

## PIEDMONT CITY COUNCIL

Special and Regular Meeting Minutes for Monday, September 20, 2021

Special and Regular Sessions of the Piedmont City Council were held September 20, 2021, via teleconference, consistent with Executive Orders N-25-20 and N-29-20. In accordance with Government Code Section 54957(b), the agenda for this meeting was posted for public inspection on September 16, 2021.

### CALL TO ORDER

The Council met in Special Closed Session for a Public Employee Performance Evaluation (Govt. Code 54957), Title: City Administrator. Following the 6:00 p.m. Special Closed Session, Mayor Teddy Gray King called the meeting to order at 7:02 p.m. and announced no reportable action from the Closed Session. The Pledge of Allegiance was said.

### ROLL CALL

Present: Mayor Teddy Gray King, Vice Mayor Tim Rood, and Councilmembers Jennifer Cavenaugh, Betsy Smegal Andersen, and Conna McCarthy

Staff: City Administrator Sara Lillevand, City Attorney Michelle Marchetta Kenyon, Public Works Director Daniel Gonzales, Finance Director Michael Szczech, Deputy City Clerk Lisa Argue, and Assistant City Administrator / City Clerk John Tulloch

### PUBLIC FORUM

There was no **Public Testimony**.

### REGULAR AGENDA

The Council considered the following items of regular business:

#### Meeting Minutes

Approval of Meeting Minutes for 09/07/2021

There was no **Public Testimony** on the matter.

#### Resolution No. 69-2021

RESOLVED, that the City Council approves the Meeting Minutes for the September 7, 2021 meeting.

Moved by Cavenaugh, Seconded by Andersen

Ayes: McCarthy, Andersen, Cavenaugh, Rood, King

Noes: None

Absent: None

#### FY 2020-21 Year End Fund Transfers

City Administrator Sara Lillevand reported that due to a counter-intuitive and exceedingly robust real estate response to the COVID-19 pandemic, the City has a significant net income at the close of fiscal year (FY) 2020-21. She indicated that it was staff's recommendation to transfer these one-time monies to pension liabilities and facilities to keep the City on track to address pension obligation increases projected for 2023-2029. She advised that, while the City is fortunate to have a surplus, needs are greater than available funds.

Ms. Lillevand indicated that progress has been made in recent years to understand the scope of deferred maintenance and develop plans to maintain, renovate, and sometimes replace infrastructure. She stated that, without the costs of any major capital projects, the Facility Maintenance Fund is projected to run negative in FY 2026-27. She noted facilities are the largest need in long-term budget projections and, therefore, the most logical place for a year-end transfer.

Finance Director Michael Szczech reported in FY 2020-21, favorable revenue trends and lower-than-budgeted expenses in most areas resulted in net income, after capital transfers, of approximately \$5.5 million in the General Fund. He

noted the budgeted deficit of \$523,000. He indicated that transfer tax, building permits, and planning fees exceeded budget by a combined \$4.9 million, but recreation revenue, facility rentals, and ambulance charges were all negatively impacted by the pandemic. He added that the City received \$513,000 in mutual aid revenue, which is not budgeted due to its unpredictable nature.

Mr. Szczech advised that staff updated the status of funding of OPEB and Police and Fire Pension Plans, CalPERS pension projections, the Facility Maintenance Plan, and the City's long-term financial plan in order to determine the best course of action. He recommended the Council consider the net proceeds as one-time savings and appropriate the funds to address the City's outstanding needs. He noted that the proposal to transfer General Fund net revenue is consistent with past practice.

Mr. Szczech discussed the 2018 restructuring of retiree health benefits and resulting savings, use of the overfunded Legacy Police and Fire Pension Plan to satisfy the City's OPEB liability, changes to CalPERS' discount rate and actuarial amortization policy, the effects on the City's payments to CalPERS, the Section 115 Trust and investments of \$2.75 million, and Bartel Associates' updated actuarial report and pension expense forecasts. He related that, based on projections for the General Fund Reserve to drop below the target of 18% of expenditures, staff recommends a transfer from the General Fund to the Pension Rate Stabilization Fund of \$1 million. He noted that staff's recommendation aligns with the Budget Advisory and Financial Planning Committee's (BAFP) recommendation presented to the Council at the June 21, 2021 meeting.

Mr. Szczech next discussed the maintenance and improvement of City facilities, staff's updated assessment of the basic systems and conditions of facilities, and the balance of the Facilities Maintenance Fund at the end of FY 2020-21 and in five years. He shared staff's recommendation to transfer \$3.5 million to the Facilities Maintenance Fund, which is consistent with the BAFP's recommendation.

Mr. Szczech reported that the General Fund ending balance, after transfers, will be \$6.5 million or 23.6% of operating expenses, and staff believes that a slightly higher balance is prudent due to the uncertain economic environment.

There was no **Public Testimony** on the matter.

Councilmembers appreciated the thorough report and the BAFP drafting a conservative budget, noted their awareness of the conditions of City facilities, and agreed that the surplus is not excess funds.

**Resolution No. 70-2021**

RESOLVED, that the City Council approves the fiscal year 2020-21 year end transfers from the General Fund of \$3.5 million to Facilities Maintenance Fund and \$1 million to the Pension Rate Stabilization Fund.

Moved by Cavanaugh, Seconded by McCarthy

Ayes: McCarthy, Andersen, Cavanaugh, Rood, King

Noes: None

Absent: None

(0165)

**FY 2020-21 Year End  
Appropriations &**

Mr. Szczech indicated that General Fund revenues exceeded budget by \$5.8 million, and expenditures and capital transfers were lower than budget by a

**Carryforwards**

total of \$166,000 due to lower-than-expected salary and benefit costs and benefit program premiums. He noted that the budgeted subsidy of \$250,000 for the Community Pool was not needed as the pool was closed, and expense savings were offset by higher capital outlays, primarily for sidewalk repair and replacement costs. He added that a few areas exceeded budgeted amounts.

He shared staff's requests for FY 2020-21 appropriation increases of \$522,707 for sidewalk repair and replacement, \$257,262 for Administration, \$20,994 for Public Works, \$43,165 for workers' compensation, and \$24,151 for liability insurance for a total of \$868,279, and one carryforward appropriation of \$300,000 in the Sewer Fund for a sewer flusher truck.

There was no **Public Testimony** on the matter.

Councilmembers noted that recruitment funds were well spent and remarked that Mr. Szczech and all staff have managed the recent uncertain times with professionalism.

**Resolution No. 71-2021**

RESOLVED, that the City Council approves the fiscal year 2020-21 year-end General Fund and Other Fund appropriations and carryforwards as detailed in the staff report.

Moved by Andersen, Seconded by Cavanaugh

Ayes: McCarthy, Andersen, Cavanaugh, Rood, King

Noes: None

Absent: None

(0165, 0088)

**Oakland Avenue  
Pavement  
Rehabilitation Project**

Ms. Lillevand indicated that the Oakland Avenue Pavement Rehabilitation Project dates back to 2017 when the City successfully applied for a One Bay Area Grant (OBAG-2) through the Metropolitan Transportation Commission (MTC) and Caltrans, and the project includes pedestrian crossing safety enhancements and completion of the Oakland Avenue Bridge railings.

Public Works Director Daniel Gonzales reported that Oakland Avenue is one of Piedmont's few arterial streets and is a highly traveled pedestrian pathway. He related that the project was listed in the 2014 Safer Streets Report as a high priority project. He added that grant funding covers the cost of additional improvements that enhance the roadway for pedestrians and bicyclists.

He noted that design work began in 2019, and Caltrans has approved the project. He described the extent of paving and pedestrian and bicycle improvements, which include bulb-outs, rapid flashing beacons, Class 3 bike lanes, and new striping.

There was no **Public Testimony** on the matter.

Councilmembers shared the importance of these improvements for Beach Elementary students and the public.

**Resolution No. 72-2021**

RESOLVED, that the City Council authorizes staff to solicit bids for the Oakland Avenue Pavement Rehabilitation Project.

Moved by McCarthy, Seconded by Rood

Ayes: McCarthy, Andersen, Cavanaugh, Rood, King  
Noes: None  
Absent: None  
(0045)

**REPORTS AND  
ANNOUNCEMENTS**

Councilmember McCarthy reported regarding the success of the Harvest Festival and the Planning Commission's consideration of a recommendation from the Ad Hoc Subcommittee on Use of Measure A-1 Bond Funds and of design standards for wireless communications facilities.

Councilmember Cavanaugh announced the draining of the Community Pool, the success of Movie Night in the Park and the compost giveaway, and a Walk for Wellness on September 21<sup>st</sup>-27<sup>th</sup>.

Councilmember Andersen announced a Public Safety Committee meeting on September 23<sup>rd</sup>, a self-guided garden tour September 25<sup>th</sup>-October 3<sup>rd</sup>, a "Living with Drought" workshop on September 30<sup>th</sup>, and League of Women Voters discussions on September 22<sup>nd</sup> and October 5<sup>th</sup>.

Mayor King announced Latinx Heritage Month beginning September 15<sup>th</sup>, requested a future agenda item for staff and PUSD to update the City Council regarding school crossing guards, and encouraged the public to participate in Housing Element discussions.

**ADJOURNMENT**

There being no further business, Mayor King adjourned the meeting at 8:00 p.m.