



AGENDA

**CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY /
EL CERRITO EMPLOYEE PENSION TRUST BOARD MEETING**
Monday, June 18, 2018 – 7:00 p.m.
City Council Chambers

SPECIAL CITY COUNCIL MEETING – CLOSED SESSION
Monday, June 18, 2018 – Immediately Following the Special Concurrent Meeting
Hillside Conference Room

Meeting Location

El Cerrito City Hall
10890 San Pablo Avenue, El Cerrito

Gabriel Quinto – Mayor

Mayor Pro Tem Rochelle Pardue-Okimoto
Councilmember Paul Fadelli

Councilmember Janet Abelson
Councilmember Greg Lyman

ROLL CALL

**7:00 p.m. CONVENE SPECIAL CONCURRENT CITY COUNCIL / PUBLIC FINANCING
AUTHORITY / EL CERRITO EMPLOYEE PENSION TRUST BOARD MEETING**

**1. PLEDGE OF ALLEGIANCE TO THE FLAG OR OBSERVATION OF MOMENT
OF SILENCE** – *Councilmember Paul Fadelli.*

2. COUNCIL / STAFF COMMUNICATIONS (*Reports on Closed Session,
commission appointments and matters of general interest which are announced by the
City Council and City Staff.*)

3. ORAL COMMUNICATIONS FROM THE PUBLIC

All persons wishing to speak should sign up with the City Clerk. Remarks are typically limited to 3 minutes per person. The Mayor may reduce the time limit per speaker depending upon the number of speakers. Kindly state your name and city of residence for the record. Comments regarding non-agenda, presentation and consent calendar items will be heard first. Comments related to items appearing on the Public Hearing or Policy Matter portions of the Agenda are taken up at the time the City Council deliberates each action item. Individuals wishing to comment on any closed session scheduled after the regular meeting may do so during this public comment period or after formal

announcement of the closed session.

4. ADOPTION OF THE CONSENT CALENDAR – No items.

5. PRESENTATION – None

6. PUBLIC HEARINGS

Proposed City Charter

This public hearing is being held by the City Council of the City of El Cerrito for the purpose of considering submission of a proposed charter to the voters of El Cerrito at the regularly scheduled election on November 6, 2018. El Cerrito is currently organized as a general law city under California law. If El Cerrito voters approve a charter, El Cerrito will be organized as a charter city, as provided for in the proposed charter. At the public hearing, the City Council will consider the proposal of a charter and the content of the proposed charter.

7. POLICY MATTERS

CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY AND EL CERRITO EMPLOYEE TRUST BOARD ITEM

Proposed Fiscal Year 2018-19 and 2019-20 Biennial Budget

Continued discussion on the city budgets. The City Council will provide direction, as necessary to staff. *Please refer to materials provided and posted with June 11, 2018 agenda packet.*

8. CITY COUNCIL LOCAL AND REGIONAL LIAISON ASSIGNMENTS

Mayor and City Council communications regarding local and regional liaison assignments and committee reports.

9. ADJOURN SPECIAL CONCURRENT CITY COUNCIL / PUBLIC FINANCING AUTHORITY / EL CERRITO EMPLOYEE PENSION TRUST BOARD MEETING

The next City Council meeting is Tuesday, June 19, 2018 at 7:00 p.m. in the City Council Chambers, 10890 San Pablo Avenue, El Cerrito.

**10. CONVENE SPECIAL CITY COUNCIL – CLOSED SESSION
ANNOUNCEMENT OF CLOSED SESSION**

Public Employee Performance Evaluation – *Pursuant to Government Code Section 54957.6*

Title: City Manager

ORAL COMMUNICATIONS FROM THE PUBLIC

RECESS INTO CLOSED SESSION

POSSIBLE REPORT OUT OF CLOSED SESSION

ADJOURN SPECIAL CITY COUNCIL MEETING – CLOSED SESSION

The City of El Cerrito serves, leads and supports our diverse community by providing exemplary and innovative services, public places and infrastructure, ensuring public safety and creating an economically and environmentally sustainable future.

- Council Meetings can be heard live on FM Radio, KECG – 88.1 and 97.7 FM and viewed live on Cable TV - KCRT-Channel 28 and AT&T Uverse Channel 99. The meetings are rebroadcast on Channel 28 the following Thursday and Monday at 12 noon, except on holidays. Live and On-Demand Webcast of the Council Meetings can be accessed from the City's website <http://www.el-cerrito.org/streamingmedia>. Copies of the agenda bills and other written documentation relating to items of business referred to on the agenda are on file and available for public inspection in the Office of the City Clerk, at the El Cerrito Library and posted on the City's website at www.el-cerrito.org prior to the meeting.
- In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk, (510) 215-4305. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting. (28 CFR 35.102-35.104 ADA Title I).
- ***The Deadline for agenda items and communications*** is eight days prior to the next meeting by 12 noon, City Clerk's Office, 10890 San Pablo Avenue, El Cerrito, CA. Tel: 215-4305 Fax: 215-4379, email cmorse@ci.el-cerrito.ca.us
- IF YOU CHALLENGE A DECISION OF THE CITY COUNCIL IN COURT, YOU MAY BE LIMITED TO RAISING ONLY THOSE ISSUES YOU OR SOMEONE ELSE RAISED AT THE COUNCIL MEETING. ACTIONS CHALLENGING CITY COUNCIL DECISIONS SHALL BE SUBJECT TO THE TIME LIMITATIONS CONTAINED IN CODE OF CIVIL PROCEDURE SECTION 1094.6.
- The City Council believes that late night meetings deter public participation, can affect the Council's decision-making ability, and can be a burden to staff. City Council Meetings shall be adjourned by 10:30 p.m., unless extended to a specific time determined by a majority of the Council.

EL CERRITO
PROPOSED CITY CHARTER
AND REAL PROPERTY
TRANSFER TAX

JUNE 18, 2018



OVERVIEW

Why do this now?

Review of City Charter Issues

City Council Direction

Charter Committee Overview

Review Draft Charter

Specific Items for Ballot Initiative

Real Property Transfer Tax

Questions and Discussion

Next Steps

WHY CONSIDER A CHARTER NOW?

Being a charter city enhances local authority, including control over local funds for local needs

The list of unfunded needs continues to grow

Only charter cities, NOT general law cities, may levy a Real Property Transfer Tax (RPTT)

RPTT provides critical and sustained funding for Albany, Berkeley, Richmond, Emeryville and Oakland

Larger commercial development on SPA should pay their fair share, which they would through a RPTT

Much of the revenue from a RPTT would be paid by corporations that benefit from low property taxes

RPTT can help build an emergency reserve for natural disaster preparedness

WHAT ARE THE ISSUES?

- Residents tell us that they want:
 - To continue the responsiveness and quality of our 9-1-1, fire protection, and emergency medical services
 - To maintain our parks and playfields
 - To preserve our library programs for all ages in a safe and energy-efficient library
 - To offer after-school programs for children and teens
 - To provide for seniors in our own senior center
- Capital funding is well below necessary levels for facilities, parks and playfields
- Budget will likely maintain police vacancies
- City has no emergency reserves for natural disaster preparedness
- El Cerrito like most cities has long term significant pension liabilities
- Another source of revenue is necessary to meet community needs

REAL PROPERTY TRANSFER TAXES

- A “real property transfer tax” (RPTT) is a tax on the purchase/sale of real estate, both residential and commercial
- It’s a one-time tax on the sale, not an annual tax on property
- Buyers and sellers typically work out between themselves who will pay the tax
- If you own property and never sell it, you won’t pay the tax
- Would be paid as part of the purchase and sale of new development, including by developers of commercial projects
- A typical feature of the tax is a partial rebate to purchasers who use the money to pay for seismic upgrades or energy efficiency improvements
- The tax is generally rolled into the loans for a residential purchase

WHAT COULD RPTT REVENUE BE USED FOR?

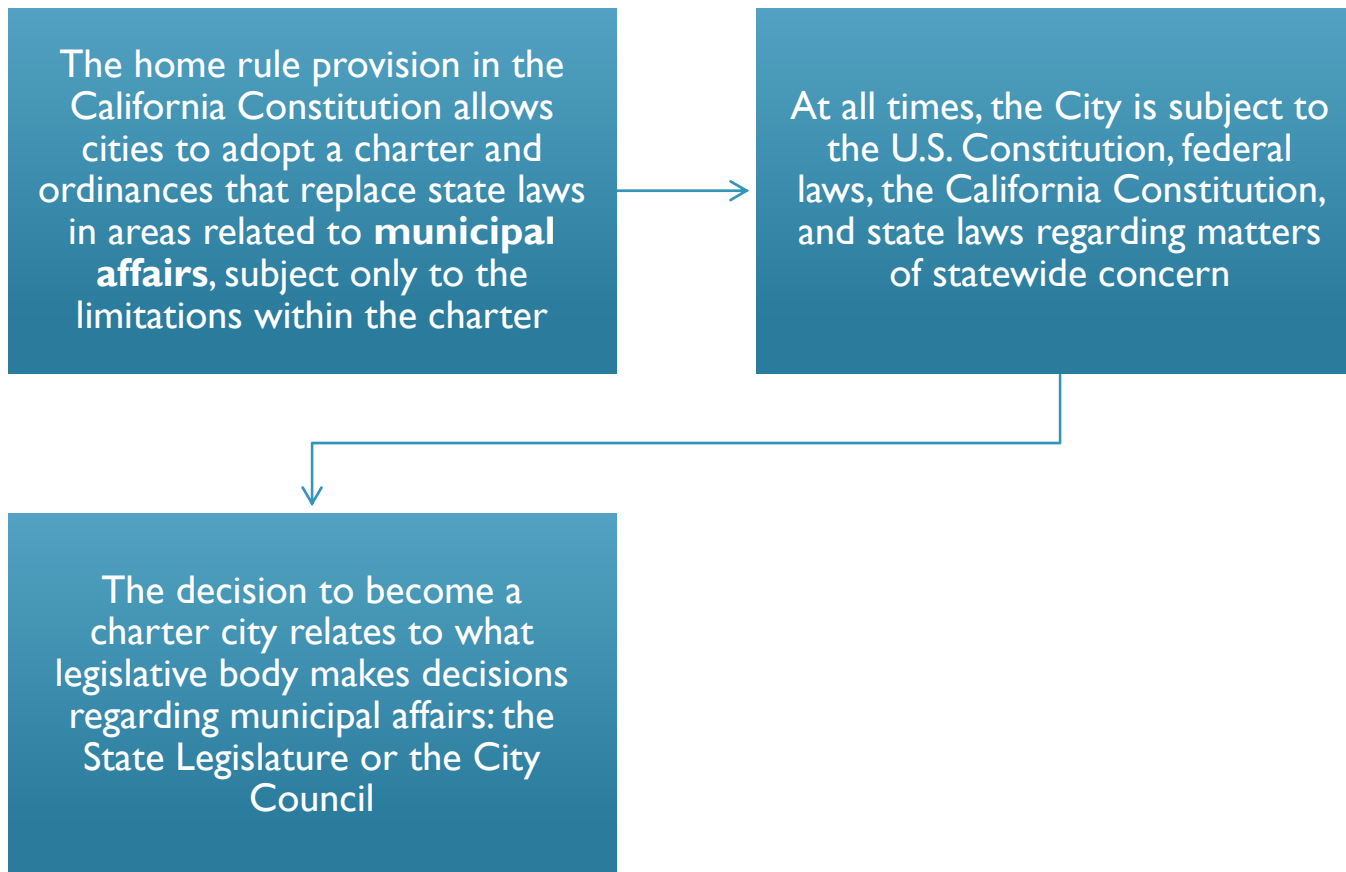
- RPTT would generate approximately \$ 2.7 million annually
- RPTT is a general tax that could be used for all aspects of city operations
- Current unfunded needs include:
 - Park, clubhouses, playgrounds, fields and facility deferred maintenance
 - 2-4 sworn officer positions (depending on SRO funding)
 - Emergency reserves – currently zero
 - Affordable housing assistance
 - Public Safety Building
 - Senior Center
 - Library Hours/Operations and facility
 - Pension liabilities

AUTHORITY IN GENERAL LAW VS. CHARTER CITY

A **General Law City** has the authority to act locally but its acts must be consistent with: the California Constitution, state statutes, state administrative regulations

A **Charter City** has the additional authority to adopt laws regarding "municipal affairs" that are inconsistent with state statutes. Must still be consistent with US and California Constitutions and with the charter

UNDERSTANDING HOME RULE



CALIFORNIA CHARTER CITIES

361 General Law Cities



Currently 121 Charter Cities



Local Charter cities include Albany, Emeryville, Berkeley, Richmond, Oakland, Alameda, Piedmont, San Francisco, San Leandro and San Rafael

CITY COUNCIL DIRECTION TO COMMITTEE

The Charter Committee shall prepare a draft charter for the City of El Cerrito to be submitted to the City Council for consideration and potential proposal to the City's voters.

The draft charter shall contain at least the following elements:

- It shall reserve to the City Council the power to adopt local rules in all matters of municipal affairs.
- It shall require the City to follow California law regarding the payment of prevailing wages for public works projects and collective bargaining with represented employee groups.
- It shall authorize the City Council to consider the use of all available tools for generating revenue, including but not limited to a real property transfer tax.
- The El Cerrito Municipal Code shall not be altered by the proposed charter.

ROLE OF CHARTER COMMITTEE

Review and understand

Review and understand options

Evaluate

Evaluate alternatives within City Council Direction

Develop

Develop Draft Charter for City Council Consideration

CHARTER COMMITTEE

- Charter Committee made up of Seven Members
 - Two Council Members
 - Member of Financial Advisory Board (FAB)(Chair)
 - Labor Representative (Local 1230)
 - Local realtor (Vice Chair)
 - Two members of Public (FAB Member and Former Mayor)
- Committee selected Chair and Vice Chair, approved minutes and followed Brown Act and standard meeting rules of order
- Committee voted unanimously on Draft Charter

CHARTER COMMITTEE OVERVIEW

- Committee met on five separate occasions
- Meetings were noticed and advertised widely
- Public given opportunity to speak during public comment and specific items
- Committee reviewed other relevant charters and gave direction to staff
- Staff developed draft charter based on comments
- Committee reviewed, commented and provided direction on three versions
- Final version recommended unanimously to City Council

DRAFT CHARTER COMPONENTS (DRAFT CHARTER ATTACHED)

Statement of Purpose

Establishment of Home Rule, Power over Municipal Affairs

Continuation of Boundaries, Form of Government, and Existing Law

Municipal Revenue

Prevailing Wages for Public Works and Public Contracting

Labor Relations

Elections

Interpretation, Severability, and Amendment

STATEMENT OF PURPOSE

The City of El Cerrito was incorporated as a general law city in 1917 by residents seeking the right to manage local affairs. Since then, the authority of general law cities over local affairs has diminished. Furthermore, the State has continually added mandates for cities that require local resources to address State concerns, increased its control over local matters, and redirected much needed local revenue for its own purposes. Changes in State law have limited the ability of El Cerrito to decide how to use local dollars for local needs. The power of home rule, granted by the California Constitution, makes available to charter cities a variety of tools to use to construct local policy and address local concerns. The voters of each charter city get to decide which tools to put in their tool box. With this Charter, El Cerrito will reclaim more local autonomy and expand the economic and fiscal independence of our City government to promote the health, safety, and welfare of all its residents. Therefore, we do hereby exercise the express right granted by the Constitution of the State of California to enact and adopt this Charter for the City of El Cerrito.

KEY AREAS OF COMMITTEE FOCUS


Form of Government – The Committee spent a fair amount of time understanding the current form of government and decided it was important that it be reiterated in Charter to affirm it would not change.

Municipal Revenue – A fair amount of discussion occurred related to revenues in general and specifically the Real Property Transfer Tax. Based on the discussions, the Committee recommended flexible revenue language but also specifically called out the RPTT for transparency leaving the rate to the City Council.


Prevailing Wages, Labor Relations and Elections – These were items directed by the City Council to not be changed. The Committee debated whether they should be included at all since they would remain unchanged if left out of Charter. However, Committee decided to include to strengthen the City Council priorities and make very clear these items would not change with passage of the Charter.

TOPICS THAT THE COMMITTEE WANTED COMMUNICATED TO COUNCIL

Public information about the Charter should describe the full range of powers as a charter city, including financial powers.



Explain why the form of government was addressed in the Charter even though the Council didn't provide direction on the topic.



The residents of El Cerrito would have the ability to change the Charter in the future should the need or desire arise.

REAL PROPERTY TRANSFER TAX RECOMMENDATION

- El Cerrito had a RPTT until 2003 Rate was set at \$7.00 per \$1,000
- In FY2003, RPPT generated \$1.2m in revenue
- In FY 2016, would have brought in ~\$1.7m
- \$12.00 per \$1,000 brings in ~\$2.7m
- In 2017, would have brought in \$500,000 from sales of commercial property on San Pablo Avenue alone
- No noticeable impact on home prices in other cities
- City Council will set rate in July
- Staff plans to recommend **\$12.00 per \$1,000**

Neighboring RPTT Rates:

	<u>Per \$1,000</u>
Alameda	\$ 12.00
Richmond	\$ 7.00
Oakland	\$ 15.00
Emeryville	\$ 12.00
Berkeley	\$ 15.00
Albany	\$ 11.50
Piedmont	<u>\$ 13.00</u>
AVG	\$ 12.21
Median	\$ 12.00

POTENTIAL REBATE OPPORTUNITIES

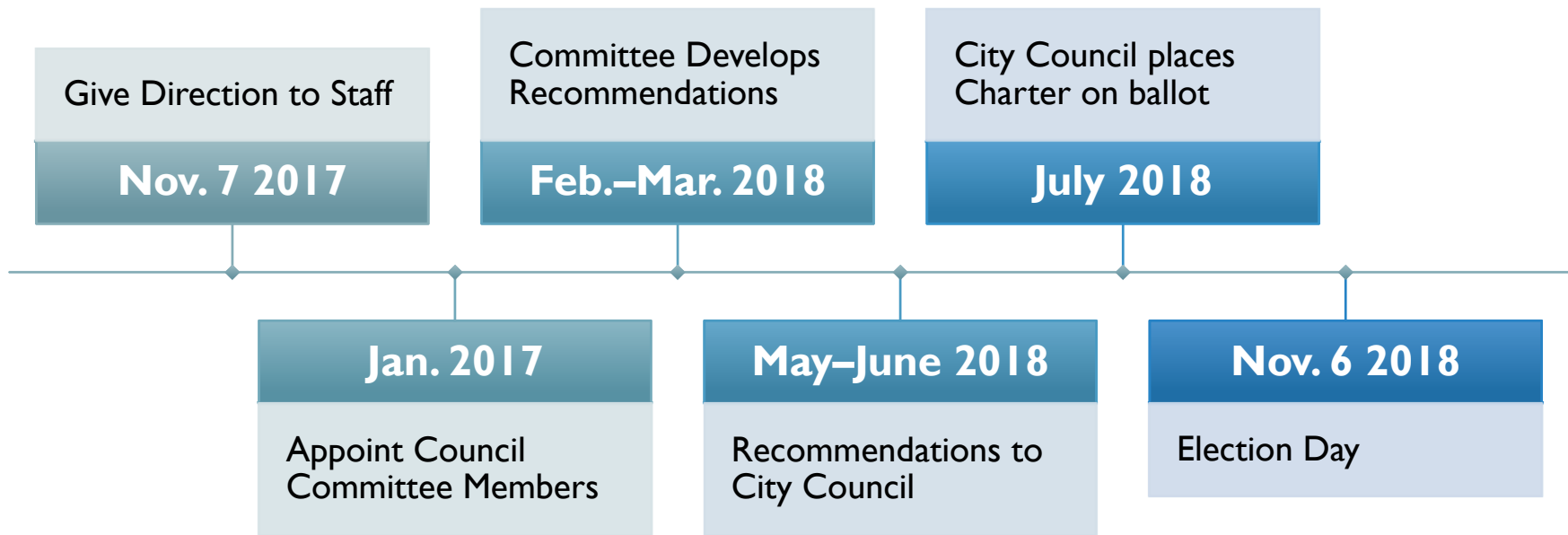
Of the local Charter Cities, Berkeley and Oakland offer rebate

- Seismic upgrades
- Berkeley: up to 1/3 of RPTT; Oakland: 0.5% of price or \$5,000, whichever is lower
- Part of regular permit process

Staff would recommend a similar rebate process in El Cerrito but expand qualifying improvements

- Seismic Upgrades, Solar Panel Installation, Energy Efficiency Improvements and EV charging
- Not to exceed 1/3 value of RPTT
- Must be part of regular permit process
- Must be done within one year
- Separate application to be considered with regular permit approvals

CURRENT TIMELINE



CHARTER PROCESS

1

Develop
Framework

2

Select Charter
Committee

3

Committee Drafts
New Charter

4

Recommendation
to City Council

5

Council Decides
to Place on Ballot

- Review Survey
- Draft Ordinance

6

Election

CITY CHARTER PROCESS

QUESTIONS, COMMENTS AND CONCERNS?

