



City of San Leandro

Meeting Date: December 21, 2015

Minutes

File Number: 15-705

Agenda Section: CONSENT CALENDAR

Agenda Number: 8.C.

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 November 17, 2015

COMMITTEE RECOMMENDATION: The Committee recommends that staff bring the update on the Boys & Girls Club facility renovation to the City Council in the future.

CITY OF SAN LEANDRO

CITY COUNCIL FINANCE COMMITTEE

November 17, 2015

5:00 - 6:30p.m.

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

HIGHLIGHTS

1. CALL TO ORDER

Mayor Cutter called the meeting to order at 5:05 p.m.

1.A. Attendance

Committee members present: Mayor Cutter, Vice Mayor Prola, Councilmember Lee

City staff present: City Manager Zapata, City Attorney Pio Roda, Finance Director Baum, Assistant Finance Director Fuentes, Budget and Compliance Manager Perini

Public present: Robert Glotch, Ivan Cornelius, David Johnson, Corina Lopez, Robin Beebe, Bella Comelo, Jerry Garcia, Steve Song, Arlene Lum, Guillermo Elenes, Cece Adams

1.B. Announcements

None.

2. DISCUSSION ITEMS

2.A. Boys & Girls Club Facility Renovation Update

Bob Glotch returned to the Finance Committee to solicit a lead gift from the City for the renovation of the Boys and Girls Club. He was joined by Ivan Cornelius. The Club has received letters of support from Alameda County and the San Leandro Unified School District. 90% of the Club's Boardmembers have made a pledge. The Club is asking the City for a letter of support and to consider a \$1 million gift.

The Club also offers ongoing support of the City's homeless population, offering showers and food preparation on every other Sunday. April Showers partners with the Club for this purpose.

Each Finance Committee member voiced support for the Club but were concerned that the \$1 million request is more than the City can afford. Vice Mayor Prola said he would advocate for a grant of up to \$500,000; Mayor Cutter indicated interest at the \$250,000 level, and Councilmember Lee would like to see what other large donors are prepared to do given the high construction cost of an estimated \$10 million.

Committee Recommendation for City Council Consideration

The Committee recommends that staff bring the update on the Boys & Girls Club facility renovation to the City Council in the future.

2.B. Minimum Wage Update

Mr. Zapata introduced the minimum wage topic and pointed to a recent ordinance adopted by the City of Emeryville as reference material for a possible minimum wage ordinance in San Leandro.

Mayor Cutter believes we should slowly increase minimum wage and an annual cost of living increase would only win approval if annually authorized by Council.

Vice Mayor Prola cited a UC Berkeley study that provides evidence of a higher minimum wage helping both younger and older workers.

Councilmember Lee would consider an increase in the minimum wage but is concerned about the impact it will have on minority businesses and youth.

David Johnson, Robin Beebe, Jerry Garcia, Steve Song, Arlene Lum, and Cece Adams oppose the minimum wage increase if it hurts local business.

Guillermo Elenes and Bella Comelo favor an increase in the minimum wage to support struggling families.

The Committee recommends staff to return to the Committee with additional information on the minimum wage as it applies to other nearby cities.

2.C. FY 2014-15 Year-End Financial Review

City Manager Zapata noted increases have occurred in sales tax (up 10%) and real property transfer tax (up 56%). The Bay Area has experienced a strong economic rebound since 2008, spurred by quantitative easing and low unemployment. However, the cycle will swing downward at some point which will have a dramatic effect on the City's economics. During this positive cycle, the City Council has approved Prioritizing Unfunded Liability Liquidation (PULL program), which would set-aside a portion of surplus revenue to reduce long term liabilities. Retiree health care and pension liabilities are approved for pay down. Additional effort to address aging City infrastructure and unfunded capital improvements is needed, guided by Measure HH ballot language.

Mr. Baum stated that the 2014-15 Adjusted Expenditure Budget totals \$90.4 million and represents a \$7.6 million increase over the Adopted Expenditure Budget due to encumbrance carryovers from the prior fiscal year (funded by dedicated fund balance), and one time Council approved items from unanticipated savings at the end of 2013-14. *Year-End activity by department is summarized on Table 2* in the Finance Committee Agenda Packet. Overall year-end actual expenditures were 5.0% less than the Adjusted Expenditure Budget for FY 2014-15.

Finally, Mr. Baum indicated that the 2014-15 year-end forecast for the General Fund has improved over the Adopted Budget, largely due to a greater amount of year-end revenues than expenditures, unspent project funds and prior year carryover of the Economic Uncertainty reserve surplus. It also reflects \$1.2 million currently reserved for Alameda County Fire Department's Other Post-Employment Benefit payments. Revised projections for 2014-15 reflect an operating increase in undesignated fund balance of \$8.1 million over the adopted budget. Overall, staff projects a net fund balance in the General Fund of \$22.9 million, an improvement of \$13.2 million over the Adopted Budget. *Please refer to Table 3.*

The Committee expressed support for the conservative expenditures and revenues in the prior year and accepted the report.

3. PUBLIC COMMENTS

None.

4. COMMITTEE MEMBER COMMENTS

None.

5. ADJOURN

The meeting was adjourned at 7:05 p.m.

Year-End Financial Report - FY 2015

City of San Leandro

Table 1 - General Fund Revenues*(in thousands)*

	2014-15 Adjusted	2014-15 Actual	\$Over/ (Under)
Taxes:			
Property Taxes	18,480	18,898	418
Sales Tax	29,979	32,948	2,969
Utility User Tax	10,114	10,359	245
Franchise Fees	4,419	4,845	426
Document Property Transfer Tax	2,519	3,920	1,401
Business Licenses	4,649	5,191	542
911 Tax	2,700	2,974	274
Other Taxes	403	541	138
Subtotal Taxes	73,263	79,677	6,413
Other Revenues:			
Licenses & Permits	1,850	1,954	105
Interest & Property Income	1,204	1,165	(40)
Revenue From Other Agencies	1,039	1,248	209
Service Charges	2,551	3,175	624
Fines, Fees & Forfeitures	1,340	1,525	185
Other Revenue	3,240	2,964	(276)
Subtotal Other Revenue	11,224	12,030	806
Subtotal Operating Revenue	84,487	91,707	7,219
Operating Transfers	-	-	-
Total General Fund Revenue	84,487	91,707	7,219

Table 2 - General Fund Expenditures*(in thousands)*

Department	2014-15 Adjusted	2014-15 Actual	\$Over/ (Under)
General Administration	6,279	5,444	(835)
Council, Clerk, City Attorney			
City Manager, Human Resources			
Community Development	5,771	4,185	(1,586)
Engineering & Transportation	2,740	2,675	(66)
Finance	2,453	2,289	(164)
Fire Contract	19,665	19,666	0
Fire Supplies & OPEB	919	(193)	(1,112)
Library	5,029	4,906	(123)
Police	29,466	29,518	53
Public Works	4,805	4,629	(175)
Recreation & Human Services	5,127	4,510	(617)
Non Departmental	834	1,945	1,111
Debt Service	4,727	4,360	(367)
Subtotal Operating Expenditures	87,815	83,934	(3,881)
Transfers	2,584	2,584	-
Total Expenditures	90,399	86,517	(3,881)

Table 3 - General Fund Summary*(in thousands)*

	2014-15 Adopted	2014-15 Projected	Variance
Major Emergencies	5,000	5,000	-
Economic Uncertainty	4,742	7,412	2,670
Community Impact	-	1,200	1,200
Reserve for ACFD OPEB	-	1,200	1,200
Total Designated Fund Balance	9,742	14,812	5,070
Undesignated Fund Balance	-	8,124	8,124
Total Fund Balance	9,742	22,936	13,194

Table 4 - All Other Funds Summary*(in thousands)*

	2014-15 Beginning Fund Balance	2014-15 Ending Fund Balance	Change to Fund Balance
132 Parking	(37)	(104)	(67)
140 Gas Tax Operations	1,123	1,600	477
146 Asset Seizure	814	752	(62)
147 Heron Bay Maintenance District	805	820	15
148 Cherrywood Maintenance District	318	342	24
165 - 167 Housing Funds	220	436	216
168 Affordable Housing Asset Fund	910	1,129	219
170 Business Improvement District	3	117	114
180 Public Education & Government	187	312	125
593 Water Pollution Control Plant	52,937	44,556	(8,381)
594 Environmental Compliance	1,418	1,575	157
597 Shoreline	(2,049)	(1,222)	827
598 Storm Water	239	205	(34)
687 Building Maintenance	2,051	1,582	(469)
688 Information Technology	2,375	1,894	(481)
689 Insurance Services	1,164	2,229	1,065
690 Equipment Maintenance	2,877	3,588	711
Total Change to Fund Balance - Other Funds			(5,544)