

**BERKELEY CITY COUNCIL BUDGET & FINANCE COMMITTEE
SPECIAL MEETING MINUTES**

**Thursday, June 18, 2020
10:00 AM**

Committee Members:

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

**PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH
VIDEOCONFERENCE AND TELECONFERENCE**

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council Budget & Finance Committee will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device: Use URL - <https://us02web.zoom.us/j/83187601060> If you do not wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial **1-669-900-9128** and Enter Meeting ID: **831 8760 1060**. If you wish to comment during the public comment portion of the agenda, press *9 and wait to be recognized by the Chair.

Written communications submitted by mail or e-mail to the Budget & Finance Committee by 5:00 p.m. the Friday before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record. City offices are currently closed and cannot accept written communications in person.

AGENDA

Roll Call: 10:00 a.m. All present.

Public Comment on Non-Agenda Matters: 1 speaker

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - June 9, 2020

Action: M/S/C (Arreguin/Davila) to approve the minutes of June 9, 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.

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.

2. Fiscal Year 2021 Budget Update

From: City Manager

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

Action: 19 speakers. Presentation made and discussion held.

Item continued to next meeting on June 25, 2020.

3. Councilmember Budget Recommendations

From: City Manager

Contact: Dee Williams-Ridley, City Manager, (510) 981-7000

Action: 6 speakers. Presentation made and discussion held. M/S/C (Droste/Arreguin) to forward to Council a recommendation approving a one-time increase to the property tax baseline of \$4,000,000, increasing the baseline from \$12,500,000 to \$16,500,000, and request Council make a one-time revision to their budget policies for FY 2021.

Vote: All Ayes.

Item continued to next meeting on June 25, 2020.

Committee Action Items

4. Homeless Services Report

From: City Manager

Contact: Dave White, City Manager's Office, (510) 981-7000; Lisa Warhuus, Housing and Community Services, (510) 981-5400

Action: 0 speakers. Presentation made and discussion held.

A. Balancing the Budget in Uncertain Times: A Proposal to Increase Reserves and Balance the FY2021 Budget

From: Councilmember Sophie Hahn (Author); Councilmember Ben Bartlett (Co-Sponsor)

Referred: June 15, 2020

Due: November 30, 2020

Recommendation: 1) Allocate an additional approximately \$22M to the General Fund Stability Reserves, with 55% going to the Stabilization Reserve Fund and 45% to the Catastrophic Reserve Fund, using funds drawn from the unassigned General Fund Balance currently held in the City of Berkeley's Pooled Investment Portfolio, to fund Reserves at 30% of adopted FY2020 General Fund revenues; 30% being the minimum long term goal for the General Fund Reserves level provided under "Target Reserves Levels" in the General Fund Reserves Policy. 2) Amend the General Fund Reserves Policy, as shown in Attachment 1 to this item, to: a. Limit the use of Catastrophic Reserves to up to $\frac{1}{3}$ of funds available per incident, per year. b. Limit the use of Stability Reserves to up to $\frac{1}{3}$ of funds available per incident, per year. c. Allow up to $\frac{1}{3}$ of both Catastrophic and Stability Reserves to be used in the same year to respond to the same incident if the catastrophic event triggers both immediate unanticipated expenses and a Fiscal Emergency, as defined in the General Fund Reserves Policy, and the City Council declares such Fiscal Emergency. 3) Declare a Fiscal Emergency due to the COVID-19 pandemic and allocate $\frac{1}{3}$ of fully funded Catastrophic Reserves and $\frac{1}{3}$ of fully funded Stability Reserves (approximately \$20M total out of \$60M, leaving a remainder of 40M in Reserves) to help fill the approximately \$32-35M projected shortfall in FY2021 revenues, to sustain General Fund operations and support essential services and necessary staffing levels. 4) Adopt a replenishment schedule, as required in the General Fund Reserves Policy, to replenish General Fund Reserves to 30% of prior year General Fund Revenues within ten years, as follows: Starting in FY2022, annually assign \$3M from unassigned General Fund Balance to the General Fund Reserves, with 55% to the Stabilization Reserve Fund and 45% to the Catastrophic Reserve Fund, until such time as the General Fund Reserves equal 30% of the previous year's General Fund Revenues (minus any additional Reserves that may be withdrawn to address another catastrophic event and/or downturn, or the same incident - COVID-19 - in a future year). It is expected that replenishment will be completed within 8 years of withdrawal, well within the General Fund Reserves Policy's requirement that funds be replenished within 10 years of withdrawal. The final replenishment installment may be less than \$3M. This proposed replenishment schedule applies only to the approximately \$20M withdrawal of General Fund Reserves to support the FY2021 Budget. Any additional amounts that may be

Committee Action Items

withdrawn in this or a future year to address another catastrophic event, or for COVID-19, will be replenished according to a schedule adopted at the time of such withdrawal. 5) Direct the City Manager to return to Council for adoption a revised FY2021 budget that includes the approximately \$20M in additional General Funds made available through allocation of 1/3 of fully funded Catastrophic and Stability Reserves. The Budget should include all Measure P allocations made by the City Council in December of 2019 and incorporate approximately \$12-15M in spending reductions (representing approximately 6%-8% of previously adopted FY 2021 General Fund expenditures).

Contact: Sophie Hahn, Councilmember, District 5, 510-981-7150

Item withdrawn from the agenda at the request of the author, Councilmember Sophie Hahn.

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.

- 5. Open West Campus Pool and Martin Luther King Jr. Pool (King pool) to implement the City of Berkeley Shower Program at these locations, and provide the ability for our community to shower during the COVID 19 Pandemic**
(Item contains revised materials)

From: Councilmember Davila (Author)

Referred: March 30, 2020

Due: September 27, 2020

Recommendation: Direct the City Manager to open the West Campus Pool and Martin Luther King Jr. Middle School (King pool) Pool to implement the City of Berkeley Shower Program at these locations. Opening the West Campus Pool and Martin Luther King Jr. Middle School (King pool) pool will provide the ability for our community to shower during the COVID 19 Pandemic, a humane action required during this crisis.

Financial Implications: \$270,100

Contact: Cheryl Davila, Councilmember, District 2, (510) 981-7120

- 6. Housing Trust Fund Resources**

From: City Manager

Contact: Lisa Warhuus, Housing and Community Services, (510) 981-5400

- 7. 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

Adjourned at 1:11 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on June 18, 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.