

PIEDMONT CITY COUNCIL

Special Budget Work Session Minutes for Saturday, May 16, 2015

A Special Budget Work Session of the Piedmont City Council was held May 16, 2015, in the Police Department EOC Room at 403 Highland Avenue. In accordance with Government Code Section 54954.2(a) the agenda for this special meeting was posted for public inspection on May 14, 2015.

CALL TO ORDER

Mayor Fujioka called the session to order at 9:06 a.m.

ROLL CALL

Council: Mayor Margaret Fujioka, Vice Mayor Jeff Wieler, and Councilmembers Teddy Gray King, Robert McBain, and Tim Rood

Administration: City Administrator Paul Benoit and City Clerk John Tulloch

Fire: Fire Chief Warren McLaren

Finance: Finance/Human Resources Director Erick Cheung and City Accountant Ken Lee

Police: Police Chief Rikki Goede

Public Works: Public Works Director Chester Nakahara, Planning Director Kate Black, Parks & Projects Manager Mark Feldkamp and Public Works Supervisor Dave Frankel

Recreation: Recreation Director Sara Lillevand

BUDGET OVERVIEW

City Administrator Benoit highlighted the overall sound financial condition of the City. He credited the City's financial health to the strong leadership of the City Council, the engaged and supportive community, and the quality and diligence of City Staff. He listed a number of factors and challenges that have influenced the budget, including the continually changing CalPERS environment, the costs of benefits, the need for ongoing investment in facilities and infrastructure, expectations for high quality services, and the need to continually attract top-tier employees. He added that property related taxes, which are the primary source of revenue for Piedmont services, are relatively stable but not able to be influenced. He described the proposed budget as appropriately conservative.

City Administrator Benoit reported that the City is again projecting positive net revenue for the General Fund, which allows the City to make transfers into specialized funds. He indicated that the City's General Fund Reserve of about 19% is well within the normal range for cities, and should be viewed as an emergency fund. He explained that the City's adequate reserve is a result of the Parcel Tax, a healthy real estate market, recently adopted modifications to employee benefits, and prudent budget management. The City Administrator outlined the City's revenue sources, which include property related taxes, other taxes and franchise fees, charges for current services (including significant recreation revenue), and revenue from other agencies.

The City Administrator also discussed some of the additional City funds, including the equipment replacement fund, facilities maintenance fund, sewer fund, pension obligation fund, and capital improvement fund. He explained changes in the management of facilities maintenance, which allows for a more systems approach to the upkeep of City facilities; and he explained that no new

allocations are being proposed for the capital improvement fund this year, so that efforts can instead be focused on facilities maintenance. He discussed the sewer fund and the EPA mandated sewer replacement project, which he reported is approximately 60% complete; and he emphasized that, instead of raising taxes for the replacement of the City sewers, the City has allocated excess revenues from property transfer tax to the sewer fund. He also noted that sewer maintenance costs have gone down, due to less rain and upgraded sewers.

City Administrator Benoit stated that differences between this year's budget and last year's budget are relatively minor, and that no new programs are proposed. He reported that as funds become available in the coming years, the City will take a more aggressive approach to facilities maintenance, unfunded liabilities, and upgrades in technology.

Mayor Fujioka spoke with regards to the proposed budget, commenting on the health of the budget and the importance of being both prudent and progressive. She thanked the residents who voted and campaigned for the parcel tax, and she thanked committee members and City Staff for their hard work on putting together the budget.

CIP COMMITTEE PRESENTATION

John Cooper, the Chair of the CIP Committee, spoke regarding the proposed projects for FY 15-16 and thanked City Staff and Vice Mayor Wieler for their support. He explained that the committee's overage of its \$412,000 budget is a response to a strong economy and the need to make improvements that were put on hold during the recession. Mr. Cooper explained the CIP Committee's project selection process, which included significant input from staff and residents. He explained that projects were chosen based on several decision criteria, including a project's benefit to the community, benefit to public safety, public support, protection of community assets, and feasibility. The CIP Committee recommends the following projects for FY 15-16:

- Ongoing Projects – the continuation of ongoing projects at Hampton Park and the Howard Street entrance.
- Linda/Kingston Triangle – a safety and beautification project with support from the Piedmont Beautification Foundation.
- Recreation Center Facilities Use Plan – a critical project to plan the repair and upgrade of the recreation building and pool.
- Corporation yard – the construction of a vehicle storage facility to protect the City's equipment.
- Community Hall Plaza Masterplan – a project to repair and upgrade a public space that is important to the community.
- Additional Projects – as funds become available, other important projects include improvements to Coaches Field, Hampton Field, Linda Beach Park, and Dracena Park.

Mr. Cooper reported that there is great anticipation from residents for improvement projects to move forward. He requested that the Council consider a bond measure to fund these projects.

Mayor Fujioka and Councilmember McBain commended Mr. Cooper and the CIP Committee on a comprehensive and useful report. The Council requested that funding for Capital Improvement Projects be placed on the agenda of a future Council meeting.

BUDGET REVIEW

Staff reviewed the proposed FY 15-16 departmental budgets and non-departmental items with the Council. During budget review and discussion, the Council requested the following from Staff:

- Public Works Department – Examine planning and building fees based on the CPI differential since the last fee increase.
- Police Department – No requests from the Council.
- Recreation Department – 1) Evaluate the City’s skate park usage and determine options for the future. 2) Amend the FY 15-16 budget to show “Schoolmates subsidies” as a revenue.
- Fire Department – Public Works should work with public safety to determine sufficient storage of emergency vehicles. Fire Chief Warren McLaren stated that replacement of his vehicle could be delayed after a comprehensive inspection by a mechanic.
- Administration – 1) Amend page 11 of the budget, so that reference to the Parcel Tax reads “Measure Y”, instead of “Measure W”. 2) Provide a report on the insurance coverage carried by the City. 3) Confirm with the Budget Advisory and Financial Planning Committee to consider the impacts of the parcel tax not being renewed by the voters in FY 17-18.

Public testimony was received from:

Jamie Totsubo, CIP Review Committee member, spoke regarding the corporation yard vehicle storage building and its additional function as an emergency center.

Jen Cavanaugh, Budget Advisory and Financial Planning Committee member, expressed her opinion that the City should be conservative in its spending, especially given the unknown costs of facilities maintenance. She also commented on the importance of having community input when discussing facilities maintenance projects. Ms. Cavanaugh expressed concern that the Recreation Department is underfunded and understaffed. She suggested that funds that become available in the future be put toward facilities maintenance and recreation.

ADJOURNMENT

There being no further business, Mayor Fujioka adjourned the special work session at 1:27 p.m.