

Atherton council weighing new revenue sources

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The Atherton City Council met for a study session on Wednesday, Nov. 2, 2016. From left are Council Member Bill Widmer, City Manager George Rodericks, City Attorney Bill Connors and City Clerk Theresa DellaSanta. (John Orr / Daily News)

The Atherton City Council met with staff Tuesday for a study session largely devoted to deciding how the town will be able to replace the “surplus” \$1 million a year it’s been receiving from the state’s Educational Revenue Augmentation Fund (ERAF).

Town managers have always known that ERAF — a state program meant to compensate municipalities that hadn’t received proper shares of property taxes — would go away eventually.

Atherton has a balanced budget with healthy reserves, and has been using the ERAF excess to pay down its “unfunded liability,” the town’s pension fund.

The town's finance director, Robert Barron III, opened the meeting by relating that staff had, at council direction, been exploring various means of finding new revenue sources, including possibly levying a business license tax and a retail users tax.



Robert Barron III, Atherton finance director, is shown at Wednesday's Atherton City Council study session. (John Orr / Daily News)

During discussion, council member Bill Widmer said the town should increase the town's sales taxes on vehicles purchased by residents. "We've got the highest numbers of Teslas in the area," he said.

Other possibilities discussed included taxes on food sales, which would impact the Circus Club, and the town's own cafe, if one is built into the new Civic Center as expected; impact fees for damage done to roads during a tear-down and rebuild; and raising fees for using Holbrook-Palmer Park, a popular place for weddings.

The town already receives some income from a parcel tax, which was discussed. Renewing the parcel tax will be on the ballot in November of 2017, said City Manager George Rodericks.

Rodericks was instructed to prepare possible action agendas for the City

Council to possibly impose a utility users tax, a business license tax, and a property transfer tax.

If the council decides to move on those items, they will be brought before the voters.

In another agenda item, the council discussed a “building facilities account” the town once funded, with money meant to be used to replace the aging portable building that houses the planning department. It was funded by a surcharge on permit fees.

But sometime around when Measure L was approved in 2012, the town stopped feeding that fund, which had grown to \$2.1 million. That money can be used for a percentage determined by the size of the planning department, as partial funding for the planned Civic Center. Nobody at the meeting knew why the town had stopped feeding that fund in the first place.

The council and staff agreed that the town should again start stashing money in that fund.

There was also some discussion about the likely need to put something before the voters to modify Measure L in some way, in order to find more ways, in addition to private donations, to fund the new Civic Center.

The council on Tuesday also discussed a recommendation from the Town’s Rail Committee that the town sue the state over an issue related to high-speed rail.

Proposition 1A in 2008 allowed the state to issue \$9 billion in bonds to build the high-speed rail system, on the condition that it be built in usable segments that would be fully funded and usable for high-speed travel. But the funding to do that hasn’t come forward, and the legislature adopted AB 1889, which redefined what would be “suitable and ready for high-speed train operation.”

The town's rail committee said it believes AB 1889 is "unconstitutional and improper," and wants the town to sue the state over it.

Council member Rick DeGolia said he doesn't want the town to "take action on this till we see what happens with Proposition 53."

As Connors noted in his agenda memo, Proposition 53 would not affect the original \$9 billion bond issuance, but would be a factor if the state seeks money for what looks like a \$60 billion shortfall in the rail project.

Proposition 53 requires a vote on any issuance of \$2 billion or more in bonds. If it passes, the state might be hamstrung regarding the high-speed rail project.

If Proposition 53 does not pass, the City Council may take another look at possibly suing the state.

Atherton filed suit in February 2015 to stop Caltrain's electrification project, which it considered a step toward high-speed rail. The suit said the electrification project and the high-speed rail project were so closely tied that any environmental impact report needed to look at both projects.

Contra Costa County Superior Court Judge Barry P. Goode rejected the suit in early October, saying high-speed rail and the electrification projects are separate projects.