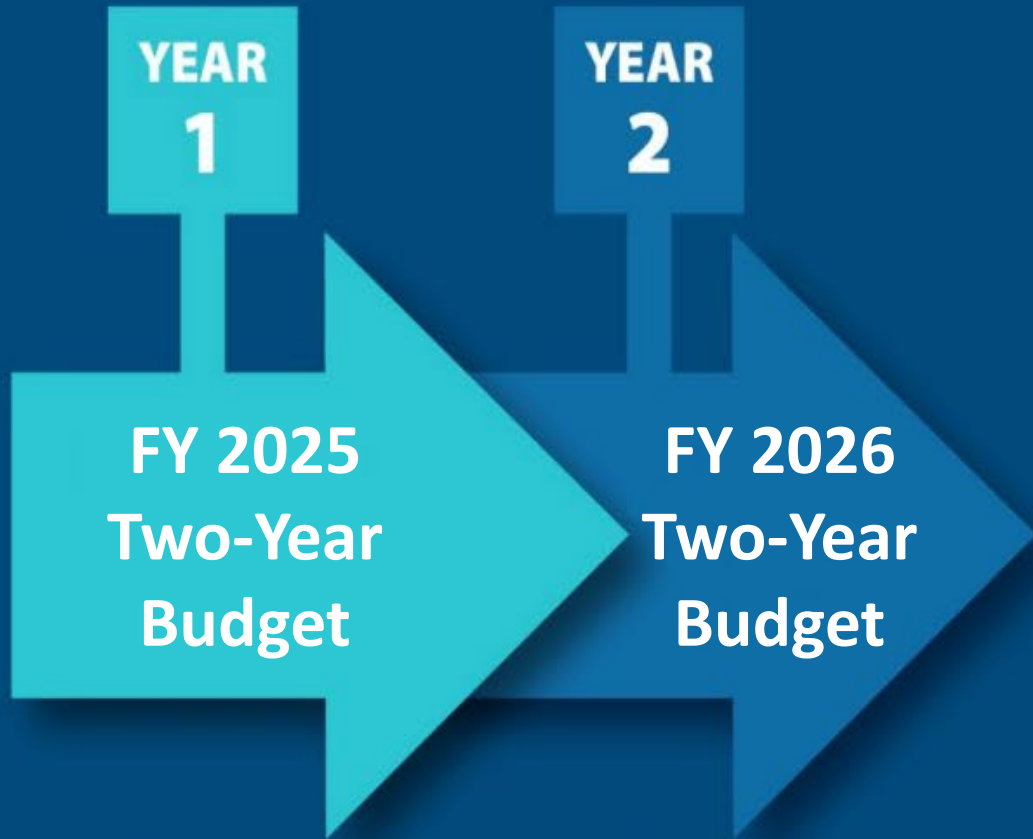
5 Next Steps



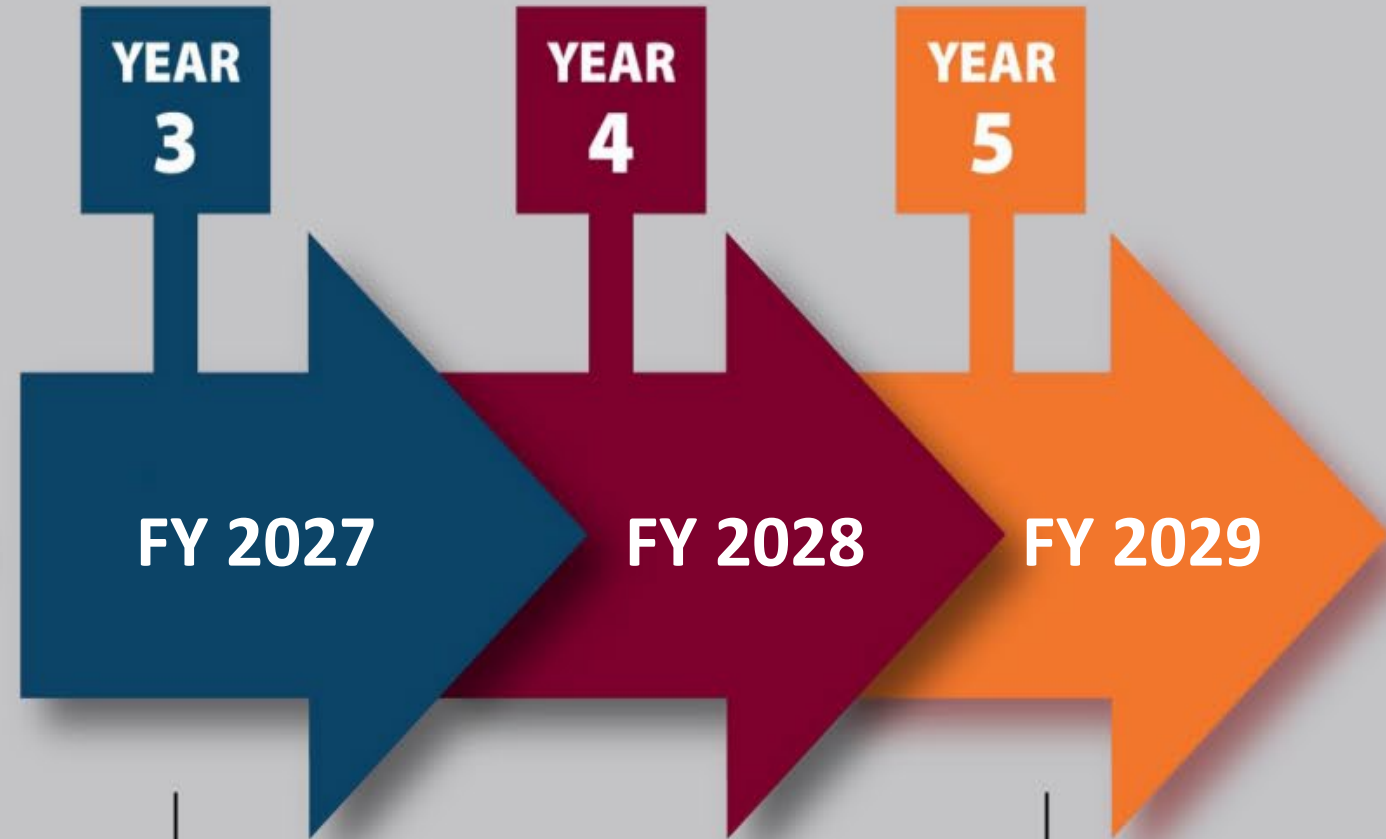
BUDGET PROCESS



Biennial Budget in the Context of a Five-Year Forecast



Two-Year Adopted Budget
Mid-Year review to include refinements to the Five-Year Forecast



Updated Annually

Biennial Budget Cycle

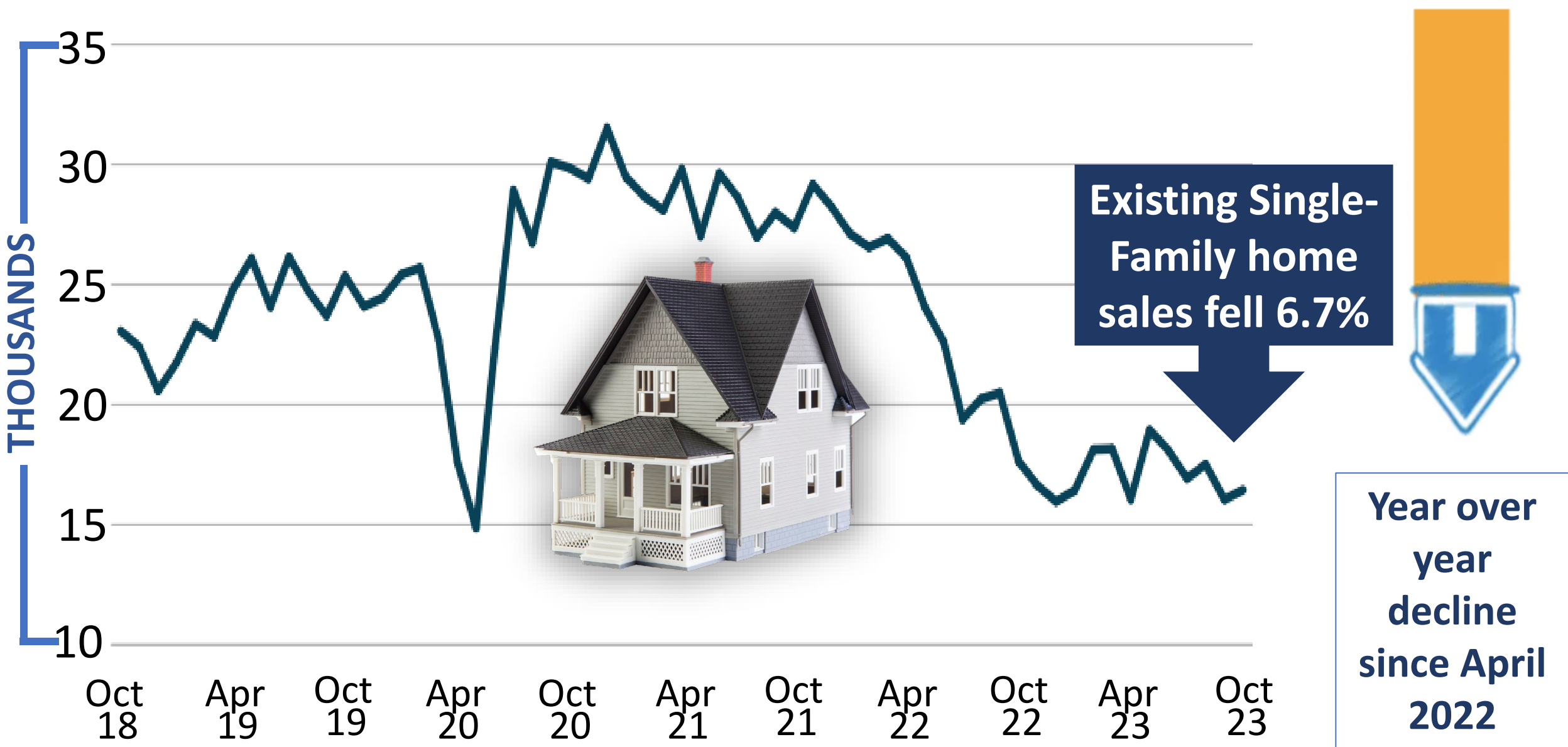




ECONOMIC TRENDS

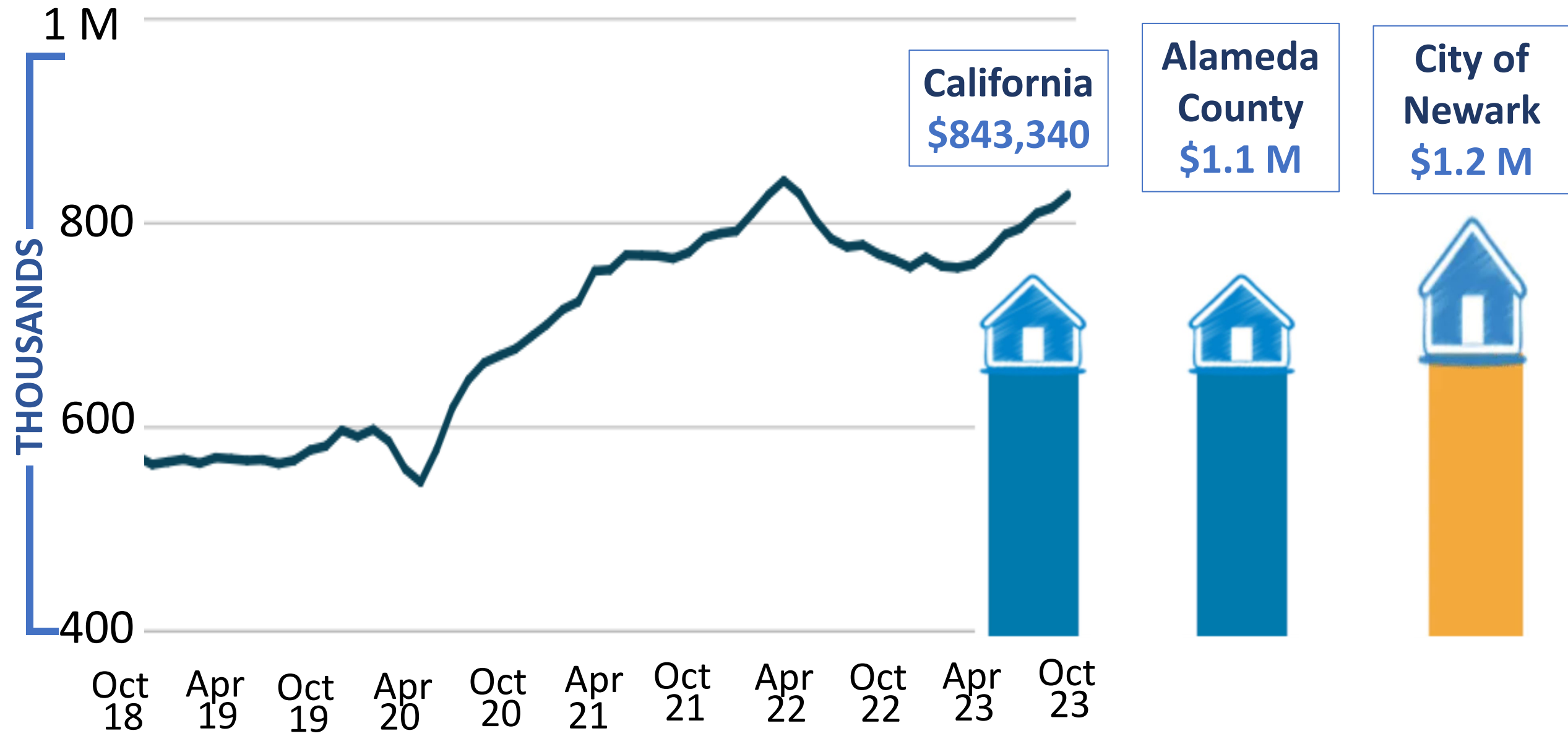


California's Housing Inventory Shortage Continues...



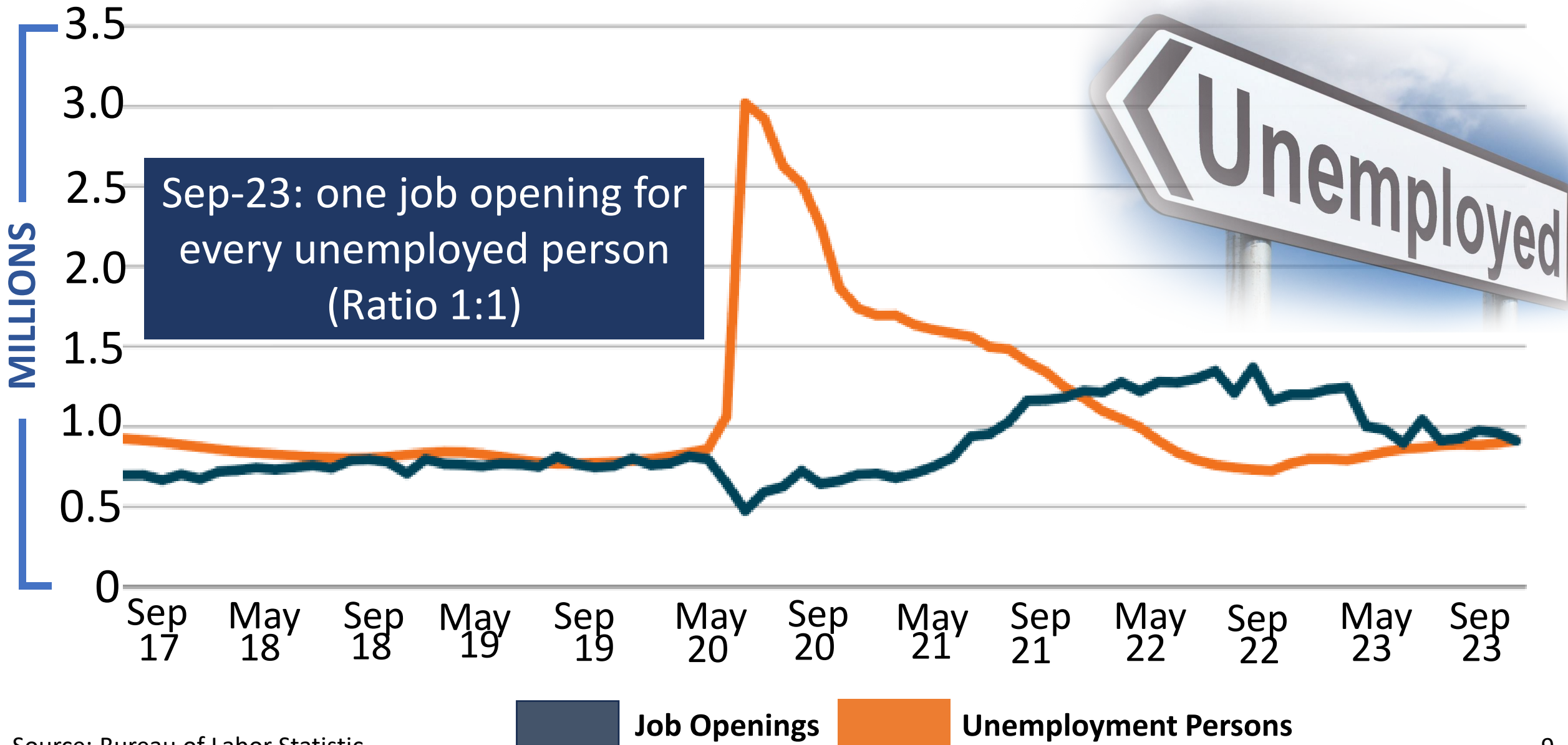
Source: Redfin

Median Sale Price for Single-Family Homes

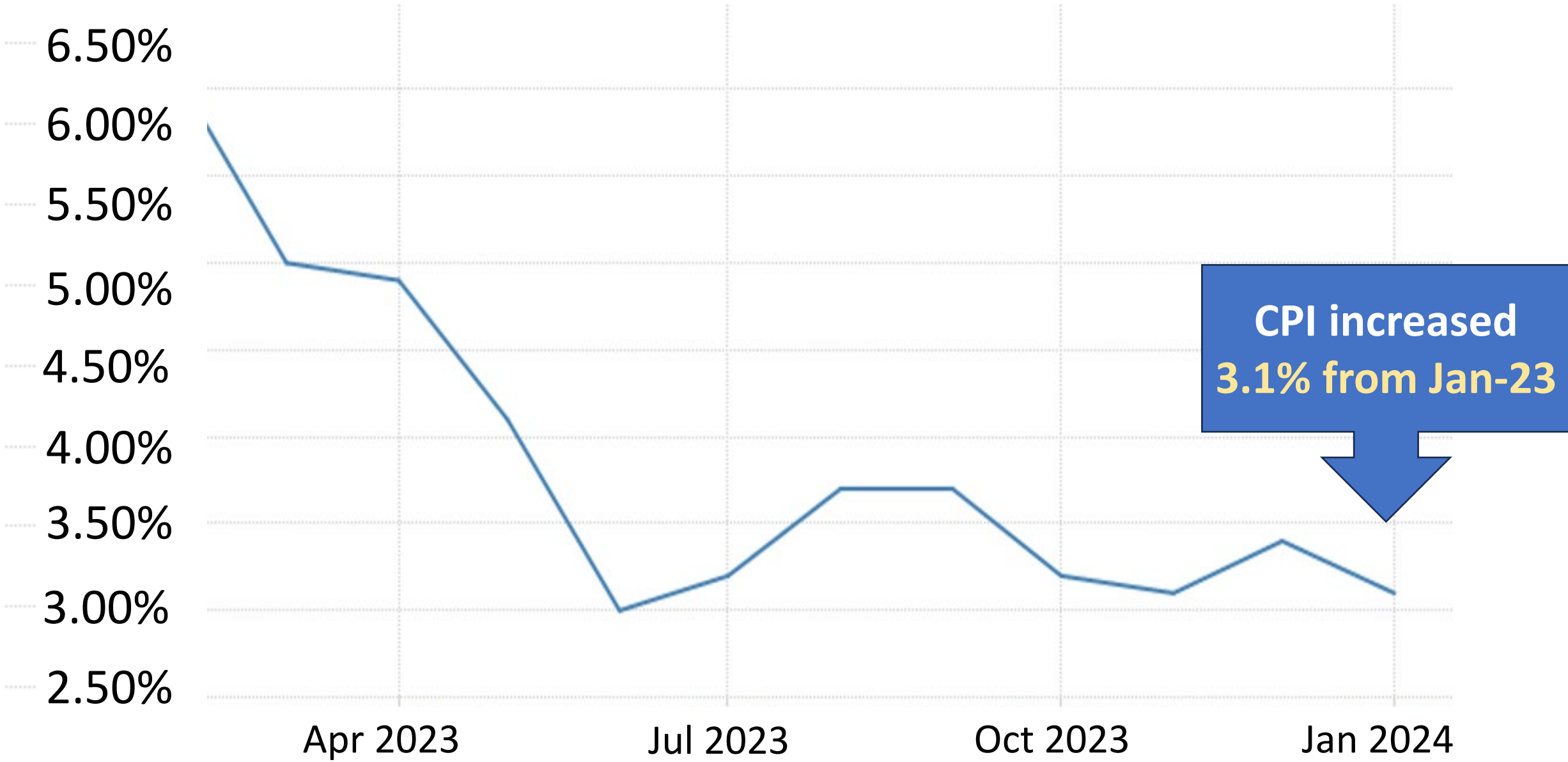


Source: Redfin

California's Job Openings and Unemployment



Inflation



Source: Bureau of Labor Statistic



CalPERS Updates

Asset Liability Management (ALM)

2021

Began the
ALM review

Conducted
every 4 years

21.3%

Return for
Fiscal Year
2021

**Funding Risk
Mitigation
Policy**
triggered

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

-7.5 %

Return for
Fiscal Year
2022

5.8 %

Return for
Fiscal Year
2023

**March
2024
Mid-Cycle
Review**

- No changes to actuarial assumptions
- No changes to discount rate

Newark's Proactive Pension Cost Management Actions

- **Spring 2024** **Propose Hybrid Section 115 and ADP Strategy**
- June 2022 \$5 Million CalPERS ADP (Miscellaneous Plan)
- June 2021 \$10 Million CalPERS ADP (Safety Plan)
- February 2017 Adopted Pension & OPEB Reserve Policy;
Funded \$5 Million Reserve Fund
- June 2016 CalPERS 20-Year Fresh Start (Miscellaneous Plan)
- June 2015 CalPERS 20-Year Fresh Start (Safety Plan)

Pension Cost Containment Strategies – Not Mutually Exclusive

(1) Negotiate Cost Sharing With Employees



(2) Fresh Start Amortization offered by CalPERS



(3) Prepay UAL early in Fiscal Year ($\approx 3.3\%$ discount)



(4) Additional Discretionary Payments (ADP)



(5) Section 115 Trust



(6) Restructure All or Portion of Remaining UAL



Currently not recommended;
Continue to monitor



FINANCIAL UPDATE



FY 2024 Projected Year-End

Revenue Sources	FY 2023 Actual	FY 2024 Projection
PROPERTY TAX	28.6	30.5
SALES TAX	17.4	15.2
MEASURE GG	8.2	7.3
TRANSIENT OCCUPANCY TAX	4.9	5.3
UTILITY USERS TAX	4.2	4.4
OTHER TAXES	2.5	2.0
LICENSES PERMITS & FEES	10.5	10.5
OTHER REVENUES	3.9	5.4
TOTAL REVENUES	80.2	80.6

\$80.6 M Projected Revenues

Expenditure by Category	FY 2023 Actual	FY 2024 Projection
PERSONNEL	37.2	40.3
NON-PERSONNEL EXPENDITURES	16.4	20.8
ACFD FIRE SERVICES	11.8	12.9
CIVIC CENTER DEBT PAYMENTS	6.1	4.8
TOTAL EXPENDITURES	71.5	78.8

\$78.8 M Projected Expenditures

NET OPERATING RESULTS BEFORE TRANSFERS	\$ 8.70	\$ 1.80
TRANSFERS IN ^(a)	1.3	17.4
TRANSFERS OUT ^(b)	9.2	7.0
PENSION/OPEB ADP & SECTION 115 TRUST ^(c)	-	12.0
NET OPERATING RESULTS AFTER TRANSFERS	\$ 0.80	\$ 0.20

\$200 K Projected Surplus After Transfers & One-time Payments

General Fund Revenues by Category

Revenue Sources	FY 2023 Actual	FY 2024 Amended Budget	FY 2024 Projection
PROPERTY TAX	28.6	28.9	30.5
SALES TAX	17.4	14.9	15.2
MEASURE GG	8.2	6.1	7.3
TRANSIENT OCCUPANCY TAX	4.9	3.9	5.3
UTILITY USERS TAX	4.2	3.3	4.4
OTHER TAXES	2.2	2.1	2.0
LICENSES PERMITS & FEES	10.5	10.2	10.5
OTHER REVENUES	3.9	2.2	5.4
TOTAL REVENUES	79.9	71.6	80.6

Projected Revenue
\$80.6 M

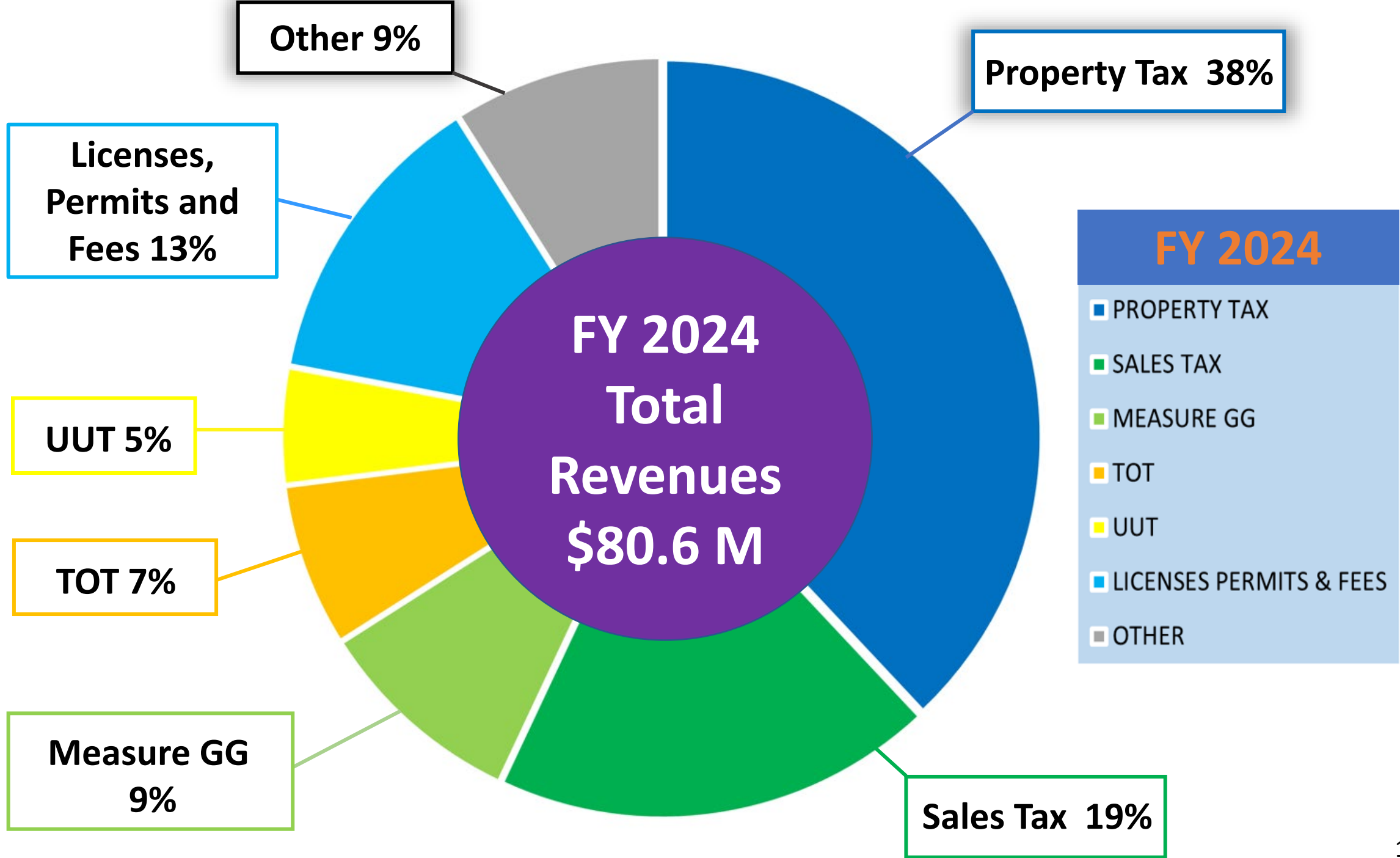


Above Amended Budget
= \$9M (13%)

Above FY 2023
= \$700K (1%)

Excludes: Transfers &
One-time payments.

FY 2024 Revenue Sources



General Fund Expenditures by Category

Expenditure by Category	FY 2023 Actual	FY 2024 Amended Budget	FY 2024 Projection
PERSONNEL	37.2	39.6	40.3
NON-PERSONNEL EXPENDITURES	16.4	19.3	20.8
ACFD FIRE SERVICES	11.8	12.7	12.9
CIVIC CENTER DEBT PAYMENTS	6.1	6.1	4.8
TOTAL EXPENDITURES	71.5	77.7	78.8

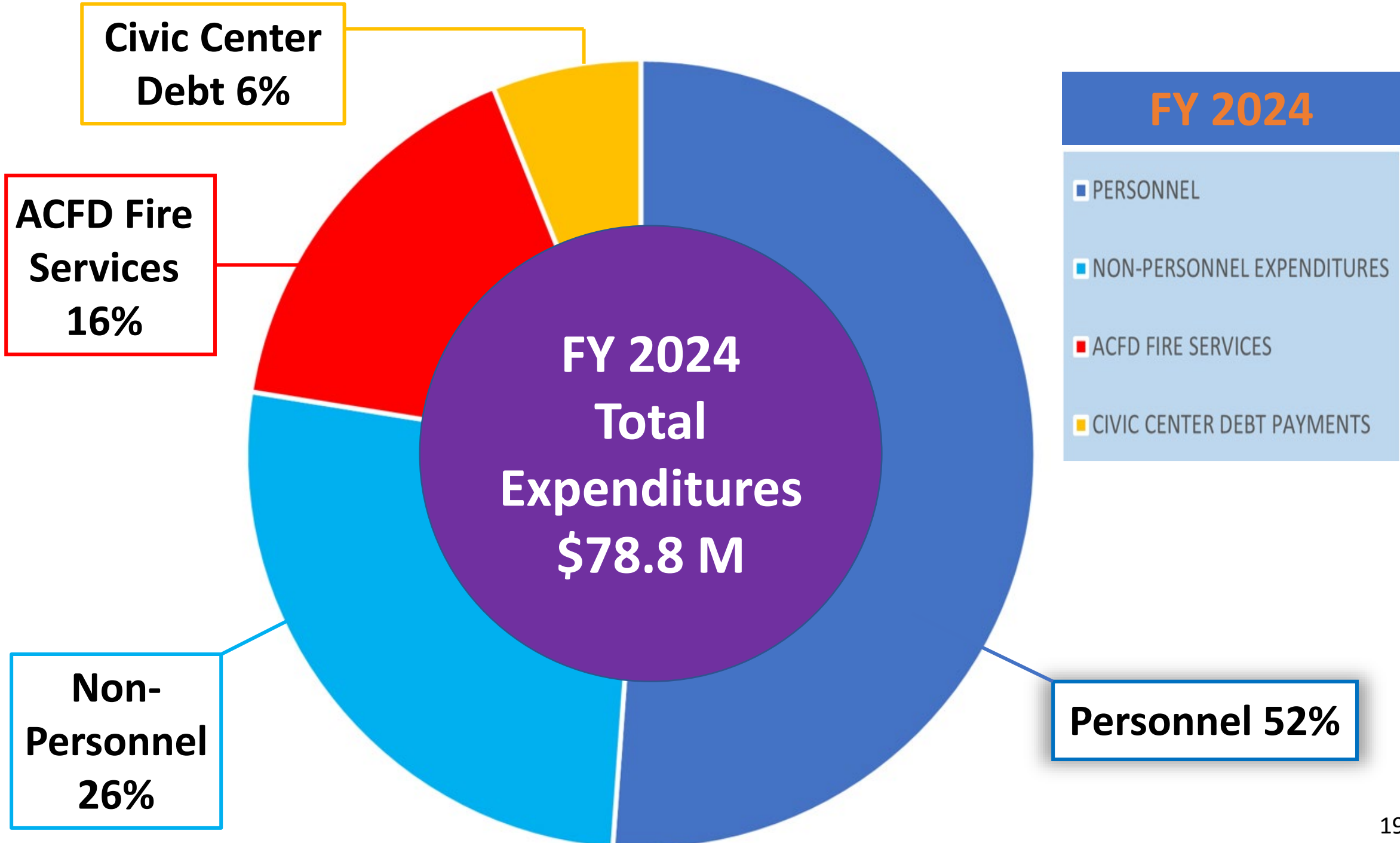
Projected Expenditures
\$78.8 M



Above Amended Budget
 = \$1.1M (1%)

Above FY 2023
 = \$7.3M (10%)

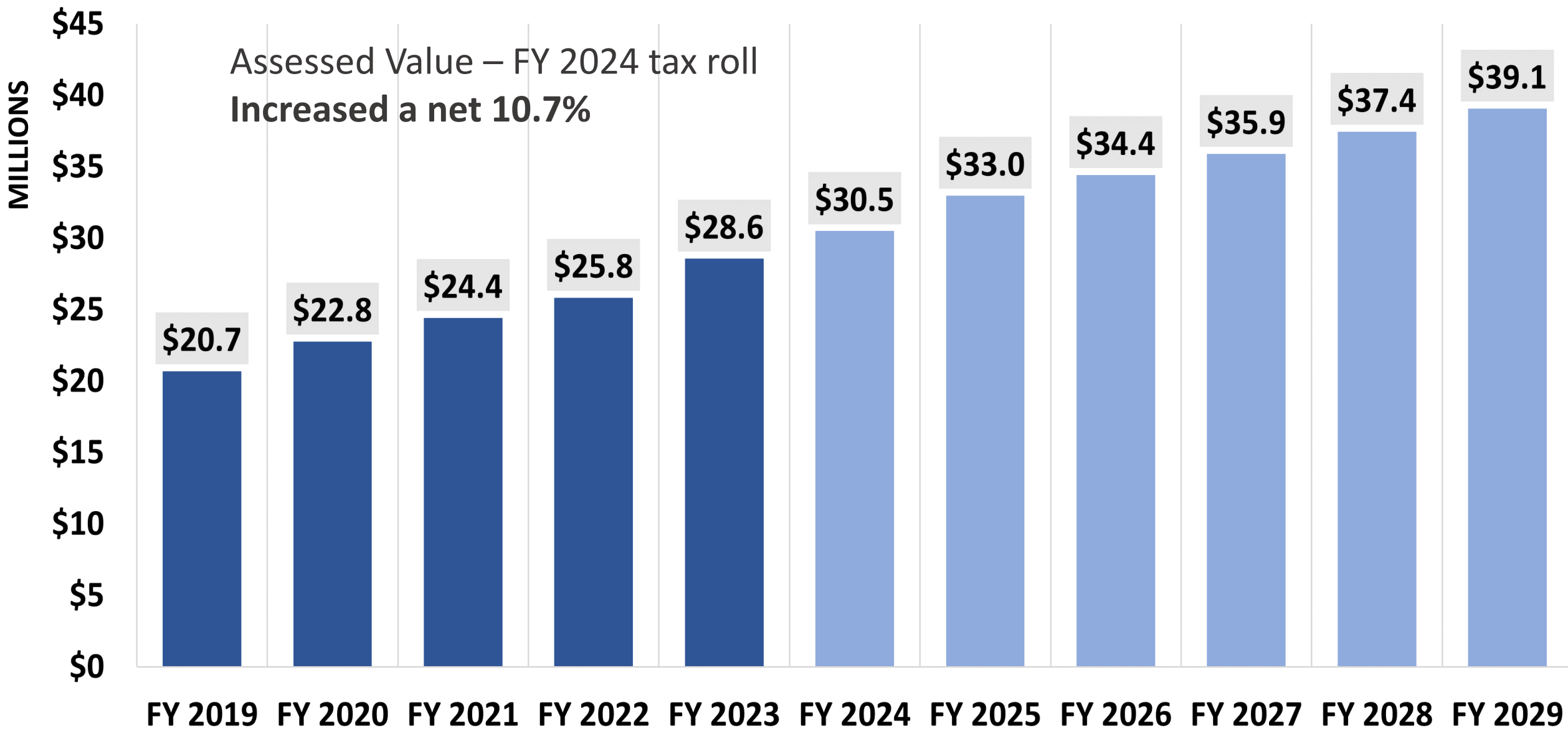
Excludes: Transfers &
 One-time payments.



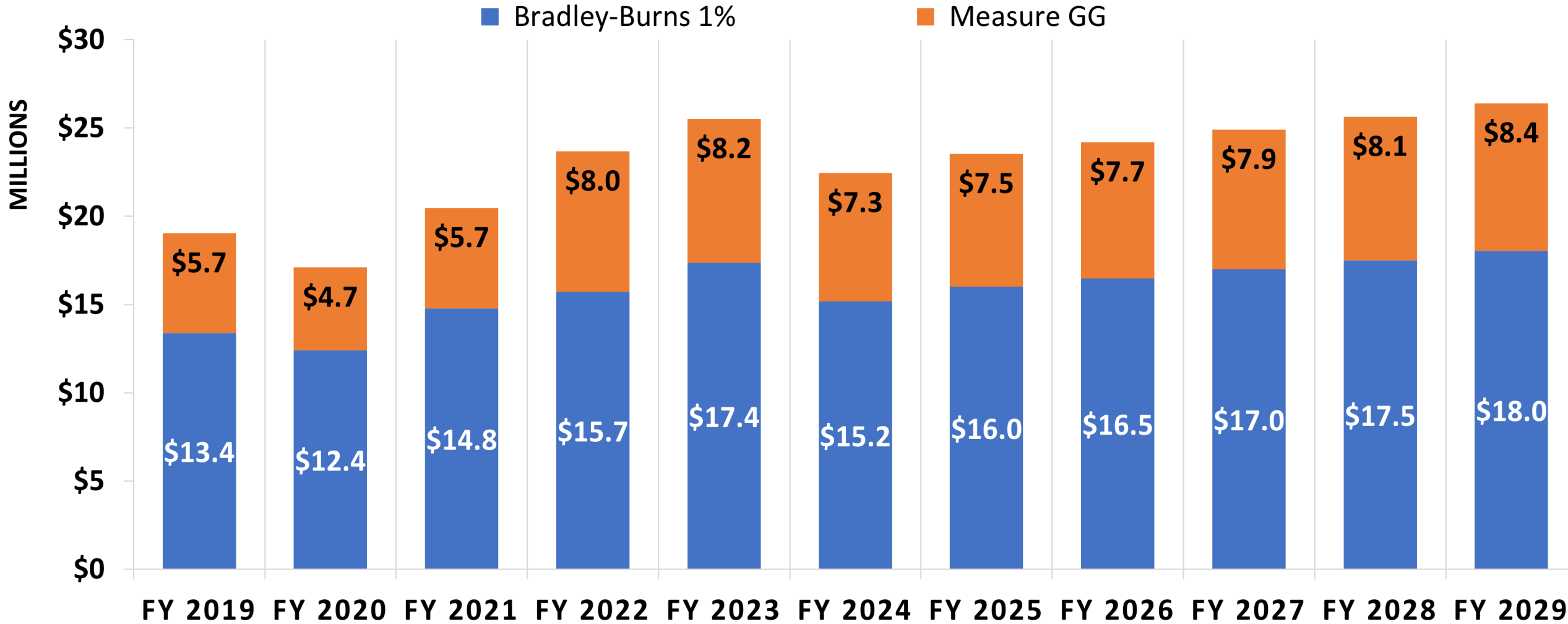
Five-Year Forecast

Revenue Sources	FY 2023 Actual	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
PROPERTY TAX	28.6	30.5	33.0	34.4	35.9	37.4	39.1
SALES TAX	17.4	15.2	16.0	16.5	17.0	17.5	18.0
MEASURE GG	8.2	7.3	7.5	7.7	7.9	8.1	8.4
TRANSIENT OCCUPANCY TAX	4.9	5.3	5.5	5.6	5.8	6.0	6.1
UTILITY USERS TAX	4.2	4.4	4.5	4.7	4.8	4.9	5.0
OTHER TAXES	2.5	2.0	2.0	2.0	2.0	2.1	2.1
LICENSES PERMITS & FEES	10.5	10.5	10.9	11.4	11.8	12.0	12.4
OTHER REVENUES	3.9	5.4	3.1	3.2	3.2	3.3	3.3
TOTAL REVENUES	80.2	80.6	82.5	85.5	88.4	91.3	94.4
Expenditures by Category	FY 2023 Actual	FY 2024 Projection	FY 2025 Projection	FY 2026 Projection	FY 2027 Projection	FY 2028 Projection	FY 2029 Projection
PERSONNEL	37.2	40.3	38.2	39.3	40.4	41.5	42.6
NON-PERSONNEL EXPENDITURES	16.4	20.8	24.4	24.5	25.5	26.3	27.4
ACFD FIRE SERVICES	11.8	12.9	13.6	14.5	15.3	16.0	16.8
CIVIC CENTER DEBT PAYMENTS	6.1	4.8	4.8	4.8	4.8	4.8	4.8
TOTAL EXPENDITURES	71.5	78.8	81.0	83.1	86.0	88.6	91.6
NET OPERATING RESULTS BEFORE TRANSFERS	\$ 8.70	\$ 1.80	\$ 1.50	\$ 2.40	\$ 2.40	\$ 2.70	\$ 2.80
TRANSFERS IN ^(a)	1.3	17.4	1.2	0.1	-	-	-
TRANSFERS OUT ^(b)	9.2	7.0	2.7	2.9	3.1	3.3	3.6
PENSION/OPEB ADP CONTRIBUTION	-	12.0	-	-	-	-	-
NET OPERATING RESULTS AFTER TRANSFERS	\$ 0.80	\$ 0.20	\$ -	\$ (0.40)	\$ (0.70)	\$ (0.60)	\$ (0.80)

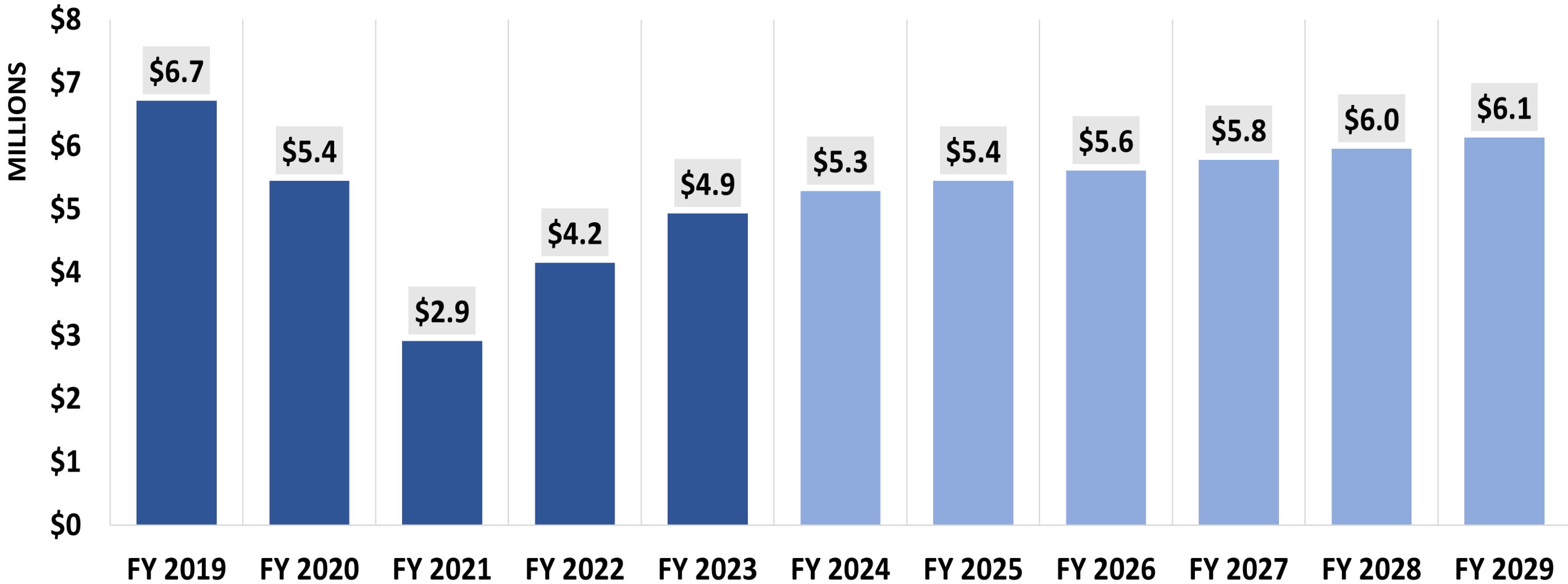
Property Tax



Sales Tax (Bradley-Burns) & Transaction Use Tax (Measure GG)

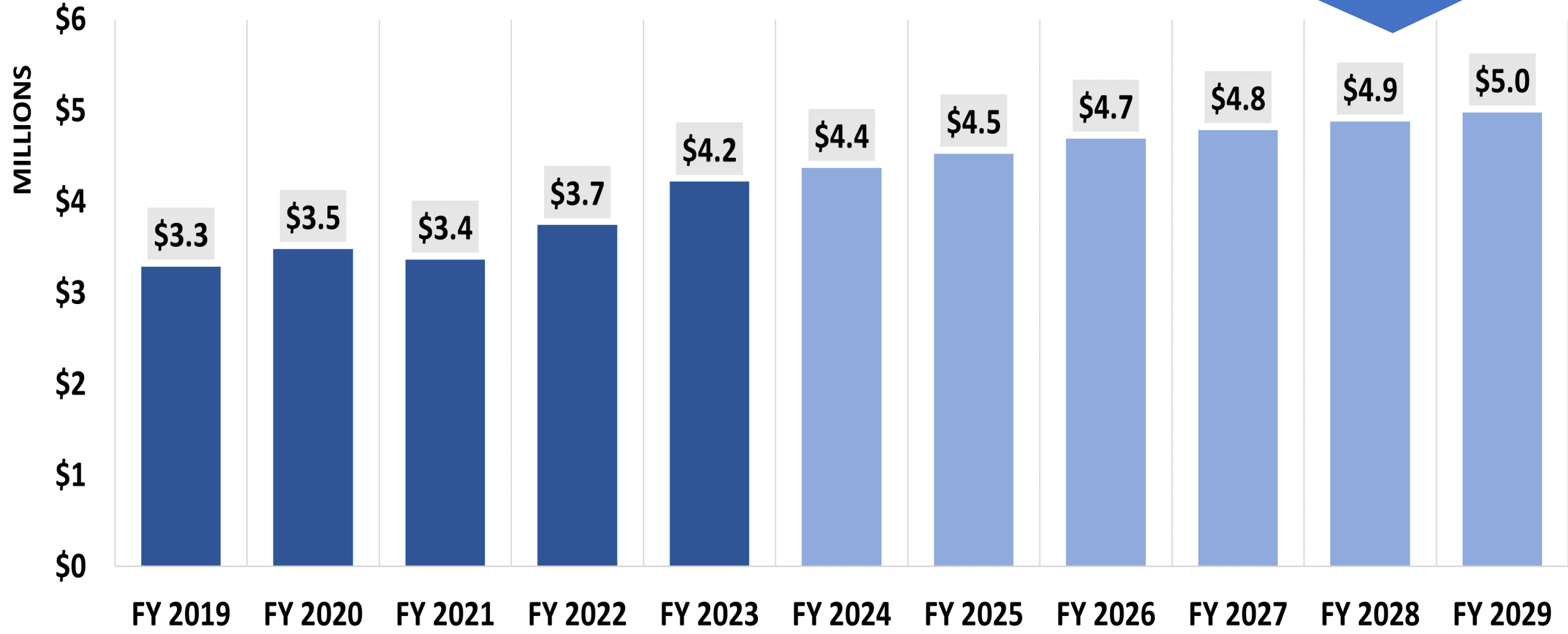


Transient Occupancy Tax (TOT)



Utility Users Tax

TAX RATE
3.25%



Fund Balance & Reserves

RESERVE FUNDS

As of June 30, 2023
(millions)

Emergency

\$11.4 M

17.4%

Fiscal Uncertainty

\$10.7 M

16.3%

Pension and OPEB

\$ 12.4 M

33.7%

Equipment Replacement

\$6.2 M

Above Min
Target of
30%

DEPARTMENT PRIORITIES



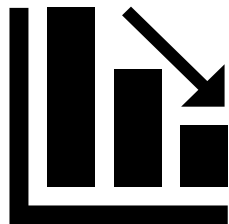
Police Department Operations



Increased Focus on Training of new officers and staff development



Resource Deployment based on developing crime and traffic trends



Responsive to Quality of Life Concerns such as inoperable vehicles and blight

Implement \$986K grant from the State to address auto and catalytic converter thefts

Police Department

Support Services

Enhance Community Engagement

through renewed partnerships, youth programs, community events, & volunteers



Continued Recruitment Commitment

through focused candidate engagement by Recruitment Sergeant



Prioritize professional development & succession planning

including mentorship & opportunities for future leaders



Ensure current practices are consistent with department policy through policy compliance audits





Alameda County

Fire Services

Meet obligations in delivery of emergency response services

Collaborate with the City's Emergency Services Coordinator to provide community training programs

Including

- Listos
- PEP
- CERT
- Newark residents

Review and support City's Comprehensive Emergency Management Plan



Public Works

Engineering

Support
residential
and
commercial
construction

Oversee
construction
of Central
Avenue
Railroad
Overpass
project

Complete
Old Town
Streetscape
Improvement
Project
and
Thornton
Avenue
Complete
Streets
projects

Implement
traffic
improvement
and roadway
safety projects

Pursue
outside
funding for
transportation
projects



Public Works

Building Inspection

Support
construction
activity
within the
community

Educate
community on
Building Code
updates

Implement
software,
programs,
and
processes to
streamline
development
permitting



Public Works

Maintenance

Maintain

- Parks
- Landscaping
- Streets
- Buildings
- Vehicle
- Equipment

Improve City's Urban Forest



Complete

Priority
maintenance
needs
for buildings as
identified in the
Facilities Master
Plan and CIP



Implement

Increased
project
management
support to
complete
landscape and
building projects

Public Works

Environmental Services

Complete

a local
Sea Level
Rise
Resiliency
Study in
coordination
with local
and regional
partners

Update

the City's
Climate Action
Plan with
revised emission
reduction
targets and
updated goals,
policies and
strategies

Implement

continued
diversion of
solid waste
from landfills

Address
changes in
State law

Implement

City's
Stormwater
Program in
accordance
with permit
requirements



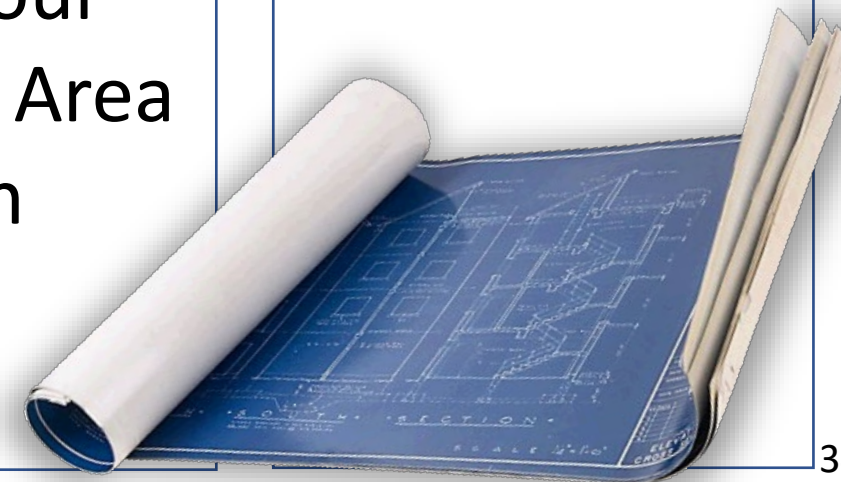
Community Development Planning

**Implement
Goals,
Policies, and
Programs of
Specific
Plans**

- Old Town
- Bayside Newark

**Update
NewPark
Place Specific
Plan Mixed
Use II area
and Four
Corners Area
Plan**

**Implement
Affordable
Housing Work
Plan; Housing
Element
Programs**



Community Development

Economic Development

Attract New Businesses

- Retail
- Biotech
- Advanced Manufacturing

Market Newark to
Businesses
and
real estate
brokers

Develop
hotel
marketing plan

Support
the Chamber
of Commerce
and small
businesses



Community Development

Community Preservation

Partner
with the
community to
maintain
property
standards

**Achieve
compliance**
through
outreach,
education, and
enforcement

**Promote
Health and
Safety**
by enforcing
minimum
housing and
property
maintenance
standards



Financial Services

Monitor

- Revenues
- Expenditures
- Economic Trends
- Fiscal policies

Develop

- Biennial Budget
- Five-Year Forecast

Provide Leadership and Support
in grant compliance, and financial reporting

Establish Maintenance Reserve to address needs in Facilities Master Plan



Recreation & Community Services

Develop
partnerships
at Newark
Resource
Center

Establish
partnerships
to promote
Human
Services
programs

Provide
community
special events
and recreation
opportunities

Offer
Scholarships
for
recreational
and fitness
activities



Human Resources

Department

Attract

a talented workforce with innovative recruitment and onboarding programs

Retain

our talented employees with engaging professional and organizational development

Promote

the City's PRIDE values to build a thriving employee culture

Champion

employee safety and wellness and utilize risk management strategies to protect the City's resources

Information Technology

Department

Implement
Technology
Master Plan
and
Broadband
Master Plan



**Support
Department
Initiatives**
by integrating
technology
solutions



**Encourage
Innovation**
foster
continuous
improvement
through
emerging
technologies
and best
practices

**Enhance
Cybersecurity**
implement
proactive
measures to
safeguard City
data against
cyber threats



City Manager's Office

City Manager, City Clerk, City Attorney, Emergency Management

Update

the citywide Comprehensive Emergency Management Plan and increase CERT participation

Administer Municipal Election

11/5/2024
coordinate with Alameda County Registrar of Voters



Initiate

Citywide Branding and Marketing effort

Develop

communication priorities and increase community satisfaction with citywide communication



The background features a close-up of a calculator with a plus sign button, two silver pens, and a document with financial data. The document contains several rows of numbers, some with plus signs, and horizontal lines indicating totals. The text 'NEXT STEPS' is overlaid in the center.

NEXT STEPS



Next Steps

**Capital
Improvement
Plan Discussion**
April 11th



**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

