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Lafayette City Council approves 2021-22 final budget and workplan, adding four new staff positions to city

By Lou Fancher

Continuing a discussion begun in December 2021, City Manager Niroop Srivatsa and Administrative Services Director Tracy Robinson at the Jan. 24 city council meeting provided the city council with the final budget and workplan for FY 2021-22. The update included changes adopted by the council following approval of the proposed budget in June 2021, recommendations from department directors, and items reflecting the impact of the ongoing pandemic.

Robinson said the General Fund balance as of June 30, 2021, stood at \$14,588,795; a figure equal to 96% of annual general fund expenditures that exceeds the council's 60% target by \$5.4 million. The estimated balance for the same month in 2022 is projected to be \$12 million, representing a 68% reserve expenditure that is \$1.5 million above the targeted goal.

Although expenditures are roughly \$2.1 million more than projected, the overages are related to timing, such as distributions from the ARPA funds and contributions to the Park Theatre purchase. Robinson said savings were realized in police services, projects carried over to the next fiscal year, and unspent funds related to project reserves. Revenue was realized in sales taxes, property tax transfers, grants, and city fees for services.

With COVID and the variants continuing, Robinson emphasized that knowing and anticipating revenue trends is especially important for all cities. She said FY 2019 was the last "normal year," 2020 a half-pandemic year, and 2021 a full pandemic year. "We're all hoping that fiscal year 2022 is not another full pandemic year," she said.

Detailing the revenue sectors, Robinson's presentation showed "Swiss cheese" style recovery patterns: sales tax revenue was recovering, but not back to levels prior to the pandemic; property and vehicle and franchise revenue remained virtually unaffected. Property tax revenue Robinson suggested picked up in 2021 with pent-up demand as homes started selling, but transient occupancy took "a huge hit of about 23%. Projections are difficult, with some signs showing possible faster recovery than expected as people come together for larger events or travel.

Robinson said investment and rental revenue figures reported in the update are reliant on two factors: interest rates declining and the fact that the category includes interest booked on "phantom" redevelopment loans that have been written off. Overall, she noted the 4% economic growth during the three year period from 2019 to January 2022 was low compared to the (pre-pandemic) 3 to 5% increases typically recorded year over year.

Special revenue realized in the last year included \$3.2 million from the first tranche of ARPA funds that were put into a sinking fund out of which they will be drawn as needed, and \$2.25 million from the Palos Colorados Settlement. (Those funds were distributed into a sinking fund of \$1.75 million for engineering staff to implement Vision Zero, and \$500,000 into a separate sinking fund for money to seed Vision Zero capital projects.)

Turning attention to the five-year budget forecast, Robinson said, "We have an ongoing, what I call a structural deficit. We have between (\$2,000-\$10,000) dollars each year we expect revenues will be short, versus the uses." The net effect of that on the General Fund Reserve is a decrease of \$2-\$300K. By 2025, projections for the General Fund Reserves that most recent data shows is at 68% will dip below the city's 60% targeted limit.

Presenting that structural deficit along with core area maintenance and stormwater pollution prevention deficits, ARPA fund expenditure limitations, and ongoing shortfalls due to the lack of enough staffing to support and complete city council goals, anticipated lease negotiations and the need for more office space, the staff's report recommended creating new permanent positions to replace positions currently filled by consultants or limited duration employees.

The additional staff positions include a code enforcement officer, a senior associate planner, a construction planner, and the permanent positions of senior/associate engineer, senior planner, management analyst, and personnel analyst recommended by Management Partners earlier in the meeting (see related story on Page A3).

Srivatsa said the organizational assessment of city departments by Managing Partners that resulted in 34 recommendations will require review. "They are all worthwhile and worthy of consideration," she said, suggesting coming back to council with an update and plans for implementation in three months.

The staff's recommendation involving immediate action by the council prioritized approving and funding the four positions in Management Partners' assessment and approving Resolution 2022-02 adopting the final budget and workplan and confirming the city's investment policies related to approximately six factors.

Asked by Council Member Wei-Tai Kwok about salaries for the additional staff positions and whether or not the numbers had impact on what has been high turnover and low applicant numbers in similar positions, Robinson said identifying the underlying explanation was "tricky."

People who relocate and therefore leave positions, high competition with other cities also seeking to fill planner and analysts positions, the lack of a career stepladder for cities of limited size, and other factors might explain the challenging task. Public comment heard by the council was mostly positive in support of adding the staff positions, with Lafayette resident Robert Lavoie urging the council to continue to use financial discretion such as looking for areas to save money through automation, determine if projects are permanent or temporary, taking advantage of office vacancies due to more people working at home, and

other methods.

The council after more discussion unanimously approved adopting the Final Budget and Workplan that included the four new staff positions as well as the recommendations establishing the city's investment policy.

Reach the reporter at: info@lamorindaweekly.com

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