

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

**Thursday, February 23, 2023
10:00 AM**

Committee Members:

Mayor Jesse Arreguín, Councilmembers Rashi Kesarwani and Kate Harrison
Alternate: Councilmember Sophie Hahn

**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://cityofberkeley-info.zoomgov.com/j/1612304851>. 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 **1-669-254-5252 or 1-833-568-8864 (Toll Free)** and Enter Meeting ID: **161 230 4851**. 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: 10:04 a.m.

Present: Kesarwani, Harrison, Arreguín

Public Comment on Non-Agenda Matters: 1 speaker

Minutes for Approval

Draft minutes for the Committee's consideration and approval.

1. Minutes - February 9, 2023

Action: M/S/C (Harrison/Arreguín) to approve the February 9, 2023 minutes.

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.

Committee Action Items

2a. Allocation of \$3 Million Over Two Years, FY 2024 and FY 2025, to Reduce Consumption and Health Impacts of Sugar-Sweetened Beverages (SSBs).

From: Sugar Sweetened Beverage Product Panel of Experts

Referred: January 4, 2023

Due: June 5, 2023

Recommendation: Adopt a Resolution allocating \$3 million from the General Fund in FY24 (July 1, 2023 through June 30, 2024) and FY25 (July 1, 2024 through June 30, 2025) that shall be invested in a grant program administered and coordinated by the Department of Health, Housing, and Community Services' (HHCS) Public Health Division (HHCS/PHD) consistent with the Sugar-Sweetened Beverage Product Panel of Experts (SSBPPE) Commission's goals to reduce the consumption of sugar sweetened beverages (SSB) in Berkeley and to address the health effects of SSB consumption. The total of \$3 million will be distributed in two installments of \$1.5 million per year for FY24 and FY25. In each of these years, the funds will be distributed as follows:

a. Direct the City Manager to award up to 42.5% of the allocated funds to Berkeley Unified School District (BUSD) through a grant proposal to reduce the consumption of sugar-sweetened beverages (SSBs) through the implementation and enhancement of the BUSD cooking and gardening programs. The BUSD funding process is separate from the RFP process for the general community-based organization funding process and shall be guided by the SSBPPE Commission's Criteria for BUSD Funding.

b. Direct the City Manager to award at least 42.5% of the allocated funds through an RFP process managed by HHCS/PHD for grants to community-based organizations consistent with the SSBPPE Commission's goals to reduce the consumption of SSBs and to address the effects of SSB consumption. The community-based organization funding RFP process is separate from the BUSD funding process and shall be guided by the SSBPPE Commission's Criteria for Community Agency Grants.

c. Direct the City Manager to utilize up to 15% of the allocated funds to support HHCS/PHD to coordinate and monitor the grant process, coordinate the overall program evaluation, and produce an annual report that disseminates process and outcome data from the epidemiologist resulting from the SSBPPE Commission funding program as well as pay certain City of Berkeley Finance Department costs related to the sugary drink tax.

Financial Implications: See report

Contact: Roberto Terrones, Commission Secretary, (510) 981-5400

Action: No action taken on Item 2a. See action taken on Item 2b.

2b. Companion Report: Allocation of \$3 Million Over Two Years, FY24 and FY25, to Reduce Consumption and Health Impacts of Sugar-Sweetened Beverages (SSBs).

From: City Manager

Referred: January 4, 2023

Due: June 5, 2023

Committee Action Items

Recommendation: Adopt a Resolution allocating \$2 million from the General Fund in FY24 (July 1, 2023 through June 30, 2024) and FY25 (July 1, 2024 through June 30, 2025) that shall be invested in a grant program administered and coordinated by the Department of Health, Housing, and Community Services' (HHCS) Public Health Division (HHCS/PHD) consistent with the Sugar-Sweetened Beverage Product Panel of Experts (SSBPPE) Commission's goals to reduce the consumption of sugar sweetened beverages (SSB) in Berkeley and to address the health effects of SSB consumption. The total of \$2 million will be distributed in two installments of \$1 million per year for FY24 and FY25. The funds will be distributed as follows:

- a. Direct the City Manager to award up to \$712,000 of the allocated funds to Berkeley Unified School District (BUSD) for the period, July 1, 2023 to June 30, 2025 through a grant proposal to reduce the consumption of sugar-sweetened beverages (SSBs) through the implementation and enhancement of the BUSD cooking and gardening programs. The BUSD funding process is separate from the RFP process for the general community-based organization funding process and shall be guided by the SSBPPE Commission's Criteria for BUSD Funding (Attachment 1).
- b. Direct the City Manager to award at least \$712,000 of the allocated funds for the period, July 1, 2023 to June 30, 2025 through an RFP process managed by HHCS/PHD for grants to community-based organizations consistent with the SSBPPE Commission's goals to reduce the consumption of SSBs and to address the effects of SSB consumption. The community-based organization funding RFP process is separate from the BUSD funding process and shall be guided by the SSBPPE Commission's Criteria for Community Agency Grants (Attachment 2).
- c. For the period, July 1, 2023 to June 30, 2025, direct the City Manager to allocate \$125,000 to fund Finance Department costs for staffing and MuniServices fees and \$451,000 to HHCS/PHD for staffing, operating and consulting costs to coordinate and monitor the grant process, manage resulting contracts awarded, support activities aligned with the goal of the sugary beverage tax, including the Healthy Retail Checkout ordinance, and provide an annual presentation to the SSBPPE Commission that includes process and outcome data and updates on Finance Department fees related to the sugary drink tax for the SSBPPE Commission to inform the development of the Commission's annual report.
- d. Carryover any sugary drink tax revenue received in excess of \$2 million during FY24 and FY25 to be awarded for related services in FY25 – FY27.

Financial Implications: See report

Contact: Henry Oyekanmi, Finance, (510) 981-7300, Lisa Warhuus, Health, Housing, and Community Services, (510) 981-5400

Action: 4 speakers. M/S/C (Harrison/Arreguín) To forward the item to Council with a Qualified Positive Recommendation to approve staff's recommendation, with an additional amount of \$35,590 in FY24 and FY25, and any additional revenues beyond the projected amounts being prioritized for grants.

Vote: All Ayes.

Committee Action Items

3. Receive a Report on the Fiscal Year 2023 Mid-Year Budget Update

From: City Manager

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

Action: 1 speaker. Discussion held.

4. Unfunded Liability Obligations and Unfunded Infrastructure Needs

From: City Manager

Recommendation: Receive a report on the City's Unfunded Liability Obligations and Unfunded Infrastructure Needs, including pension and other post-employment benefits; discuss strategies to address unfunded liabilities, including funding recommendations for the Section 115 Pension Trust; and provide direction to staff.

Financial Implications: See report

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

Action: Item continued to the March 9, 2023 meeting of the committee.

5. Approval of the Public Bank East Bay Viability Study

From: Councilmember Robinson (Author), Mayor Arreguín (Author)

Referred: February 14, 2023

Due: July 5, 2023

Recommendation: Refer to the Budget & Finance Policy Subcommittee to review and discuss the Public Bank East Bay Viability Study and consider the following recommendations for the full Council:

(1) Adopt a resolution formally adopting the viability study

(2) Adopt a resolution of intention to form the Public Bank East Bay alongside Oakland & Richmond

(3) Refer to the City Manager to coordinate with the Friends of the Public Bank of the East Bay and the staff of the cities of Oakland and Richmond on the development of a business plan for the Public Bank of the East Bay, or designate the appropriate staff to do so

(4) Refer to the City Manager to engage an independent consultant with expertise in banking operations and financing to advise city staff as they coordinate with the Friends of the Public Bank East Bay in the production of a business plan for a public bank

Financial Implications: See report

Contact: Rigel Robinson, Councilmember, District 7, (510) 981-7170

Action: Item continued to the March 9, 2023 meeting of the committee.

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.

Unscheduled Items

6. Investment Report Update - Investment Policies of Other Jurisdictions

From: City Manager

Contact: Henry Oyekanmi, Finance, (510) 981-7300

7. Accept the Risk Analysis for Long-Term Debt (Bonding Capacity) Report provided by Government Finance Officers Association

From: City Manager

Referred: April 26, 2022

Due: March 31, 2023

Recommendation: Accept the report titled 'Risk-Based Analysis and Stress Test of Long-Term Debt Affordability' as provided by the Government Finance Officers Association (GFOA). This report is based on their research and development of a risk-modeling tool to address issuing long-term debt related to City of Berkeley Vision 2050.

On April 26, 2022, the City Council referred this item to the City Manager and Budget & Finance Committee to return to Council with recommendations or analysis on as many of the following items as possible by October 2022, if feasible. 1)

Consideration of reserves policies for operational funds other than the General Fund; 2) Potential reduction of the maximum indebtedness rate from 15% of assessed property value down to 4-8% range; 3) A new policy to not incur indebtedness when interest rates go above 5% or a different specific threshold; 4) Tools for increased transparency for taxpayers; 5) Updated report and discussion of pension and healthcare costs; 6) Refer the full Report to the Budget & Finance Committee for consideration.

Financial Implications: None

Contact: Henry Oyekanmi, Finance, (510) 981-7300

8. Additional Allocation of Measure P Funding to "Step Up Housing" Project

From: Councilmember Bartlett (Author), Councilmember Wengraf (Co-Sponsor), Councilmember Kesarwani (Co-Sponsor)

Referred: August 3, 2022

Due: May 31, 2023

Recommendation: Adopt a resolution allocating an additional \$114,660 per year for 10 years, from Measure P transfer tax receipts to support the increased costs for the lease and operation of a new permanent supportive housing project for the unhoused at the Step-Up Housing Project at 1367 University Avenue. In addition, refer to the next meeting of the Budget and Finance Policy Committee to confirm the availability of requested funding.

On August 3, 2022, the City Council adopted Resolution No. 70,491-N.S. as amended and referred to the Budget & Finance Committee to consider future General Fund needs for this project and confirm availability of funds for the operating budget.

Financial Implications: See report

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

Unscheduled Items

9. Recommendation on Climate, Building Electrification, and Sustainable Transportation Budget Priorities for Fiscal Year 2023 and 2024

From: Energy Commission

Referred: November 3, 2022

Due: April 25, 2023

Recommendation: The Energy Commission recommends that the Berkeley City Council prioritize and include in the City's budget for the Fiscal Years Ending (FYE) 2023 and 2024 several staff positions, pilot projects, investments in electric vehicles and charging infrastructure, and other measures to ensure that the City's budget is aligned with and provides adequate and needed funding to implement the City's adopted Climate Action Plan, Electric Mobility Roadmap, Building Emissions Saving Ordinance, 2019 ban on gas in new construction, and the Existing Buildings Electrification Strategy.

Financial Implications: See report

Contact: Billi Romain, Commission Secretary, (510) 981-7400

Items for Future Agendas

- None

Adjournment

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

Vote: All Ayes.

Adjourned at 11:57 am.

I hereby certify that the foregoing is a true and correct record of the Budget & Finance Committee meeting held on February 23, 2023.

Sarah K. Bunting, Assistant City Clerk

