



Office of the Mayor

CONSENT CALENDAR
December 19, 2017

To: Members of the City Council
 From: Mayor Jesse Arreguín and Councilmember Kate Harrison
 Subject: Establishing Council Budget Committee

RECOMMENDATION

Establish a City Council Budget Committee, consisting of Mayor Jesse Arreguin and Councilmembers Kate Harrison, Sophie Hahn, and Susan Wengraf. The Budget Committee will be a standing committee of the City Council and will conduct its meetings in accordance with the Brown Act, Open Government Ordinance and other applicable city policies.

BACKGROUND

Under the Berkeley City Charter, the City Council is responsible for the adoption of legislation and a City Budget prior to the end of June each year. Currently, the City adopts a biennial budget, and makes necessary adjustments each fiscal year. The Budget is developed by the City Manager, based on recommendations by City Departments, and is presented at the beginning of May. With less than two months to review, hold hearing and make necessary adjustments, there is not adequate time for a full understanding by the Council or the community of the proposed budget and its impacts.

In 1985, a Citizens Budget Review Commission was established. Consistent with the Fair Representation Ordinance, each Councilmember appointed a commissioner for a total of nine commissioners. The duties of the Commission were as follows:

1. *Address itself to the formulation of the budget process.*
2. *Insure greater understanding and input by citizens in the budgetary process.*
3. *Investigate new sources of revenue for the City of Berkeley.*
4. *Participate in the development of a process to evaluate City departments, community service agencies and programs for cost effectiveness and duplication of services.*

In 2005, the Citizens Budget Review Commission was dissolved under the argument that it was redundant due to shared responsibilities with the Council. There is a need for Council and citizen input in the formation of the City Budget, budget priorities, improve the transparency of budget information, and address the long-term fiscal sustainability

of the City. Such issues can be resolved through the creation of a standing Council Budget Committee.

The main goal of the Council Budget Committee will be to gain a greater understanding of the budget and its components in order to increase transparency, address unfunded liabilities, and improve the process of Council involvement in the creation of the budget, as is done in other jurisdictions. With the assistance of the City Manager's Office and Budget and Fiscal Management, the Committee will meet with each Department to better comprehend income sources, expenditures, and budget limitations, and provide input on budget proposals prior to presentation of a final budget to the Council.

The duties of the Committee will include but not be limited to:

- Define specific goals and develop a Year 1 and multi-year plan
- Identifying possible income sources
- Reviewing best practices
- Aligning priorities to programs and expenditures
- Ensuring equity
- Improving the reallocation process
- Developing templates to identify major budget impacts and on-going requests

The Committee will continue to follow the Council Budget Policies which act as a guideline for the development of the budget. These policies are as follows:

- Focusing on the long-term fiscal health of the City by adopting a two-year budget and conducting multi-year planning;
- Building a prudent reserve;
- Developing long-term strategies to reduce unfunded liabilities;
- Controlling labor costs while minimizing layoffs;
- Allocating one-time revenue for one-time expenses;
- Requiring enterprise and grant funds to balance and new programs to pay for themselves;
- Any new expenditure requires revenue or expenditure reductions; and
- No new capital projects until current program is funded.

FINANCIAL IMPLICATIONS

Staff time.

ENVIRONMENTAL SUSTAINABILITY

No environmental impacts.

CONTACT PERSON

Mayor Jesse Arreguín 510-981-7100

Attachments:

1. Resolution

RESOLUTION NO. ##,###-N.S.

ESTABLISHING A CITY COUNCIL BUDGET COMMITTEE

WHEREAS, under the Berkeley City Charter, the City Council is responsible for the adoption of legislation and a City Budget prior to the end of June each year. Currently, the City adopts a biennial budget, and makes necessary adjustments each fiscal year; and

WHEREAS, the City Budget is developed by the City Manager, based on recommendations by City Departments, and is presented at the beginning of May; and

WHEREAS, with less than two months to review, hold hearing and make necessary adjustments, there is not adequate time for a full understanding by the Council or the community of the proposed budget and its impacts; and

WHEREAS, there is a need for Council and citizen input in the formation of the City Budget, budget priorities, improve the transparency of budget information, and address the long-term fiscal sustainability of the City. Such issues can be resolved through the creation of a standing Council Budget Committee; and

WHEREAS, the main goal of the Council Budget Committee will be to gain a greater understanding of the budget and its components in order to increase transparency, address unfunded liabilities, and improve the process of Council involvement in the creation of the budget, as is done in other jurisdictions; and

WHEREAS, with the assistance of the City Manager's Office and Budget and Fiscal Management, the Committee will meet with each Department to better comprehend income sources, expenditures, and budget limitations, and provide input on budget proposals prior to presentation of a final budget to the Council.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it hereby establishes a Budget Committee.

BE IT FURTHER RESOLVED that the Council Budget Committee will be standing committee of the City Council and will conduct its meetings in accordance with the Brown Act, Open Government Ordinance and other applicable city policies.

BE IT FURTHER RESOLVED that the duties of the Committee shall include but not be limited to:

- Defining specific goals and develop a Year 1 and multi-year plan
- Identifying possible income sources
- Reviewing best practices
- Aligning priorities to programs and expenditures
- Ensuring equity
- Improving the reallocation process

- Developing templates to identify major budget impacts and on-going requests

BE IT FURTHER RESOLVED that the City Manager's Office and Budget and Fiscal Management shall provide staff support to the Committee.

BE IT FURTHER RESOLVED that the Council appoints Mayor Jesse Arreguin, Councilmember Kate Harrison, Councilmember Sophie Hahn and Councilmember Susan Wengraf to the Budget Committee.