

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

**Thursday, April 14, 2022
9:00 AM**

Committee Members:

Mayor Jesse Arreguin, Councilmembers Kate Harrison and Lori Droste
Alternate: Councilmember Rashi Kesarwani

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

Pursuant to Government Code Section 54953(e) and the state declared emergency, this meeting of the City Council Budget & Finance Committee will be conducted exclusively through teleconference and Zoom videoconference. The COVID-19 state of emergency continues to directly impact the ability of the members to meet safely in person and presents imminent risks to the health of attendees. Therefore, no physical meeting location will be 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/89314775042>. 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 or 1-877-853-5257 (Toll Free)** and Enter Meeting ID: **893 1477 5042**. 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.

AGENDA

Roll Call: 9:03 a.m. All present.

Public Comment on Non-Agenda Matters – 3 speakers

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - March 10, 2022

Action: M/S/C (Droste/Harrison) to approve the minutes of March 10, 2022.

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. Five-Year Capital Improvement Program and Proposed Projects

From: City Manager

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

Action: 5 speakers. Presentations made and discussion held.

3. General Fund Revenue and Expenditures: 5-Year Forecast

From: City Manager

Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

Action: Items 3 & 4 were presented and discussed together. See action on item #4.

4. Overview of the FY 23 & 24 Preliminary Budget

From: City Manager

Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

Action: 4 speakers. Presentations made and discussion held.

Committee Action Items

5. **Budget Referral: Street Maintenance Funding to Prevent Further Deterioration of Pavement Condition to Save Tax Dollars and Our Streets**
From: Councilmember Kesarwani (Author), Councilmember Taplin (Co-Sponsor), Councilmember Wengraf (Co-Sponsor), Councilmember Droste (Co-Sponsor)

Referred: February 8, 2022

Due: June 28, 2022

Recommendation: Refer to the FY 2022-23 budget process to establish a three-year plan (FY 2022-23 through FY 2024-25) to fully fund an adequate street paving budget that prevents further deterioration of the City's pavement condition. At the end of the three-year period, the fiscal plan should allocate a minimum total of \$8 million in additional ongoing annual General Fund—bringing the total street paving annual budget to at least \$15.1 million—the minimum amount needed to maintain pavement condition, as identified by our Public Works Department.

We recommend that the City slightly exceed the \$8 million General Fund need by contributing \$3 million in ongoing funds in FY 2022-23, an additional \$3 million of ongoing funds in FY 2023-24, and a final addition of \$3 million in ongoing funds in FY 2024-25. This total of \$9 million, in addition to the existing allocation of \$7.3 million for annual street maintenance, will provide the City with about \$1.2 million more than the minimum total of \$15.1 million to account for inflation.

A three-year plan is suggested to give the City time to gradually enhance street paving resources, and annual inflation adjustments are recommended in out-years in order to ensure that maintenance funds remain adequate over time as construction costs rise. A dollar of maintenance early in a street's life-cycle saves \$8 later in the street's life-cycle due to avoided rehabilitation and/or reconstruction costs associated with failing streets, making this budget request an urgent matter of fiscal oversight.

Financial Implications: See report

Contact: Rashi Kesarwani, Councilmember, District 1, (510) 981-7110

Action: 3 speakers. Item continued to special meeting on April 19, 2022.

Committee Action Items

6. **Referral to the Budget and Finance Policy Committee and Budget Referral to Consider General Fund Strategies and Related Fiscal Policies for Funding Capital Improvements, in Particular Street, Sidewalk, Micromobility and Transit Infrastructure**

From: Councilmember Harrison (Author)

Referred: March 7, 2022

Due: July 25, 2022

Recommendation: 1. Refer to the Council Budget and Finance Policy Committee to explore specific options for improving how and to what extent the City's Capital Improvement Program (CIP) is funded, to include but not limited to the following potential strategies:

a. investigate historic assumptions and policies regarding secured-property and transfer tax revenues; b. consider a one-time allocation of a certain percentage of salary savings accruing from historic vacancies that are not likely to be filled in the short-term; c. consider the sale of underutilized city-owned property; d. consider prospective Public Works plan to charge utilities for pavement impact.

2. Refer to the June 2022 Budget process \$[] to be transferred to the CIP and \$[] to the reserve based on Committee consideration and any conclusions.

Financial Implications: See report

Contact: Kate Harrison, Councilmember, District 4, (510) 981-7140

Action: 2 speakers. Item continued to special meeting on April 19, 2022.

7. **FY 22 AAO #2 Update**

From: City Manager

Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

Item continued to special meeting on April 19, 2022.

8. **Discussion on Budget Engagement Strategies**

From: City Manager

Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

Item continued to special meeting on April 19, 2022.

Unscheduled Items

9. **Proposal to Allocate Revenues Generated by the Transient Occupancy Tax in the Waterfront Area to the Marina Fund to Avoid Insolvency, Rebuild its Fund Balance and to Stabilize its Finances**
From: Parks and Waterfront Commission
Referred: November 16, 2021
Due: May 10, 2022
Recommendation: That Council adopt a Resolution adopting a policy that all Transient Occupancy Taxes (TOT hotel tax) generated at the Berkeley Waterfront be allocated to the City's Marina Enterprise Fund. All other property, sales, utility users, and parking taxes; as well as business license and franchise fees, would continue to be allocated to the City's General Fund.
Policy Committee Recommendation: Send the item to Council with a negative recommendation and additionally request a referral to the Budget & Finance Policy Committee to discuss and develop alternative revenue streams for the Marina Fund including a dedicated reserve.
On November 16, 2021, the City Council adopted the Policy Committee recommendation and the item was referred back to the Budget & Finance Committee.
Financial Implications: See report
Contact: Roger Miller, Commission Secretary, (510) 981-6700
10. **Discussion and Development of Criteria and Timing for AAO Process**
From: Mayor Arreguin
Contact: Jesse Arreguin, Mayor, (510) 981-7100
11. **Review of Council's Fiscal Policies**
From: City Manager
Contact: Sharon Friedrichsen, Budget Manager, (510) 981-7000

Items for Future Agendas

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

Adjournment

Action: M/S/C (Arreguin/Harrison) to adjourn the meeting.

Vote: All Ayes.

Adjourned at 12:53 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on April 14, 2022.

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, and are available upon request by contacting the City Clerk Department at (510) 981-6908 or policycommittee@cityofberkeley.info.