

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

**Thursday, February 24, 2022
10:00 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/83865327729>. 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: **838 6532 7729**. 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: 10:03 a.m.

Present: Kesarwani (alternate), Harrison, Arreguin

Public Comment on Non-Agenda Matters – 4 speakers

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - February 10, 2022

Action: M/S/C (Arreguin/Harrison) to approve the minutes of February 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. FY 23 & 24 Biennial Budget Development Calendar

From: City Manager

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

Action: 3 speakers. Presentation made and discussion held.

3. Homelessness Funding Priorities Discussion

From: City Manager

Contact: Paul Buddenhagen, City Manager's Office, (510) 981-7000

Action: 4 speakers. Presentation made and discussion held.

4. FY 22 Mid-Year and American Rescue Plan Act Update

From: City Manager

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

Action: 2 speakers. Presentation made and discussion held.

Committee Action Items

5. General Fund Expenditures: Discussion on FY 23 & 24 Budget Assumptions on Personnel Costs, Including Salary Savings

From: City Manager

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

Action: 5 speakers. Presentation made and discussion held.

Mayor Arreguin absent at 11:50 a.m.

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.

6. 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

Unscheduled Items

- 7. 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
- 8. Legislative Update: Governor's FY 22-23 Proposed Budget, Federal Infrastructure Bill, Introduced Legislation**
From: City Manager
Contact: Dee Williams-Ridley, City Manager, (510) 981-7000
- 9. Discussion and Development of Criteria and Timing for AAO Process**
From: Mayor Arreguin
Contact: Jesse Arreguin, Mayor, (510) 981-7100
- 10. 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 (Kesarwani/Harrison) to adjourn the meeting.

Vote: Ayes – Kesarwani, Harrison; Noes – None; Abstain – None; Absent – Arreguin.

Adjourned at 12:12 p.m.

I hereby certify that this is a true and correct record of the Budget & Finance Committee meeting held on February 24, 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.