

March 27, 2006

**To:** Honorable Mayor Irma L. Anderson  
Members of the City Council

**From:** Finance, Administrative Services and Economic Development Committee

**SUBJECT:** SUMMARY  
Finance, Administrative Services and Economic Development Committee  
Thursday, March 23, 2006, 9:03 a.m.

**Attendance:** Present: Griffin, Rogers, and Thurmond  
Absent: Butt

**FINANCE, ADMINISTRATIVE SERVICES AND ECONOMIC DEVELOPMENT COMMITTEE**

**Appoint a Chairperson to the Finance Standing Committee**

On motion of Councilmember Griffin, seconded by Councilmember Thurmond to appoint Councilmember Rogers as chair of the Finance Standing Committee.

On motion of Councilmember Griffin, seconded by Chair Rogers, appointed Councilmember Thurmond as Vice-Chair of the Finance Standing Committee.

**Consider authorizing the Finance Department to prepare proceedings in connection with the financing of the Civic Center/Public Safety Facility Project an appointing underwriters, bond counsel, and financial advisors**

- Jim Goins, Finance Director, stated that there is minimal fiscal impact. It is anticipated that the annual Debt Service payments on these bonds will be approximately the same amount as the annual rent expense of City Hall South, and will not commence until said rent payments cease.
- John Knox, Orrick Herrington spoke on the matter. The City is currently working with a developer to create a plan to renovate certain buildings located in the area of the City known as the Civic Center, including the possible construction of new municipal buildings. The issuance of bonds is necessary to finance said projects. By appointing a Financing team now, the City will be in a position to issue the bonds without delay upon the approval of a renovation plan. This is Phase I of a multiphase project.
- Bob Williams, RBC, proposed underwriter, stated that a broad range of cost estimates have been examined along with varying levels of contributions from the City and the Redevelopment agency from different sources. The current cost

estimate is \$78 million. Depending on the structure decided upon, the completion of the City's audit, and the reinstatement of the City's bond rating, gives the City more flexibility and option to lower interest costs.

- Councilmember Rogers asked how the City is planning on paying the \$20-\$30 million required for the project. Jim Goins replied that the City currently has \$11 million of money reserved for capital projects for this project. Additionally, the City is in the process of selling surplus properties, estimated revenue is \$11 million. The Redevelopment Agency is prepared to finance \$10 million.

#### OUTCOME:

On motion of Councilmember Thurmond, seconded by Councilmember Griffin to recommend adoption of the resolution to the full City Council at the meeting of March 28, 2006, authorizing the Finance department and proposed financing team to proceed with the recommended issuing of subject bonds.

#### **Consider authorizing the Finance Department to prepare proceedings in connection with the refunding of the Wastewater Revenue Bonds Series 1999 and financing certain capital improvements to the wastewater system and appoint underwriters, bond and disclosure counsel, and financial advisors**

- Sohail Bengali, Stone & Youngberg, presented the history of the project funding. Projects funded from FY 2001-FY 2006 are the clarifier, aerator, digester repairs, sedimentation basin renovations, main line repairs, influent pump, gates, and bar screens.
- The amount spent on projects for FY 2001-2006 is \$25 million and the sources of funding are FY 2000 bonds for \$15 million and Interest Earnings in the amount of \$10 million.
- There is a total of \$34.7 million (\$17 M treatment + \$17.7 M collection).
- Key future projects are sludge pond relocations, odor control, sewer lateral program, mainline repairs, upsizing, pumps, and flow monitoring.
- The net cost of future needs is \$20.2 M.
- Jim Goins, Finance Director, stated that the fiscal impact will be mitigated by refunding existing bonds, at a lower interest rate, and also by rate increases to property owners within the wastewater district.

- Chair Rogers asked what the process is for citizens to protest the sewer charge rate increase. Mr. Bengali replied that there would need to be a 50% written protest against the increase, which would be approximately 15,000 parcel owners. All residential and commercial owners will receive a notification of the proposed increase via mail. The process to be followed will conform with the rules of Proposition 218.

OUTCOME:

Councilmember Griffin, seconded by Councilmember Thurmond to recommend to the full City Council an 8% rate increase and authorize the financing team to move forward.

**Discussion regarding the role and responsibilities of the Finance Standing Committee**

- Councilmember Thurmond stated that questions have arisen on roles of the Finance Committee to include Economic Development aspect and thinks that the role should be revised or kept the same.
- Councilmember Griffin stated that he does not want the Finance Committee to perform the duties that the Finance Director is supposed to do, but the committee's role should be to provide financial oversight.
- City Manager, Bill Lindsay, stated that the City Council adopted the Internal Audit Ordinance, which establishes a professional Internal Audit Advisory Committee. The City Council would delegate to the Finance Committee the task of developing an annual work scope and budget based on input and recommendations from the City Manager, the Finance Director, and the Audit Advisory Committee. Currently, proposals are being solicited for a performance audit of the Planning & Building Department, funded from the Internal Audit Program.

OUTCOME:

Bill Lindsay suggested that he return to the next Finance Committee Meeting with recommended scope of committee functions.

**Discussion of ways to provide better and increased services through finding new revenue sources, obtaining organizational efficiencies, and redirecting existing sources of funding**

OUTCOME:

Chair Rogers suggested that this matter be an ongoing Finance Committee agenda item in the future.

**Discussion of ways to better improve communication to the public on financial/budget matters**

- Chair Rogers stated that the City needs to do a much better job at communicating and outreaching to the public on the state of the City's finances and budget issues.
- Councilmember Griffin asked that the Finance Director and City Manager look into the possibility of the City paying for mailing of the neighborhood council newsletters.

**OUTCOME:**

Chair Rogers will meet with the City Manager in order to find ways to increase the communication with the public.

**Discussion regarding Finance Standing Committee meetings be held in neighborhoods in order to increase effective public input concerning the budget/financial matters**

- Chair Rogers suggested that several meetings be held in the evenings at various neighborhood community centers in order to obtain input from the public on financial and budgetary matters.
- Councilmember Thurmond suggested that at least one meeting per year be held jointly with the Richmond Neighborhood Coordinating Council and the Finance Standing Committee.

**OUTCOME:**

Chair Rogers and Councilmember Thurmond will coordinate possible dates and locations for these community meetings.

The meeting adjourned at 10:35 a.m.