

**City of Piedmont**  
**COUNCIL AGENDA REPORT**

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DATE: July 6, 2020

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Provide Direction to Staff on the Preparation of Ballot Measures for the November 2020 Ballot Regarding Financing of Facilities Maintenance and Renovation/Replacement Needs

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**RECOMMENDATION**

Provide direction to staff on the following items related to the placement of measures on the November 2020 general election ballot:

- 1) The amount of Real Property Transfer Tax increase that Council wishes to place before the voters;
- 2) Whether the Council wishes to put a bond measure or measures on the ballot; and
- 3) The total amount and projects that would be included in any bond measure or measures.

**BACKGROUND**

At a special meeting on June 29<sup>th</sup>, the City Council directed staff to begin work to place two distinct items on the November ballot regarding (1) financing of facilities maintenance and (2) renovation/replacement of City facilities.

First, the Council directed staff to prepare a measure which would increase the City's Real Property Transfer Tax (RPTT) to fund ongoing facilities and infrastructure maintenance. Second, the Council directed staff to pursue options related to the placement of one or more General Obligation bonds to fund the renovation or reconstruction of public safety facilities and the Piedmont Community Pool. Staff has spent the intervening time beginning the preparation of the appropriate documents to place measures on the ballot, but needs further and specific direction from Council on next steps.

**POSSIBLE INCREASE OF TRANSFER TAX TO FUND MAINTENANCE OF CITY FACILITIES**

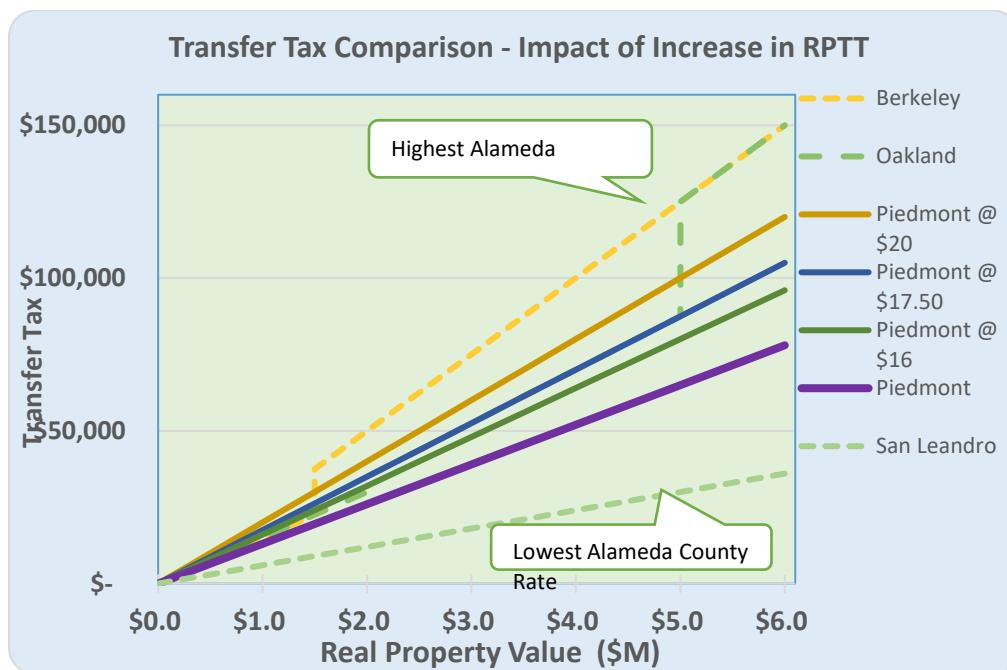
Our facilities maintenance fund, which was established in 2003 to address ongoing and deferred

maintenance of city-owned facilities, is projected to go negative in FY 2023-24. The Budget Advisory and Financial Planning Committee (BAFPC) has consistently recommended that over the next 5 –10 years, minimum additional funding of approximately \$850,000 per year is needed just to maintain the existing condition of City buildings, parks, streets and sidewalks.

In its report presented to the Council on June 15, 2020, the BAFPC recommended, “...an increase in the Real Property Transfer Tax in order to meet the needs of the facilities replacement fund and other infrastructure needs on an average annual basis of at least \$700,000 - \$900,000. The Committee believes this increase should run in perpetuity until otherwise determined by the citizens that it is no longer necessary.”

Piedmont’s current RPTT rate is lower than both Berkeley and Oakland, but higher than most other cities in California. An increase in the transfer tax rate to levels still below or on par with these neighboring cities would provide additional funding for facilities maintenance while impacting a minimal number of residents, as the transfer tax is a one-time tax levied on a property at the time of sale. In Alameda County, city transfer taxes are typically split between the buyer and seller, but individual buyers and sellers are free to negotiate any arrangement they wish.

BAFPC examined RPTT rates of \$16.00, \$17.50 and \$20.00 per \$1,000 of sales price as potentially appropriate for Piedmont. As seen in the figure below, all three of these increased rates remain lower than Oakland and Berkeley’s top transfer tax rates. For properties sold for \$2M to \$5M, Oakland’s current transfer tax is \$17.50 per \$1,000 of the sales price.



Based on the approved FY 20-21 budget and the 10 Year Projections which are included in the approved budget package, an increase in the RPTT would result in additional average annual

revenue to the City over the next 10 years of \$632,308 (\$16), \$948,462 (\$17.50), and \$1,475,385 (\$20).

<b><u>RPTT - Projection based on Approved Budget \ Long Range Plan</u></b>					
<b>Fiscal</b>	<b>Current Rate</b>				
<b>Year</b>	<b>\$13.00 / \$1,000</b>	<b>\$16.00 / \$1,000</b>	<b>\$17.50 / \$1,000</b>	<b>\$20.00 / \$1,000</b>	
FY 2020-21	\$ 2,200,000	\$ 2,707,692	\$ 2,961,538	\$ 3,384,615	
FY 2021-22	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2022-23	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2023-24	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2024-25	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2025-26	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2026-27	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2027-28	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2028-29	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
FY 2029-30	\$ 2,800,000	\$ 3,446,154	\$ 3,769,231	\$ 4,307,692	
<b>Total</b>	<b>\$ 27,400,000</b>	<b>\$ 33,723,077</b>	<b>\$ 36,884,615</b>	<b>\$ 42,153,846</b>	
Increase over Current Tax		\$ 6,323,077	\$ 9,484,615	\$ 14,753,846	
Average Annual Increase		\$ 632,308	\$ 948,462	\$ 1,475,385	

Using a median sales price of \$2,200,000, the average transfer tax per home sale transaction would increase by \$6,600 (\$16), \$9,900 (\$17.50), and \$15,400 (\$20.00) respectively. As stated above, the custom in Alameda County is for cost of RPTT to be split between the buyer and the seller at the time of sale. According to local real estate agencies, increased RPTT rates do not have an adverse effect on real estate values or demand in the cities that have recently enacted such ordinances.

Based on the detailed BAFPC report, “at least \$700,000 - \$900,000” is needed in additional annual funding just to maintain the existing condition of City buildings, parks, streets and sidewalks.

Staff recommends that Council place an increase of \$4.50 on the ballot, raising the total transfer tax to \$17.50 per \$1,000 of sales price. Staff believes that this will sufficiently address the gap in funding for facilities maintenance in the City’s long-term budget plan without increasing annual property taxes for residents.

## POSSIBLE GENERAL OBLIGATION BONDS TO FUND CAPITAL PROJECTS

### **RECREATION CAPITAL PROJECTS**

Over the past five years, the City has developed conceptual master plans for renovation or replacement of several aging facilities including the Piedmont Community Pool, the Veterans Memorial Building, the Recreation Department Building, Linda Beach Park, and Coaches Field. Each of these recreation-related facilities require significant funding to bring them up to current codes and standards, as well as to maximize their full and efficient use by the community.

<b>Recreational Facilities (estimate date)</b>	<b>Low Estimate (\$ millions)</b>	<b>High Estimate (\$ millions)</b>
Piedmont Community Pool (2016)	12.0	15.0
Coaches Field (2018)	4.0	5.0
Linda Beach Park (2019)	8.7	10.5
Recreation Department Building (2019)	4.2	5.0
Veterans Memorial Building (2019)	2.0	2.0
	<b>30.9</b>	<b>37.5</b>

Unlike the other projects identified above, the City Council is considering imminent closure of the Piedmont Community Pool, as discussed at the Special City Council meeting on June 29, 2020, which would result in the loss of all City and school aquatics programming. No other recreation facilities are being considered for permanent closure at this time. The Piedmont Community Pool also differs from the other facilities in that it requires ongoing staffing and maintenance costs to be paid from the operating budget. Since the City took over operation of the pool in 2011, it has operated, like most public pools, at a deficit. This was known to the City when it assumed operations of the pool. Subsequent City Councils have continued to subsidize this public amenity for the public good. Because of its age, the cost to operate the facility continues to grow, and the amount of subsidy continues to increase while its ability to serve the community deteriorates.

### **PUBLIC SAFETY CAPITAL PROJECTS**

Over the past eight months, staff has also examined our Police and Fire Department facilities to determine whether they meet the standards of the Essential Services Act of 1986. This state law requires that public safety facilities meet certain requirements for seismic safety, such that police and fire personnel and equipment can continue to provide essential services to the public during and after a disaster.

In preliminary reviews, it was determined that our police and fire departments are severely deficient in several ways affecting current service delivery as well as the ability to facilitate essential services during and after a disaster. In addition, imminent changes to public safety services, such as the national effort to update the 911 system, call attention to the fact the City's existing public safety facilities are not adequate to meet future essential service needs of the City.

The Fire Department is housed in City Hall which was originally constructed over 100 years ago and the Police Department is located in the basement of the 70 year-old Veterans' Memorial Building. Neither of these buildings were constructed in a manner consistent with the Essential Services Act, nor do they provide adequate and appropriate space for modern public safety services. Given initial rough estimates in excess of \$20 million dollars to renovate the existing public safety buildings to meet codes and standards, the City engaged Eric Glass of Glass Architects to develop a high-level concept and associated cost of a combined Essential Services Building that could house Fire, Police and an Emergency Operations Center to give us a sense of possibilities and cost. City staff was presented with this concept and provided with cost estimates on Tuesday June 30<sup>th</sup>, which range from \$33 to 51 million dollars.

## **POSSIBLE GENERAL OBLIGATION BOND FINANCING**

As discussed in the adopted City Budget for FY 2020-21, property-related taxes are the City's primary revenue source and account for 72% of General Fund revenues. The City does not have much in the way of commercial or sales tax revenue, and the City is not aware of any state, county, or federal funds available to fund capital projects.

In its June 15, 2020 report to Council, the BAFPC considered two possible debt financing options for public facilities capital improvements. The first is a General Obligation (GO) Bond, which is a common structure for city and school-related capital projects. GO bonds are paid for by an ad valorem tax assessed on residents, based on the assessed value of real property. The second structure considered was a Community Facilities District (CFD) bond structure.

Since the Council meeting on June 29<sup>th</sup>, pursuant to Council direction, staff has confirmed that there is not enough time for Council to consider and form a CFD prior to the November 2020 election. If Council would like to further explore the CFD financing option for one or more capital projects, then more time is needed.

If Council would like to proceed with the GO bond financing structure, Council needs to instruct staff to prepare the required documentation to put a GO bond measure or measures on the November 2020 ballot. Council also needs to specifically designate the projects which would be financed under the bond(s), and consider the overall dollar amount for the bond issuance. As of the date of this staff report, interest rates for a GO bond financing were estimated at 2.17% for 20 year bonds and 2.96% for 30 year bonds. Currently, because the City doesn't have any general obligation debt, the City does not have a credit rating. The interest rate assumes a credit rating of AA+, which we are told by our advisors is likely. The actual interest rate will be determined when the bonds are issued.

The chart below indicates the estimated median annual tax per range of assessed property valuation for bonds of \$15 million and \$55 million dollars, which represent the estimated costs for the aquatics center and the public safety facility respectively:

		Median Annual Tax in Quintile					
		% of Total	20 Year		30 Year		
<b>Assessed Value by Quintile</b>		<b>Tax</b>	\$15 M	\$55 M	\$15 M	\$55 M	
			Aquatics	Public Safety	Aquatics	Public Safety	
\$0 - \$339,000	3%	\$ 30	\$ 109	\$ 24	\$ 88		
\$339,001 - \$740,000	9%	\$ 110	\$ 404	\$ 89	\$ 328		
\$740,001 - \$1,175,000	16%	\$ 198	\$ 726	\$ 161	\$ 589		
\$1,175,001 - \$1,855,000	25%	\$ 302	\$ 1,106	\$ 245	\$ 898		
\$1,855,001 and over	47%	\$ 510	\$ 1,869	\$ 414	\$ 1,517		
Total	100%						

Any bond measure placed on the November ballot would need a 2/3 majority “yes” vote to pass.

#### OPTIONS FOR COUNCIL’S CONSIDERATION AND DIRECTION

Given the size and scope of the public safety project, the recently updated cost estimates, and the BAFPC recommendation to explore a CFD bond structure, staff recommends that public safety facility needs and possible solutions be further studied prior to placement before the voters at a future election.

Staff recommends that the Council consider placement of a stand-alone GO bond measure before the voters in November 2020 to replace the Piedmont Community Pool. The Aquatics Master Plan Conceptual Design was approved by the Council in November of 2016 after a robust community process that included all stakeholders. A favorable operational analysis of the concept shows a path to cost recovery. This is the latest of several community driven planning processes surrounding the pool, none of which came to fruition. Due to COVID-19, the Piedmont Community Pool is currently closed and there are serious questions about the fiscal and environmental wisdom of re-opening. Setting these factors aside, the facility is at risk of permanent closure due to the age of its operating equipment and the time and cost it would take to remedy a catastrophic failure.

Given that we have a well vetted and Council approved master plan for a new community pool and our existing aquatics facility is living on borrowed time, it seems appropriate and timely to put the question to Piedmonters: “Do we value having a community pool in Piedmont?”

**Item #5 – Direction to Staff on Placement of Ballot Measures on the November 2020 Ballot**  
**Correspondence Received before 2:00 p.m. on Monday, July 6, 2020**

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City Council:

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). The meeting was well attended (virtually) and Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents for recreation, exercise, and for a multitude of programs for young people and for the schools. The staff report for this item also recommends further study of a potential measure to replace public safety facilities, and to investigate the formation of a Community Facilities District for that purpose.

I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Sincerely,

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*Duncan Watry*

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Dear members of the Piedmont City Council:

I am writing to add my voice of support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). As you heard, Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents of all ages for recreation, exercise, and for a multitude of programs for young people and for the schools, including special education, middle and high school water polo and swim team. The staff report for this item also recommends further study of a potential measure to replace public safety facilities, and to investigate the formation of a Community Facilities District for that purpose.

The pool is one of our inclusive public facilities that enables affordable access to Piedmonters of all ages. I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Thank you for your tireless dedication to our lovely city.

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Jackie Khor Liu

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Dear City Council,

I support the proposal to put a bond measure on the November ballot to raise funds for renovating the Piedmont Pool. Thank you for your consideration!

Leila Hebshi

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Dear City Council Members:

We are writing to add our support of the staff recommendation in placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool, and to defer the public safety measure for further study.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). As you heard, Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents of all ages for recreation, exercise, and for a multitude of programs for young people and for the schools, including special education, middle and high school water polo and swim team. The pool is truly one of our most inclusive public facilities that enables affordable access to Piedmonters of all ages.

We urge the Council to approve the staff recommendation.

Best,  
Amy and Aaron Aubrecht

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Dear City Council:

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). The meeting was well attended (virtually) and Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents for recreation, exercise, and for a multitude of programs for young people and for the schools. The staff report for this item also recommends further study of a potential measure to replace public safety facilities, and to investigate the formation of a Community Facilities District for that purpose.

I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Sincerely,  
Jason Mikami

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Dear Piedmont City Council:

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). The meeting was well attended (virtually) and Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents for recreation, exercise, and for a multitude of programs for young people and for the schools. The staff report for this item also recommends further study of a potential measure to replace public safety facilities, and to investigate the formation of a Community Facilities District for that purpose.

I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Sincerely,  
Anna Chambers

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Dear City Council Members,

I am writing in support of the staff recommendation (agenda item 5) that the Council consider placement of a stand-alone GO bond measure before the voters in November 2020 to replace the Piedmont Community Pool (PCP).

As a long-time regular lap swimmer, I am grateful to have a community pool to swim in. For anyone who uses the PCP, however, it is abundantly clear that the facility is long past its useful life and per the staff report "is living on borrowed time".

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). The meeting was well attended (virtually) and Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility and an important community asset;

used by residents for recreation, exercise, and for a multitude of programs for young people and for the schools.

While these unprecedeted times make the consideration of ballot measures more unpredictable than ever, especially those requiring a 2/3rds vote, the fact that November 2020 is a presidential election means a likely higher voter turnout and potential for success. The pool cannot wait for another election cycle, now is the time. I urge the Council to approve placing the measure on the November ballot to finance the replacement of the Piedmont Community Pool.

Sincerely,

Kate Breen

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Dear City Council:

Please place a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool. I feel the timing is right and there is a great deal of community energy ready to campaign for passage of such a bond measure.

Sincerely,  
Osa Wolff

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City Council:

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

My daughter swims for PST and it is an incredibly important part of her life. I was in attendance at last week's council meeting and heard the strong support for financing a new pool facility in the city.

I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Sincerely,

Duncan Callaway

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Dear City Council Members,

We were happy to see and hear from the large number of constituents who showed their support of the PCP last week during the Piedmont City Council meeting. It was clear that there is a lot of support for keeping the pool open and seeking funding to replace the pool in the near future.

As a regular lap swimmer and parents of a Piedmont Swim Team member, we are writing to support placing a measure on the ballot for November 2020 to finance the replacement of the

Piedmont Community Pool, and to again ask that the pool be opened for team practices and lap swimming when allowed by the county. Keeping the PCP open during this time is important to the physical and mental health of the many lap swimmers, young and old, who use it as well as keeping the Piedmont Swim Team in training and competitive for the future.

We urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool. We thank you all for your dedication to the Piedmont Community through your service on the City Council.

Best,  
Alesia Barrett Singer & Andy Singer

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City Council:

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool.

Last week, on Monday 6/29/20, the Piedmont City Council held a special online meeting on the short and long term prospects for the Piedmont Community Pool (PCP). The meeting was well attended (virtually) and Piedmonters of all ages spoke overwhelmingly in favor of keeping the pool open, and working toward the replacement facility envisioned in the Aquatics Master Plan in 2016. It is clear that the Piedmont Pool is a valued facility; used by residents for recreation, exercise, and for a multitude of programs for young people and for the schools. The staff report for this item also recommends further study of a potential measure to replace public safety facilities, and to investigate the formation of a Community Facilities District for that purpose.

I urge the Council to approve placing the measure on the ballot to finance the replacement of the Piedmont Community Pool, and to investigate options further for the public safety measure.

Sincerely,  
George White

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Dear City Council,

I am writing to support placing a measure on the ballot for November 2020 to finance the replacement of the Piedmont Community Pool, perhaps combined in a package with other projects.

As several of us in my family do not cope well with a chlorine pool, I would suggest that you consider a salt water pool. Salt water pools are increasing common in both private and municipal settings (nationwide and in the Bay Area for both private and public). The complaints about salt water pools are just excuses as they can be easily overcome.

I believe that many others in Piedmont share our views on the use of chlorine versus salt water in pools. Many are somewhat silent, as they have long abandoned the Piedmont pool for this

reason and other deficiencies. Please do not rebuild the pool just for us to have another deficient pool with \$10+ million spent. This chlorine issue is huge for many families. We have not used the Piedmont pool for years as a result of the chlorine issue, and we know of a number of other families that have done the same (not even including a great many other Piedmont friends using other pools but with whom we have just not discussed the reasons for them doing so). I also know of others that use the pool now, but would very much prefer a non-chlorine pool.

To give you an idea of the problems with chlorine, here are a few: 1) skin so dry (even with copious use of moisturizers) that a medical scale skin problem develops from just swimming a few times per week and 2) intense migraines from the fumes. This is in addition to the more medically minor (but still very annoying) problems of smelling of chlorine even after washing and wrecking one's hair (bleaching and drying).

I think that you will find many in Piedmont un-interested in a new \$10+ million pool with chlorine. The world is moving away from chlorine pools, and Piedmont should not spend millions and look us into decades more with chlorine.

Thank you very much for your time and consideration.

Best regards,  
Brett Byers

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Dear City Council:

I wholeheartedly support the City's effort to address its infrastructure needs, and agree with the BAFPC that "it is inadequate financial stewardship to continue to plan for underfunding the year-to- year depreciation that occurs in the City's infrastructure – even with brand new facilities - and to not plan for their substantial repair/replacement." The current analyses of City buildings housing essential services, and desirable civic amenities, indicate that significant upgrades are required, and that new construction may be the best option.

That said, I strongly encourage you to take the necessary steps to create a City-wide Community Facilities District (CFD), with a clearly articulated set of goals, and put a parcel-based special tax on the ballot in a mail-based, special election in Spring 2021—and **not** put a general obligation (GO) bond funded by ad valorem property taxes on the ballot in November 2020. I believe it is both unfair and unwise to propose funding City improvements, which serve all Piedmont citizens, primarily through taxes imposed on our newest community members.

As the BAFPC June 12, 2020 Report clearly explains, Proposition 13 has warped ad valorem funding of community improvements. Property taxes are based on assessed values, not market values. Prop. 13's ordinary 2% annual cap on increases in assessed value means that the longer a person owns a home, the greater the divergence in assessed value from market value. Thus, as discussed in the BAFPC's Report at 17-18, recent home sales in Piedmont have average prices of over \$2.2 million, the average assessed value of a Piedmont home is \$1.2 million, over 1000 Piedmont homes have assessed values under \$450,000, and the lowest quintile of Piedmont homes has an assessed value of \$339,000 or less. While some variation is based upon the

homes' actual market values (and thus might bear some relation to wealth), the BAFPC Report at 17 notes: "While date of sale is difficult to determine from the readily available County data, a review of the data set and spot checks against property-specific public sales data online indicates that the most significant factor determining assessed value is the date of the most recent market sale of the property." In short, new purchasers of Piedmont homes have the highest assessed values.

As a result, it is newcomers to Piedmont who bear the highest burden of ad valorem taxes. The BAFPC looked at a hypothetical bond measure and the resulting taxes:

Using the County data set, properties in Piedmont were divided into quintiles based on assessed value.<sup>2</sup> As shown in Table 7 below, one fifth of properties in Piedmont have an assessed value below \$340,000; three fifths of properties have an assessed value below the average of \$1.2 million; and over four-fifths have an assessed value below the average recent sales price of properties in Piedmont. Table 7 also shows the median tax that households in each quintile would pay based on the hypothetical GO bond above. The median incremental ad valorem tax for one-fifth of the properties in Piedmont would be \$79 per year, while the median incremental tax for those in the highest quintile would be over 17 times as much. Looked at another way, the fifth of properties with the lowest assessed value would pay, in aggregate, 3% of the bond debt service, while the households in the top quintile would pay, in aggregate, 47% of the bond debt service.

This same "quintile" analysis can be applied to the other ad valorem property taxes in Piedmont. The top quintile pays about 47% of the property taxes that fund all City services, about 47% of the bond measure that seismically upgraded Piedmont schools, and 47% of the bond measure funding the renovation of Piedmont High School. In short, the longer you have lived in Piedmont, the less you are paying toward the actual cost of community services on a "per property" basis.

I do not think it is fair to ask newcomers to Piedmont to pay a disproportionate share of the costs to upgrade City infrastructure. We all benefit from the City services provided from such infrastructure, and we can all help pay for it (or at least its annual financing cost until we sell our homes). Having purchased our home in 2001, our assessed value is now far below current market value. Yet there is no reason that we should be taxed less for community improvements than anyone else living in Piedmont. I note that newcomers often are young families that are stretching themselves financially to find good schools and safe neighborhoods for their children.

I also think it is unwise to keep heaping new burdens on newcomers. Prospective Piedmont home purchasers already must consider high real estate costs, plus the tax burden. As the tax burden continues to rise, and is not fully deductible from federal tax burdens, these costs may deter home buyers. As younger families go elsewhere, Piedmont property values will decline and school enrollment (and hence funding) will also decline. The "work from home" option enforced by COVID may change even normal work practices such that Piedmont's location is less of an incentive to pay higher housing costs. If we do not fairly allocate the cost of running this City among our citizens, we may harm Piedmont in the longer term.

My understanding is that you have considerable discretion in setting the special tax under a CFD. You could set a uniform tax per parcel based upon each parcel benefiting the same from City services. You could vary the tax based on square footage of improvements if you seek a closer approximation to a wealth-based tax rather than a “when did you purchase”-based tax. You could include tax exemptions for homeowners receiving Supplemental Security Income, or whose income does not exceed a certain percentage of the federal poverty guidelines. See, e.g., Cal. Gov Code Section 50079. Any of these would be more equitable than an ad valorem property tax that is based on a Prop. 13-derived assessed value rather than actual market value. To the extent that there are long-time Piedmont residents who would be unable to pay their “per property” share of the costs of Piedmont’s community infrastructure, you can develop tax mechanisms to assist them.

Finally, while I appreciate the urgency to move forward with all deliberate speed on fixing City infrastructure, a delay from November 2020 to March 2021 is unlikely to cause harm and, in my view, is more likely to result in success. A short delay is not likely to put us in a worse situation than we currently are in with respect to the Fire and Police Departments, which I believe most residents will view as the highest priority. Further, in my view, a ballot measure proposing a fair tax is more likely to succeed. The extra months can be put to good use educating the community about the City’s needs, presenting conceptual plans and obtaining community input. While a special election has some costs, those costs are not substantial given the tax burdens at issue.

I encourage you to begin planning for a CFD and a Spring 2021 ballot measure proposing a parcel-based tax to fund our necessary community infrastructure. Thank you for your consideration of my comments.

Richard W. Raushenbush

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Dear Members of the City Council,

I am a mom of two children who grow up with Piedmont Swim Team and to our family the biggest assets besides the excellent school system are the swim team and the swimming pool. Having a swimming pool in Piedmont is essential for the swim team's practice and allows all residents of Piedmont a place to exercise.

While the economy is tough and future seems uncertain, I am confident we will pull through this together, and what better way to leave a legacy for the future generation than having a new swimming pool for everyone to enjoy?

I urge the Piedmont City Council to put the new proposal in November's ballot measure and let all Piedmont residents decide.

Sincerely,

Yvonne Chen

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Dear Council members and staff,

Excited to see so many items related to Climate Action on tonight's agenda, and wanted to provide some input.

**Item #5 (November ballot):**

**Transfer tax increase:** I understand this tax increase is positioned as creating funds for ongoing maintenance and operating costs. Why not stretch to the higher rate (20%) to raise funds for incentives and other programs to speed the transition to lowering emissions? (Per *agenda item #6*, our progress on lowering emissions in our two biggest categories- transportation and building-related emissions- have stalled out).

**Aquatics complex:** Near the close of last week's special Council meeting, Mayor McBain and Administrator Lillevand had a brief exchange to the effect that any aquatics complex would, by default, meet stringent sustainability standards. I was heartened to hear this commitment, as well as Councilmembers Rood and Cavenaugh note that environmental concerns create additional urgency around renovating the aging pool, and am excited to see the specifics of that commitment take shape. To my knowledge, the existing study of operational costs refers to "Green Tech" energy and water savings, but not much in detail beyond that. It is unclear to me what the \$15m cost estimate includes in terms of cutting edge sustainability investments which would be appropriate for this long-term capital expenditure. I hope the Council will pursue LEED certification ([pools in places like Portland OR have done so as early as 2010!](#)) or something similar, for this new facility to serve the next generation. **This is our one "bite at the apple"** as Councilmember Cavenaugh likes to say.

### Municipal Climate Action Measures

#### Energy consumption: Buildings and Lights

Municipal building energy use increased from 2005 to 2015. This increase is almost exclusively driven by the addition of the aquatic facilities at 777 Magnolia Avenue into the municipal building portfolio in 2010. However the building portfolio was relatively consistent between 2014 and 2015, and emissions from City buildings decreased despite a cooler winter requiring increased heating. By enhancing the energy efficiency of existing buildings and building highly efficient new buildings, the City can reduce the energy use of its facilities. Streetlight energy use declined by 13% in 2015 as the result of City efforts to convert to LEDs streetlights.

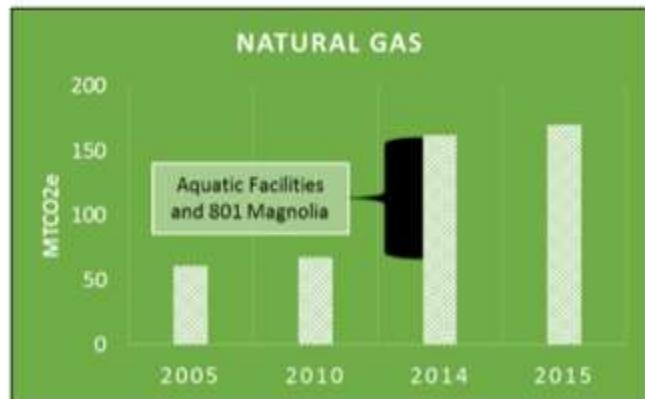


Figure 3.2

Grateful for your service and leadership,  
Susan Miller-Davis