

Comments to the Piedmont City Council on the draft Moraga Canyon Specific Plan by Ralph Catalano on July 7, 2025

City-funded EIR's (Attachment 1) as well as independent analyses (Attachments 2 and 3) report that Caltrans standards for safe sightlines cannot be met on Moraga Avenue from its intersection with Monte Avenue through its intersection with Red Rock Road. These studies estimate that at least 15% of the 12,000 to 14,000 vehicles that daily travel Moraga Avenue do so at speeds too great for drivers to stop safely at the Red Rock intersection. This circumstance led your predecessors to build the existing fence between the sidewalk and roadway west of Red Rock. To this day, that fence prevents children walking to and from Coaches Field from wandering onto Moraga Avenue where many drivers would not see them soon enough to stop safely.

The draft Moraga Canyon Specific Plan shows an option with 199 homes in Blair Park. The Plan assumes that children living in Blair Park will cross Moraga at Red Rock. **Implementing this option would force the children of Blair Park to cross a dangerous roadway that other Piedmont children are barred from crossing.** I hope you will reject this scheme and adopt the safer option shown in the draft Plan. That option would move the city corporation yard to Blair Park and locate the 199 new homes around Coaches Field.

The only argument publicly offered against the Coaches Field alternative is that the city would incur the cost of rebuilding the corporation yard. The city will, however, incur that cost whether or not new housing ever appears in Moraga Canyon. Why? Because the yard's aging facilities, designed a century ago, are now straining to support the deployment of modern equipment needed to respond to earthquakes, wildfires, and other emergencies. For example, a fire truck deployed from the corporation yard is kept in a temporary structure in part because other structures at the yard may not survive an earthquake.

The city's Local Hazard Mitigation Plan identifies the corporation yard as an "Essential Services Facility" but warns that the yard is in an "Earthquake Induced Landslide Zone." The Community Facilities Element of the General Plan adopted last year, moreover, commits the city (Action 33E) to assessing the adequacy of the corporation yard. More important, the city's Budget Advisory and Financial Planning Committee has recognized that the city needs to replace obsolete essential facilities and suggests methods to finance the replacement (Attachment 4). The cost of rebuilding the corporation yard should be included in that program and not attributed to the new neighborhood planned for Moraga Canyon.

to 4:10 p.m. survey time is estimated to be a typical time when parents would drop off children for practice and leave the Blair Park driveways. The results show that there were approximately 50 opportunities (i.e., gaps greater than 7.5 seconds)¹⁸⁸ within the 30-minute interval where future traffic can safely make a left turn out of the Blair Park driveways. The highest left-turn volume out of each driveway is 44 p.m. peak-hour vehicles. Based on the gap survey data, it was concluded that there are enough gaps to accommodate the future outbound volume of the proposed Blair Park sports fields. It should be noted, however, that the outbound traffic volume at the project site would be concentrated within a peak 15-minute period as children are dropped off and picked up.

Queuing of vehicles waiting to turn left out of the Blair Park driveways was examined to ensure that excessive stacking of vehicles within the parking areas would not occur. According to the queues calculated during the LOS analysis, the maximum queue would be two vehicles at the west driveway and 3 vehicles at the east driveway. The site plan provides adequate distance for two vehicles to queue at the west driveway and 3 vehicles to queue at the east driveway without significantly affecting on-site traffic operations.

The LOS analysis conducted for the Blair Park driveways assumes the same arrival pattern as observed at Coaches Field. The arrival pattern is accounted for through the peak-hour factor, which adjusts the traffic volume so that the trips observed during the peak 15 minutes are reflected in the hourly traffic volume. One way to improve the operation of the driveways is to reduce the number of vehicles dropping off or picking up children at the same time. Although this measure would not reduce the worst-case LOS to an acceptable LOS D, it would result in less delay experienced by vehicles leaving the site and improved traffic operations on site and along Moraga Avenue.

Mitigation Measure TRAFF-1: To mitigate the operational deficiency anticipated at the outbound Blair Park driveways, the City shall require that practice and game activities on each field are staggered by at least 30 minutes and drop-off and pick-up operations occur throughout the hours that the fields are utilized, rather than in a single 15-minute period each hour. Implementation of this measure would improve the delay for the outbound driveway movements and mitigate the level of service (LOS) from LOS F during the p.m. peak hour to LOS E. Although this measure would not reduce the worst-case LOS to an acceptable LOS D, it would result in less delay experienced by vehicles leaving the site and improved traffic operations on site and along Moraga Avenue. (SU)

(2) Hazards due to Design Features. Implementation of the proposed project could result in potentially significant hazards related to the design features of existing roadways in the project area, including limited sight distance at West Driveway Exit/Moraga Avenue, parking lot deficiencies, and operational deficiencies at the Blair Park Driveways.

Impact TRAFF-2A: Implementation of the proposed project has the potential to cause sight distance traffic hazards due to design features. (S)

Sight Distance and Driveway Operations at Project Access Points. Adequate sight distance at the proposed Blair Park project driveways is necessary to ensure safe egress from the parking lots. A clear line of sight should be provided for a driver exiting the driveway so that the driver can judge the

¹⁸⁸ Caltrans HDM Section 405.1 states that a driver turning out of the site requires 7.5 seconds to complete the necessary maneuver, while the approaching vehicle travels at the assumed design speed of the main highway.

speed and distance of oncoming vehicles and determine whether it is safe to enter the roadway. Likewise, adequate sight distance allows an oncoming driver to see a vehicle entering the roadway from the project and either slow down or stop, if necessary, to avoid the other vehicle.

The speed limit on Moraga Avenue is 25 mph. A spot speed survey was conducted for Moraga Avenue in 2008 and provided by the City. Based on the survey, the 85th percentile speed was 35 mph. The 85th percentile is the speed at which 85 percent of the traffic is traveling. Approximately 79 percent of the traffic travels between 25 and 35 mph. Highway Design Manual Section 405.1 recommends that, on a roadway with a design speed of 25 mph, a corner sight distance of 275 feet (ft) be provided. For roadways with a design speed of 35 mph, a corner sight distance of 385 ft is required. The recommended corner sight distance ensures that adequate time is provided for the waiting vehicle to either cross all lanes of through traffic or cross the near lanes and turn left or right without requiring through traffic to radically alter speed.

More than 275 ft of sight distance is provided at the departing driveways (Intersections 6 and 8, Figure 4.7.1), which would be adequate if the prevailing speed on Moraga Avenue was 25 mph. However, the speed surveys indicate that the prevailing speed is actually 35 mph. The observed existing speed of 35 mph along Moraga Avenue would require a sight distance of 385 ft at the proposed driveways. This distance is not provided at the intersection of West Driveway Exit/Moraga Avenue. The maximum sight distance was measured to be 300 ft from the driveway exit toward the west and 320 ft from the driveway exit toward the east. The maximum sight distance at Maxwellton Road/Moraga Avenue is satisfied since the sight distance was measured to be 405 ft from the driveway exit toward the west and 420 ft from the driveway exit toward the east. There would not be adequate sight distance at West Driveway Exit/Moraga Avenue if the speed along Moraga Avenue continues to be 35 mph. However, an analysis of vehicle speeds conducted by Harris and Associates in August 2008 recommends that enforcement be increased to reduce the 85th percentile speed. The 85th percentile is the speed at which 85 percent of the traffic is traveling. If the 85th percentile speed were reduced to below 35 mph, there would be adequate sight distance at the West Driveway Exit at Blair Park.

LSA analyzed the distance between Red Rock Road at Coaches Field and the intersection of West Driveway Entrance/Moraga Avenue at Blair Park to determine whether inbound or outbound left-turn movements at each location would conflict. Approximately 100 ft separates Red Rock Road and West Driveway Entrance/Moraga Avenue. Although these two access points are offset, the respective inbound left-turn movements can both be safely accommodated, as vehicles turning left into either location can do so without conflict. Outbound left-turn movements would not conflict because outbound left turns from Blair Park would be made at the outbound driveway, located more than 375 ft east of Red Rock Road.

Implementation of the following mitigation measure would reduce impacts related to design hazards to a less than significant level.

Mitigation Measure TRAFF-2A: Consistent with the recommendation in the City's speed survey, the City shall provide additional enforcement of the speed limit using enforcement methods such as speed trailers or additional officer presence to reduce the 85th percentile speed to below 35 miles per hour (mph) to improve operations and safety and provide greater sight distance in the vicinity of the project. The 85th percentile is the

speed at which 85 percent of the traffic is traveling. The proposed Blair Park landscape plan also shows a row of landscaping along Moraga Avenue fronting the site. Landscaping shall be selected so that the sight distance at the outbound driveways is not blocked. The landscaping shall not exceed 3.5 feet in height and should be regularly maintained to ensure that adequate sight distance is maintained.

It should be noted that the effect of increased enforcement on the 85th percentile speed can not be accurately forecast, and therefore it is not known whether the mitigation measure will effectively mitigate the sight distance deficiency at the project driveways. For this reason, the project impact on sight distance is significant and unavoidable. (SU)

Impact TRAFF-2B: Implementation of the proposed project has the potential to cause parking traffic hazards due to design features. (S)

Parking Demand. Parking utilization surveys completed on Saturday, November 9, 2009, during scheduled soccer games show 33 vehicles parked at Coaches Field. It should be noted that the parking situation during the day that was surveyed was sufficient to accommodate all parked vehicles. The current parking lot adjacent to the existing Coaches Field is limited to approximately 13 spaces. There are three parking spaces immediately located outside the parking lot gate. There is a parking lot located walking distance towards the northeast of Coaches Field that can accommodate additional parking. The lot consists of 12 marked parking spaces. There are also two parking spaces along the curb on the right side of the entry drive. In addition, during weekends, the City of Piedmont Corporation Yard is accessible for overflow parking of approximately 14 parking spaces. The total number of parking spaces at Coaches field is 30 during the weekdays, and 44 during the weekends. The parking demand at Coaches Field is not anticipated to change as a result of the turf replacement or lighting. The same number of spaces would be utilized; however, they would be utilized later into the evening when the lights are in use. Because the Blair Park component of the project would provide two fields, the parking demand at Blair Park is estimated to be double the number of vehicles currently parked at Coaches Field, or 66 vehicles. The Blair Park sports fields would provide 40 total parking spaces. A total of 14 parking stalls would be located in the west lot and 26 parking stalls would be located in the east lot. This represents a deficit of 26 parking spaces.

Implementation of the following mitigation measure would reduce impacts related to design hazards to a less than significant level.

Mitigation Measure TRAFF-2B: Prior to operation of the project, the City shall provide 66 parking spaces on the Blair Park site to accommodate the forecast parking demand for the two proposed sports fields. (LTS)

Impact TRAFF-3: Implementation of the proposed pedestrian bridge spanning Moraga Avenue has the potential to increase safety hazards for pedestrians that may not choose to use the bridge. (S)

The project proposes to construct a pedestrian bridge spanning Moraga Avenue to connect the Coaches Field and Blair Park sites. Implementation of the proposed bridge could result in potentially significant safety hazards for pedestrians that choose to not use the bridge to cross Moraga Avenue. Research has been conducted to determine the suitability of a pedestrian bridge at the project site.

Tom Brohard and Associates

May 1, 2025

Board of Directors
Friends of Moraga Canyon
451 Pala Avenue
Piedmont, California 94611

**SUBJECT: Review of the Moraga Canyon Specific Plan Public Review Draft in the City of
Piedmont – Traffic and Transportation Issues**

Dear Board Members:

As requested and as authorized, I, Tom Brohard, P.E., have reviewed the Moraga Canyon Specific Plan Public Review Draft. As you know, I also reviewed the Administrative Draft of this document and advised of my findings on October 1, 2024. In both of these reviews, I found these significant issues:

- 1) Traffic Speeds - The documents continue to incorrectly rely on the 85th percentile speed rather than the "Design Speed" which is typically 10 mph above the 85th percentile speed. For Moraga Avenue, the design speed should be at least 50 mph and could be as high as 55 mph depending on current speed measurements. The vehicle speeds relied upon by the Public Review Draft were likely influenced by the speed feedback signing which apparently was in place and operating when vehicle speeds were measured in September 2023 (See Page 29). The speed measurements also do not necessarily reflect current conditions and traffic speeds.
- 2) Stopping Sight Distance – Use of the proper design speed which is 10 mph higher than the 85th percentile speed will result in longer distances for stopping, particularly in the downhill eastbound direction. It is critically important for motorists to see and react properly to the traffic signal indications at Red Rock Road with pedestrians crossing Moraga Avenue, even with advance flashing beacons for the traffic signal. The proposed signing with the flashing beacons should refer to the traffic signal rather than the pedestrian crossing which would be a part of the traffic signal. In addition, the proposed pedestrian refuge island should be deleted as its placement would actually encourage pedestrians to wait in the middle of Moraga Avenue rather than to walk entirely across and clear the roadway out of traffic. Traffic signal equipment and signing should not be installed within the roadway.
- 3) Residential Development – If located on the south side of Moraga Avenue, at least two and probably three access driveways to serve the apartments will be needed. The driveways introduce many additional points of conflict with Moraga Avenue traffic and also create the possibility of random midblock pedestrian and bicycle crossings. These potential safety issues can be eliminated before they can occur by building the residential units on the north side of Moraga Avenue where vehicle access will occur with the protection of the proposed traffic signal.

Respectfully submitted,

Tom Brohard
Tom Brohard, Principal
Enclosure - Resume



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Tom Brohard, PE

- Licenses:** 1975 / Professional Engineer / California – Civil, No. 24577
1977 / Professional Engineer / California – Traffic, No. 724
2006 / Professional Engineer / Hawaii – Civil, No. 12321
- Education:** 1969 / BSE / Civil Engineering / Duke University
- Experience:** 55+ Years
- Memberships:** 1977 / Institute of Transportation Engineers – Fellow, Life
1978 / Orange County Traffic Engineers Council - Chair 1982-1983
1981 / American Public Works Association – Life Member

Tom is a recognized expert in the field of traffic engineering and transportation planning. His background also includes responsibility for leading and managing the delivery of various contract services to numerous cities in Southern California.

Tom has extensive experience in providing transportation planning and traffic engineering services to public agencies. In addition to conducting traffic engineering investigations for Los Angeles County from 1972 to 1978, he has previously served as City Traffic Engineer in the following communities:

- Bellflower 1997 - 1998
- Bell Gardens 1982 - 1995
- Big Bear Lake..... 2006 - 2015
- Indio..... 2005 - 2019
- Huntington Beach 1998 - 2004
- Lawndale..... 1973 - 1978
- Los Alamitos 1981 - 1982
- Oceanside..... 1981 - 1982
- Paramount 1982 - 1988
- Rancho Palos Verdes 1973 - 1978
- Rolling Hills 1973 - 1978, 1985 - 1993
- Rolling Hills Estates 1973 - 1978, 1984 - 1991
- San Fernando..... 2004 - Present
- San Marcos..... 1981
- Santa Ana 1978 - 1981
- Westlake Village 1983 - 1994

During these assignments, Tom has supervised City staff and directed other consultants including traffic engineers and transportation planners, traffic signal and street lighting personnel, and signing, striping, and marking crews. He has secured over \$10 million in grant funding for various improvements. He has managed and directed many traffic and transportation studies and projects. While serving these communities, he has personally conducted investigations of hundreds of citizen requests for various traffic control devices. Tom has also successfully presented numerous engineering reports at City Council, Planning Commission, and Traffic Commission meetings in these and other municipalities.

Tom Brohard and Associates

In his 14 years of service to the City of Indio, Tom accomplished the following:

- ❖ Oversaw preparation and adoption of the 2008 Circulation Element Update of the General Plan including development of Year 2035 buildout traffic volumes, revised and simplified arterial roadway cross sections, and reduction in acceptable Level of Service criteria under certain conditions.
- ❖ Oversaw preparation of fact sheets/design exceptions to reduce shoulder widths on Jackson Street and on Monroe Street over I-10 as well as justifications for protected-permissive left turn phasing at I-10 on-ramps, the first such installations in Caltrans District 8 in Riverside County; reviewed plans and provided assistance during construction of both \$2 million projects to install traffic signals and widen three of four ramps at these two interchanges under Caltrans encroachment permits.
- ❖ Reviewed traffic signal, signing, striping, and work area traffic control plans for the County's \$45 million I-10 Interchange Improvement Project at Jefferson Street.
- ❖ Reviewed traffic impact analyses for Project Study Reports evaluating different alternatives for buildout improvements of the I-10 Interchanges at Jefferson Street, Monroe Street, Jackson Street and Golf Center Parkway.
- ❖ Oversaw preparation of plans, specifications, and contract documents and provided construction assistance for over 70 traffic signal installations and modifications.
- ❖ Reviewed and approved over 2,000 work area traffic control plans as well as signing and striping plans for all City and developer funded roadway improvement projects.
- ❖ Oversaw preparation of a City-wide traffic safety study of conditions at all schools.
- ❖ Obtained \$47,000 grant from the California Office of Traffic Safety and implemented the City's Traffic Collision Database System. Annually reviews "Top 25" collision locations and provides traffic engineering recommendations to reduce collisions.
- ❖ Prepared over 1,500 work orders directing City forces to install, modify, and/or remove traffic signs, pavement and curb markings, and roadway striping.
- ❖ Oversaw preparation of engineering and traffic surveys to establish enforceable speed limits on over 500 street segments.
- ❖ Reviewed and approved traffic impact studies for more than 35 major projects and special events including the annual Coachella and Stagecoach Music Festivals.
- ❖ Developed and implemented the City's Golf Cart Transportation Program.

Since forming Tom Brohard and Associates in 2000, Tom has reviewed many traffic impact reports and environmental documents for various development projects. He has provided expert witness services and also prepared traffic studies for public agencies and private sector clients.

Tom Brohard and Associates

**Statement of Ralph Catalano at the Piedmont Planning Commission Meeting of October
14, 2024**

Our City Council will soon choose either the north or south side of Moraga Avenue as the site for a new 200-household neighborhood envisioned to comply with state law. That choice will reflect how safely pedestrians and bicyclists can cross Moraga Avenue at Red Rock. This is true because the south side option presumes that children residing in Blair Park will cross Moraga at the Red Rock intersection when leaving for, or returning from, school, Coaches Field, or visits with friends. As is now the case on the existing sidewalk west of Red Rock, a fence on the proposed sidewalk along Blair Park would likely be built to keep children from “dashing” across Moraga where about 2,200 of the 15,000 cars expected to use the road each day will travel at speeds exceeding 40 MPH. The Blair Park fence would funnel pedestrians and bicyclists from Blair Park to the Red Rock intersection where they could activate a planned “stop light” presumably visible for a sufficient distance to allow motorists on Moraga to stop safely.

At the Planning Commission meeting of September 25, the city’s traffic consultant opined that stopping sight distances for drivers approaching the proposed Red Rock stop light from either direction on Moraga Avenue would be safe. He reported basing his opinion on Caltrans guidelines.

Several of us who live in Moraga Canyon found the consultant’s opinion surprising because a 2010 EIR prepared for proposed playfields in Blair Park found that sight distances on the segment of Moraga that includes the intersection at Red Rock did *not* meet Caltrans stopping sight distance standards. Hoping to understand this concerning contradiction, I applied the Caltrans guidelines to the proposed Red Rock intersection. Results, described below, were the same as reported in the earlier EIR – stopping sight distances were less than Caltrans deems safe. I hasten to add that I am not a traffic engineer. The city’s consultant may judge the following analyses incorrect. If so, he should explain, to your satisfaction, how I am wrong.

The Caltrans Highway Design Manual is large and technical but includes two tables (attached) that summarize the calculation of stopping sight distances. The first table (i.e., 405.1B) lists the *appropriate guidelines for various types of roads and intersections*. For signalized intersections such as that proposed at Red Rock and Moraga, a footnote to the table refers the reader to a second table (i.e., 201.1) showing stopping sight distances for various “design speeds.”

Design speed for existing roads equals the “operational speed” adjusted for circumstances specific to the analyzed road segment. Operational speed equals the 85th percentile of vehicle

speeds observed on the road segment in question. The September 25 Planning Commission staff report cited an operational speed of 39 MPH and a design speed of 40 MPH for Moraga Avenue at Red Rock and Blair Park.

Table 201.1 in the Caltrans Highway Design Manual shows a stopping sight distance of **300 feet** for a signalized intersection on a roadway with a "design speed" of 40 MPH.

I have attached two Google maps showing sight distances on the segment of Moraga Avenue that includes the Red Rock intersection. Figure A shows about 190 feet between the point at which drivers traveling east on Moraga first see the Red Rock intersection and the intersection itself. Figure B shows about 380 feet between the point at which vehicles traveling west first see the intersection and the intersection itself. If correct, these graphs imply no safe location for *a signalized intersection near the current Red Rock Road. Even if the city took private property on Moraga Avenue and moved the intersection 110 feet to the east to provide a 300-foot sight distance for vehicles traveling east, vehicles traveling west would encounter an unsafe 270-foot sight distance.*

As noted above, design speed can be modified to reflect local circumstances. Caltrans, for example, modifies design speeds shown in Table 201.1 to reflect the grade of roads. Downhill grades increase design speed whereas uphill grades decrease them. The staff report did not describe the grade of the road segment in question, but Moraga Avenue is not flat. The downhill, or westerly, grade decreases at Red Rock but for the purposes of this analysis, I assumed the grade was constant. If so, grade adjusting my analyses would not affect my conclusion that a pedestrian crossing at Red Rock would not be safe. Any shortening of the 300-foot stopping sight distance for drivers approaching Red Rock from the west (i.e., traveling east) would be canceled by lengthening of that for drivers approaching from the east (i.e., traveling west). There would be no safe location for a pedestrian crossing at Red Rock.

Also note that 200 households would likely generate over 1,000 vehicular entrances and exits from Blair Park each day. The analyses described above imply that no connecting road between Blair Park and Moraga Avenue could be safely located between the current Red Rock intersection and the "first sight" point shown on Figure B for vehicles traveling west. A connector in this segment would cause dangerous stacking of vehicles making left turns into Blair Park from a point within 300 feet of first sight by drivers traveling west on Moraga. More than a 1,000 daily trips out of and into Blair Park would, therefore, occur on a single connector east of the first sight point on Figure B. AM stacking in Blair Park and PM stacking on Moraga at such a single

connector would be considerable with the latter causing stacking on the Moraga/Thornhill exit of Route 13 which has a dangerously short stopping sight distance for vehicles traveling east.

The above analyses assume a design speed of 40 MPH. About 2,200 vehicles a day will, however, *exceed* 40 MPH when traveling on Moraga Avenue. The Caltrans Highway Design Manual, in fact, recommends (Page 100-2) a 45 MPH Design Speed for local roads, like Moraga Avenue, that connect to State highways like Route 13. If we assume a 45 MPH design speed, *housing 200 families in Blair Park would appear even more dangerous than implied by my conservative analyses described above.*

Staff and consultants noted at the Planning Commission meeting of September 25 that strategies such as narrowing the roadway could lower the design speed for Moraga Avenue. This, of course, assumes that the resulting "stacking" of vehicles on Route 13 at the Moraga/Thornhill exit during peak traffic hours would be safe. Stopping sight distance to that exit on Route 13 for vehicles traveling east is, however, far below safe levels given the speeds traveled on that highway.

Assuming the above analyses are correct, protecting pedestrians and bicyclists would favor planning Piedmont's new neighborhood for the north side of Moraga Avenue. This is true because residents would have no reason to cross Moraga where the only land use would be a relocated Corporation Yard.

May 20, 2022

Table 405.1B

Application of Sight Distance Requirements

Intersection Types	Sight Distance		
	Stopping	Corner	Decision
Private Roads	X	X ⁽¹⁾	
Public Streets and Roads	X	X	
Signalized Intersections	X	X ⁽²⁾	
State Route Intersections & Route Direction Changes, with or without Signals	X	X	X

NOTES:

- (1) Per Index 405.1(2)(c), if signalized, the minimum corner sight distance shall be equal to the stopping sight distance as given in Table 201.1. See Index 405.1(2)(a) for setback requirements.
- (2) Apply corner sight distance requirements at signalized intersections whenever possible due to unanticipated violations of the signals or malfunctions of the signals. See Index 405.1(2)(b).

July 1, 2020

Table 201.1

Sight Distance Standards

Design Speed ⁽¹⁾ (mph)	Stopping ⁽²⁾ (ft)	Passing (ft)
10	50	---
15	100	---
20	125	800
25	150	950
30	200	1,100
35	250	1,300
40	300	1,500
45	360	1,650
50	430	1,800
55	500	1,950
60	580	2,100
65	660	2,300
70	750	2,500
75	840	2,600
80	930	2,700

Figure A

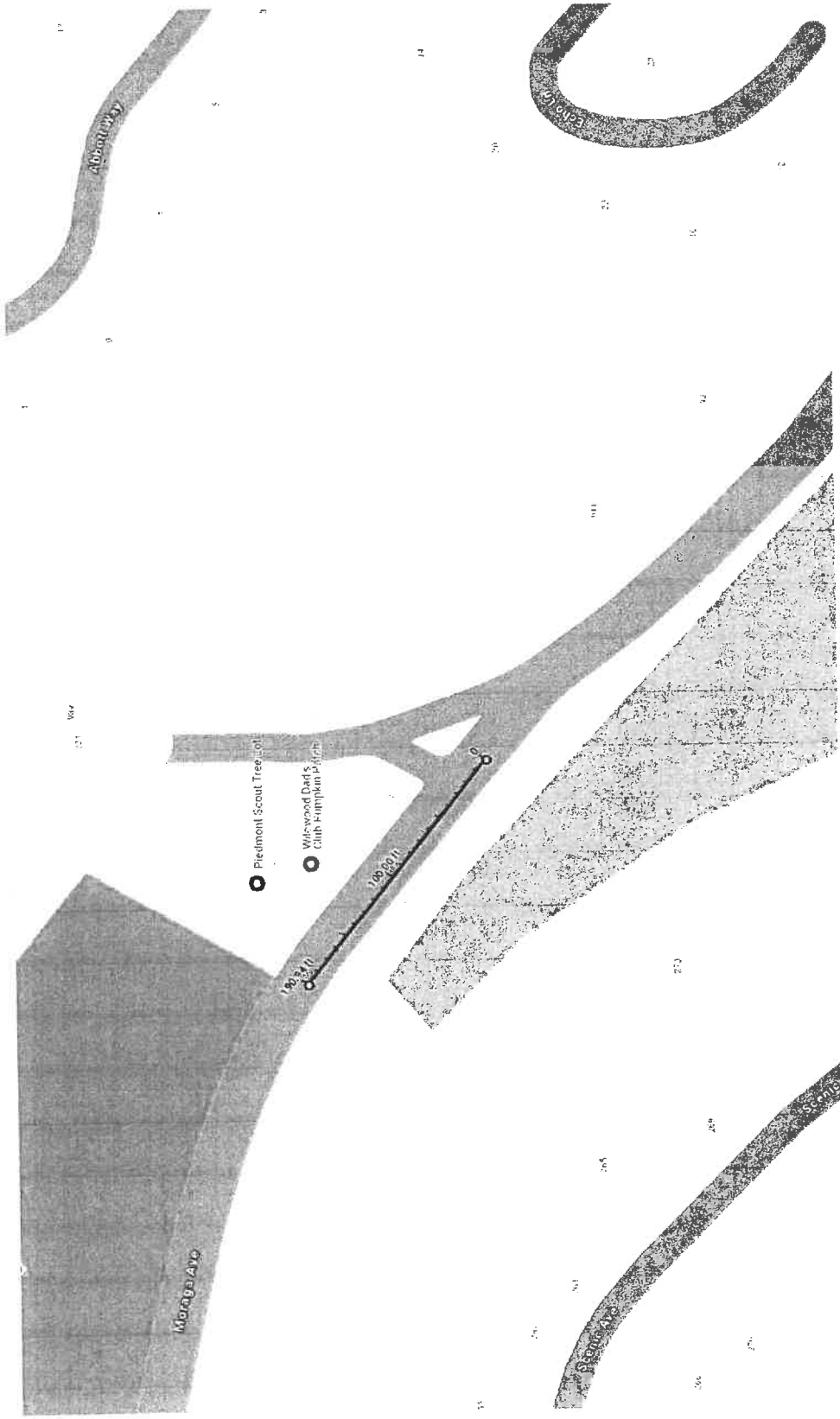
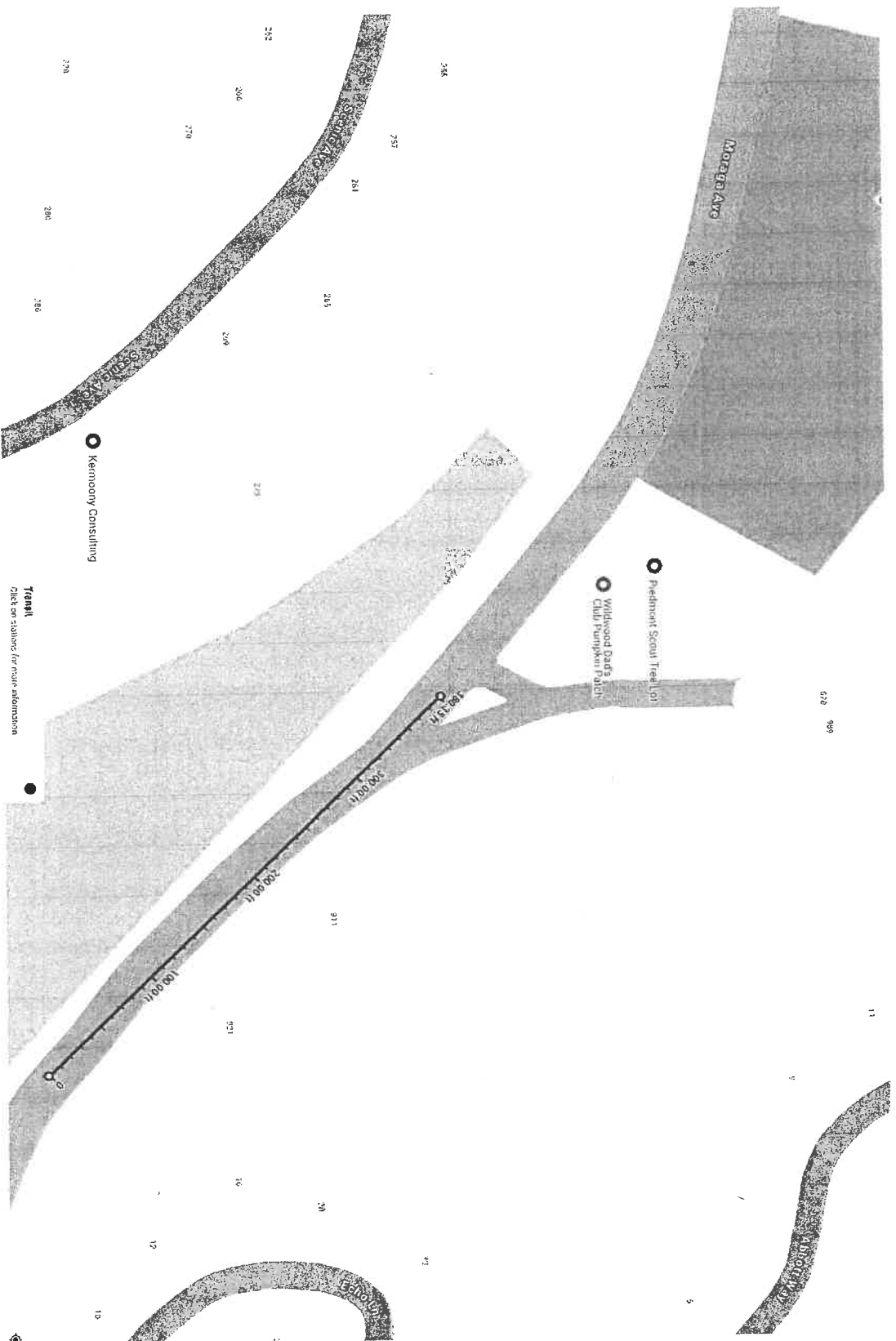


Figure B



Piedmont Budget Advisory and Financial Planning Committee

May 28, 2025

Ms. Mayor and City Council,

As part of our annual efforts and pursuant to its charge from the City Council, the Budget Advisory and Financial Planning Committee (the "Committee") has completed its review of financial projections in the City budget and whether they provide a sustainable long-term financial future for the City. In a meeting on May 20, 2025, the Committee reviewed the most recent revised fiscal year 2025-26 budget and projections, as prepared and presented by Interim Finance Director Michael Szczech and his staff under the guidance of City Administrator Rosanna Bayon Moore.

From the May 20 presentation, we believe that the City's understanding of its financial position, as in previous years, is very thorough and well communicated. The Interim Finance Director presented the projected financial results for the current fiscal year as well as projections for the upcoming budget year. The presentation included all material revenue sources and expense categories, and discussed potential revenue risks, projected pension costs in detail, Other Post-Employment Benefits (OPEB) funding, equipment replacement, facilities maintenance, and facilities capital projects. Overall, we believe the assumptions used, and the results presented, to be well-founded and consistent with past practices.

FY 24-25 Results and FY 25-26 Budget

The City continues to maintain a strong financial condition, although recent allocations within the Facilities Capital Fund for additional costs related to the Community Pool project have significantly reduced the City's flexibility to undertake future capital projects, both planned and unanticipated. Property tax-related revenue (including the Municipal Services Special Tax ("Parcel Tax") and Real Property Transfer Tax ("Transfer Tax") revenue), which generally makes up in excess of 60% of the City's revenue, has been bolstered by the strong residential real estate market during and following the pandemic, even when accounting for the downward trend following the FY 20-21 peak and the current economic climate. In addition, other material revenue categories have rebounded and now equal or exceed their pre-pandemic levels. The combination of higher-than-expected revenues across several categories and lower expenditures helped the City achieve a projected budget surplus of approximately \$3.6 million for FY 24-25 before capital transfers.

The Committee supports the proposed uses of the FY 24-25 surplus: transferring \$850,000 to the Equipment Replacement Fund and retaining a higher balance in the General Fund to cover higher operating expenses, new initiatives and facilities capital projects budgeted for FY 25-26. This is consistent with both recent City practice and the Committee's recommendations in prior years.

Piedmont Budget Advisory and Financial Planning Committee

The proposed budget for FY 25-26 reflects the City's continued commitment to conservative budgeting and financial discipline. This approach ensures that the City can continue to provide high quality public services, replace aging equipment, and address infrastructure repairs, while retaining a strong General Fund.

The proposed FY 25-26 budget shows expense growth in excess of revenue growth. Overall revenues are essentially flat, while expenditures and operating transfers out are expected to grow by 7% due to higher personnel costs and a combination of one-time and cyclical costs. In addition, the proposed budget shows a number of capital projects, including the completion of the Community Pool and the dispatch center relocation, that will essentially deplete the Facilities Capital Fund in the coming fiscal year. The Community Pool project has required approximately \$5.4 million to be drawn from the Facilities Capital Fund (approximately 50% of this year's beginning fund balance). This will restrict the City's ability take on new capital projects absent revenue growth in excess of the amounts planned in the budget and long-term forecast. While the City may have flexibility to defer some projects for the short and intermediate terms, deferral will inevitably result in higher overall costs to complete the project given inflation and extension of wear / useful life .

Long-term Planning

As discussed in our prior reports, the Committee believes the objective of long-term financial planning for the City is to enable it to take steps to ensure that current services are being paid for in the current year, to the extent possible, and that funds for known future requirements (including infrastructure needs) are set aside on a current basis. In short, current citizens should pay for the current costs of running the City and not defer those costs to future citizens.

In reviewing the City's long-term projections, the Committee notes the following:

- The financial projections continue to seek to maintain, over the long term, an 18% General Fund balance, which the Committee thinks is a prudent goal. It should be noted, however, that the current long-term projections now show the General Fund balance dipping to as low as 15% in several of the next nine years. This is a change from the prior year which showed the General Fund consistently at 18% or above. In addition, the long-term projections assume only minor transfers to the Facilities Capital Fund after FY 24-25. This lack of funding for facilities capital projects is addressed later in the report but the Committee wants to note here that achieving the General Fund balances in the long-term projections is at risk due to this lack of funds.
- The long-term forecast assumes a 3.3% increase in property tax revenue for FY 25-26 and then 4.9% annually for the remaining term of the forecast. While the 4.9% is the same as the 15 year average growth rate, this number may be

Piedmont Budget Advisory and Financial Planning Committee

aggressive. Reaching this number requires the continued sale of homes with comparatively low assessed valuation due to Proposition 13 and the number of such homes is presumably decreasing. As noted in the May 20 presentation, the amounts that Sales Price has exceeded the Assessed Valuation has declined from 119% to 83% over the last four years and further deterioration in the ratio will make it difficult to reach the 4.9% growth projection.

- As in prior years, the projections continue to show that the long-term financial health of the City is heavily dependent on property-related taxes, including the collection of the Parcel Tax, robust Transfer Tax revenue and growth in assessed property values. The long-term projections assume that the Parcel Tax continues with a standard CPI adjustment each year, and the Committee supports this approach. The Committee supports continued careful review of property-tax-related revenue projections, given the City's reliance on these revenue sources.
- Pension expenses are projected to increase substantially over the next decade, as has been anticipated for some time. While these increased expenses are fully met in the long-range projections (due to the City's active management and prior funding of the of the Public Agency Retirement Services Fund), the extreme volatility of the financial markets still presents risks to the extent that investment returns fail to achieve expected returns in the long run. The long-term projections assume the use of funds from the Pension Rate Stabilization Fund starting in FY 26-27 to mitigate the increase in pension expenses and show that the Fund will be exhausted in FY 28-29.
- The long-term projections assume that salaries and benefits grow by 3.25% in FY 25-26 and then 3.0% annually thereafter. This increase will be significantly impacted by the results of the current and future labor negotiations. In addition, the Committee notes that the budget includes an operating subsidy for the pool of \$400,000 for FY 25-26 and \$200,000 per year thereafter. While the City intends to operate the pool on a revenue-neutral basis, the City has taken this conservative budgeting approach since the actual operating performance is not yet known. While the Committee supports this approach, there is also the risk that actual costs could exceed these numbers.
- As discussed throughout this letter, the Facilities Capital Fund will be essentially depleted in FY 25-26.

Over the past decade, the City has done an excellent job planning for and controlling future costs of retirement commitments and equipment replacement. Below, the Committee highlights future needs that it believes require further attention now, followed by revenue considerations to address those needs.

Infrastructure Needs

As the Council is aware, quantifying and planning for the future costs associated with the City's facilities, streets, and sidewalks – broadly, its infrastructure – have been and continue to be a focus of this Committee. The City staff have done an admirable job over the past several years in identifying these costs, especially for facilities maintenance and equipment replacement. Work remains to be done, however, in quantifying costs and allocating funding for major Facilities Capital projects, most notably for the City buildings in the City Center, including public safety.

The Facilities Maintenance Fund is separated into two funds: one focused on regular repairs and maintenance (Facilities Maintenance Fund), and the other for major capital projects and improvements (Facilities Capital Fund). Due primarily to both the increased Transfer Tax revenue in the recent years and the growth in assessed property values, the City is now able to fund its facilities maintenance costs over the term of the long-term projections. This contrasts with the practice in earlier years, in which contributions to the Facilities Maintenance Fund were generally not budgeted, and transfers would only be made to that Fund if and when budget surpluses were achieved. Despite the notable progress made for funding facilities maintenance, significant issues remain for the Facilities Capital Fund, including the following infrastructure needs:

- **Aging Buildings.** The Facilities Capital Fund projections include estimates for major capital projects to address the necessary replacement or renovation of aging buildings and parks to meet current standards and to improve operating capacity and efficiency. Staff has done a commendable job in identifying necessary renovations in the buildings and parks, but many numbers are rough estimates or based on outdated analyses at this point. Much more work remains to be done to more comprehensively detail and quantify the City's capital needs and to provide sufficient information for the Council to weigh strategic priorities. Nonetheless, based on existing information, the cost of such infrastructure needs (preliminarily estimated to be in excess of \$80 million) is well beyond the City's current funding capacity. The Committee continues to believe that continued quantification, prioritization, and planning for these capital projects is of high importance given the high cost for some of these projects, as well as the long lead time to identify funding and to implement these initiatives. The Committee supports that the FY 25-26 budget allocates funds to preliminarily assess the potential costs for capital projects related to the buildings in the Civic Center.
- **Stormwater Management/Storm Drain Infrastructure Needs.** The Regional Water Quality Control Board regulates local jurisdictions' stormwater management and has imposed new requirements on cities, including Piedmont, to control stormwater runoff. Currently, cities are being required to inventory their storm drain infrastructure and project the cost of

Piedmont Budget Advisory and Financial Planning Committee

improvements to meet new standards. At present, no State funding sources are available to cover the potential costs, which are likely to be significant. While the City's assessment is ongoing, priority projects estimated at \$1.7 million have been identified and potential costs are expected to be much higher. These amounts are not fully included in the Facilities Capital Fund and underscores that inadequate funds are available to cover the costs associated with stormwater management requirements. The first FY 25-26 budget for the Facilities Capital Fund does include \$400,000 to address certain areas of known need where there has been flooding and/or failure of the storm drain infrastructure.

- **Road Conditions.** While the City has made efforts to step up its repaving activity and improve its roadways in recent years, the condition of Piedmont's roads has not improved since 2017. Piedmont's overall Pavement Conditions Index (PCI) was 64 in 2017 (where a score of 60 - 69 is in the "Fair" category), 67 in 2019, 65 in 2022, and 63 in 2023 in and 2024. An estimated \$700,000 in additional annual spending above recent levels would be required to improve the PCI to 71 and reach the "Good" category. The long-range projections do not include any additional annual amounts for paving beyond the dedicated street improvement funding sources (Measures BB & F, gas tax revenue and SB1) that the City has historically utilized to maintain its streets.

The long-term projections reflect that the Facilities Capital Fund will be essentially depleted after FY 25-26 given the significant outlays in the upcoming year for the Community Pool and other projects. While certain major capital projects may be funded through debt financing, this will not be feasible for all capital projects. The Facilities Capital Fund, as presented, is therefore inadequately capitalized for the duration of the projections. This projected underfunding is not realistic since there will undoubtedly be necessary replacement expenditures after FY 25-26. The Committee does recognize, however, that this funding shortfall may be alleviated to some degree if revenues, such as Transfer Tax revenue, come in higher than projected or if the City develops incremental or new broad-based tax sources.

Staffing Needs

The City's staffing levels, along with the City's population, have held largely steady over the past two decades and the FY 25-26 budget and long-term projections assume only two full-time additions for replacing part-time positions. However, the provision of services is becoming increasingly complex due to a combination of factors including changing technologies and increasing requirements for local jurisdictions to address state and regional requirements and challenges. The City currently has staffing studies underway that may identify the need for additions to staffing levels and funding will need to be identified for these additions.

Piedmont Budget Advisory and Financial Planning Committee

Revenue Considerations

It is clear from our discussions and the May 20 presentation that the City has very limited ability, both currently and during the window of the long-term projections, to absorb future cost increases due to inflation, contract negotiations, new State mandates or the need to increase staff to provide the services that the City residents expect. The community's approval of Measure F in February 2024, which renewed the Parcel Tax for 12 years with an initial 20% increase starting in FY25-26, will provide necessary stability and some additional funds to the City's revenue stream.

Even with the renewal of the Parcel Tax, the Committee believes that the City will likely need additional revenue in the future to fund known capital projects, as well as to respond to both increasing public expectations for higher services and unplanned cost increases. Prior Committee reports, including its October 3, 2023 report on the Parcel Tax, identified the need for and examined potential additional revenue sources, including an increase in the Transfer Tax, that may be useful to the City. Staff and Council. The Committee believes that increasing the Transfer Tax continues to be the most broad-based and sustainable source for material additional revenue during the window of the 10-year projections

The Committee appreciates the opportunity to serve the City and is especially appreciative of the work of the Interim Finance Director in providing such a complete and thorough long-term financial plan, as well as the work of the Public Works Director in identifying and quantifying the City's facilities needs reflected in the long-term projections. The Committee believes the City is well positioned to address this next fiscal year but cautions that the City is likely to face challenges as it addresses the City's increasing service needs and capital projects, especially for its ever-aging facilities.

Please let us know if you have any questions or would like any additional analysis.

Thank you,



Budget Advisory and Financial Planning Committee

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Murat Bozkurt
Andrew Flynn
David Kimball
Teddy King
Robert McBain
Paul Raskin
Alice Cho (alternate)