



## *MEMORANDUM*

**TO:** Honorable Mayor & City Council

**FROM:** Katano Kasaine  
Director of Finance

**SUBJECT:** FY 2019-21 Budget Development  
Questions/Responses #7

**DATE:** June 24, 2019

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### **PURPOSE**

The purpose of this memorandum is to transmit to the full City Council and public, responses to questions raised by City Councilmembers related to the Fiscal Year (FY) 2019-21 Proposed Biennial Budget. To the extent additional information becomes available on any of the responses below, updates will be provided.

### **QUESTIONS AND RESPONSES #7**

**1) The Formulas And Source Data Used To Calculate The Budget Projections For The Real Estate Transfer Tax And Property Tax (Kaplan)**

Please see the supplemental report dated June 20, 2019, titled, "Informational Report Regarding General Purpose Fund Forecasted Revenues And The Reasons To Not Increase Revenues Beyond Third Quarter Projections."

**2) Fiscal Year 2018-19 Third Quarter Revenue And Expenditure Actuals For Funds In The Vehicle Registration Fee and Alameda County Transportation Measure BB And B Funds (Kaplan)**

The tables on the following page show the third quarter revenue and expenditure projections for Funds 2211, 2215, and 2216.

**HONORABLE MAYOR AND CITY COUNCIL**

Subject: FY 2019-21 Budget Development Questions/Responses #7

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(\$ in millions)

MEASURE B: LOCAL STREETS & ROADS (2211)	FY 2018-19 Adjusted Budget	FY 2018-19 Q3 Projected FYE	Year-End Over / Under Budget
<b>Beginning Fund Balance - Audited</b>	\$ 10,856,383	\$ 10,856,383	
Revenue	\$ 17,687,891	\$ 17,687,891	\$ —
Expenditures	\$ 17,687,891	\$ 19,900,855	\$ 2,212,964
<b>Estimated Current Year Surplus/(Shortfall)</b>	\$ —	\$ (2,212,964)	\$ 2,212,964
<b>Subtotal Fund Balance</b>	\$ 10,856,383	\$ 8,643,419	
<b>Use of Fund Balance in FY 2018-19:</b>			
Budgeted Amounts Carried Forward (CF) to FY 2018-19	\$ (3,950,117)	\$ (3,950,117)	
Budgeted use of Fund Balance	\$ (6,490,519)	\$ (6,490,519)	
<b>Estimated Ending Fund Balance</b>	\$ 415,747	\$ (1,797,217)	

(\$ in millions)

MEASURE F: VEHICLE REGISTRATION FEE (2215)	FY 2018-19 Adjusted Budget	FY 2018-19 Q3 Projected FYE	Year-End Over / Under Budget
<b>Beginning Fund Balance - Audited</b>	\$ 1,825,889	\$ 1,825,889	
Revenue	\$ 2,546,283	\$ 1,768,805	\$ (777,478)
Expenditures	\$ 2,546,283	\$ 2,428,323	\$ 117,960
<b>Estimated Current Year Surplus/(Shortfall)</b>	\$ —	\$ (659,518)	\$ (659,518)
<b>Subtotal Fund Balance</b>	\$ 1,825,889	\$ 1,166,372	
<b>Use of Fund Balance in FY 2018-19:</b>			
Budgeted Amounts Carried Forward (CF) to FY 2018-19	\$ (532,001)	\$ (532,001)	
<b>Estimated Ending Fund Balance</b>	\$ 1,293,888	\$ 634,370	

(\$ in millions)

MEASURE BB: ACTC (2216)	FY 2018-19 Adjusted Budget	FY 2018-19 Q3 Projected FYE	Year-End Over / Under Budget
<b>Beginning Fund Balance - Audited</b>	\$ 5,829,065	\$ 5,829,065	
Revenue	\$ 16,172,336	\$ 15,369,119	\$ (803,217)
Expenditures	\$ 16,172,336	\$ 17,591,304	\$ (1,418,968)
<b>Estimated Current Year Surplus/(Shortfall)</b>	\$ —	\$ (2,222,185)	\$ (2,222,185)
<b>Subtotal Cash Balance</b>	\$ 5,829,065	\$ 3,606,879	
<b>Use of Cash Balance in FY 2018-19:</b>			
Budgeted Amounts Carried Forward (CF) to FY 2018-19	\$ (7,155,979)	\$ (7,155,979)	
Budgeted use of Fund Balance	\$ (2,609,877)	\$ (2,609,877)	
<b>Estimated Ending Fund Balance</b>	\$ (3,936,792)	\$ (6,158,977)	

**3) The Amount Of The Percent Increase In Healthcare Premiums That Was Used For The Budget Projections In The Fiscal Year 2010-21 Proposed Budget (Kaplan)**

The Finance Department calculates and publishes fringe benefit rates through Administrative Instruction 1303 (Fringe Benefit and Organizational Overhead Rates). These rates are calculated in accordance with Code of Federal Regulation (CF) Title II, Part 200 – Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) Appendix V & VII. The table below shows the City’s health fringe rate for FY 2018-19 (current year) and as proposed in the FY 2019-21 budget for civilian employees (non-sworn).

	FY 2018-19	FY 2019-20	FY 2020-21
Health Fringe Rate	21.32%	20.25%	20.50%
Annual % Increase / (Decrease)	--	(5.02%)	1.23%

Adjusting healthcare fringe benefits involves examining several sources of information, such as anticipated healthcare premium adjustment data for the upcoming calendar year. The City pays 100% of the monthly premium for all employees at all coverage levels (1 party, 2 party, family). For the 2020 plan year, this reflects a City paid contribution of \$1,998 per month or \$23,976 per year per employee.

**4) We understand that healthcare premiums are budgeted as a % of salary even though that is not their actual cost. Can you please explain the actual amount of cost of the premiums, including how that varies from budgeted cost? Can you please let us know what components of fringe actually cost a % salary versus which components of fringe don’t? (Kalb)**

Please see response to Question 5 above. All of the fringe benefits are expressed as a percentage of pay in accordance with Uniform Guidelines.

For questions, please contact Adam Benson, Budget Administrator, at (510) 238-2026.

Respectfully submitted,

/s/

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KATANO KASAINÉ  
Director of Finance