



Legislation Text

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Highlights of the Finance Committee Meeting of April 4, 2017

CITY OF SAN LEANDRO

FINANCE COMMITTEE

**April 4, 2017
5:30 - 6:30p.m.**

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

HIGHLIGHTS

1. CALL TO ORDER

Councilmember Lee called the meeting to order at 5:30 p.m.

1.A. Attendance

Committee members present: Mayor Cutter, Councilmember Lee, Councilmember Hernandez

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

Public present: Bryan Azevedo, Susan Erb, Mark D. Hamilton, Lori Foster, Sonia Suzowsky, Amy Chovnick, Virginia Madsen,

1.B. Announcements

Mayor Cutter announced that since there is only one agenda item, the public will be allowed three (3) minutes to speak first and if there are any questions, they will be answered following the presentation.

City Manager Zapata stated that the City's budget reflects the values of the City Council and community. Over the past couple of years the City has authorized a staff position to work on our Climate Action Plan. The City has also been concerned about disaster preparedness. There is a full-time position within the City Manager's Office for disaster preparedness that will work with the churches, schools, and community. The City has been working with FEMA regarding flood plain

issues. Mayor Cutter has invited Executive Director Larry Goldzband of the Bay Conservation and Development Commission to speak to mayors of surrounding cities to discuss the potential impact of a local disaster.

The Waste Water Treatment Plant, a \$54 million investment, has been revamped and money has been set-aside for “purple pipe” so that we may lower the amount of wasted water.

Director Baum stated that last year, the City took the initiative to issue \$5.4 million of debt, at 2.1% for 15 years, through Bank of America, to fund energy and water efficiency projects that will produce savings to pay off that debt. Although Bank of America is also an investor of pipelines, they are also trying to provide various climate action plan benefits.

2. DISCUSSION ITEMS

2.A. 17-194 Staff Report on divestiture from Wells Fargo Bank due to its funding of the Dakota Access Pipeline (DAPL) Project

Director Baum stated that Wells Fargo has been providing service to the City of San Leandro since 2008. Wells Fargo was chosen in 2007 due to the low cost of services. The fees are approximately \$80,000 per year and there are only a handful of banks that can provide the services that the City needs. Director Baum stated that it would be a very complex and time consuming process to replace Wells Fargo as the City’s bank. After 2001 terror attacks, the Patriot Act created rules and regulations that make it very difficult to open an account and provide signatory information for the accounts.

City Manager Zapata stated that the process of changing banks has been provided within the report handed to the Finance Committee. Should Council direct staff to divest from Wells Fargo, it would not happen overnight, it would take time.

Mayor Cutter asked if there is a local bank, that does not invest in the fossil fuel industry, that would be able to provide the services. Director Baum indicated that he is not aware of any options that meet this criteria. Mayor Cutter asked about the note of \$700k with Wells Fargo. Director Baum stated that the City does have investments in the Local Agency Investment Fund (LAIF), and quarterly reports are provided to City Council, as well as monthly reports through the weekly newsletter. The note will mature in 2018.

Councilmember Lee stated he supports community banks and believes they would work with the City and provide services needed. Councilmember Lee supports bidding for bank services. Councilmember Lee also expressed his concerns regarding the protesting of the pipelines and the treatment of the Native Americans and all protesters.

Councilmember Hernandez indicated that he would like to be more proactive than reactive. He would like to investigate what the benefit would be to go out for a Request for Proposal (RFP) and how often should an RFP be done. Councilmember Hernandez would also like to know about the other investments and their social stance.

Mayor Cutter would like more information prior to making a decision on changing banks and going

out to bid. How will this impact staff and their time? In regards to selling investments, will there penalties?

3. PUBLIC COMMENTS

Amy Chovnick is a San Leandro resident and biology teacher spoke on climate change and what is happening to environment as a result of using fossil fuel. Residents need to refuse to support fossil fuel industries that are hurting the environment, e.g. the Marina.

Susan Erb requested that the City of San Leandro refuse to support companies, like Wells Fargo, that invest in the fossil fuel industry, e.g. Keystone XL. This winter was an example of the climate change impact on the Bay Area, e.g. Coyote Creek flooding. The City of San Leandro may one day be impacted, as there is a creek that runs through various neighborhoods of the city.

Virginia Madsen has divested of oil and gas. The city should, in stages, begin to move away from companies that have investments in the oil industries.

Tom Stark also provided information on the damage that fossil fuel has caused. Mr. Stark also requested that the City divest and defund from companies that invest in the industry. Big companies, such as ING have begun to divest as a result of public pressure.

Deborah Hersh acknowledged that the City has already taken action and has made changes for climate change and stated that divested and defunding companies that invest in the fossil fuel industry is an extension of that. Ms. Hersh provided steps on how the City can improve the Climate Action plan that is currently in place.

4. COMMITTEE MEMBER COMMENTS

If possible for the next meeting: the Committee would like an analysis of what would happen if the \$700k that is currently invested Wells Fargo is sold; an analysis of how much staff time is needed to do a RFP or RFQ; an analysis of incorporating a social justice component within a RFP or RFQ; and what is the cost or increase of rates from CalPERS if they are to divest? Also, reach out to cities, e.g. Alameda, Santa Monica and Seattle on where they are with the same approach.

5. ADJOURN

The meeting adjourned at 6:39 p.m.