

CITY CLERK'S RECORD OF MEETING

City Council Finance & Budget Subcommittee

January 31, 2022

Present: Mayor Lauren Meister, Mayor Pro Tempore Sepi Shyne, City Manager David Wilson, Assistant City Manager Oscar Delgado, Budget Officer Christine Safriet, City Clerk Melissa Crowder

The meeting was called to order at 12:00 p.m.

Public Comment: None.

Item 5.A. Update and Discussion of the Fiscal Year 2021-22 Mid-Year Budget and Living Wage

City Manager David Wilson provided an overview of the Fiscal Year 2022 Mid-Year Budget. He reviewed the Fiscal Year 2022 highlights including additional revenues, a comparison of expenditures, and the projected deficit that was shared in June 2021. He spoke about the Measure E funds and recovery of the City's Transient Occupancy Tax (TOT) Revenue.

Budget Officer Christine Safriet presented the Fiscal Year 2022 Mid-Year Budget Position and Year-End Projections. She shared information on the City's recovery in the travel, tourism, and entertainment sectors. She noted that the TOT revenue is higher than initially projected; however, the Omicron variant slowed the recovery. She also presented information on the City's projected year-end expenditures which included costs for Pride, social services, property studies, operations and maintenance, and inter-fund transfers.

Living Wage Discussion

Mr. Wilson and Ms. Safriet discussed increasing the Living Wage rate to \$19.35/hour. They discussed updating the language in the collective bargaining agreements. If approved by the City Council, it would cost the City roughly \$1.2 million dollars.

Next Steps

Mr. Wilson discussed the next steps including use of the City's reserves, utilization of fiscal restraint, and planning for the future. He noted that the City received ARPA funds in the amount of \$4.4 million dollars. Some of the upcoming projects that will affect expenditures are the opening of the ARC, the Behavioral Health Crisis Unit, the Seismic Retrofit Program, the Project Labor Agreements, and the Living Wage Ordinance. The Mid-Year Update is scheduled for the February 22, 2022 City Council meeting for formal consideration and approval.

Comments from Subcommittee:

Mayor Meister inquired if staff has confirmed with City vendors if they are currently paying the proposed Living Wage rate. With regard to the City's social services providers, specifically, she asked should those non-profit organizations be excluded from the City's Living Wage Ordinance.

Mayor Tempore Shyne does not agree with excluding non-profits from the City's Living Wage Ordinance. She inquired if there is a waiver proposed in the Living Wage Ordinance, so non-profits are only subject to the term of their agreement with the City. Mr. Wilson responded to this inquiry.

Mayor Meister inquired if the Living Wage Ordinance at the beginning of the next contract term or will they be phased-in over time. Ms. Safriet noted that the City's social service contract terms are October 1st through September 30th cycle. Most of the other City contracts are on a fiscal year basis. Mayor Meister recommended that this be part of the discussion with the City Council and Mayor Pro Tempore Shyne concurred. Mr. Wilson suggested that the Living Wage Ordinance mirror the Minimum Wage Ordinance for equity so that effective July 1, 2022 the rate would be increased to \$18.40/hour. The Subcommittee recommended that this information be included in the staff report to the City Council for consideration.

Mayor Pro Tempore Shyne inquired about the update on the Behavioral Health Crisis Unit in March. She noted that her preference is that it be fully funded in the upcoming budget. She further inquired if the City will have a balanced budget. Mr. Wilson commented that the City was awarded \$8 - \$9 million dollars in ARPA funds paid over time. He further noted that the City has roughly a projected \$1.9 million dollar operating deficit this fiscal year and that one-time ARPA funds will offset use of the City's reserves.

Mayor Meister inquired about the Entertainment Policing Team. Mr. Wilson responded that this discussion is not part of the Mid-Year Budget discussion.

The meeting adjourned at 12:34 p.m.

Melissa Crowder
Melissa Crowder, City Clerk