



PUBLIC HEARING

City of San Bernardino Request for Council Action

Date: June 26, 2024

To: Honorable Mayor and City Council Members

From: Rochelle Clayton, Acting City Manager
C. Jeannie Fortune, Interim Director of Finance and Management Services

Department: Finance and Management Services

Subject: **Continuation of June 5, 2024, Public Hearing: Presentation of the City Manager's Proposed Fiscal Year 2024/25 & Fiscal Year 2025/26 Budget and Approval of the City Manager's FY 2025 & FY 2026 Operating Budget & CIP 2025-2029 (All Wards)**

Recommendation:

It is recommended that the Mayor and City Council of the City of San Bernardino:

1. Continue the Public Hearing of the proposed Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan;
2. Adopt Resolution No. 2024-142 of the Mayor and City Council of the City of San Bernardino, California, approving the City of San Bernardino's Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan;
3. Establish the City's Appropriations Limit as required by Article XIII B of the California State Constitution;
4. Adopt Resolution No. 2024-143 of the Mayor and City Council of the City of San Bernardino, California, approving an amendment to the city-wide salary schedule for full-time, part-time, temporary, and seasonal positions;
5. Formally approve any modifications made during the Public Hearing to be incorporated into the City of San Bernardino's Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan and included as part of the final adopted budgets.

Executive Summary

The City Manager's Proposed Budget provides the Mayor and City Council with a budget for the Fiscal Years 2024/25 and 2025/26. The presentation will provide an

overview of the City Manager's proposed operating and capital budgets.

Background

Section 701 of the City Charter provides that the City Manager shall prepare and submit a proposed budget to the Mayor and City Council for the ensuing fiscal year. Article VII in Section 703 further states that the Council shall publish a general summary of the budget and CIP and hold one (1) or more public hearings. After the public hearing(s), the Budget and CIP shall be adopted, as they may be amended, by the Council before the beginning of each fiscal year.

The budget process kicked off in early 2023, where departments were directed to submit proposed budgets for review. Meetings with Departments, the Finance Department, and the City Manager's Office occurred to review departmental submittals. On May 15, 2024, the Mayor and City Council held a Public Hearing to review and discuss the proposed Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan 2025-2029. On June 5, 2024, the Mayor and City Council held a Public Hearing to review and discuss the proposed Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan 2025-2029. Mayor and City Council provided direction to continue the Public Hearing for a Special Meeting.

Discussion

The discussion aims to review and adopt the proposed operating budgets for Fiscal Years 2024/25 and 2025/26 and adopt the 2025-2029 Capital Improvement Program (CIP). The attached budget document presents an in-depth look at the programs and services provided by the City. It supports the Mayor & City Council in allocating resources in a way that best serves the community. The full proposed budget that will become the adopted budgets for Fiscal Years 2024/25 and 2025/26 is fully available in a digital format.

[Proposed Fiscal Year 2025 & 2026 Budget](https://stories.opengov.com/sanbernardinoca/published/RcJlJl4Ai)

< <https://stories.opengov.com/sanbernardinoca/published/RcJlJl4Ai> >. This site allows members of the public to explore the proposed budget by department fully, learn more about the components of the budget, and view visual representations of the breakdowns of expenditures.

General Fund Revenue

The proposed General Fund revenue for Fiscal Year 2024/25 is \$236,603,800, and for Fiscal Year 2025/26 is \$253,166,066. This includes the two primary sources of General Fund revenue: Sales and Use Tax and Measure S.

CITY OF SAN BERNARDINO REVENUE ESTIMATES FY2024/25 & FY2025/26				
Account Type	FY2023/24 Projected Year-End	FY2024/25 Proposed	FY2025/26 Proposed	
Charges for services	\$ 9,087,250	\$ 10,319,801	\$ 11,042,187	
Fines and forfeitures	\$ 1,397,000	\$ 1,593,262	\$ 1,704,790	
Franchise Tax	\$ 13,280,000	\$ 14,939,265	\$ 15,985,014	
Intergovernmental	\$ 5,348,374	\$ 2,949,650	\$ 3,156,126	
Investment income	\$ 900,000	\$ 999,900	\$ 1,069,893	
Licenses & permits	\$ 14,378,500	\$ 16,989,167	\$ 18,178,409	
Measure S Sales Tax	\$ 50,528,000	\$ 53,550,000	\$ 57,298,500	
Miscellaneous	\$ 3,844,697	\$ 4,238,231	\$ 4,534,907	
Other Taxes	\$ 9,550,000	\$ 11,599,680	\$ 12,411,658	
Cannabis Tax	\$ 2,800,000	\$ 3,460,800	\$ 3,703,056	
Property Tax In Lieu VLF	\$ 23,000,000	\$ 25,806,000	\$ 27,612,420	
Sales and Use Tax	\$ 57,088,000	\$ 58,623,667	\$ 62,727,324	
Use of Money and Property	\$ 2,357,000	\$ 2,640,627	\$ 2,825,471	
Utility Users Tax	\$ 25,000,000	\$ 28,893,750	\$ 30,916,313	
Total General Fund Revenues:	\$ 218,558,821	\$ 236,603,800	\$ 253,166,066	

General Fund Expenditures

The chart below summarizes the total General Fund expenditures in the Operating Budget. The proposed General Fund expenditures for Fiscal Year 2024/25 are \$237,733,763, and for Fiscal Year 2025/26 are \$252,961,302. In both Fiscal Years 2024/25 and 2025/26, approximately 63% of total expenditures are related to personnel costs alone, and the remaining 37% are other non-personnel expenses such as programs, services, and capital expenditures.

CITY OF SAN BERNARDINO PROPOSED EXPENDITURES FY 2024/ 25 & FY 2025/ 26				
Department	FY 2023/24 Year-End Projected	FY 2024/25 Proposed	FY 2025/26 Proposed	
Mayor	\$ 305,812	\$ 403,756	\$ 425,651	
City Council	\$ 1,092,321	\$ 1,243,619	\$ 1,300,847	
City Clerk	\$ 1,748,820	\$ 1,942,869	\$ 1,994,357	
Legal Services	\$ 5,304,826	\$ 5,181,587	\$ 5,536,580	
General Government	\$ 11,734,400	\$ 10,420,266	\$ 13,194,135	
City Manager's Office	\$ 3,440,261	\$ 5,243,556	\$ 5,805,481	
Human Resource & Risk Management	\$ 2,975,837	\$ 2,784,522	\$ 3,042,376	
Finance & Management Services	\$ 5,580,156	\$ 6,612,496	\$ 7,241,806	
Economic Development	\$ -	\$ 1,785,363	\$ 2,002,329	
Community Development & Housing	\$ 12,092,145	\$ 15,004,584	\$ 16,413,508	
Police	\$ 116,734,761	\$ 132,847,479	\$ 138,329,846	
Parks Recreation & Community Services	\$ 5,224,619	\$ 6,000,401	\$ 6,389,934	
Public Works	\$ 31,164,575	\$ 35,591,030	\$ 37,647,120	
Library Services	\$ 2,924,322	\$ 4,975,030	\$ 4,952,282	
Special Assessment District	\$ 114,321	\$ 150,000	\$ 150,000	
Capital Improvement Operating Contribution	\$ 2,000,000	\$ -	\$ -	
<i>Transfer out to Animal Services</i>	\$ 4,269,976	\$ 7,547,205	\$ 8,535,050	
Total General Fund Expenditures	\$ 206,707,152	\$ 237,733,763	\$ 252,961,302	

General Fund Balances

The General Fund is the primary governmental fund for delivering programs and services for the City of San Bernardino. In 2018, the Mayor and City Council adopted a General Fund Reserve Policy (Attachment 5) that requires the City to hold available General Fund Balance in reserves. These amounts are based on the adopted budget expenditure allocations: 10% for the Economic Contingency Reserve, and 15% is for the Emergency Reserve.

Fund Balance amounts originally proposed are subject to change, and the actual ending Fund Balance will be presented to the Mayor and City Council once the Annual Comprehensive Financial Report (ACFR) has been composed.

Category	ACFR 2022-23 FUND BALANCE 06-30-2023	FUND BALANCE 06-30-2024	FUND BALANCE 06-30-2025	FUND BALANCE 06-30-2026
Nonspendable	41,421,536	40,000,000	40,000,000	40,000,000
Restricted	2,086,366	2,000,000	1,800,000	1,800,000
Committed				
<i>Animal Services</i>	68,387	10,000,000		
<i>General Plan Update</i>	142,877	2,400,000		
<i>Measure S- Capital Projects</i>	81,762,949	73,512,719	64,561,199	54,637,148
15% Emergency Reserve	28,788,264	31,006,073	35,413,498	37,666,239
10% Economic Contingency Reserve	19,192,176	20,670,715	23,608,999	25,110,826
Unassigned	-	5,724,718	9,364,343	7,091,633
TOTAL FUND BALANCE	173,462,555	185,314,225	174,748,039	166,305,846
Positions Added April 17 (Proposed Use of Fund Balance)	-	-	(1,382,264)	(1,560,865)
Additional Administrative Positions (Proposed Use of Fund Balance)	-	-	(261,513)	(292,182)
Additional Prior Year (FY 2024/25) Use of Fund Balance	-	-	-	(1,643,777)
REVISED FUND BALANCE	173,462,555	185,314,225	173,104,262	162,809,022

Capital Improvement Plan

The City will invest \$13,236,500 in Fiscal Year 2024/25 and \$17,481,000 in Fiscal Year 2025/26 into critical infrastructure needs. These are all new funds assigned to new CIP projects or additional funds added to existing projects. A considerable amount of funds will be carried over from Fiscal Year 2023/24 to the existing projects to which those funds have previously been committed. Any reassigning and possible project surpluses will be brought forward to the Mayor and City Council as a joint effort between the Public Works and Finance departments.

FY2024/25 Proposed				FY2025/26 Proposed		
CIP Categories	General Fund	Other Funds	TOTAL	General Fund	Other Funds	TOTAL
Building	\$ 2,000,000	\$ 600,000	\$ 2,600,000	\$ -	\$ 100,000	\$ 100,000
Environmental	\$ -	\$ 250,000	\$ 250,000	\$ -	\$ 250,000	\$ 250,000
Others	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Parks	\$ 1,325,000	\$ 2,200,000	\$ 3,525,000	\$ -	\$ 2,850,000	\$ 2,850,000
Police	\$ -	\$ 50,000	\$ 50,000	\$ -	\$ -	\$ -
Storm Drain	\$ -	\$ 750,000	\$ 750,000	\$ -	\$ 500,000	\$ 500,000
Streets	\$ -	\$ 4,500,000	\$ 4,500,000	\$ -	\$ 13,120,000	\$ 13,120,000
Traffic	\$ 240,500	\$ 1,321,000	\$ 1,561,500	\$ 395,000	\$ 266,000	\$ 661,000
Grand Total	\$ 3,565,500	\$ 9,671,000	\$ 13,236,500	\$ 395,000	\$ 17,086,000	\$ 17,481,000

FY 2024-25 Appropriations Limit Calculation

Article XIIB of the California Constitution (enacted with the passage of Proposition 4 in 1979 and modified with the passage of Proposition 111 in 1990) restricts the appropriations growth rate for cities and other local jurisdictions. The growth rate is tied to changes in the population and the change in California Per Capita Personal Income. In April 2024, the State Department of Finance notified each city of the population changes and per capita personal income factor to be used in determining appropriation limits. Effective January 1, 2023, the change in the California Per Capita Personal Income is 3.62%, and the change in the County of San Bernardino's Population is 0.39%. Using the population and per capita personal income data provided by the California Department of Finance, the City's Fiscal Year 2024-2025 appropriation limit is \$481,445,743. Appropriations subject to the limitation in the 2024-25 budget total \$193,780,697, of which \$192,480,697 is from proceeds from taxes and \$1,300,000 from State Subventions pursuant to Government Code Section 7903. The appropriations subject to limitations combined amount to \$287,665,046 which is less than the computed allowable limit.

Personnel Compensation

In conjunction with the budget adoption, the annual adoption of a resolution approving the salary ranges effective July 1, 2024, is attached for the Mayor and City Council's review and approval. The annual adoption of the salary ranges is a requirement of the California Public Employees' Retirement System (CalPERS) that is set forth in

Government Code Section 20636, defining “Compensation Earnable” and the California Code of Regulations (CCR) Section 570.5. Attachment 7 provides the City of San Bernardino’s city-wide FY 2024/25 Salary Schedule. This salary schedule reflects all salary rates effective July 1, 2024, honors all negotiated cost-of-living adjustments for all bargaining units, and is a Publicly Available Pay schedule.

2021-2025 Strategic Targets and Goals

The proposed budget review aligns with all key targets of the City Council’s Strategic Plan. Funding projects and programs at every level of the organization ensures that the City can achieve the goals and priorities established by the Mayor and City Council.

Fiscal Impact

The adoption of the operating budget allocates the available resources to programs, services, and departments for the upcoming fiscal years. FY 2024/25 operating budget allocations for revenues are \$331,680,719, and expenditures are \$312,722,247. FY 2025/26 operating budget allocations for revenues are \$350,435,049, and expenditures are \$330,125,679.

<u>Fund</u>	<u>FY2024-25</u>	<u>FY2025-26</u>
Revenues		
General Fund Revenues	\$ 236,603,800	\$ 253,166,066
Other Fund Revenues	\$ 95,076,919	\$ 97,268,983
Total Proposed Revenues	\$ 331,680,719	\$ 350,435,049
Expenditures		
General Fund Expenditures	\$ 237,733,763	\$ 252,961,302
Other Fund Expenditures	\$ 74,988,484	\$ 77,164,377
Total Proposed Expenditures	\$ 312,722,247	\$ 330,125,679

The adoption of the capital budget allocates the available resources to projects for the upcoming fiscal years. Total CIP allocations for FY 2024/25 are \$13,236,500, and FY 2025/26 are \$17,481,000.

Conclusion

It is recommended that the Mayor and City Council of the City of San Bernardino:

1. Continue the Public Hearing of the proposed Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan;
2. Adopt Resolution No. 2024-142 of the Mayor and City Council of the City of San Bernardino, California, approving the City of San Bernardino’s Fiscal Years 2024/25 and 2025/26 Operating Budget and Capital Improvement Plan;
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California State Constitution;

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Attachments

1. Attachment 1 – Resolution 2024-142
2. Attachment 2 – GANN Limit – 2025
3. Attachment 3 – Proposed Budget Book
4. Attachment 4 – Capital Improvement Plan 2025-2029
5. Attachment 5 – General Fund Policy Reserve
6. Attachment 6 – Resolution No. 2024-143 (Salary Schedule Adoption)
7. Attachment 7 – Resolution No. 2024-143; Exhibit A (2024-25 Salary Schedule)
8. Attachment 8 – City of San Bernardino SBPD Salary Table

Ward:

All Wards

Synopsis of Previous Council Actions:

June 5, 2024 – Mayor and City Council held a Public Hearing for the presentation of the City Manager's Fiscal Years 2024/25 and 2025/26 Proposed Operating Budget and Capital Improvement Plan.

May 15, 2024 - Mayor and City Council held a Public Hearing for the presentation of the City Manager's Fiscal Years 2024/25 and 2025/26 Proposed Operating Budget and Capital Improvement Plan.

April 17, 2024 - Mayor and City Council received and filed the Fiscal Years 2024/25 and 2025/26 City Manager's Proposed Operating Budget and Capital Improvement Plan.