

BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE REGULAR MEETING MINUTES

Thursday, February 27, 2020
10:00 AM

1947 Center Street, 3rd Floor – Magnolia Room

Committee Members:

Mayor Jesse Arreguin, Councilmembers Cheryl Davila and Lori Droste
Alternate: Councilmember Kate Harrison

Roll Call: 10:10 a.m. All present.

Public Comment on Non-Agenda Matters – 0 speakers

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - February 13, 2020

Action: M/S/C (Arreguin/Davila) to approve the minutes of February 13, 2020.

Vote: All Ayes.

Committee Action Items

The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker. Speakers are permitted to yield their time to one other speaker, however no one speaker shall have more than four minutes.

Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.

Committee Action Items

2. Council Fiscal Policy - Funding the 115 Pension Trust

From: City Manager

Recommendation: Discuss and approve the following budget fiscal policies for ongoing funding into the 115 Pension Trust. Once approved the updated policies should be submitted to the City Council for adoption.

1. Raising the Property Transfer Tax baseline from \$12.5 million to \$15 million. The additional \$2.5 million will be allocated to the 115 Pension Trust.
2. Property Transfer Tax in excess of \$15 million will be treated as one-time revenue to be used for the City's capital infrastructure needs. However, revenue generated from Measure P is excluded (exempt) from this transfer.
3. Savings generated by pre-funding CalPERS will be contributed to the 115 Pension Trust. On an annual basis, staff will analyze the impact of pre-funding CalPERS. If the analysis determines that pre-funding CalPERS will result in budgetary savings, the net savings will be contributed to the 115 Pension Trust.

Financial Implications: See report

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Action: 1 speaker. Discussion held. M/S/C (Droste/Arreguin) to move the item with a positive recommendation and the following amendment:

4. Refer to the City Manager to explore including interest above the baseline budget as an additional revenue source.

Vote: All Ayes.

3. Council Fiscal Policy – Short-term Rental General Fund Revenue

From: City Manager

Recommendation: Discuss and approve the removal of the following budget fiscal policy tied to the Short-Term Rental General Fund Revenue steam. Once approved the updated policy should be submitted to the City Council for adoption. The following policy is recommended for removal and was adopted by Council on December 19, 2017, Resolution No 68.278-N.S. - Starting in FY 2019, staff costs as approved by the City Council that exceed the enforcement fees and penalties shall be appropriated from the short term rental taxes collected pursuant to BMC Section 23C.22.050, Section H, with the primary allocation of the rental tax to the purposes listed below:

- (a) Two thirds (66.7%) allocated to the Affordable Housing Trust Fund and
- (b) One third (33.3%) allocated to the Civic Arts Grant Fund.

Financial Implications: See report

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Action: 1 speaker. Discussion held. M/S/C (Arreguin/Droste) to move the item with a positive recommendation and the following amendment:

That the Council consider the Committee's priorities for the short-term rental revenues as part of the budget process as follows:

- a. Sufficiently fund the implementation and enforcement of the short-term rental program;
- b. Keep the \$500,000 baseline for the arts grants program;

Committee Action Items

- c. Consider additional funding for the arts, including a capital grant program;
- d. Consider additional funding for affordable housing.

Vote: All Ayes.

Unscheduled Items

These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.

4. **Cannabis Cryptocurrency Tax**

From: Councilmembers Bartlett and Robinson

Referred: November 4, 2019

Due: May 3, 2020

Recommendation: Adopt an ordinance adding a new Chapter to the Berkeley Municipal Code to allow the City to implement a method for acceptance of stablecoin tax remittance for certain industries pending City approval of each industry.

Financial Implications: See report

Contact: Ben Bartlett, Councilmember, District 3, (510) 981-7130

5. **Review of Council's Fiscal Policies**

From: City Manager

Contact: Teresa Berkeley-Simmons, Budget Manager, (510) 981-7000

Items for Future Agendas

- **Discussion of items to be added to future agendas**

Adjournment

Action: M/S/C (Davila/Droste) to adjourn the meeting.

Vote: All Ayes.

Adjourned at 10:55 a.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on February 27, 2020.

April Richardson, Assistant City Clerk

Communications

Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA.