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Highlights of the Finance Committee Meeting of April 2, 2019

CITY OF SAN LEANDRO

FINANCE COMMITTEE

April 2, 2019

5:30pm - 7:00 p.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 5:35 p.m.

1.A. Attendance

Committee members present: Mayor Cutter and Councilmember Hernandez

Absent: Councilmember Lee

City staff present: City Manager Kay, Finance Director Baum, Public Works Director Pollart, Budget & Compliance Manager Perini, WPCP Manager Jenson, and WPCP Administrative Analyst II Morehouse

Public present: Maureen Forney, Julietta Hannah, Deborah Hirsch, Virginia Madsen, Sarah Bailey, Ms. Soto, David Bardoff, Carol Bardoff

1.B. Announcements

Mayor Cutter announced that Agenda Item 2.B. would be discussed first

2. DISCUSSION ITEMS

2.A. 19-181

Staff Report for the City of San Leandro City Council Finance Committee to Receive Report on Wastewater Utility Financial Plan and Rates Study and Wastewater Utility Capacity Charges Study and Provide Direction to Staff on Proposition 218 Notices

Public Works Director Pollart stated that a rate study is performed for the Water Pollution Control Plant (WPCP) every 5 years to ensure that there is adequate income for operational needs. Due to the retirement of both the former WPCP Manager and Administrative Analyst, the last study performed was for 2012-2017.

WPCP Manager Jenson stated that a consultant was hired to assist with the rate study presented the findings to the Committee. Based on the study, an initial increase of 3.5% will take effect January 1, 2020 with a maximum of 9% increase each year after.

Mayor Cutter questioned if the rate can be lowered from 9%, as this appears to be too high.

WPCP Manager Jenson stated the 9% increase is not a set increase, merely the maximum that can be increased. It is customary charge for actual flow usage or increased by the Consumer Price Index (CPI). Jenson explained to the Finance Committee how single family, multi-family, multi-dwelling, and industrial billings are calculated. The City of San Leandro's rates are very similar to the surrounding agencies, e.g. Castro Valley and Oro Lomo districts.

The timeline for rate increase is as follows: with approval of Finance Committee, the rate study will be taken to City Council on May 6, 2019 for approval; a ballot will be mailed out to each resident to which they will approve or not approve and mail back to the City; at the July 1, 2019 City Council meeting, WPCP will hold a Public Meeting, to which the public will have another opportunity to approve or not approve the rate increase; all ballots will be tallied and if approved, rates will be provided to the Alameda County Assessor's office to be included in the 2020 Property Tax billing for all residents; EBMUD bills commercial business, and heavy industrial businesses will continue to be billed via the City's Finance Department.

Committee Recommendation for City Council Consideration

The Committee recommends that the study to be taken to City Council.

2.B. 19-195

Staff Report on results of Banking Request for Proposals (RFP)

Finance Director Baum shared the results of the Banking Request for Proposals (RFP). There were three submittals: Wells Fargo, JP Morgan Chase, and Bank of the West. Upon reviewing and rating the submittals, staff concluded that it would be in the best interest to stay with Wells Fargo as the City of San Leandro's bank.

Mayor Cutter shared thoughts from Councilmember Lee that indicated that he was not pleased with the outreach of the RFP to all banks as he knew of a couple that would have participated had they known. Councilmember Lee stated that he only found out about the RFP 6 days prior to the deadline and asked that the RFP be re-issued.

City Manager Kay stated going out with a new RFP is an option. City Manager Kay also stated that he was not aware of any bank in San Leandro that was unaware of the RFP.

Finance Director Baum explained how staff reached out to banks, including taking calls from banks that heard about the RFP. Director Baum agreed that staff can re-issue the RFP and allow the three banks that participated to resubmit, including changing their pricing.

Mayor Cutter stated that she would like to find out which banks were interested in submitting a proposal. An important objective was to choose a bank that has an office within the City. Therefore, if the banks that Councilmember Lee referenced have branches within the City of San Leandro, then she would request staff to re-issue the RFP. However, if the banks did not have a branch within city limits, she would prefer to stand with what we have.

Councilmember Hernandez requested to see the matrix of the RFP, including the ranking criteria and costs.

Committee asked staff to come back with the evaluation matrix and it will be determined whether or not the banks Councilmember Lee knew of have offices in San Leandro

3. PUBLIC COMMENTS

Maureen Forney stated that the RFP pre-dated the new language of the investment policy, which includes environmental/climate investment control. She asked that the City not stay with Wells Fargo as the City has already stopped investing in Wells Fargo and they were involved in consumer fraud. She also stated that JP Morgan Chase invests very heavily in fossil fuels and therefore, Bank of the West would satisfy her criteria.

Deborah Hirsch stated that JP Morgan is the worst of the 3 banks that participated in the RFP. Ms. Hirsch provided a report on the investments made by JP Morgan and that \$196 billion is in fossil fuel investment and they are the world's worst bank in climate change.

Virginia Madson stated Wells Fargo has increased their investment in fossil fuels and asked that the City not choose them.

Sarah Bailey stated Wells Fargo is not to be trusted.

Ms. Soto wants to live in City that recognizes the climate issue and is doing something about it.

David Bardoff asked if services can be split across multiple banks; urges City not to choose Wells Fargo.

Carol Bardoff stated that the RFP should be laid out like the new ethical investment policy

4. COMMITTEE MEMBER COMMENTS

None

5. ADJOURN

The meeting was adjourned at 7:10 p.m.