



City of San Leandro

Meeting Date: September 21, 2015

Minutes

File Number: 15-490 **Agenda Section:** CONSENT CALENDAR

Agenda Number: 8.B.

TO: City Council

FROM: Chris Zapata
City Manager

BY: David Baum
Finance Director

FINANCE REVIEW: David Baum
Finance Director

TITLE: Highlights of the Finance Committee Meeting of July 21, 2015

COMMITTEE RECOMMENDATION: The Committee recommends City Council discussion on Prioritization Unfunded Liability Liquidation (PULL) Plan (listed as Action Item 10.A.)

CITY OF SAN LEANDRO

FINANCE COMMITTEE

July 21, 2015
5:00-6:30 p.m.

San Leandro City Hall
835 East 14th Street
San Leandro, California
(Sister Cities Gallery)

HIGHLIGHTS

1. CALL TO ORDER

City Manager Zapata called the meeting to order at 5:00 p.m.

1.A. Attendance

Committee members present: Mayor Pauline Russo Cutter, Vice Mayor Jim Prola, Councilmember Benny Lee

City staff present: City Manager Zapata, Finance Director Baum, Assistant Finance Director

Fuentes, Budget & Compliance Manager Mary Ann Perini

1.B. Announcements

None.

2. DISCUSSION ITEMS

2.A. Discussion Regarding Request for Unfunded Liabilities Policy Direction

Report prepared by City Manager Chris Zapata and Finance Director David Baum regarding the City's Unfunded Liabilities, indicating the importance of gaining control over the growing debt and what plans of action and suggestions will be required to take to Council for recommended goals in September. The City Council has taken the following steps to lower the Unfunded Liabilities:

- Employee labor contracts which require all employees to pay 100% of the "employer paid member contribution" (EPMC), which is determined by CalPERS to fund employee pension costs. The EPMC, which equals 7-9% of employees' salaries, was previously paid by the City and now will be paid by the employees.
- 100% Annual Required Contributions (ARC) in 2014, 2015, and 2016
- In addition to contributing 100% ARC, San Leandro also added \$350,000 to the budget in order to gain some control on the Unfunded Liabilities

The Committee discussed the following:

- Financial language to require payment of 100% of Annual Required Contributions (ARC)
- Financial policy to utilize up to 50% of fiscal year carryover for Prioritization Unfunded Liability Liquidation (PULL) Plan
- Financial policy to utilize up to 50% of General Fund land sales for PULL Plan
- Review of lowering Council savings in emergency contingency fund from 20% to 16.67%, and apply excess funds to the Unfunded Liability debt
- Create a separate trust fund specifically for the PULL Plan so funds do not get used in ways other than paying down the Unfunded Liabilities debt
- Provide annual report to Council and Measure HH Committee on PULL Plan progress

The Committee recommends: Finance Committee to review and adopt a PULL Plan with a 5 year goal of \$5,000,000. In addition, the Committee should recommend Council adopt the above financial policy to assist in meeting the PULL Plan goal of \$5,000,000 as failure to act will have the impact of a growing unfunded liability, which will result in less funding available for projects, programs and services.

COMMITTEE RECOMMENDATION: The Committee recommends City Council discussion on Prioritization Unfunded Liability Liquidation (PULL) Plan.

2.B. Staff Update

2.C. Discussion Regarding Future Agenda Items

3. PUBLIC COMMENTS

4. COMMITTEE MEMBER COMMENTS

Discussion regarding a minimum wage increase and the impact it would have on small, medium and large businesses. Comments from Councilmember Benny Lee stating he would be in favor of phasing the minimum wage increase in order to reduce the shock to current and future small businesses.

5. ADJOURN

Meeting adjourned at 5:38 p.m.

PREPARED BY: David Baum, Finance Director

General Fund Actuals and Forecast Revenues & Expenditures

