



**Minutes**  
**Town of Atherton**  
**June 3, 2015**  
**3:00 P.M.**

**Admin Conference Room – 91 Ashfield Road**

**4:00 P.M.**

**Council Chamber -94 Ashfield Road**  
**Atherton, California**

**Special Meeting**

**3:00 PM      CLOSED SESSION IN ADMIN CONFERENCE ROOM**

**ROLL CALL**              DeGolia, Lewis, Widmer, Wiest, Lempres

**PUBLIC COMMENTS**

Public Announcement of Closed Session Items

**CLOSED SESSION**

**CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**  
**(Significant exposure to litigation pursuant to subsection (b) of Government Code Section 54956.9) One (1) Case**

**PUBLIC EMPLOYEE PERFORMANCE EVALUATION - Pursuant to Government Code Section 54957(b) City Manager**

**4:00 PM      ADJOURN TO REGULAR STUDY SESSION IN COUNCIL CHAMBERS**

**ROLL CALL**              DeGolia, Lewis, Widmer, Wiest, Lempres

**PUBLIC COMMENTS** - (Limited to items on the agenda)

1.      **REVIEW OF THE FY 2015/16 TOWN BUDGET**  
         **Report:** City Manager George Rodericks  
         **Recommendation:** Review and Discuss Operating and Capital Improvement Budget for FY 2015/16.

City Manager Rodericks presented the staff report and identified six (6) Policy Questions for Council consideration. Staff walked through the various departmental and special fund budgets for the Town noting that the Town's overall operational costs increased by 1.7% over the prior year adjusted budget.

A copy of the staff report and PowerPoint presentation can be found here:

Staff Report: <http://ca-atherton.civicplus.com/DocumentCenter/View/2121>

Overall, the Town's Operational budget is balanced with revenues of \$12,618,291 against expenditures of \$11,784,107, before any allocations to capital projects, special funds, and long-term liabilities. As presented, the budget includes a \$614,000 transfer to the Town's Capital Improvement Budget for capital projects, a \$680,684 transfer to the Town's OPEB Trust for future long-term liabilities, and a \$631,243 transfer to the Workers' Compensation Negative Equity Fund in an effort to reduce operational costs. Following operational transfers and allocations, the Town meets its 15% Emergency Reserve and 20% Contingency Reserve requirements with a remaining unallocated General Fund balance of \$7,327,890.

Following discussion and questions regarding specific allocations and operational cost reductions, the Council addressed the six policy questions in the following manner:

### **1) Use of Excess Educational Revenue Augmentation Fund (ERAF) Funds (property**

Use the FY 2014/15 Excess ERAF to pay \$680,684 to the Town's OPEB Trust Account and pay \$444,316 to the Workers' Compensation Negative Equity Reserve requirement. In addition, use unallocated General Fund (\$186,927) to eliminate the Negative Equity Reserve. These contributions will reduce the Town's ongoing Operational costs.

### **2) Allocation of the Special Parcel Tax**

The Council confirmed the allocation of the Special Parcel Tax at 20% (\$372,000) to the General Fund in support of Police Services and 80% (\$1,488,000) to the Capital Improvement Fund in support of various qualifying capital projects.

### **3) Miscellaneous Town Memberships**

Staff will return to Council in June with Budget Report with a table that shows the membership organization, the contribution amount, whether it is voluntary or mandatory, if mandatory – the applicable code/law, the methodology for calculating the amount, the historic contribution if different than the requested amount, a statement of basic benefit/purpose, and a staff recommendation for continuing the contribution and a recommendation of whether the group should come to a Council meeting annually with the request. A total of approximately \$13,000 is included in the budget for miscellaneous organizational memberships.

### **4) General Plan Update**

The 2015/16 Fiscal Year includes an update to the Town's General Plan. However, the updates are pro-forma updates that do not contemplate full and comprehensive updates to the 5 remaining elements of the Town's General Plan (Land Use, Circulation, Open Space and Conservation, Noise and Community Safety). The Council concurred with staff's recommendation to continue with the basic updates and if a specific element is in need of a significant update, to return that to the Council for discussion and direction.

### **5) Disposition of the Town's Unallocated General Fund Reserve**

The City Council directed a transfer of \$2,327,890 to the Town's Capital Projects Budget

in support of current and future capital infrastructure needs.

## **6) Disposition of the Town's Building Reserve**

The Town established a building reserve to assist with the transition from in-house building department staff to contract building department staff. Now that that transition is complete, the reserve can be folded back into the General Fund. The City Council directed that the \$505,000 in Building Reserve be renamed as a Capital Replacement Reserve; that that Reserve become a part of the Town's Reserve Policy and that the Town consider an annual contribution to that Reserve during future budget years to address the full infrastructure cost of the new buildings. This establishment of this reserve is in recognition of the Town's desire to address the future cost of replacing or refurbishing Town facilities over the next 50 years.

The budget will return to the Council for adoption at the June 17 Regular Meeting.

### **2. PARCEL TAX DISCUSSION**

**Report:** City Manager George Rodericks

**Recommendation:** Review and Discuss

Every year, the City Council is required to review the next year's allocation of the Special Parcel Tax and determine whether to assess the Special Parcel Tax at its full rate or a reduced rate for the subsequent fiscal year based on current and future needs. Staff presented the staff report discussing the various projects funded by the Special Parcel Tax and the planned future projects.

A copy of the staff report and PowerPoint presentation are available here:

Staff Report: <http://ca-atherton.civicplus.com/DocumentCenter/View/2122>

PowerPoint (last few slides): <http://ca-atherton.civicplus.com/DocumentCenter/View/2133>

The Special Parcel Tax is allocated at 20% to the Town's General Fund in support of police services (\$372,000) and 80% to the Town's Capital Improvement Program in support of capital projects (\$1,488,000).

The following are major capital projects identified in the FY 2015/16 CIP budget funded by the Special Parcel Tax.

- 1) \$675,000 – Marsh Road Retaining Wall Project (Drainage)
- 2) \$150,000 – Drainage Improvements
- 3) \$250,000 – Series Street Light Repairs (Streets)
- 4) \$100,000 – Bicycle | Pedestrian Improvements (Streets)
- 5) \$200,000- El Camino Real (Streets)
- 6) \$250,000- ECR at Almendral HPD (Streets)

The projects total \$1,625,000. Due to the cost of many capital projects, the Town "saves" and then "spends" the Special Parcel Tax accordingly such that the expenditure in any given fiscal year may exceed the current year's revenue from the Special Parcel Tax.

The following table depicts the remaining fund balances within the Capital Improvement Fund and the estimated annual revenue from each funding source:

| <b>Funding Source</b> | <b>FY 15/16 Remaining Balance</b> | <b>Estimated Annual Revenue</b> |
|-----------------------|-----------------------------------|---------------------------------|
| Special Parcel Tax    | \$24,078                          | \$1,488,000                     |
| Gas Tax               | \$26,681                          | \$225,000                       |
| Measure M             | \$35,881                          | \$75,000                        |
| Atherton Channel Fund | \$3,706                           | \$96,300                        |
| Measure A             | \$21,183                          | \$305,000                       |
| CIP Fund              | \$86,827                          | \$0                             |
| <b>Total</b>          | <b>\$197,356</b>                  | <b>\$2,189,300</b>              |

Excluding the Civic Center Project, the Town's 5-Year Capital Improvement Program seeks to address \$12,473,060 in basic capital infrastructure projects covering areas such as streets, transportation, streetlights, signals, drainage, park improvements, and Town facilities. Of that total, \$7,440,000 comes from the Special Parcel Tax.

Following discussion and questions surrounding a possible reduction in the Special Parcel Tax, the impact on future capital projects, the need for future funding, alternative revenue sources, and the ability of the Town to meet its infrastructure needs without the Special Parcel Tax, the Council directed staff to return on June 17 with an allocation of the Special Parcel Tax at the existing rate.

**ADJOURN**

**MOTION by Lempres, second by Widmer to adjourn the meeting. Mayor DeGolia adjourned the meeting at 5:34 p.m.**

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**Respectfully submitted,  
Theresa DellaSanta  
City Clerk**