



TOWN OF TIBURON
Tiburon Town Hall
1505 Tiburon Boulevard
Tiburon, CA 94920

TIBURON TOWN COUNCIL

Special Meeting - 7:00 p.m.
Regular Meeting - 7:30 p.m

AGENDA

Special Meeting Agenda (7 p.m.)

CALL TO ORDER AND ROLL CALL

Councilmember Doyle, Councilmember Fredericks, Councilmember O'Donnell,
Vice Mayor Fraser, Mayor Tollini

CLOSED SESSION

1) Conference With Legal Counsel - Anticipated Litigation
Significant exposure to litigation pursuant to paragraph (2) of subdivision (d) of Section
54956.9: One Potential Case

2) Conference with Legal Counsel - Anticipated Litigation
Initiation of litigation pursuant to paragraph (4) of subdivision (d) of
Section 54956.9: One potential case

ADJOURNMENT TO REGULAR MEETING - 7:30 p.m.

CALL TO ORDER AND ROLL CALL

Councilmember Doyle, Councilmember Fredericks, Councilmember O'Donnell, Vice
Mayor Fraser, Mayor Tollini

ANNOUNCEMENT OF ACTION TAKEN IN CLOSED SESSION, IF ANY

ORAL COMMUNICATIONS

Persons wishing to address the Town Council on subjects not on the agenda may do so at this time. Please note however, that the Town Council is not able to undertake extended discussion or action on items not on the agenda. Matters requiring action will be referred to the appropriate Commission, Board, Committee or staff for consideration or placed on a future Town Council meeting agenda. Please limit your comments to three (3) minutes.

CONSENT CALENDAR

All items on the Consent Calendar may be approved by one motion of the Town Council unless a request is made by a member of the Town Council, public or staff to remove an item for separate discussion and consideration. If you wish to speak on a Consent Calendar item, please seek recognition by the Mayor and do so at this time.

CC-1: Town Council Minutes

Adopt minutes of January 20, 2016 regular meeting (Town Clerk Crane Iacopi)

Documents: [CC-1 JANUARY 20, 2016 DRAFT MINUTES.PDF](#)

CC-2: 27 Main Street (Sam's Anchor Cafe)

Adopt resolution of findings of appeal of Planning Commission decision to approve a 920 square foot canopy on a portion of an exterior deck for an existing restaurant (Community Development Department)

Documents: [CC-2 RESOLUTION RE 27 MAIN STREET.PDF](#)

CC-3: Town Audit Report

Recommendation to accept and file the Town's Fiscal Year 2014-15 Basic Financial Statements and Independent Auditor's Report (Director of Administrative Services Bigall)

Documents: [CC-3 AUDIT REPORT.PDF](#)

CC-4: Mid-Year Budget Report

Recommendation to accept Town mid-year budget review for Fiscal Year 2015-16 (Director of Administrative Services Bigall)

Documents: [CC-4 MID YEAR BUDGET REVIEW.PDF](#)

CC-5: Settlement Agreement

Authorize execution of Release and Settlement Agreement between Union Pacific Railroad Company and the Town of Tiburon (Town Attorney Stock)

Documents: [CC-5 UNION PACIFIC SETTLEMENT AGREEMENT.PDF](#)

ACTION ITEMS

AI-1: Leaf Blower Regulations

Review of existing town regulations pertaining to leaf blowers and hedge trimmers; Title VI, Chapter 30 of the Tiburon Municipal Code (Director of Community Development Anderson)

Documents: [AI - LEAF BLOWER ORDINANCE REVIEW.PDF](#)

TOWN COUNCIL REPORTS

TOWN MANAGER REPORT

WEEKLY DIGESTS

ADJOURNMENT

GENERAL PUBLIC INFORMATION

ASSISTANCE FOR PEOPLE WITH DISABILITIES

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Town Clerk at (415) 435-7377. Notification 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting.

AVAILABILITY OF INFORMATION

Copies of all agenda reports and supporting data are available for viewing and inspection at Town Hall and at the Belvedere-Tiburon Library located adjacent to Town Hall. Agendas and minutes are posted on the Town's website, www.ci.tiburon.ca.us.

Upon request, the Town will provide written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services, to enable individuals with disabilities to participate in public meetings. Please send a written request, including your name, mailing address, phone number and brief description of the requested materials and preferred alternative format or auxiliary aid or service at least 5 days before the meeting. Requests should be sent to the Office of the Town Clerk at the above address.

PUBLIC HEARINGS

Public Hearings provide the general public and interested parties an opportunity to provide testimony on these items. If you challenge any proposed action(s) in court, you may be limited to raising only those issues you or someone else raised at the Public Hearing(s) described later in this agenda, or in written correspondence delivered to the Town Council at, or prior to, the Public Hearing(s).

TIMING OF ITEMS ON AGENDA

While the Town Council attempts to hear all items in order as stated on the agenda, it reserves the right to take items out of order. No set times are assigned to items appearing on the Town Council agenda.

CC-1

**TOWN COUNCIL
MINUTES**

CALL TO ORDER

Mayor Tollini called the regular meeting of the Tiburon Town Council to order at 7:30 p.m. on Wednesday, January 20, 2016, in Town Council Chambers, 1505 Tiburon Boulevard, Tiburon, California.

ROLL CALL

PRESENT: COUNCILMEMBERS: Doyle, Fraser, Fredericks, O'Donnell, Tollini

PRESENT: EX OFFICIO: Town Manager Chanis, Town Attorney Stock, Director of Administrative Services Bigall, Director of Public Works/Town Engineer Barnes, Acting Police Chief Seyler, Planning Manager Watrous, Town Clerk Crane Iacopi

ORAL COMMUNICATIONS

Mayor Tollini welcomed Town Manager Greg Chanis' to his first Town Council meeting as manager.

There were no other oral communications.

CONSENT CALENDAR

1. **Town Council Minutes** – Adopt minutes of November 18, 2015 regular meeting (Town Clerk Crane Iacopi)
2. **Town Council Minutes** – Adopt minutes of December 2, 2015 regular meeting (Town Clerk Crane Iacopi)
3. **Town Investment Summary** – Adopt report for month ending November 30, 2015 (Director of Administrative Services Bigall)
4. **Vacancies on Town Boards, Commissions and Committees** – Announce pending vacancies in 2016 (Town Clerk Crane Iacopi)

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5. **Town Council Board and Committee Assignments** – Adopt updated list of Town Council committees and board representation for 2016 (Mayor Tollini)
6. **Administrative Fine Schedule** – Adopt resolution updating the schedule of fines for violations of the Town Code enforced by administrative citation (Community Development Department)
7. **Annual Development Fee Report** – Receive annual report on the status of the Town’s Development Impact Fees pursuant to the California Government Code (Community Development Department)
8. **In-lieu Housing Fees** – Receive required five-year report of the Town’s In-Lieu Housing Fees and adopt resolution making the required findings pursuant to California Government Code (Community Development Department)
9. **Stormwater Impact Fees** – Receive required five-year report of the Town’s Stormwater Impact Fees and adopt resolution making the required findings pursuant to California Government Code (Community Development Department)
10. **Las Lomas Lane Pedestrian Easement** – Consider acceptance of a Grant of Easement for Public Pedestrian Access from William and Susan Lukens over an undeveloped portion of Las Lomas Lane; property adjacent to Assessor Parcels 059-121-08, 059-122-56 and 57, in the vicinity of Centro West Street at Las Lomas Lane (Community Development Department)
11. **Point Tiburon Bayside Stairs** (Mar West Street near Las Lomas Lane) – Consider approval of an agreement for acquisition of a Public Pedestrian Easement over the Point Tiburon Bayside Condominium Association Common Area and for use and maintenance of a stairway leading down from Mar West Street to the Common Area; authorize Town Manager to execute the agreement; authorize a budget amendment for the easement purchase (Community Development Department)
12. **Associate Civil Engineer position** – Recommendation to reclassify vacant Engineering Technician position to Associate Civil Engineer (Department of Public Works/Administrative Services Department)

Vice Mayor Fraser asked to remove Item No. 11 for discussion. He said he had heard the stairway in question needed upgrades and repairs, possibly costing \$80,000. Fraser asked if the Point Tiburon Condominium Association would bring the stairway up to code prior to the Town taking possession.

Town Attorney Stock replied affirmatively, noting that under the agreement, Point Tiburon will construct the stairway and the Town will not acquire ownership until all the necessary work with permits are completed and signed off on by the Town.

MOTION: To adopt Consent Calendar Item Nos. 1 through 12, as written.
Moved: O'Donnell, seconded by Fraser
Vote: AYES: Unanimous

ACTION ITEMS

- 1. Golden Gate Bridge, Highway and Transportation District Route 8** – Receive report from GGBHTD Planning Director regarding commuter Route 8 bus service and commuter ferry service (Mayor Tollini)

The Council received a report from GGBHTD Planning Director Ron Downing. He said the two components of the service proposal undergoing public review were: 1) whether the Bridge District would assume the Blue & Gold Ferry Service (due to Blue & Gold's proposed elimination of its commuter ferry routes); and 2) whether to continue the GGBHTD ferry commuter bus service, Route 8.

Mr. Downing said that Route 8 had a long history of under-performance as a bus route and had been on the district's "radar" for a number of years. He said the town had participated in a Tiburon Peninsula transit needs assessment which called for more transit to Highway 101; as a result of this survey, and the stated needs, he said the shuttle service on the peninsula had been "beefed up".

Downing said the district was respectful of the concerns expressed by Route 8 riders, however, he said that the ridership was not consistent, one reason being that people no longer tend to commute to the city five days a week anymore. He said an alternative was to use Route 219 shuttle service to bring commuters to Strawberry, where they could connect to bus service to San Francisco. He said the district had moved trips around to accommodate commuters, and would further alter Bus Route 4 from Mill Valley in March. Downing said in no way did the district want this change [elimination of Route 8] to be construed as "leaving people stranded"; rather, he said steps were being taken to accommodate commuters from Belvedere and Tiburon.

Mr. Downing noted that there were a whole host of issues that needed to be resolved in order for the district to consider taking over the ferry service. He said the California Public Utilities Commission (CPUC) would need to take action, and that would not take place until late spring or perhaps June of this year.

Meantime, Mr. Downing said that the district had crafted alternatives for everyone who uses the bus and ferry service. He noted the comment period would remain open until Friday at 4:30 p.m.

The Council had some questions and comments on the report.

Councilmember Fredericks commented that people did not like the idea of crossing over the freeway overpass in Strawberry in order to connect to a [southbound] bus. Alternative, she asked if the new routes more or less coincided with Route 8, and would not require crossing over the freeway.

Mr. Downing answered affirmatively, and said the district had responded to the concerns about crossing over the freeway and rerouted Route 4 (morning service) to the back of the Strawberry Shopping Center to accommodate people with these concerns. He said that riders requiring more frequent service could still cross over and catch a southbound bus. In the evening, Downing said there was much more frequent northbound service to the freeway bus pad and Route 219 connection.

Councilmember O'Donnell asked how the financial [fare] systems would work together in the proposed ferry and bus service. Mr. Downing said that the Clipper Cards would make the fare changeover "seamless".

Vice Mayor Fraser asked for a more graphic description of the routes and connections in the Strawberry area, which Mr. Downing provided. He also wanted to know how much time it would take to make these connections and arrive in San Francisco. Mr. Downing said that it would take about an hour, with a short wait time between connections.

Mayor Tollini asked how many of the busses would go through Mill Valley [which adds another 10-15 minutes added to the route]. Mr. Downing said that three or four go through Mill Valley, but that during mid-day, there would be more opportunities [bus service] for Tiburon residents going to San Francisco.

Mayor Tollini opened the item for public comment.

Drew Marks, 43-year peninsula resident and Route 8 rider, said that some of the stated information was factually incorrect. He said that the reason he takes the Route 8 bus is that it is direct and convenient. He said that Route 8 riders disagreed with the GGBHTD staff's assessment and noted that he had a petition with 48 signatures opposing the elimination of Route 8. He said that the busses are "almost full" when you get to the highway and that there are 30-35 riders on the first bus home in the evening.

Mr. Marks said the Belvedere City Council had sent a letter opposing the elimination of Route 8, and he urged the Tiburon Town Council to do the same. He said that people take

the bus for enjoyment and efficiency, and that public transit should indeed be a convenient and efficient way to get to work. He said that Route 4 was not a solution.

There being no further comment, Mayor Tollini closed the item to public comment.

Councilmember O'Donnell agreed with the comment about efficiency, adding he thought the bridge district's intention was not to reduce public service. He said that he had done an informal survey of Route 8 ridership, and said that one morning he counted only eight riders picked up along the route all the way to Strawberry. He also said he knew of a disabled rider for whom the crossing of the freeway would indeed be an issue. He said the issues being discussed were not easy to resolve, and he wondered what might be done that would effect a change at this juncture.

Councilmember Fredericks commented that Route 8 appeared to be efficient for a few riders, but that public transit's mandate was to serve the greater needs of the public. She said that the district had to subsidize the Route 8 service, a subsidy which could likely be used to improve efficiency elsewhere. She said she hoped the outcome would be a decision made in the best possible way.

Fredericks noted that the "trade-off" to the elimination of Route 8 would be an extra 10 minutes on the route through Mill Valley, or to get off at the highway and take an express bus to the city. But she said that the crossing of the freeway had been eliminated from the proposal.

Vice Mayor Fraser said that change, in general, is difficult. He wondered if there might be some way to incentivize it, perhaps through a one-time (six month) fare reduction or the like.

Councilmember Fredericks said that maybe there should be a six-month monitoring period to count ridership, or perhaps a trial period for the new service. She said that if the 143 people who signed the petition would take the bus, the route would be in great shape.

Mayor Tollini said that perhaps the Council could send a letter to GGBHTD asking for a confirmation of ridership and asking the district to explore an incentive for the transition. She said if the number of riders on Route 8 was higher than expected, perhaps the district would consider continuing to subsidize it.

Councilmember Fredericks [who also serves as a director of the GGBHTD] said that the district already provides a 25-29% subsidy to its bus routes, and for Route 8, it is three to four times that amount. She said it did not make sense to create an incentive for a select few.

Mayor Tollini said that if ridership could be increased, that would be a great goal to shoot for.

Councilmember Fredericks said she thought in this market a fare reduction would not carry that much weight, but she agreed that asking for consideration for promotion and incentive for the new service might be worthwhile.

Councilmember O'Donnell said his approach and advice to riders would be to try the new service and see if they like it.

There was no motion made to take further action.

2. **Yellow School Bus Program** – Consideration of future options for funding the Yellow School Bus Program and formation of a joint powers authority (Vice Mayor Fraser/Councilmember O'Donnell/Town Manager Chanis/Town Attorney Stock)

In his report, Town Manager Chanis summarized the success of the Yellow Bus Challenge Program (YBCP) in doubling student ridership and helping to reduce traffic on Tiburon Boulevard.

The Town Manager said that during the current school year, a number of changes were made in the operation of the YBCP, including expanding the number of routes, clustering passengers by school, and subsidizing the cost of bus passes. According to Chanis, these changes, along with the decision to stagger “bell times” at the schools, have resulted in increased ridership on buses serving the Reed Unified School District (RUSD) and reduced school-related traffic congestion on Tiburon Boulevard.

Town Manager Chanis noted that a committee comprised of representatives and volunteers from the City of Belvedere (City), Town of Tiburon (Town), and RUSD -- (the Committee) -- meets regularly to oversee implementation of the YBCP, troubleshoot problems or issues, and develop a strategy to ensure the YBCP continues and improves in the future. He said that although the Committee feels the current year's experience has been positive, it has identified a number of areas in need of improvement, including:

- Performance of the current service provider, who has been unable to consistently provide the level of service required for a successful operation.
- Administrative management of the YBCP, which has placed an unanticipated burden on RUSD staff.
- Streamlining of the bus pass purchasing process and improved access to information about the YBCP.
- Long-term funding of the YBCP.

Chanis said the Committee has also developed a list of recommendations, which if implemented, will allow the YBCP to better serve the users of the service and partner agencies in the future. These recommendations include:

- Develop a bus pass purchasing platform that creates efficiencies, streamlines administration and improves the flow of YBCP information to families and staff. Due to the timelines associated with the goal of having passes for the 2016-2017 school year available for sale in April/May 2016, this work needs to be completed in the first quarter of 2016, which makes it an expense in the current fiscal year.
- Create a Joint Powers Authority (JPA), initially comprised of the Town, City and RUSD, to establish, operate and maintain a school bus system to mitigate traffic congestion during RUSD bell times. (He noted that a draft agreement to establish the proposed JPA was attached to the staff report).

Once established, Chanis said the Committee recommends the JPA consider the following actions:

- Solicit proposals from qualified companies to provide bus service beginning in the 2016-2017 school year.
- Recruit and hire administrative staff to coordinate the YBCP.
- Explore options for identifying and securing a permanent source of funding (In addition to bus pass sales) for the program, including investigating the possibility of seeking a voter-approved parcel tax.
- Study the potential benefits of inviting the Town of Corte Madera and County of Marin to join the JPA in the future.

Town Manager Chanis also reviewed costs and funding for the YBCP for the current and coming fiscal years (detailed in the written staff report). He pointed out that the proposed JPA would not provide funding in the current year; he also said that costs could be further reduced if other sources of funding are identified.

Vice Mayor Fraser echoed the comments of the Town Manager and lauded the 15-member committee for its efforts and commitment. He said that the additional costs for software development were warranted and would provide real-time information that could be added to the ticket-purchasing platform. He said that committee member Sally Wilkinson, an expert in information technology and business, was volunteering her time to develop this application.

The Vice Mayor also touched on the problems with the current bus provider which had been verified by some other districts. He suggested that the cost difference for a more expensive but reliable service would have to be borne through ticket price. He said families could anticipate the annual fare cost to rise from \$215 to about \$300.

Fraser said that what really works about the YBCP is the collaboration between the City, Town and RUSD. He said the proposed JPA would mirror the school district boundaries. He said the RUSD board, at a recent meeting, had expressed its interest in wanting to be involved, but he said the board had asked for more information about what [the JPA] would

entail. Fraser cautioned that “pausing” at this juncture would not help anyone, and warned that the program might implode if the program members were not “all in”.

As for funding sources, Fraser said that a ballot measure for a proposed parcel tax had been discussed. He said that a community poll on this issue had also been discussed, however, it would cost around \$75 - \$100K for such a poll. He said the City and Town had done a good job in providing funding for this program to date, but the question remained as to how to assume some of these additional costs.

Councilmember Fredericks said that in reviewing the goals and purposes of the JPA, she wondered whether anyone had considered broadening it from simply bus service to congestion relief. Fredericks said this would allow for future funding for improvements such as bus stops, sidewalks, and lights.

Vice Mayor Fraser said what he heard at the RUSD board meeting last night was that “we need to do one thing right first” and later on, the JPA board could work with and make changes to the accord.

Town Attorney Stock noted that this issue had come up and been considered initially by the Committee. He said the JPA had started out with a broader goal, and he said that there was nothing to prohibit it from being made more broad in future. He also noted that with the example of bus shelters, and other facilities would be part of operating a bus service, the cost of which would fall under “operations”.

Councilmember Fredericks said that with a sales tax expenditure plan, you must clearly state what the funds are used for. Town Attorney Stock said that likewise, with a parcel tax, the language must clearly state what the funds will be used for. He said the joint powers agreement could be more broad, while the ballot language could be more specific.

Committee member Councilmember O’Donnell said that they would like to invite the County and Corte Madera to be in at the “get go”, as well, especially if the JPA district boundaries included these areas. He said that due to the many Proposition 218 legal challenges, might not it be better to include them now rather than adding them later.

Town Attorney Stock said this was a valid concern and had been discussed by the Committee. However, he said he had been given direction to draft the JPA for the three parties and to make it easy for the others to join later. The policy question would be whether to include them at the front end, so that they would have a “seat at the table”.

Vice Mayor Fraser said that the idea of “starting small” seemed to make sense at this time. He said that Corte Madera had joined the YBCP because they understood the rationale for it and that there were 100 or more kids from that jurisdiction in RUSD. He said that the YCBP had promised a maximum bus time of 30 minutes in order to make it work for parents and

kids in Corte Madera. In turn, the Corte Madera Town Council had contributed \$25,000 to the program.

Councilmember O'Donnell said that the City and Town had been spearheading this effort from the beginning; he said that other areas, such as Paradise ay and Corte Madera, understand the benefits and so he would lean towards including them, and at least find out if there is an interest in the taxation and subside (benefit).

Mayor Tollini opened the floor to public comment.

District 3 Supervisor Kate Sears, who said she had come to the meeting to hear the discussion on firearms regulation, said the County would be willing to talk about a JPA, as well as other ways to participate. She suggested that for timing reasons noted in the staff report, the current parties should proceed with its plans to adopt the JPA.

Sears said the YBCP is a fantastic model and the lessons learned from it are being shared with other communities, such as Mill Valley, who want to emulate the program.

Councilmember O'Donnell said that the Town had ponied up \$300,000 or more to date. He said that the problems of traffic congestion were wider than just Tiburon and affected all of southern Marin. He said that he would like to talk to the County as soon as possible about participating in the "bridge year" program. He noted that Marin Transit had been a very able and active participant at the table.

Supervisor Sears noted that Mill Valley Middle School had agreed to subsidize a person like Robert Betts (manager of Marin Transit) in its plans. She indicated a willing to continue the discussion with Tiburon.

The discussion returned to the Council.

Councilmember O'Donnell said that he was in favor of the JPA and cost subsidy, adding that he would like to have the County's participation, as well.

O'Donnell said that he was both a Councilman [and member of the Committee] as well as a customer. He said the Yellow Bus program had been a positive experience for his son. He said that often programs only receive negative publicity and he wanted to represent the "silent majority" of people for whom it had been a success. He said he hoped the program could continue, with RUSD being a partner in the JPA. He said while it might not be necessary for the school district to contribute to the subsidy, it was important that they have a voice at the table.

Vice Mayor Fraser agreed; he said there would be no JPA consisting solely of Belvedere and Tiburon; rather, its formation was conditioned upon the participation of all three parties. He

said it was important to know where RUSD stood as soon as possible, as bus passes for the coming year go on sale in April.

Councilmember O'Donnell said he supported formation of the JPA with the three parties, with the mission of adding the Town of Corte Madera and the County of Marin at a later date.

Councilmember Fredericks said she, too, supported staff's recommendations. She asked for clarification of the dollar amount being contributed by the Town. She also said she fully supported Councilmember O'Donnell's idea of adding Corte Madera and the County, and perhaps even Mill Valley, when the time is right. She said she would vote in favor of the current JPA, as written.

Town Manager Chanis confirmed the Town's [previously approved] contribution for the current school year was \$325,000; he said there would be a more precise number for the upcoming fiscal year when the FY 2016-17 Operating Budget was presented to the Council.

Councilmember Doyle also concurred with O'Donnell's comments about the YBCP and his recommendation to get Corte Madera and the County involved in the program. He said that as a "kid" riding the bus, he found it to be a positive experience during the day; a break between school and home.

Mayor Tollini said the numbers don't lie; that there had been a measurable reduction in traffic as a result of the YBCP, as evidenced by the traffic studies. She applauded everyone's efforts toward making the program a success.

Mayor Tollini said she, too, would support staff's recommendations, and asked for a motion to:

1. Reaffirm the Town's support of the Yellow Bus Challenge Program and continued participation on the Yellow Bus Challenge 2.0 Committee and,
2. Review the Draft "*Joint Powers Agreement to establish, operate and maintain a school bus system to reduce traffic*" and provide direction to the Town Manager, who will work with representatives from Belvedere and the Reed Union School District to finalize the document for Town Council consideration at the February 17, 2016 Town Council meeting and,
3. Direct staff to include, for Town Council consideration, an appropriation in the Fiscal Year 2016-2017 Town Operating Budget, to subsidize the Yellow Bus Challenge program in School Year 2016-2017.

Moved: Fredericks, seconded by Fraser

Vote: AYES: Unanimous

3. **Regulation of Firearms** – Discussion of options for the Tiburon Town Council to consider regarding amendments to Chapter 32 of the Town Code (Mayor Tollini/Vice Mayor Fraser)

Mayor Tollini said she was fully in support of Second Amendment rights. She said she had asked staff to place a discussion of this item [Chapter 32] on the agenda so that the town could weigh in against the kinds of guns used in recent crimes and mass shooting. She said these events had created a “tipping point” between the rights of certain types of gun ownership and public safety and welfare. She said that as a mother and a community leader, she wants the Town to be at the forefront of this discussion and to take action in order to make our community a safer place, and to send a message to County and State leaders.

In his staff report, Town Manager Chanis said that some local jurisdictions have begun reviewing their regulations to determine whether there are additional measures that can be enacted at a local level to address the increase in gun violence. He said that most California cities that have considered further regulation have focused on regulations in the following areas:

1. Possession of large capacity magazines.
2. Reporting requirements for lost or stolen firearms.
3. Requirements for the safe storage of firearms.
4. Further regulating firearm dealers.

Chanis’ report further analyzed these types of regulations. He also included copies ordinances adopted by the City of San Francisco, City of Sunnyvale, and proposed state legislation, the “Safety for All” initiative. He said staff would seek direction from the Council as to any amendments to the Town Code it might want to consider, and if so, direct staff to return with a draft amended ordinance.

Councilmember Fredericks asked whether it is possible to restrict certain types of business activities in the town. Town Attorney Stock said that action would be impermissible; he said the Town has to allow a location somewhere to sell firearms and ammunition. He said that it could be made clear, however, that the location must be located in a commercial zone.

In referencing other legislation, Councilmember Fredericks asked if the State or Federal regulations might preempt any changes to the Town Code.

Attorney Stock said that cases interpreting the Second Amendment indicated there was no blanket prohibition. But he said that the State of California regulates multiple areas involving firearms and has preempted discrete areas of gun regulation, including licensing of firearms dealers.

Fredericks asked if the lists of dealers with permits, or permittees, would be a public document. Town Attorney Stock said he would look into this question further.

Councilmember Fredericks asked if Lt. Governor Newsom’s “Safety for All” initiative passed, would it preempt all local control of the sale of firearms and ammunition.

Attorney Stock said that it would likely preempt several categories under consideration. He said the initiative included sections on the regulation of large capacity magazines and lost and stolen firearms, both of which were under discussion in the council's review of Chapter 32. Attorney Stock added that a local jurisdiction could enact more stringent regulations if not preempted.

Vice Mayor Fraser said he had been present in meetings with the Mayor and Town Attorney that had included a local expert from the Law Center to Prevent Gun Violence on these types of regulation. He said he was aligned with the Mayor in her desire to regulate large capacity magazines, lost or stolen firearms, and possibly firearms dealers. He said he personally did not want to see the people of Tiburon owning or selling large capacity weapons.

Mayor Tollini opened the matter to public comment.

Supervisor Kate Sears expressed her support and appreciation to the Mayor for bringing this matter forward. She said it would be fabulous if Tiburon was the first town to take action, and it could provide a model for other cities, and the County of Marin. She said it was the right way to go.

There being no further comment, the discussion returned to the Council.

Councilmember Fredericks said she, too, would support amendments to the Town Code. She suggested writing a letter of support for Newsom's bill; also requesting that it be amended to not usurp local control, if the Council thought it was important to make that statement.

Attorney Stock noted that if Newsom's initiative passed, the town would be unable to enact stricter legislation on the areas covered under the initiative. Mayor Tollini said that the areas under consideration in the Town's regulations tracked Newsom's bill.

Councilmember O'Donnell recalled the Sandy Hook school shooting that had taken place during his term as mayor. He said that [former] New York Michael Mayor Bloomberg had, with his own funds, formed an organization called "Mayors Against Illegal Firearms" which O'Donnell had subsequently joined. After joining, O'Donnell said that Town was flooded with public records requests and letters opposing gun regulation, and he said he had been counseled at the time to be careful about joining larger initiatives outside of local control. He said someone told him when he ran for office that local officials should concentrate on the 4 P's: Police, Potholes, Policy and Parks (or programs).

O'Donnell said that he understood the symbolic nature of strengthening regulations but he advised a cautious approach to avoid any legal issues. He said that President Obama had spoken eloquently about gun regulation. He said he would be in favor of supporting legislation, such as the Lt. Governor's initiative, rather than adopt a "symbolic" local ordinance. However, he said he would support the majority vote on this matter.

Councilmember Doyle reiterated his belief that legislation should not be adopted to regulate the “lowest common denominator”. He said it was common sense to track lost or stolen firearms, and to regulate large capacity magazines, and that he would support local regulation for its symbolic purposes. He commented that Tiburon was not Montana where, for instance, one can purchase firearms at the local WalMart. But he said the Town should “not make a big deal” about regulating firearms.

Vice Mayor Fraser said he agreed that the Town should proceed cautiously on this issue but said that the symbolic nature of it was important.

Vice Mayor Fraser and Councilmember Doyle said they also concurred with the recommendation to send a letter of support to Newsom for his “Safety for All” initiative.

Mayor Tollini said she was encouraged by a conversation with the Chief of Police who had told her that anything the Town could do to get even one large capacity magazine off the street would be moving in the right direction. She said she would like to build a coalition of cities in the County who were interested in doing so.

Tollini went on to say that after the 101 California shooting, locals activists banded together and used their influence to recommend stricter firearms regulations, which were now State law. She said she wanted to send a letter of support for “Safety for All”, as well as consider amendments to local regulations.

Councilmember Fredericks said that she and the seated Mayor [Mayor Tollini] comprised the Town’s ad hoc legislative subcommittee, and they might write the letter on behalf of the Council.

MOTION: To direct staff to prepare amendments to Chapter 16 (Zoning) and Chapter 32 (Regulation of Firearms) of the Town Code for Council’s future consideration; and send a letter of support to Lt. Governor Newsom for his “Safety for All” initiative.

Moved: Fredericks, seconded by Doyle

Vote: AYES: Unanimous

PUBLIC HEARINGS

1. **145 Rancho Drive** – Request to amend Cypress Hollow Precise Development Plan (PD#45) to create a secondary building envelope (Community Development Department)

Owners/Applicants: Rapport Investment Group, LLC

Assessor Parcel No.: 034-392-10

Senior Planner Watrous summarized the application in the staff report, and noted the Planning Commission's approval and recommendation to approve the amendment. There were no additional questions or comments from the Council.

Mayor Tollini opened the public hearing. There was no public comment. Mayor Tollini closed the public hearing.

MOTION: To adopt the resolution approving the precise plan amendment, as written.
Moved: Fredericks, seconded by Fraser
Vote: AYES: Unanimous

2. **35-37-39 Lyford Drive** – Request to amend 35-37-39 Lyford Drive Precise Development Plan (PD#35) and approve a condominium use permit (Community Development Department)

Owners/Applicants: Richardson Bay Land Company
Assessor Parcel No.: 058-301-49

Councilmember Doyle recused himself from hearing the item.

Senior Planner Watrous summarized the discussion in the staff report. He said the applicant proposed creating three (3) separate condominium parcels to allow separate ownership of each of the existing single-family dwellings. He said the Planning Commission's recommended approval of the amendment to the PDP and condominium use permit.

Mayor Tollini opened the public hearing.

Michael Heckman spoke, representing the owners, Alan Allen and his wife, who were out of town. He said the Planning Commission had done a thorough review of the ownership structure and proposed changes.

Councilmember O'Donnell said that he was happy to support the proposal while also noting the Town had recently spent around \$200,000 in drainage improvements to the parcels as a result of a settlement with the applicants.

There being no further comment, Mayor Tollini closed the public hearing.

MOTION: To adopt the resolution approving the PDP amendment and condominium use permit, as written.
Moved: O'Donnell, seconded by Fraser
Vote: AYES: Fraser, Fredericks, O'Donnell, Tollini
RECUSED: Doyle

TOWN COUNCIL REPORTS

None.

TOWN MANAGER REPORT

Town Manager Chanis said the Town had received information from Blue & Gold Fleet that their Tiburon dock platform would be undergoing repairs, thereby cancelling ferry service between February 16 and 28, 2016. He said B&G would provide busses to service the ferry passengers during commute hours but not during the mid-day runs. He said that the Tiburon ferry tickets would be honored on the Larkspur and Sausalito ferries.

In response to Mayor Tollini's earlier remarks, Chanis said how welcoming everyone had been to him, and his wife, Polly, thereby making their transition to living in Tiburon both easy and enjoyable.

WEEKLY DIGESTS

- Town Council Weekly Digests December 4, 11 & 25, 2015
- Town Council Weekly Digests January 8 & 15, 2016

Received.

ADJOURNMENT

There being no further business before the Town Council of the Town of Tiburon, Mayor Tollini adjourned the meeting at 9:19 p.m.

ERIN TOLLINI, MAYOR

ATTEST:

DIANE CRANE IACOPI, TOWN CLERK



TOWN OF TIBURON
1505 Tiburon Boulevard
Tiburon, CA 94920

Town Council Meeting
February 17, 2016
Agenda Item: CC-2

STAFF REPORT

To: Mayor and Members of the Town Council

From: Community Development Department

Subject: 27 Main Street; File No. CUP2015002; Conditional Use Permit to Install a Canopy on a Portion of an Exterior Deck at an Existing Restaurant; 27 Main Street, LLC, Owner; Sam's Anchor Cafe, Applicant; Assessor's Parcel Number: 059-151-35

Reviewed By: LC

BACKGROUND

At its meeting of February 3, 2016, the Town Council held a hearing on this item and directed Staff to return with a resolution denying the appeal while modifying two conditions of approval imposed by the Planning Commission. The two conditions were #4 and #5, which involved (respectively) the hours of operation for outdoor dining and alcohol service on the existing deck, and the prohibition of amplified sound, outdoor audio speakers, and live music on the deck.

ANALYSIS

Based on direction provided by the Town Council at the meeting, staff has prepared a draft resolution for consideration of adoption. Proposed modifications to the two conditions of approval are set forth in redlined version on attached **Exhibit 1**. A clean copy of the draft resolution is attached as **Exhibit 2**.

RECOMMENDATION

Staff recommends that the Town Council review the draft resolution and the recommended revisions to the conditions of approval, and if found acceptable, adopt the Resolution denying the appeal and modifying conditions of approval imposed by the Planning Commission.

EXHIBITS

1. Revised conditions of approval #4 and #5.
2. Draft Resolution (clean copy).

Prepared By: Kyra O'Malley, Associate Planner

Revised Conditions #4 and #5

Original #4

4. Hours for food services outdoors shall be limited to 11:00 a.m. to 9:30 p.m. Monday – Friday and 9:30 a.m. to 9:30 p.m. Saturday-Sunday.

Proposed #4

4. Hours for provision of dining services (both food and drink) on any portion of the deck, including the canopy area, shall be limited as follows:
 - a. From May 1 through October 31: 11:00 a.m. to 10:30 p.m. Monday through Friday; and 9:30 a.m. to 10:30 p.m. Saturday and Sunday.
 - b. From November 1 through April 30: 11:00 a.m. to 9:30 p.m. Monday through Friday; and 9:30 a.m. to 9:30 p.m. Saturday and Sunday.

Original #5

5. There shall be no amplified sound, public address (PA) system, outdoor speakers, or live music on the deck.

Proposed #5

5. There shall be no amplified sound, public address (PA) system, outdoor speakers, or live music allowed on any portion of the deck, including the canopy area, unless a permit is obtained pursuant to provisions of Chapter 25, Section 25-1 of the Tiburon Municipal Code or successor sections thereto.

RESOLUTION NO. DRAFT-2016

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF TIBURON DENYING AN APPEAL FILED BY THE WATERS EDGE HOTEL OF THE PLANNING COMMISSION'S APPROVAL OF A CONDITIONAL USE PERMIT TO INSTALL A CANOPY ON A PORTION OF THE EXTERIOR DECK OF AN EXISTING RESTAURANT (SAM'S ANCHOR CAFÉ) LOCATED AT 27 MAIN STREET WHILE MODIFYING CONDITIONS OF APPROVAL IMPOSED BY THE PLANNING COMMISSION (ASSESSOR PARCEL NO. 059-151-35)

WHEREAS, the Town Council of the Town of Tiburon does resolve as follows:

Section 1. Recitals/Findings.

- A. On August 31, 2015, the Town received an application (#CUP2015-002) filed by 27 Main Street, LLC calling for installation of a 920 square foot canopy on the easternmost portion of the existing exterior deck on a restaurant (Sam's Anchor Café) located at 27 Main Street. The application was deemed complete on October 16, 2015, and consists of the following:

1. Application form and supplemental materials received August 31, 2015
2. Site Plan and Floor Plan received January 25, 2016

The official record for this project is hereby incorporated and made part of this resolution. The record includes, without limitation, staff reports, minutes, application materials, appeal materials, correspondence, and all comments and materials received at any public hearings.

- B. The Planning Commission held duly-noticed hearings on the application on November 11, 2015 and December 14, 2015. At the conclusion of the public hearings, the Planning Commission determined, based upon the totality of the record at that time, the project as conditioned would be consistent with the Tiburon General Plan and in compliance with applicable sections of the Tiburon Zoning Ordinance, specifically Section 16-52.040 (D), and with other applicable regulations. The Commission found the proposed canopy and its operating conditions would be consistent with the intent of the Village Commercial zoning and General Plan land use designation, which encourages "resident-serving commercial and office uses, tourist oriented uses and mixed (commercial/residential or office/residential) uses." The Commission further found the proposed project would provide additional outdoor dining options year-round and serve patrons during evening hours in the deck area instead of limiting such service to summer months or to sunset. The Commission also found the proposed project would be consistent with Land Use Policy DT-3, which states that the "the Town shall actively promote the economic vitality of its Downtown," in that it would allow for patrons to enjoy the deck during evening hours and year round, which would promote economic vitality on Main Street.

- C. On December 14, 2015, the Planning Commission adopted Resolution No. 2015-10 approving the project with conditions, including limits on the dining service hours for the entire deck area and requirements for a solid wall on the canopy abutting the adjacent Waters Edge Hotel to address potential noise issues.
- D. In approving the project, the Planning Commission found that the project is exempt from further review under the California Environmental Quality Act (CEQA) pursuant to Section 15301 (e) of the CEQA guidelines for the following reasons: 1) the proposed canopy structure constitutes a minor addition/alteration to the existing restaurant facility; 2) no increase in floor area is proposed; 3) the project is located in an area where all public services and facilities area available; and 4) the project is not in an environmentally sensitive location. The Planning Commission further found that the project is exempt from CEQA pursuant to Section 15303 (e) of the CEQA guidelines in that the project involves installation of an accessory structure appurtenant to an existing commercial building and there are no environmental resources of hazardous or critical concern in the project vicinity. A Notice of Exemption to that effect was filed by the Town on December 18, 2015.
- E. On January 4, 2016, the Waters Edge Hotel filed a timely appeal of the Commission's decision on the merits of the project. The appeal did not raise the issue or challenge the approval on the basis of compliance with the California Environmental Quality Act, and the Notice of Exemption filed by the Town on December 18, 2015 is final.
- F. On February 3, 2016, the Town Council held a public hearing to consider the appeal and heard and considered all testimony and evidence in the record. At the conclusion of the public hearing, the Town Council voted 4-0 to direct staff to prepare and return with a draft resolution for consideration of adoption at the next meeting. The draft resolution would deny the appeal while modifying certain conditions of approval imposed by the Planning Commission regarding outdoor dining service hours on the deck and the qualified prohibition of amplified sound and or/live music on the deck.

Section 2. Incorporation of Recitals

NOW, THEREFORE BE IT RESOLVED that the foregoing Recitals are true and correct and are incorporated herein and form a part of this Resolution.

Section 3. Denial of the Appeal

NOW, THEREFORE, BE IT RESOLVED that the Town Council hereby denies the appeal filed by the Waters Edge Hotel.

Section 4. Amendment of Conditions of Approval

NOW, THEREFORE BE IT RESOLVED that the Town Council hereby amends the conditions of approval of the conditional use permit to read as set forth on attached Exhibit "A", hereby incorporated and made a part of this Resolution.

PASSED AND ADOPTED at a regular meeting of the Town Council on
_____, 2016, by the following vote:

AYES:

NAYS:

ABSENT:

ERIN TOLLINI, MAYOR
TOWN OF TIBURON

ATTEST:

DIANE CRANE IACOPI, TOWN CLERK

EXHIBIT "A"
CONDITIONS OF APPROVAL
FILE #CUP2015002
27 MAIN STREET

1. The use shall operate in substantial conformance with the application materials submitted by the applicant as amended by this approval. Any substantial modification of the approved use, as determined in the reasonable discretion of the Director of Community Development, shall require an amendment to this use permit or a new use permit.
2. Site Plan & Architectural Review approval shall be required for any exterior modifications and site improvements, pursuant to Chapter 16 of the Tiburon Municipal Code.
3. The applicant shall obtain all necessary permits from the Town Building Division.
4. Hours for provision of dining services (both food and drink) on any portion of the deck, including the canopy area, shall be limited as follows:
 - a. From May 1 through October 31: 11:00 a.m. to 10:30 p.m. Monday through Friday; and 9:30 a.m. to 10:30 p.m. Saturday and Sunday.
 - b. From November 1 through April 30: 11:00 a.m. to 9:30 p.m. Monday through Friday; and 9:30 a.m. to 9:30 p.m. Saturday and Sunday.
5. There shall be no amplified sound, public address (PA) system, outdoor speakers, or live music allowed on any portion of the deck, including the canopy area, unless a permit is obtained pursuant to provisions of Chapter 25, Section 25-1 of the Tiburon Municipal Code or successor sections thereto.
6. The applicant shall comply with the design recommendations for noise reduction stated in the acoustical consultant letter dated September 23, 2015, attached hereto as Exhibit "A" and incorporated herein.
7. The eisenglass panels shall be dropped down from the canopy no later than 9:30 p.m., seven days a week.
8. A solid wall shall be installed along the eastern side of the canopy between the outdoor bar and the existing dining area, or be replaced with other similar noise mitigation mutually agreed upon by the applicant and the owners of the Waters Edge Hotel.
9. The permittee shall comply with all applicable regulations of the Marin County Health Department, the Marin Municipal Water District, Sanitary District No. 5, and the Tiburon Fire Protection District.

10. The applicant shall comply with all requirements of the Bay Conservation and Development Commission.
11. This Conditional Use Permit shall be reviewed by the Planning Commission at the first Planning Commission meeting in November 2016. Said review shall entail, without limitation, conformance with conditions, noise, or any other operational aspect of the use within the regulatory land use purview of the Town. Permittee agrees to bear all reasonable costs, including outside consultants if necessary, associated with said reviews.
12. The Town reserves the right to amend or revoke this Conditional Use Permit for cause, in accordance with adopted regulations of the Town.
13. This Conditional Use Permit approval shall become null and void if the approved use has not commenced within one (1) year of final approval, unless an extension is approved.
14. If this approval is challenged by a third party, the property owner/applicant will be responsible for defending against this challenge, with defense counsel subject to the Town's approval. The property owner/applicant agrees to defend, indemnify and hold the Town of Tiburon harmless from any costs, claims or liabilities arising from the approval, including, without limitations, any award of attorney's fees that might result from the third party challenge.

END



TOWN OF TIBURON
1505 Tiburon Boulevard
Tiburon, CA 94920

Town Council Meeting
February 17, 2016
Agenda Item: CC-3

STAFF REPORT

To: Mayor and Members of the Town Council
From: Administrative Services Department
Subject: Recommendation to Accept and File the FY 2014-15 Basic Financial Statements and Independent Auditor's Report
Reviewed By: *[Signature]*

BACKGROUND

The Town's independent auditor, Marcello & Company Certified Public Accounts, conducted the annual audit of the Town's financial statements for the fiscal year ended June 30, 2015. The audit was performed in accordance with generally accepted auditing standards. These standards require that they plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation.

ANALYSIS

Attached are the audited financial statements for the Town of Tiburon for the fiscal year ended June 30, 2015. The Town's Basic Financial Statements provide a comprehensive presentation of the financial results of the Town as a whole. The results of the Town's financial activities are presented in the Government-Wide Statement of Net Position (page 12). Net assets are a good indicator of the Town's financial position. The Town ended FY 2015 with approximately \$52.63 million in net assets, which is an increase of \$2.68 million as compared to last year's restated Net Position. Due to the implementation of Governmental Accounting Standards Board Statement No. 68 (GASB 68), which requires the Town to report its unfunded net pension liability in the government-wide financial statements, the Town was required to make an adjustment to the Town's Net Position as of July 1, 2014. This adjustment reduced last year's Net Position by \$5,561,018, which recorded the Town's unfunded net pension liability as of June 30, 2014. This new requirement is designed to enhance the comparability of financial statements by requiring the measurement of pension-related assets and liabilities at fair value, using a consistent and more detailed definition of fair value and accepted valuation techniques.

The Government-wide Statement of Activities (page 13) is the equivalent to the private sector Income Statement. This statement provides detailed accounting of the Town increase in net assets.

The General Fund as presented in the audit report includes the General Operating Account and 13 reserve funds. The Balance Sheet of the Governmental Funds on Page 14 illustrates the balance sheet for total General Funds and Other Governmental Fund. The balance sheet on page 39 of the audit report provides information on each of the funds that comprise the General Fund. The Town, unless directed otherwise by the Town Council, will continue to keep each of these funds separate for its own internal records. The General Fund's ending fund balance as of June 30, 2015 was \$14,673,528 as compared to \$12,685,059 as of June 30, 2013, or an increase of \$1,988,469.

Supplementary explanatory information is provided with the Management's Discussion and Analysis (MD&A) beginning on page 3. The MD&A provides key highlights and a summary view of performance of financial activities for the year ended June 30, 2015.

The auditors have issued a report that includes required communications concerning their responsibility under generally accepted accounting standards, significant changes in accounting policies and unusual transactions, management judgments and accounting estimates, significant audit adjustments, and other issues related to performance of the audit. In the area of accounting practices and internal controls, there are no findings as to material weaknesses. This conclusion is known as a "clean audit".

FINANCIAL IMPACT

There is no fiscal impact to the Town by having the Council accept this financial audit report.

RECOMMENDATION

Staff recommends that the Town Council:

Move to accept the Fiscal Year 2014-15 annual financial audit as prepared by Marcello & Company, C.P.A.'s.

Exhibits: Report and General Purpose Financial Statements of the Town of Tiburon for Fiscal Year ended June 30, 2015

Prepared By: Heidi Bigall, Director of Administrative Services

TOWN OF TIBURON
California

Annual Financial Report
June 30, 2015

Town Council

Frank Doyle
Erin Tollini
Jim Fraser
Emmett O'Donnell
Alice Fredericks

Mayor
Vice Mayor
Member
Member
Member

Appointed Officials

Town Manager
Margaret Curran

Town Treasurer
William Osher

TOWN OF TIBURON

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

2701 Cottage Way, Suite 30 / Sacramento, California 95825

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
Members of the Town Council
Town of Tiburon, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, California, as of and for the year ended June 30, 2015, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Honorable Mayor
Members of the Town Council
Town of Tiburon, California

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Tiburon, as of June 30, 2015, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11, the Town's schedule of changes in the net pension liability and related ratios, and schedule of contributions on pages 40-41, the schedule of funding progress for the Town's other postemployment benefits plan on page 42, the respective budgetary comparison information of the general and major funds on pages 43-45, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Town of Tiburon's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Implementation of New Accounting Standards

As disclosed in the Note 2 to the financial statements, the Town of Tiburon implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, during the fiscal year 2014-15.

Marcello & Company

Certified Public Accountants
Sacramento, California
September 18, 2015

MANAGEMENT'S DISCUSSION & ANALYSIS

*As Prepared by Management
(unaudited)*

Town of Tiburon Management's Discussion and Analysis

As management of the Town of Tiburon, we offer readers of these financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2015 (FY 2015). We encourage readers to consider the information presented here in conjunction with the Town's financial statements, which follow this discussion and analysis.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements, which consist of three components:

- 1) Government-wide Financial Statements
- 2) Fund Financial Statements
- 3) Notes to the Basic Financial Statements

This report also contains required and other supplementary information in addition to the Basic Financial Statements.

Government-wide Financial Statements

In the fiscal year ended June 30, 2015, the Town of Tiburon implemented Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. The implementation of this pronouncement required a prior period adjustment and reduced the Town's net position as of July 1, 2014, by \$5.56 million.

The Government-wide Financial Statements consist of the Statement of Net Position and the Statement of Activities. These statements are designed to provide readers with a broad overview of the Town's finances in a manner similar to private sector businesses. They provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances.

The Statement of Net Position presents information on all of the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The Statement of Activities presents information about how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, some of the revenue and expenses reported in this statement may result in cash flows only in future fiscal periods, such as revenue related to uncollected taxes and interest expense incurred but not paid.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other governmental entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Funds of governmental entities are divided into three categories:

- 1) Governmental Funds
- 2) Proprietary Funds
- 3) Fiduciary Funds

Town of Tiburon Management's Discussion and Analysis

Governmental Funds

Most of the Town's basic services are included in Government Funds, which focus on 1) how cash and other financial assets that can be converted readily to cash flow in and out, and 2) the balances left at year-end that are available for spending. Consequently, the Government Funds statement provides a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. Because this information does not encompass the additional long-term focus of the Government-wide Statements, there is a schedule subsequent to each Government Funds Financial Statement that reconciles it to the related Government-wide Financial Statement.

Proprietary Funds

Services for which the Town charges customers a fee are generally reported in Proprietary Funds. Proprietary Funds, like the Government-wide Financial Statements, provide both long-term and short-term financial information. Currently the Town does not require the use of Proprietary Funds.

Fiduciary Funds

Fiduciary Funds are used to account for resources held for the benefit of parties outside the municipality, such as assessment districts. Fiduciary Funds are not reflected in the Government-wide Financial Statements because those resources are not available to support the Town's own programs.

Notes to the Financial Statements

The Notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and Fund Financial Statements. The Notes to the Financial Statements follow the Basic Financial Statements.

Required Supplementary Information

In addition to the Basic Financial Statements and accompanying Notes, this report also presents certain required supplementary information other than this discussion and analysis, concerning the Town's budgetary comparison schedule, and its schedule of funding progress for its postemployment medical benefits plan and California Public Employees' Retirement Plan (CalPERS).

FINANCIAL HIGHLIGHTS

Government-wide Financial Statement Highlights

- The Government-wide Statement of Net Position, appearing as the first statement of the Basic Financial Statements, shows that the Town's total assets exceeded total liabilities by \$52.63 million (net position). Of this amount, \$8.67 million was unrestricted net position and may be used to meet the Town's ongoing obligations to the citizens and creditors of the Town.
- Town cash and investments totaled \$21.28 million, and capital assets totaled \$39.26 million on June 30, 2015, representing 34.4 percent and 63.5 percent of the Town's total assets, respectively.
- The Town's liabilities totaled approximately \$8.34 million and consist of accounts payable, refundable deposits, compensated absences, Other Post Employment Benefits (OPEB) obligations, and the Town's Net Pension Liability as required by GASB 68.

Town of Tiburon Management's Discussion and Analysis

- The Government-wide Statement of Activities shows that total Town revenue was approximately \$12.27 million (general revenue of \$9.33 million and program revenue of \$2.94 million) compared with total expenses of approximately \$9.59 million, resulting in an increase in net position of \$2.68 million.

Fund Financial Statement Highlights

- At the close of FY 2015, the combined fund balance of the Town's Governmental Funds was \$21.14 million, of which approximately \$14.67 million is General Fund. This represents an increase of \$3,170,090 over the previous fiscal year. The combined General Fund balances accounted for \$1,988,469 of the total increase. The detailed components of revenues and expenditures can be found in the accompanying Statement of Revenues, Expenditures and Change in Fund Balances.

Town Highlights

- In FY 2015 the Town completed the Tiburon Boulevard median improvement project from Cecilia Way to Bay Vista Drive. This project was funded through community donations, the County of Marin, and General Fund reserves.
- The Lyford parking lot utility poles were undergrounded to Mar West. This project was funded with General Fund reserves. The poles should be removed in early 2016.
- The Dairy Knoll Recreation Facility access path from Reed School was constructed in FY 2014-15. This provides school children a safe pathway to Dairy Knoll off of local streets.
- Town Manager Peggy Curran announced in April 2015 that she would be retiring at the end of the year. In June 2015, the Town contracted for legal services with Burke, Williams and Sorensen after the retirement of Town Attorney Ann Danforth in March 2015.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town has presented its financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statement - Management's Discussion and Analysis - for State and Local Governments*.

Net Position

For financial statements beginning with the year ended June 30, 2015, the Town has implemented GASB 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-making usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

Net position is a measure of a government's financial position and, over time, a trend of increasing or decreasing net position is an indicator of the financial health of the organization. In the case of the Town of Tiburon, assets exceeded liabilities by \$52,632,219, an increase of \$2,682,323 over the previous fiscal year's restated net position. By far the largest portion (74.5 percent) of the Town's net position reflects its investment in capital assets, e.g., land, buildings, roadways, drainage systems, and equipment). The Town uses capital assets to provide services to its citizens. Consequently, these assets are not available for future appropriations. The Town carries no debt related to its capital assets.

**Town of Tiburon
Management's Discussion and Analysis**

A condensed presentation of the Town's Net Position is presented in the following table comparing last fiscal year to the most recently completed fiscal year:

Statement of Net Position				
Comparison of FY 2015 and FY 2014				
	June 30		Amount	Percent
	2015	2014	Change	Change
<u>Assets</u>				
Current and other assets	\$ 22,506,746	\$ 19,531,260	\$ 2,975,486	15%
Capital assets, net	39,259,058	39,649,702	(390,644)	-1%
Total assets	61,765,804	59,180,962	2,584,842	4%
Deferred outflows related to pension*	469,029	-	469,029	100%
<u>Liabilities</u>				
Current and other liabilities	1,455,487	1,557,530	(102,043)	-7%
Non-current liabilities	2,117,080	2,112,518	4,562	0%
Net Pension Liability	4,771,765	-	4,771,765	100%
Total liabilities	8,344,332	3,670,048	4,674,284	127%
Deferred Inflows related to pension*	1,258,282	-	1,258,282	100%
<u>Net Position</u>				
Amount invested in				
capital assets	39,259,058	39,649,702	(390,644)	-1%
Restricted	4,704,027	3,528,035	1,175,992	33%
Unrestricted	8,669,134	12,333,177	(3,664,043)	-30%
Prior Year Adjustment		(5,561,018)	5,561,018	-100%
Total net position	\$ 52,632,219	\$ 49,949,896	\$ 2,682,323	5%

*See Note 11

Comparative data is not available for FY 2014 related to deferred outflows, deferred inflows and net pension liability due to pension accounting changes required by GASB 68 & 71.

- Total assets increased by 4% or \$2.58 million over the prior year.
- Capital assets decreased by \$0.39 million or 1 percent over last fiscal year.
- Total liabilities increased by \$4.67 million or 127 percent from the previous year. The majority of this increase is due to the implementation of GASB Statement No. 68 which requires governmental entities to place their net pension liability on their government-wide financial statements.

General Government Functions

A condensed presentation of the Town's Governmental Activities is provided in the following table, which compares the current fiscal year over the prior year:

**Town of Tiburon
Management's Discussion and Analysis**

**Statement of Activities
Comparison of FY 2014 and 2013**

	June 30		Amount Change	Percent Change
	2015	2014		
Revenue				
Program revenue	\$ 2,942,905	\$ 2,356,621	\$ 586,284	25%
General revenue	9,328,681	8,927,101	401,580	4%
Total revenue	<u>12,271,586</u>	<u>11,283,722</u>	<u>987,864</u>	9%
Expenses				
General government	3,608,905	3,202,580	406,325	13%
Public Safety	2,895,619	3,023,401	(127,782)	-4%
Public works	1,370,151	1,354,848	15,303	1%
Capital improvements	565,431	152,826	412,605	270%
Depreciation	1,149,157	1,306,574	(157,417)	-12%
Total expenses	<u>9,589,263</u>	<u>9,040,229</u>	<u>549,034</u>	6%
Change in Net Position	2,682,323	2,243,493	438,830	20%
Net Position - beginning	49,949,896	53,267,421	(3,317,525)	-6%
Prior Period Adjustment	-	(5,561,018)	5,561,018	-100%
Net Position - end of year	<u>\$ 52,632,219</u>	<u>\$ 49,949,896</u>	<u>\$ 2,682,323</u>	5%

- Program Revenue increased by \$586,284 or 25 percent over the prior year. This increase was due to activity in building and planning related fees, and with the re-evaluation of construction costs related to 110 Gilmartin Drive.
- General Revenue increased by \$401,580 or 4 percent from the previous fiscal year. The largest contributing factors to this increase are property taxes (\$155,869), transient occupancy tax (\$124,564), and fines and forfeitures (\$86,038).
- Total expenses increased by \$549,034 or 6 percent over the previous year. The largest increase was in general government, which includes Administration, Community Development and Non-Department expenses. Expenses contributing to this increase include the purchase of new permit tracking software, changing the Town's website platform, expenses related to updating the General Plan, and repayment of RDA revenue per an Agreement with the Department of Finance.
- Public Safety realized a 4 percent decrease in expenses during FY 2015. This was due in part to the cost sharing of the Belvedere Chief of Police who provides part-time services as the Town's police Captain, along with other salary savings due to staff vacancies.

FINANCIAL ANALYSIS OF THE GENERAL FUND

Revenue

The general fund is the main operating fund of the Town. The general fund consists of the general operating account and 13 reserve funds. During FY 2015, the Town received general fund revenues of \$10,461,981, which represents an increase of \$688,881, or 7 percent over the previous fiscal year.

Town of Tiburon Management's Discussion and Analysis

The table below compares general fund revenue by category for the fiscal years ended June 30, 2015 and 2014.

	June 30		Amount Change	Percent Change
	2015	2014		
Property taxes	\$ 4,781,844	\$ 4,609,431	\$ 172,413	4%
Other taxes	1,734,377	1,611,087	123,290	8%
Franchise fees	743,125	750,459	(7,334)	-1%
Fines and penalties	700,320	614,282	86,038	14%
Investment earnings	38,465	36,327	2,138	6%
Intergovernmental	408,520	117,634	290,886	247%
Licenses and permits	1,350,029	963,442	386,587	40%
Charge for services	579,414	559,381	20,033	4%
Other revenue	125,887	511,057	(385,170)	-75%
	\$ 10,461,981	\$ 9,773,100	\$ 688,881	7%

- **Property Taxes.** In FY 2015 the Town realized a 4 percent increase in overall property tax revenue. Secured Property Taxes, the 1 percent of assessed valuation charged on property, increased by \$210,241, or 7 percent. Secured property tax represents approximately 67 percent of all property tax revenue received during the year by the Town.
- **Other Taxes.** Overall the Town recorded an 8 percent increase in Other Taxes. Within this revenue category the Town realized increases in sales tax of 14 percent; Transient Occupancy Tax of 16 percent; and a decrease in Property Transfer Tax of 29 percent.
- **Franchise Fees.** Franchise Fees decreased 1 percent over FY 2014. The largest decrease was in cable franchise fees of \$19,200 or 10 percent over FY 2014. This decrease is due to the diversion of cable fees to the Community Media Center of Marin. Fees from Grange Debris increased by \$12,520 in FY 2015, which is a year-over-year increase of 39 percent. Mill Valley Refuse fees were up approximately 1 percent, while PG&E was down 5 percent.
- **Fines and Penalties.** Fines and Penalties increased 14 percent in FY 2015; this is after a 42 percent increase in 2014. The majority of this increase is due to construction permit penalties received for building permit extension fines.
- **Investment Earnings.** Investment Earnings were up 6 percent due to the amount of funds invested as opposed to increased investment return rates.
- **Intergovernmental.** Intergovernmental revenue increased by \$290,886, or 247 percent from FY 2014. In FY 2015 the Town received \$158,774 in SB 90 State Mandated Reimbursements dating back to the early 2000s, and \$52,968 in a Zero Waste grant. Both of these revenues were unanticipated at the beginning of the fiscal year.
- **License and Permits.** The Town realized a 40 percent, or \$386,587 increase in license and permit revenue in FY 2015. Most sources of revenue within this category were consistent with the previous year, except Building Permits, which increased by \$314,267. This increase was due to the re-evaluation fees collected in connection with the Petersen residence on Gilmartin Drive.

Town of Tiburon Management's Discussion and Analysis

- **Other Revenue.** This revenue category decreased by 75 percent, or \$385,170 over FY 2014. In FY 2014 the Town received over \$332,500 in one-time legal settlements.

Expenditures

General Fund expenditures increased by 3 percent or \$252,004 in FY 2015. This increase is the net of a \$180,057 decrease in Capital Improvement expenditures combined with an increase of \$432,061 in departmental expenditures, as compared to FY 2014.

The two-year comparison table below illustrates the expenditure categories by department for the fiscal years ended June 30, 2015 and 2014.

General Fund Expenditures Comparison

	June 30		Amount Change	Percent Change
	2015	2014		
Town administration	\$ 1,441,632	\$ 1,272,918	\$ 168,714	13%
Community development	1,225,967	1,081,045	144,922	13%
Public safety	2,854,191	2,905,268	(51,077)	-2%
Public works	1,305,445	1,272,525	32,920	3%
Legislative	32,524	87,514	(54,990)	-63%
Non-departmental	761,093	569,521	191,572	34%
Capital improvements	958,337	1,138,394	(180,057)	-16%
	<u>8,579,189</u>	<u>8,327,185</u>	<u>252,004</u>	3%
Excess of Revenue over (under) Expenditures	<u>\$ 1,882,792</u>	<u>\$ 1,445,915</u>	<u>\$ 436,877</u>	30%

- Legislative Departmental expenses decreased by 63 percent in FY 2015 due to the one-time funding associated with the Town's 50th Anniversary celebration in FY 2014.
- General Fund Capital Improvement expenditures decreased by 16 percent over FY 2014.
- In FY 2015 Non-Departmental expenses increased by 34 percent due to increases in JPA annual fees, economic development expenses, and insurance premiums.
- Community Development expenses increased by 13 percent or \$144,922. The purchase of a new permit racking system in FY 2015 added an additional \$100,000 to departmental expenses.
- Town Administration Departmental expenses also increased 13 percent, or \$168,714. The majority of this increase is due to the previously mentioned RDA repayment, new website platform costs, and the payout of accrued vacation and sick leave when an employee separates from the Town.

FINANCIAL ANALYSIS OF GOVERNMENTAL FUNDS

The following table presents a two-year comparison of the Town's governmental funds revenue and expenditures for FY 2015 and 2014 and the amount of increase or decrease.

**Town of Tiburon
Management's Discussion and Analysis**

**Total Governmental Funds
Comparison of FY 2015 and FY 2014**

	June 30		Amount Change	Percent Change
	2015	2014		
Revenue				
Property taxes	\$ 4,781,844	\$ 4,625,975	\$ 155,869	3%
Other taxes	2,183,435	1,611,087	572,348	36%
Franchise fees	743,125	750,459	(7,334)	-1%
Fines and forfeitures	700,320	614,282	86,038	14%
Interest earnings	52,064	48,544	3,520	7%
Intergovernmental	515,518	761,565	(246,047)	-32%
License and permits	1,350,029	963,442	386,587	40%
Other revenue	1,487,199	1,293,179	194,020	15%
Charge for services	458,052	615,192	(157,140)	-26%
Totals	<u>12,271,586</u>	<u>11,283,725</u>	<u>987,861</u>	9%
Expenditures				
Town administration	1,443,161	1,274,456	168,705	13%
Community development	1,287,395	1,143,657	143,738	13%
Public safety	2,854,191	2,905,268	(51,077)	-2%
Public works	1,335,120	1,295,782	39,338	3%
Legislative	34,164	90,331	(56,167)	-62%
Non-departmental	823,471	635,071	188,400	30%
Capital projects	<u>1,323,994</u>	<u>1,933,439</u>	<u>(609,445)</u>	-32%
Totals	<u>9,101,496</u>	<u>9,278,004</u>	<u>(176,508)</u>	-2%
Excess of Revenue over (under) Expenditures	<u>\$ 3,170,090</u>	<u>\$ 2,005,721</u>	<u>\$ 1,164,369</u>	58%

ECONOMIC OUTLOOK AND NEXT YEAR'S BUDGET

The adopted budget for FY 2015-16 calls for an operating surplus of \$535,802. General Fund revenues are anticipated to increase \$562,643 over the approved FY 2014-15 budget, and expenditures by \$316,431. The Town's largest tax generator is property taxes. The Town is anticipating the fiscal year 2015-16 tax roll to increase by approximately four percent over the previous year. Other tax and non-tax revenues are expected to grow moderately, in the range of two to four percent.

The Town's largest expenditure relates to employee salaries and benefits. Personnel costs are tied to labor agreements with the Town's two organized employee groups and unrepresented Management and Mid-Management employees. The Tiburon Police Association and smaller Service Employee's International Union are entering the second year of a three year agreement which expires on June 30, 2018. Unrepresented employees are covered under Resolution of the Town Council which expires on June 30, 2017. Negotiated salary increases under all contracts range up to three percent in FY 2016.

The Town continues to have a healthy long-term financial position, and Staff aggressively monitors revenue and expenditures.

Town of Tiburon Management's Discussion and Analysis

Recently implemented strategies to reduce unfunded liabilities related to employment costs continue to improve the cost of providing the Town's largest expenditure – salary and benefits. The citizens of the Town are fortunate that they are able to enjoy exceptional Town services, a balanced budget, and that vital Town infrastructure continues to be maintained and improved.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of the Town of Tiburon with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. If you have questions about this report or need additional information, contact the Town of Tiburon, Administrative Services Department, 1505 Tiburon Boulevard, Tiburon, CA 94920.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF TIBURON
Government-wide Financial Statements
Statement of Net Position
June 30, 2015

	<u>Total Governmental Activities</u>
Assets	
Current Assets	
Cash and investments	\$ 21,280,864
Receivables	425,882
Total current assets	<u>21,706,746</u>
Noncurrent Assets	
Notes receivable	800,000
Capital assets not being depreciated	4,087,952
Capital assets, net of depreciation	35,171,106
Total noncurrent assets	<u>40,059,058</u>
Total assets	<u>61,765,804</u>
Deferred Outflows of Resources	
Deferred pensions	469,029
Total assets and deferred outflows of resources	<u>62,234,833</u>
Liabilities	
Current Liabilities	
Accounts payable	424,387
Accrued liabilities	232,559
Deposits	705,980
Compensated absences - current	92,561
Total current liabilities	<u>1,455,487</u>
Noncurrent Liabilities	
Compensated absences	277,683
Other postemployment benefits obligation	1,839,397
Net pension liability	4,771,765
Total noncurrent liabilities	<u>6,888,845</u>
Total liabilities	<u>8,344,332</u>
Deferred Inflows of Resources	
Deferred pensions	1,258,282
Total liabilities and deferred inflows of resources	<u>9,602,614</u>
Net Position	
Invested in capital assets	39,259,058
Restricted	4,704,027
Unrestricted	8,669,134
Total net position	<u>\$ 52,632,219</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Government-wide Financial Statements
Statement of Activities
Year Ended June 30, 2015

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants	Capital Grants	
Governmental Activities:					
General government	\$ 3,608,905	\$ 2,837,228	\$ -	\$ -	\$ (771,677)
Public safety	2,895,619	-	105,677	-	(2,789,942)
Public works	1,370,151	-	-	-	(1,370,151)
Capital improvements	565,431	-	-	-	(565,431)
Depreciation	1,149,157	-	-	-	(1,149,157)
Totals	<u>\$ 9,589,263</u>	<u>\$ 2,837,228</u>	<u>\$ 105,677</u>	<u>\$ -</u>	<u>(6,646,358)</u>

General Revenue	
Property taxes	4,781,844
Sales taxes	883,646
Transient occupancy tax	824,290
Property transfer taxes	208,645
Franchise fees	743,125
Fines and forfeitures	700,320
Intergovernmental	409,841
Gasoline taxes	266,854
Investment earnings	52,064
Other revenue	<u>458,052</u>
Total general revenue	<u>9,328,681</u>
Change in Net Position	2,682,323
Net Position	
Beginning	55,510,914
Prior period adjustment (note 16)	<u>(5,561,018)</u>
Beginning, as restated	49,949,896
End of year	<u>\$ 52,632,219</u>

The accompanying notes are an integral part of these financial statements

FUND FINANCIAL STATEMENTS

TOWN OF TIBURON
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u> <u>Fund</u>	<u>Tiburon</u> <u>Street</u> <u>Impact Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS				
Cash and investments	\$ 14,711,107	\$ 2,447,949	\$ 4,121,808	\$ 21,280,864
Receivables	419,732	1,337	4,813	425,882
Notes receivable	800,000	-	-	800,000
	<u>800,000</u>	<u>-</u>	<u>-</u>	<u>800,000</u>
Total assets	<u>\$ 15,930,839</u>	<u>\$ 2,449,286</u>	<u>\$ 4,126,621</u>	<u>\$ 22,506,746</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 377,347	\$ 3,037	\$ 44,003	\$ 424,387
Accrued liabilities	182,559	-	50,000	232,559
Deposits	697,405	-	8,575	705,980
Total liabilities	<u>1,257,311</u>	<u>3,037</u>	<u>102,578</u>	<u>1,362,926</u>
Fund Balances:				
Nonspendable	800,000	-	-	800,000
Restricted	-	2,446,249	2,257,778	4,704,027
Committed	3,745,153	-	1,458,570	5,203,723
Assigned	4,380,456	-	305,665	4,686,121
Unassigned	5,747,919	-	2,030	5,749,949
Total fund balances	<u>14,673,528</u>	<u>2,446,249</u>	<u>4,024,043</u>	<u>21,143,820</u>
Total liabilities and fund balances	<u>\$ 15,930,839</u>	<u>\$ 2,449,286</u>	<u>\$ 4,126,621</u>	<u>\$ 22,506,746</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2015

Amounts reported for governmental activities in the statement of net position are different because of:

Total fund balances - governmental funds (page 14)	\$ 21,143,820
(1) Capital assets used in governmental activities are not financial resources and therefore, are not reported in the balance sheet:	39,259,058
(2) Long-term liabilities are not due and payable in the current period and therefore, are not reported in the balance sheet:	
Compensated absences	(370,244)
Other post employment benefits obligation	(1,839,397)
Net pension liability	(4,771,765)
(3) Deferred outflows of resources reported in the statement of net position	469,029
(4) Deferred inflows of resources reported in the statement of net position	<u>(1,258,282)</u>
Net position of governmental activities (page 12)	<u><u>\$ 52,632,219</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Statement of Revenue, Expenditures, and Change in Fund Balances
Governmental Funds
Year Ended June 30, 2015

REVENUE	General Fund	Tiburon Street Impact Fund	Other Governmental Funds	Total Governmental Funds
Property taxes	\$ 4,781,844	\$ -	\$ -	\$ 4,781,844
Other taxes	1,734,377	-	449,058	2,183,435
Franchise fees	743,125	-	-	743,125
Fines and forfeitures	700,320	-	-	700,320
Investment earnings	38,465	4,838	8,761	52,064
Intergovernmental and agency	408,520	-	106,998	515,518
Licenses and permits	1,350,029	-	-	1,350,029
Charges for services	579,414	891,175	16,610	1,487,199
Other revenue	125,887	3,720	328,445	458,052
Total revenue	<u>10,461,981</u>	<u>899,733</u>	<u>909,872</u>	<u>12,271,586</u>
EXPENDITURES				
Current -				
Town administration	1,441,632	-	1,529	1,443,161
Community development	1,225,967	-	61,428	1,287,395
Public safety	2,854,191	-	-	2,854,191
Public works	1,305,445	-	29,675	1,335,120
Legislative boards/commissions	32,524	-	1,640	34,164
Non-departmental	761,093	-	62,378	823,471
Capital improvement projects	958,337	48,633	317,024	1,323,994
Total expenditures	<u>8,579,189</u>	<u>48,633</u>	<u>473,674</u>	<u>9,101,496</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>1,882,792</u>	<u>851,100</u>	<u>436,198</u>	<u>3,170,090</u>
Other financing sources / (uses)				
Operating transfers in	484,283	-	-	484,283
Operating transfers (out)	<u>(378,606)</u>	<u>-</u>	<u>(105,677)</u>	<u>(484,283)</u>
Total other financing sources	<u>105,677</u>	<u>-</u>	<u>(105,677)</u>	<u>-</u>
CHANGE IN FUND BALANCES	1,988,469	851,100	330,521	3,170,090
Fund balances - beginning	<u>12,685,059</u>	<u>1,595,149</u>	<u>3,693,522</u>	<u>17,973,730</u>
Fund balances - end of year	<u>\$ 14,673,528</u>	<u>\$ 2,446,249</u>	<u>\$ 4,024,043</u>	<u>\$ 21,143,820</u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Reconciliation of the Statement of Revenue, Expenditures, and Change in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2015

Amounts reported for governmental activities in the statement of activities are difference because:

Change in fund balances - governmental funds (page 16)	\$ 3,170,090
Capital assets	
(1) The acquisition of capital assets uses current financial resources but has no effect on net position.	758,513
(2) The cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense in the statement of activities.	(1,149,157)
Long-term obligations	
(3) Payments against long-term compensated absences use current resources but have no effect on net position.	76,357
Measurement focus	
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore, are not reported as expenditures in governmental funds.	<u>(173,480)</u>
Change in net position of governmental activities (page 13)	<u><u>\$ 2,682,323</u></u>

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2015

	Del Mar Valley A/D	Stewart Drive A/D	Lyford Cove A/D	Other Assessment Districts	Tiburon Public Facilities Financing Authority	Peninsula Library JPA	Total Agency Funds
ASSETS							
Cash and investments	\$ 1,134,415	\$ 80,330	\$ 431,839	\$ 206,351	\$ 188,748	\$ -	\$ 2,041,683
Cash held by trustee	-	103,249	-	-	-	-	103,249
Special assessment receivables	-	-	-	-	-	-	-
Other receivables	1,351	866	3,010	1,361	8	20,929	27,525
Total assets	\$ 1,135,766	\$ 184,445	\$ 434,849	\$ 207,712	\$ 188,756	\$ 20,929	\$ 2,172,457
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,397	\$ 7,397
Special assessment commitments	-	-	-	-	-	-	-
Held in trust	-	-	-	-	-	-	-
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,397	\$ 7,397

The accompanying notes are an integral part of these financial statements

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the Town as follows:

- Note 1 - Defining the Financial Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Stewardship, Compliance and Accountability
- Note 4 - Cash and Investments
- Note 5 - Notes Receivable
- Note 6 - Capital Assets
- Note 7 - Long-term Obligations
- Note 8 - Special Assessment District Bond Obligations
- Note 9 - Interfund Transfers
- Note 10 - Postemployment Benefits Other Than Pensions
- Note 11 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
- Note 12 - Commitments and Contingencies
- Note 13 - Risk Management
- Note 14 - Subsequent Events
- Note 15 - Future Accounting Pronouncements
- Note 16 - Prior Period Adjustment
- Note 17 - Fund Balance Designations Section of the Balance Sheet

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

Note 1 - Defining the Financial Reporting Entity

The Town of Tiburon (the Town) was incorporated in 1964 under the laws of the State of California. Tiburon operates under a Council-Manager form of government. The Town provides municipal services to its citizens including police, public works, community development and general administrative support. These financial statements present the financial status of the Town and its component unit, as discussed in the following paragraph.

The Tiburon Public Facilities Financing Authority (the Authority) was established in 1990 pursuant to a joint powers agreement between the Town and the former Tiburon Redevelopment Agency, to assist in the clearance and rehabilitation of areas determined to be in a declining condition in the Town. Although the component unit is legally separate from the Town, it is reported in the statement of fiduciary assets and liabilities, and its board consists of members of the Town Council.

The Town participates in four Joint Powers Agreements (JPAs) with the following entities: the Belvedere-Tiburon Joint Recreation Committee, the Bay Cities Joint Powers Insurance Authority (BCJPIA), the Association of Bay Area Governments (ABAG) and the Marin Emergency Radio Authority (MERA). The financial activities of the JPAs are not included in the accompanying financial statements because they are administered by governing boards which are separate from, and independent of the Town.

Note 2 - Summary of Significant Accounting Policies

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Town are described as follows:

Financial Statements

In accordance with GASB Statement No. 34, "*Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*," the financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The government-wide financial statements (ie, the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributors that are restricted to meeting the operational or capital requirements of a particular function or segment taxes.

Separate fund financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Accounting

The accounts of the Town are organized on the basis of funds, each of which is considered a separate entity.

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The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance/equity, revenue, and expenditures or expenses, as appropriate. Government resources are allocated to, and accounted for, in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The funds are organized as follows:

Governmental Funds

The General Fund is the Town's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Capital Projects Funds are used to account for revenue and expenditures restricted to the acquisition or construction of major capital facilities (other than those financed by Proprietary or Trust funds).

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, governmental fund long-term debt, both principal and interest.

Fiduciary Funds

Agency Funds are used to account for assets administered by the Town in a trustee capacity or as an agent for other governments, primarily special assessment districts. Agency Funds are custodial in nature (assets and liabilities), and do not involve measurement of results of operations.

Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

In the fund financial statements, all Governmental Funds and Agency Funds are accounted for using the modified accrual basis of accounting. Revenue is recognized when it becomes both measurable and available to finance the expenditures of the current period (susceptible to accrual). Major revenue sources susceptible to accrual include substantially all property taxes, taxpayer-assessed taxes (such as sales and use, utility users, business license, transient occupancy, franchise fees and gas taxes), interest, special assessments levied, state and federal grants, and charges for current services. Revenue from licenses, permits, fines and forfeits is recorded as received. Expenditures are recorded when the related fund liability is incurred. Fiduciary Fund revenue and expenses or expenditures (as appropriate) are recognized on the basis consistent with the fund's accounting measurement objective.

All Governmental Funds are accounted for using a current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance is considered a measure of "available spendable resources." Governmental Fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they present a summary of sources and uses of "available spendable resources" during a period.

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The government-wide financial statement is accounted for on a flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their statement of net position.

Cash and Investments

Deposits in financial institutions, money market funds, and the State Treasurer's investment pool are reported as cash and investments since funds can spend cash at any time without prior notice or penalty. All investments with fiscal agents are also considered cash equivalents if they are liquid. Investments are stated at fair value.

Use of Estimates

Financial statement preparation in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Receivables and Payables

Property, sales, and use taxes related to the current fiscal year are accrued as revenue and accounts receivable are considered available if received within 60 days of fiscal year end. Federal and State grants are considered receivable and accrued as revenue when reimbursable costs are incurred under the accrual basis of accounting in the government-wide statement of net position. The amount recognized as revenue under the modified accrual basis of accounting is limited to the amount that is deemed measurable and available. The Town considers these taxes available if they are received during the period when settlement of prior fiscal year accounts payable and payroll charges normally occur. Grants, entitlements or shared revenue are recorded as receivables and revenue in the general, special revenue, and capital projects funds when they are received or susceptible to accrual.

Balances representing lending/borrowing transactions between funds outstanding at the end of the fiscal year are reported as either "due to/due from other funds" (amounts due within one year), "advances to/from other funds" (non-current portions of interfund lending/borrowing transactions), or "loans to/from other funds" (long-term lending/borrowing transactions as evidenced by loan agreements).

Allowance for Doubtful Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Property Taxes

Property taxes in the State of California are administered for all local agencies at the County level and consist of secured, unsecured and utility tax rolls. The following is a summary of major policies and practices relating to property taxes:

- Property Valuations - are established by the Assessor of Marin County for the secured and unsecured property tax rolls; the utility property tax roll is valued by the California State Board of Equalization. Under the provisions of Article XIII A of the State Constitution (Proposition 13, adopted by the voters on June 6, 1978), properties are assessed at 100% of full value. From this base of assessment, subsequent annual increases in valuation are limited to a maximum of 2%. However, increase to full value is allowed for property improvements or upon change in ownership. Personal property is excluded from these limitations and is subject to annual reappraisal.

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- Tax Levies - are limited to 1% of full assessed value which results in a tax rate of \$1.00 per \$100 assessed valuation under the provisions of Proposition 13. Tax rates for voter-approved indebtedness are excluded from this limitation.
- Tax Levy Dates - are attached annually on January 1, preceding the fiscal year for which the taxes are levied. The fiscal year begins July 1 and ends June 30 of the following year. Taxes are levied on both real and unsecured personal property. Liens against real estate, as well as the tax on personal property, are not relieved by subsequent renewal or change in ownership.
- Tax Collections - are the responsibility of the Marin County's tax collector. Taxes and assessments on secured and utility rolls, which constitute a lien against the property, may be paid in two installments: The first is due on November 1 of the fiscal year and is delinquent if not paid by December 10; and the second is due on March 1 of the fiscal year and is delinquent if not paid by April 10. Unsecured personal property taxes do not constitute a lien against property unless the taxes become delinquent. Payment must be made in one installment, which is delinquent if not paid by August 31 of the fiscal year. Significant penalties are imposed by the County for late payments.
- Tax Levy Apportionments - due to the nature of the Town-wide maximum levy, it is not possible to identify general-purpose tax rates for specific entities. Under State legislation adopted subsequent to the passage of Proposition 13, apportionments to local agencies are made by each County auditor-controller based primarily on the ratio that each agency represented of the total Town-wide levy for the three fiscal years prior to fiscal year 1979.
- Property Tax Administration Fees - the State of California fiscal year 1990-91 Budget Act authorized Counties to collect an administrative fee for its collection and distribution of property taxes.

Capital Assets

Capital assets are reported in the government-wide statement of net position. Capital assets are stated at historical cost, when available and at estimated replacement cost when original cost was not available. Donated assets are stated at estimated market value at date of donation. The Town's policy is to capitalize all capital assets with costs exceeding a minimum threshold of \$5,000. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets, which range from five to forty years.

Compensated Absences

Compensated absences represent the vested portion of accumulated vacation and sick leave. The Town's method of calculating the liability is in accordance with GASB Statement No. 16, except that additional accruals for salary-related payments associated with the payment of compensated absences, for example, the employer's share of pension contributions, social security and medicare taxes, have not been accrued as that amount is not considered significant or material to the financial statements taken as a whole. In governmental fund types, the cost of vacation and sick leave benefits is recognized when payments are made to employees. Upon termination, 100% of vacation leave is paid.

Long-term Obligations

In the government-wide financial statements, long-term debt and obligations are reported as liabilities in the applicable statement of net position. Bond premiums, issuance costs and discounts are deferred and amortized over the life of the bond. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources.

Pensions

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In government-wide financial statements, retirement plans (pensions) are required to be recognized and disclosed using the accrual basis of accounting, regardless of the amount recognized as pension expenditures on the governmental fund statements, which use the modified accrual basis of accounting.

In general, the Town recognizes a net pension liability, which represents the Town's proportionate share of the excess of the total pension liability over the fiduciary net position of the pension reflected in the actuarial report provided by the California Public Employees Retirement System (CalPERS). The net pension liability is measured as of the Town's prior fiscal year-end. Changes in the net pension liability are recorded, in the period incurred, as pension expense or as deferred inflows of resources or deferred outflows of resources depending on the nature of the change. The changes in net pension liability that are recorded as deferred inflows of resources or deferred outflows of resources (that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience) are amortized over the weighted average remaining service life of all participants in the respective pension plan and are recorded as a component of pension expense beginning with the period in which they are incurred.

For purposes of measuring the net pension liability and deferred outflows/inflows or resources relating to pensions and pension expense, information about the fiduciary net position of the Town's pension plan with CalPERS and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

Projected earnings on pension investments are recognized as a component of pension expense. Differences between projected and actual investment earnings are reported as deferred inflows of resources or deferred outflows of resources and amortized as a component of pension expense on a closed basis over a five-year period beginning with the period in which the difference occurred. Each subsequent year will incorporate an additional closed basis five-year period of recognition.

Major Funds

The Town's Major Funds are as follows:

General Fund - this fund is used to account for the general operations of the Town, and is used to account for all financial resources except those required to be accounted for in another fund.

Tiburon Street Impact Fund - this fund is used to account for the collection of impact fees from permits issued for construction projects within the Town limits, whose use is restricted for street projects.

Net Position and Fund Balances

Net position designations are classified on the government-wide statement of net position as follows:

- Invested in capital assets, net of related debt - represents the Town's total investment in capital assets reduced by any outstanding debt used to acquire these assets.
- Restricted net position - includes resources that the Town is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties.
- Unrestricted net position - represents resources derived from sources without spending restrictions, are used for transactions relating to the general operations of the Town, and may be used at the discretion of those charged with governance to meet current expenses or obligations for any purpose.

In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the Town is bound to honor constraints on how specific amounts can be spent.

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- Nonspendable - amounts that cannot be spent because they are either (a) legally or contractually required to be maintained intact or (b) not in spendable form such as long-term notes receivable.
- Restricted - amounts that can be spent only for the *specific purposes* stipulated by constitution, external resource providers, or through enabling legislation.
- Committed - amounts that can be used only for the *specific purposes* determined by a formal action of the Town Council, to establish, modify or rescind a fund balance commitment.
- Assigned - amounts that are constrained by the government's *intent* to be used for specific purposes but do not meet the criteria to be classified as restricted or committed, as determined by a formal action or policy of the Town Council or its appointed official.
- Unassigned - the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The Town has set aside amounts for emergency situations or revenue shortages or budgetary imbalances, commonly referred to as *revenue stabilization*. The authority to set aside those amounts generally comes from statute, ordinance, resolution, constitution or policy. Stabilization amounts may be expended with Council approval only when certain specific circumstances exist as determined by Council at that time. When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, it is the Town's policy to expend *restricted* fund balances first. When expenditures are incurred for purposes for which committed, assigned, or unassigned amounts are available, it is the Town's policy to expend *committed*, then *assigned*, then *unassigned* amounts in that order.

New Accounting Pronouncements

The following Governmental Accounting Standards Board (GASB) Statements have been implemented in the current financial statements:

Statement No. 68 "*Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*" The provisions of this statement revise existing standards of financial reporting for most governments that provide their employees with pension benefits. The Statement establishes reporting requirements of the net pension plan liability in the government-wide financial statements, how to measure pension liabilities, and presentation of the financial information and disclosures related to the employer. This Statement is effective for periods beginning on or after June 15, 2014.

Statement No. 71 "*Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*" The objective of this statement is to address an issue regarding application of the transition provisions of Statement 68 relating to amounts associated with contributions made by a local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68.

Note 3 - Stewardship, Compliance and Accountability

Budgetary Information

The Town follows these procedures annually in establishing the budgetary data reflected in the financial statements:

1. The Town Manager submits to the Town Council a proposed draft budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. The Town Council reviews the proposed budget at special scheduled sessions which are open to the public. The Council also conducts a public hearing on the proposed budget to obtain comments from

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interested persons.

3. Prior to July 1, the budget is adopted through the passage of a resolution.
4. From the effective date of the budget, which is adopted and controlled at the department level, the amounts stated therein as proposed expenditures become appropriations to the various Town departments. The Town Council may amend the budget by resolution during the fiscal year. The Town Manager may authorize transfers from one object or purpose to another within the same department, and between departments within the General Fund. All appropriations lapse at year end.

Economic Dependency

In fiscal year 2014-15, the Town received 46% of its total general fund revenue from one source; property taxes. Any reduction in assessed property values or reductions in the Town's property tax share due to the State's ongoing budget crisis could have serious consequences to the Town's operating budget.

Revenue Limitations Imposed By California Proposition 218

Proposition 218, which was approved by the voters in November 1996, regulates the Town's ability to impose, increase, and extend taxes, assessments, and fees. Any new, increased, or extended taxes, assessments, and fees subject to the provisions of Proposition 218, require voter approval before they can be implemented. Additionally, Proposition 218 provides that these taxes, assessments, and fees are subject to the voter initiative process and may be rescinded in future years by the voters.

Note 4 - Cash and Investments

The Town follows the practice of pooling cash and investments of all funds except for restricted funds required to be held by outside custodians, fiscal agents or trustees under the provisions of bond indentures. Cash and investments at June 30, 2015 are classified in the accompanying financial statements as follows:

Statement of Net Position	
Cash and investments	\$ 21,280,864
Statement of Fiduciary Net Assets	
Cash and investments	2,041,683
Cash investments with fiscal agent	103,249
	\$ 23,425,796
Cash and Investments are comprised of the following:	
Deposits with financial institutions:	
money market mutual funds	\$ 100,000
checking accounts	217,829
Investment with Local Agency Investment Fund	23,004,718
US Treasury money market funds	103,249
	\$ 23,425,796

Investment in State Investment Pool

The Town is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account

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(PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2015, PMIA had approximately \$69.6 billion in investments. Audited financial statements of PMIA may be obtained from the California State Treasurer.

The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Information about the sensitivity of the fair values of the Town's investments to market interest rate fluctuations is provided by the following table that shows the maturity date and yield of each investment:

		<u>Maturity / Yield</u>
State investment pool (LAIF)	\$ 23,004,718	7 months average maturity, 0.27% yield
US Treasury money market funds	103,249	due on demand, 0.0% yield
Money market mutual funds	100,000	due on demand, 0.43% yield

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF does not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The investment policy of the Town contains limitations on the amount that can be invested in any single issuer as follows: 5% for negotiable certificates of deposit and commercial paper, 15% for money market funds, 20% for federal agencies and US GSEs, and no limit for US Treasury Securities and LAIF. There are no investments in any single issuer that represent 5% or more of total Town investments. Nearly 98% of the Town's cash and investments at year end were invested in LAIF.

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: "the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies." California law also allows financial institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. At fiscal year end the Town had \$362,738 that was not covered by depository insurance but collateralized by either marketable securities, first trust deed mortgage notes, or a combination of both.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Town's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's

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indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF).

Note 5 - Notes Receivable

In conjunction with the October 2006 employment agreement between the Town of Tiburon and the Town Manager, the Town provided a second mortgage secured by a deed of trust on the Manager's primary residence in the amount of \$800,000. The loan is payable in monthly installments of interest only, and bears interest at the LAIF rate, up to a maximum annual rate of 5.5%. The loan shall be fully due and payable when (1) the property for which the loan is made is no longer the employee's primary residence, or (2) within two years of the employee's termination of employment. This amount is recorded as a note receivable in the Town's general fund.

Note 6 - Capital Assets

The following is a summary of changes in the Town's capital assets as reported in the Governmental-wide financial statements:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<i><u>Non-depreciable Assets</u></i>				
Land	\$ 4,087,952	\$ -	\$ -	\$ 4,087,952
<i><u>Depreciable Assets</u></i>				
Buildings and improvements	5,784,599	180,694	-	5,965,293
Furniture and equipment	2,791,619	185,347	(110,000)	2,866,966
Infrastructure	55,481,733	502,472	-	55,984,205
	64,057,951	868,513	(110,000)	64,816,464
<i><u>Accumulated Depreciation</u></i>	<u>(28,496,201)</u>	<u>-</u>	<u>(1,149,157)</u>	<u>(29,645,358)</u>
Depreciable assets, net	<u>35,561,750</u>	<u>868,513</u>	<u>(1,259,157)</u>	<u>35,171,106</u>
Total capital assets, net	<u>\$ 39,649,702</u>	<u>\$ 868,513</u>	<u>\$ (1,259,157)</u>	<u>\$ 39,259,058</u>

Note 7 - Long-term Obligations

Changes in long-term obligations for the fiscal year were as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 446,601	\$ -	\$ (76,357)	\$ 370,244	\$ 92,561
Postemployment Benefits	1,665,917	173,480	-	1,839,397	
Net Pension Liability	-	4,771,765	-	4,771,765	
	<u>\$ 2,112,518</u>	<u>\$ 4,945,245</u>	<u>\$ (76,357)</u>	<u>\$ 6,981,406</u>	

Note 8 - Special Assessment District Bond Obligations

The Town acts as an agent for collection of property taxes and repayment of several special assessment district improvement bonds issued on behalf of these districts located within the Town's boundary limits.

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Since the Town is not obligated in the event of any manner for these special assessment bonds, debt service payments, or default, the debt is not recorded in these financial statements.

The outstanding balance of Special Assessment District bond obligations at fiscal year end was as follows:

Del Mar Valley Utility District Underground Bonds	\$ 2,580,000
Del Mar Valley District 2010 Bonds	1,900,000
Stewart Drive District 2001 Bonds	970,000
Lyford Cove Utility Underground District 2005-01 Bonds	3,040,000
Lyford Cove Utility Underground District 2005 Supplemental Bonds	1,992,561
Main Street District ADA Improvements (1999)	178,000

Note 9 - Interfund Transfers

Operating interfund transfers for the fiscal year comprise the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 105,677	\$ 378,606
GASB 45 reserve fund	201,006	-
Capital Equipment reserve fund	122,200	-
Technology reserve fund	55,400	-
Police Supplemental Law Enforcement grant fund	-	105,677
	<u>\$ 484,283</u>	<u>\$ 484,283</u>

Note 10 - Postemployment Benefits Other Than Pensions

Plan Description

The Town provides retiree medical benefits to employees who retire from the Town at age 50 or later with at least 5 years of service and are eligible for a CalPERS pension. Eligible retirees are entitled to the minimum CalPERS medical benefit, which was \$119 per month in year 2014, and \$122 per month in year 2015. The amount is anticipated to increase annually. This benefit continues for the life of the retiree and then for the life of a surviving spouse, as applicable.

In addition, retirees with 15 or more years of Town service are eligible to receive a monthly benefit based on the monthly premium charged by CalPERS for Kaiser Permanente medical insurance at the single person rate, which was \$743 in year 2014, and \$714 in year 2015. However, this benefit does not apply to management and mid-management employees hired after July 1, 2009, or police employees hired after July 1, 2010, or SEIU employees hired after June 1, 2014. The benefit amount is the below percentage of the Kaiser single premium at the time of retirement. The amounts, which are paid by the Town directly to retirees, are fixed at retirement, and do not increase in subsequent years. The benefit amount does not decrease at age 65 even though Kaiser insurance premiums may decrease substantially at that age. The benefit continues only for the life of the retiree, as follows:

15-19 years of service	50% of benefit
20-24 years of service	75% of benefit
25 or more years of service	100% of benefit

Retirees may select any retiree medical plan offered by CalPERS, including spouse or family coverage, but

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must incur the cost of the premiums exceeding the above benefits.

Actuarial Method and Assumptions

The valuation was completed using the Entry Age Normal Cost Method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued.

Discount Rate

Valuation results were computed at a 4.00% discount rate. 4.00% is a reasonable long-term assumption of the Town's expected return on its investments.

Valuation Results and Accounting Requirements

The Actuarial Valuation of Postemployment Health Benefits report was prepared with a Valuation Date of July 1, 2014 to provide an estimate of the Town's liability for postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit. Public entities that sponsor postemployment benefits are required by Governmental Accounting Standards Board (GASB) Statement No. 45 to account for the cost of those benefits using accrual accounting rather than the more common pay-as-you-go accounting. This means that each employee's benefit will "accrue" throughout their working lifetime and that the Town will be required to show the annual accruals as a current year expense.

The table below contains estimates of the present value of the cost of postemployment medical benefits attributable to past service rendered by current retirees and employees who are expected to receive the benefit. The estimates are based on the assumptions and methodology prescribed for Agencies that participate in the CalPERS administered California Employers' Retiree Benefit Trust Fund. The valuation results are based on a discount rate of 4.00%, assuming that the Town continues pay-as-you-go funding of the program. If the Town joins the CERBT Trust and contributes at least part of the Annual Required Contributions (ARC) each year, a higher discount rate may be possible. This could result in lower annual costs as reported under GASB 45.

A primary goal of GASB 45 is to require employers to recognize postemployment healthcare expense systematically over periods approximating employees' years of service. The Actuarial Accrued Liability represents the estimated present value of future benefits that are associated with past service rendered by employees and retirees. The Unfunded Actuarial Accrued Liability is the excess of the Actuarial Accrued Liability over the Actuarial Value of any Assets, as follows:

Present Value of Future Postemployment Healthcare Cost
Attributable to Past Service
As of July 1, 2014

	4% Discount Rate
Actives	\$ 2,223,165
Retirees and Spouses	1,247,622
Total Actuarial Accrued Liability	\$ 3,470,787
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	\$ 3,470,787

Projected Postemployment Health Benefit Costs

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

The following table provides a ten-year projection of the pay-as-you-go cost to provide postemployment benefits to current retirees and future retirees from the Town's current employees:

Estimated Annual Pay-as-you-go Cost

<u>Year</u>	<u>Estimated Amount</u>
2014/15	\$ 91,690
2015/16	105,580
2016/17	119,394
2017/18	131,269
2018/19	144,075
2019/20	158,954
2020/21	170,382
2021/22	183,205
2022/23	191,993
2023/24	201,442

Benefit Costs under GASB 45

The following table provides disclosure of information regarding the Town's Annual OPEB Cost. The Unfunded Actuarial Accrued Liability amount is currently not required by GASB to be reported in the Town's government-wide financial statements.

The Annual Required Contribution (ARC) consists of the Normal Cost plus the portion of the Unfunded Actuarial Accrued Liability that is to be amortized in the current year. The Normal Cost is the portion of the actuarial present value of future benefits that is allocated to the current year. Another interpretation is that the Normal Cost is the present value of future benefits that are "earned" by employees for service rendered during the current year. This valuation is based on the Entry Age Normal Cost method of calculation and an attribution period that runs from date of hire until the expected retirement date.

An employer is allowed to commence amortization of the Unfunded Actuarial Accrued Liability (UAAL) over a period not to exceed 30 years. The amortization method used in this valuation is the level dollar method. The UAAL amortization is occurring over a closed 30-year period that commenced in the 2008/09 fiscal year. The Plan's actuary assumed that 6 years of amortization have occurred since 2008/09 and that 24 years remained as of July 1, 2014. The following table is based on a level percentage of payroll amortization over 24 years:

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

Development of 2014 / 2015 Fiscal Year
Annual OPEB Cost - Based on a 4.00% discount rate

Actuarial Accrued Liability	\$ 3,470,787
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability	<u>\$ 3,470,787</u>
Amortization Period	24 years
Amortization Factor (based on 4.00% Discount Rate)	12.261
Annual % of Payroll Amortization of Unfunded AAL	\$ 163,250
Normal Cost (based on the Entry Age Normal Method)	<u>113,641</u>
Annual Required Contribution	276,891
Interest on Net OPEB Obligation	66,637
Adjustment to ARC	<u>(78,358)</u>
Annual OPEB Cost	265,170
Pay-as-you-go Cost	<u>(91,690)</u>
Increase in net OPEB Obligation	173,480
Net OPEB Obligation - beginning of year	<u>1,665,917</u>
Net OPEB Obligation - end of year	<u>\$ 1,839,397</u>

Note 11 - Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

A. General Information about the Plan

Plan Description

The Town provides pension benefits to eligible employees through a cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees Retirement System (CalPERS). CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and Town ordinance. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50-55 with statutorily reduced benefits. Death benefits are the pre-retirement Optional Settlement 2W Death Benefit, and the post-retirement death benefit lump sum. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

	Miscellaneous Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.0%	2.0%
Required employee contribution rates	6.891%	6.308%
Required employer contribution rates	10.781%	6.250%

	Safety Plan	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years svc	5 year svc
Benefit payments	monthly for life	monthly for life
Retirement age	55	57
Monthly benefits, as a % of eligible compensation	3.0%	2.7%
Required employee contribution rates	8.980%	11.500%
Required employer contribution rates	20.774%	11.500%

Contributions

The Town makes contributions required as the employer. Employee members are required to make contributions of their annual covered salary in an amount depending upon date of hire. The contribution requirements of plan are established and may be amended by CalPERS. Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Town is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for this plan were as follows:

Contributions – employer	\$463,611
Contributions – employee	\$268,402

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Town reported net pension liabilities for its Proportionate Share of the Net Pension Liability of the Plan in the amount of \$4,771,765. The Town's net pension liability for its Plan with CalPERS is measured as the proportionate share of the net pension liability. The net pension liability

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

of the Plan is measured as of June 30, 2014, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The Town's proportionate share of the net pension liability as of June 30, 2014 was as follows:

Miscellaneous Plan - Classic	0.04173%
Miscellaneous Plan - PEPRA	0.00000%
Safety Plan - Classic	0.04236%

At June 30, 2015, the Town reported deferred outflows of resources and deferred inflows of resources related to this pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 463,611	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	(1,258,282)
Changes in proportion and differences between Town contributions and proportionate share of contributions	4,556	-
Differences between expected and actual experience	862	-
Totals	<u>\$ 469,029</u>	<u>\$ (1,258,282)</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to this pension plan will be recognized as pension expense as follows:

Year Ended June 30,	
2015	\$ 419,172
2016	419,172
2017	418,758
2018	417,096
	<u>\$ 1,674,198</u>

C. Actuarial Assumptions

The total pension liability for this plan in the June 30, 2013 actuarial valuation was determined using the following actuarial assumptions:

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

	<u>Miscellaneous & Safety Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)

(1) Depending on age, service, and type of employment

(2) Net of pension plan investment expenses, including inflation

D. Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long-term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10 (1)</u>	<u>Real Return Years 11+ (2)</u>
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquid Assets	2.00%	-0.55%	-1.05%

(1) an expected inflation rate of 2.5% is used for this period

(2) an expected inflation rate of 3.0% is used for this period

E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>Discount Rate: -1% 6.50%</u>	<u>Current Discount Rate 7.50%</u>	<u>Discount Rate +1% 8.50%</u>
Misc-Classic	\$ 4,626,210	\$ 2,596,528	\$ 912,085
Misc-PEPRA	72	40	14
Safety-Classic	4,535,918	2,635,827	1,070,235

Note 12 - Commitments and Contingencies

The Town receives funding from a number of federal, state and local grant programs. These programs are subject to financial and compliance review by grantors. Accordingly, the Town's compliance with applicable grant requirements will be determined at some future date. Expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time. The Town does not expect the undeterminable amounts of disallowed expenditures, if any, to materially affect the financial statements. Receipt of this federal, state and local grant revenue is not assured in the future.

The Town participates in a Joint Powers Agreement through the Marin Emergency Radio Authority (MERA) under an operating agreement dated February 1, 1999, which provides a public safety radio system to its members. The Town has committed to pay a pro-rata share of MERA's operations costs and debt service through year 2022, which are projected at \$82,000 per year.

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

At June 30, 2015, the Town had one ongoing construction contract totaling approximately \$500,000, of which approximately \$400,000 has been paid.

Note 13 - Risk Management

General liability

The Town participates in the Association of Bay Area Governments (ABAG Plan), a Joint Exercise of Power Agency. The ABAG Plan provides the Town with coverage for general liability, excess liability, public official bond, property, and crime insurance, with various deductibles. For those liability claims below \$50,000 per occurrence, the Town is self-insured. ABAG Plan members may receive rebates when so declared by ABAG. In the event excess liability claims exceed available resources, members may be required to make additional contributions. For the current fiscal year the Town paid \$147,658 for liability coverage.

The ABAG Plan is a self-insured, risk-sharing pool comprised of 29 member local agencies and cities in the San Francisco-Oakland Metropolitan Bay Area. The governing body includes one person from each member town, city, or agency with an annual election for the executive committee positions. Financial statements may be obtained from ABAG, Post Office Box 2050, Oakland, California 94604.

Workers' compensation

The Town participates in a joint powers agreement through the Bay Cities Joint Powers Insurance Authority (BCJPIA). The Town currently reports all of its workers' compensation related risk management activities in its General Fund (self-insurance reserve). Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. The Town currently reports all of its risk management activities in its General Fund. For the current fiscal year the Town paid \$105,897 for workers compensation coverage.

BCJPIA was created as a California Public Agency by an agreement between certain public agencies in the San Francisco Bay Area to provide workers' compensation coverage. BCJPIA is governed by a Board of Directors which is comprised of officials appointed by each member town, city or agency. The workers' compensation fund is self-insured for the first \$150,000 of loss per accident; excess coverage policy is provided by an outside insurance carrier up to statutory limits. Financial statements may be obtained from BCJPIA, 1750 Creekside Oaks Drive, Suite 200, Sacramento, California 95833.

Note 14 - Subsequent Events

The management of the Town has reviewed the results of operations for the period from its year end June 30, 2015 through October 30, 2015, the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 15 - Future Accounting Pronouncements

GASB Statements Nos. 72-76 listed below will be implemented in future financial statements:

Statement No. 72 "*Fair Value Measurement and Application*"

The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2015.

Statement No. 73 "*Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68*"

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

The provisions of this statement are effective for fiscal years beginning after June 15, 2015 - except those provisions that address employers and governmental non-employer contributing entities for pensions that are not within the scope of GASB Statement No. 68, which are effective for fiscal years beginning after June 15, 2016.

Statement No. 74 *"Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans"*
The provisions of this statement are effective for fiscal years beginning after June 15, 2016.

Statement No. 75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans"*
The provisions of this statement are effective for fiscal years beginning after June 15, 2017.

Statement No. 76 *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*
The provisions of this statement are effective for reporting periods beginning after June 15, 2015.

Note 16 - Prior Period Adjustment

A prior period adjustment in the amount of \$(5,561,018) was made to decrease the Town's beginning net position to reflect the prior period's net pension liability in accordance with the implementation of GASB Statement No. 68. The restatement of beginning net position is summarized as follows:

TOWN OF TIBURON
Notes to Financial Statements
June 30, 2015

Note 17 - Fund Balance Designations Section of the Balance Sheet

Fund Balances	General Fund	Tiburon Street Impact Fund	Nonmajor Governmental Funds	Total
Nonspendable:				
Long-term notes receivable	\$ 800,000	\$ -	\$ -	\$ 800,000
Restricted for:				
Cypress Hollow LLD-98	-	-	29,130	29,130
Gas tax - streets / sidewalks	-	-	1,170,810	1,170,810
Sales tax & VLF projects	-	-	272,911	272,911
Parks in-lieu	-	-	13,180	13,180
Open space acquisition	-	-	193,678	193,678
Planning area mitigation	-	-	185,326	185,326
Streets and sidewalks	-	2,446,249	-	2,446,249
Storm water run-off	-	-	176,921	176,921
Circulation system improvement	-	-	84,353	84,353
Bunch grass mitigation	-	-	131,469	131,469
Total restricted fund balances	<u>-</u>	<u>2,446,249</u>	<u>2,257,778</u>	<u>4,704,027</u>
Committed to:				
GASB 45 OPEB reserve	1,045,153	-	-	1,045,153
Streets and capital projects	2,700,000	-	-	2,700,000
Town's LMI housing	-	-	1,236,510	1,236,510
Street Frontage improvement	-	-	2	2
Long range planning	-	-	222,058	222,058
Total committed fund balances	<u>3,745,153</u>	<u>-</u>	<u>1,458,570</u>	<u>5,203,723</u>
Assigned:				
Employee compensated leave	316,380	-	-	316,380
Future public works facility	2,111,633	-	-	2,111,633
Self insurance reserve	160,004	-	-	160,004
Capital equipment reserve	135,000	-	-	135,000
Technology equipment reserve	556,546	-	-	556,546
Future Park development	298,859	-	-	298,859
Open space management	25,141	-	-	25,141
Disaster response reserve	100,000	-	-	100,000
Streets & drainage reserve	374,400	-	-	374,400
Capital outlay reserve	302,493	-	-	302,493
Town owned housing units	-	-	291,108	291,108
Playground equipment	-	-	-	-
Flower Fund	-	-	7,035	7,035
Heritage & Arts project	-	-	7,522	7,522
Total assigned fund balances	<u>4,380,456</u>	<u>-</u>	<u>305,665</u>	<u>4,686,121</u>
Unassigned	<u>5,747,919</u>	<u>-</u>	<u>2,030</u>	<u>5,749,949</u>
Total Fund Balances	<u>\$ 14,673,528</u>	<u>\$ 2,446,249</u>	<u>\$ 4,024,043</u>	<u>\$ 21,143,820</u>

REQUIRED SUPPLEMENTARY INFORMATION

(unaudited)

TOWN OF TIBURON
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

The beginning and ending balances of the total pension liability, the plan assets available for pension benefits (called plan net position), and the net pension liability, as well as the change in those amounts during the year are presented by cause.

Total pension liability, plan net position, net pension liability, a ratio of plan net position divided by the total pension liability, payroll amount for current employees in the plan (covered-employee payroll), and a ratio of the net pension liability divided by covered-employee payroll.

Schedule of Contributions

If an agent employer's contributions to the plan are actuarially determined or based on statutory or contractual requirements: the agent employer's actuarially determined contribution to the pension plan (or, if applicable, its statutorily or contractually required contribution), the employer's actual contributions, the difference between the actual and actuarially determined contributions (or statutorily or contractually required), and a ratio of the actual contributions divided by covered-employee payroll.

TOWN OF TIBURON
Required Supplementary Information
Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
Year Ended June 30, 2015

Schedule of Changes in the Net Pension Liability and Related Ratios

<u>Total Pension Liability</u>	2015
Service Cost	\$ 680,549
Interest on total pension liability	2,076,671
Differences between expected and actual experience	-
Changes in assumptions	-
Changes in benefit terms	-
Benefit payments, including refunds of employee contributions	(1,241,524)
Net change in total pension liability	1,515,696
Total pension liability - beginning	27,969,436
Total pension liability - ending	\$ 29,485,132
<u>Plan Fiduciary Net Position</u>	
Contributions - employer (current year)	\$ 463,611
Contributions - employee (current year)	268,402
Net investment income	1,939,619
Benefit payments	1,110,416
Net change in plan fiduciary net position	3,782,048
Plan fiduciary net position - beginning	20,931,319
Plan fiduciary net position - ending	\$ 24,713,367
Net Pension Liability (7.5% discount rate)	\$ 4,771,765
Plan fiduciary net position as a percentage of the total pension liability	0.84090%
Plan's Proportionate Share of the net pension liability/(asset)	\$ 4,771,765
Covered employee payroll	\$ 3,503,315
Net pension liability as percentage of covered employee payroll	136.21%

Schedule of Contributions

Actuarially determined contribution	\$ 451,460
Contributions in relation to the actuarially determined contributions	(451,460)
Contribution deficiency (excess)	\$ -
Covered - employee payroll	\$ 3,503,315
Contributions as a percentage of covered employee payroll	12.89%

TOWN OF TIBURON
Required Supplementary Information
Schedule of Funding Progress (unaudited)
Other Postemployment Benefits Plan
As of June 30, 2015

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend information from the actuarial studies is presented below:

Actuarial Valuation Date	Actuarial Accrued Liability (AAL) (a)	Actuarial Value of Assets (b)	Unfunded AAL (UAAL) (a-b)	Funded Ratio (b/a)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(a-b)/c]
July 1, 2008	\$ 2,157,932	\$ -	\$ 2,157,932	0%	\$ 2,575,797	83.8%
July 1, 2011	\$ 2,900,736	\$ -	\$ 2,900,736	0%	\$ 3,700,000	78.4%
July 1, 2014	\$ 3,470,787	\$ -	\$ 3,470,787	0%	\$ 6,750,391	51.4%

TOWN OF TIBURON
Required Supplementary Information
Budgetary Comparison Information
Year Ended June 30, 2015

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to the close of each fiscal year, the Town Manager submits to the Town Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed revenue and expenditures.
- Public hearings are conducted at Town Council meetings to obtain taxpayer comments prior to adoption of the budget in June.
- Prior to July 1, the budget is legally adopted for all governmental fund types through Council approved resolution.
- The Town Manager is authorized to transfer budget amounts within and between funds as deemed desirable and necessary in order to meet the Town's needs; however, revisions that alter the total expenditures must be approved by the Town Council. Formal budgetary integration is employed as a management control device during the year for the governmental type funds.
- Budgets for the governmental type funds are adopted on a basis consistent with generally accepted accounting principles. Budgeted amounts presented are as originally adopted and as further amended by the Town Council.

TOWN OF TIBURON
Required Supplementary Information
Budgetary Comparison Information
General Fund
Year Ended June 30, 2015

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Resources (inflows)</i>				
Property taxes	\$ 4,432,233	\$ 4,432,233	\$ 4,781,844	\$ 349,611
Other taxes	1,430,979	1,430,979	1,734,377	303,398
Franchise fees	726,998	726,998	743,125	16,127
Fines and penalties	144,750	144,750	700,320	555,570
Investment earnings	27,250	27,250	38,465	11,215
Intergovernmental and agency	91,000	91,000	408,520	317,520
Licenses and permits	905,350	905,350	1,350,029	444,679
Charges for services	351,800	351,800	579,414	227,614
Other revenue	121,700	121,700	125,887	4,187
Transfers in	177,600	177,600	484,283	306,683
Amounts Available for Appropriation	8,409,660	8,409,660	10,946,264	2,536,604
<i>Charges to Appropriations (outflow)</i>				
Town administration	1,681,691	1,681,691	1,441,632	240,059
Community development	1,265,456	1,295,456	1,225,967	69,489
Public safety	3,206,971	3,228,571	2,854,191	374,380
Public works	1,458,846	1,468,846	1,305,445	163,401
Legislative boards and commissions	41,500	41,500	32,524	8,976
Non-departmental	807,180	807,180	761,093	46,087
Capital improvement projects	1,458,000	1,942,236	958,337	983,899
Transfers out	-	-	378,606	(378,606)
Total Charges to Appropriations	9,919,644	10,465,480	8,957,795	1,507,685
<i>Surplus (Deficit)</i>	\$ (1,509,984)	\$ (2,055,820)	\$ 1,988,469	\$ 4,044,289

TOWN OF TIBURON
Required Supplementary Information
Budgetary Comparison Information
Tiburon Street Impact Fund
Year Ended June 30, 2015

	Budget Amounts (unaudited)		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Resources (inflows)				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other taxes	-	-	-	-
Franchise fees	-	-	-	-
Fines and penalties	-	-	-	-
Investment earnings	-	-	4,838	4,838
Intergovernmental and agency	-	-	-	-
Licenses and permits	-	-	-	-
Charges for services	665,000	665,000	891,175	226,175
Other revenue	-	-	3,720	3,720
Transfers in	-	-	-	-
Amounts Available for Appropriation	665,000	665,000	899,733	234,733
Charges to Appropriations (outflow)				
Town administration	-	-	-	-
Community development	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Legislative boards and commissions	-	-	-	-
Non-departmental	-	-	-	-
Capital improvement projects	665,000	665,000	48,633	616,367
Transfers out	-	-	-	-
Total Charges to Appropriations	665,000	665,000	48,633	616,367
Surplus (Deficit)	\$ -	\$ -	\$ 851,100	\$ 851,100

OTHER SUPPLEMENTARY INFORMATION

TOWN OF TIBURON
General Fund
Combining Balance Sheet
June 30, 2015

	General Operation	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	PW Facility	GASB #15 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replace.	Technology Fund	Park Develop	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals	
ASSETS																
Cash and investments	\$ 8,466,838	\$ 316,380	\$ -	\$ 175,063	\$ 2,111,633	\$ 1,045,153	\$ 323,004	\$ 376,938	\$ 612,361	\$ 376,457	\$ 25,141	\$ 100,000	\$ 374,155	\$ 407,985	\$ 14,711,107	
Receivables	419,732	-	-	-	-	-	-	-	-	-	-	-	-	-	419,732	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Notes receivable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000	
TOTAL ASSETS	\$ 8,886,570	\$ 316,380	\$ 800,000	\$ 175,063	\$ 2,111,633	\$ 1,045,153	\$ 323,004	\$ 376,938	\$ 612,361	\$ 376,457	\$ 25,141	\$ 100,000	\$ 374,155	\$ 407,985	\$ 15,930,839	
LIABILITIES																
Accounts payable	\$ 138,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,815	\$ 77,598	\$ -	\$ -	\$ (245)	\$ 105,491	\$ 377,347	
Accrued liabilities	19,559	-	-	-	-	-	163,000	-	-	-	-	-	-	-	182,559	
Deposits	697,404	-	-	-	-	-	-	-	-	-	-	-	-	-	697,404	
Total Liabilities	855,651	-	-	-	-	-	163,000	-	55,815	77,598	-	-	(245)	105,491	1,257,311	
FUND BALANCES																
Nonspendable	-	-	800,000	-	-	-	-	-	-	-	-	-	-	-	800,000	
Restricted	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Committed	2,700,000	-	-	-	-	1,045,153	-	-	-	-	-	-	-	-	3,745,153	
Assigned	-	316,380	-	-	2,111,633	-	160,004	135,000	556,546	288,859	25,141	100,000	374,400	302,494	4,380,456	
Unassigned	5,330,919	-	-	175,063	-	-	-	241,938	-	-	-	-	-	-	5,747,919	
Total Fund Balances	8,030,919	316,380	800,000	175,063	2,111,633	1,045,153	160,004	376,938	556,546	288,859	25,141	100,000	374,400	302,494	14,673,528	
TOTAL LIABILITIES AND FUND BALANCES	\$ 8,886,570	\$ 316,380	\$ 800,000	\$ 175,063	\$ 2,111,633	\$ 1,045,153	\$ 323,004	\$ 376,938	\$ 612,361	\$ 376,457	\$ 25,141	\$ 100,000	\$ 374,155	\$ 407,985	\$ 15,930,839	

TOWN OF TIBURON

General Fund
 Combining Statement of Revenue, Expenditures and Change in Fund Balances
 Year Ended June 30, 2015

REVENUE	General Operation	Employee Compensated Leave	Employee Housing Assistance	PERS Assets	New PW Facility	GASB 45 OPEB Reserve	Self Insurance Reserve	Capital Equip. Replac.	Technology Fund	Park Develop	Open Space Mgmt.	Disaster Response Reserve	Streets & Drainage Reserve	Capital Outlay Reserve	Totals
Property taxes	\$ 4,781,844	-	-	-	-	-	-	-	-	-	-	-	-	-	\$ 4,781,844
Other taxes	1,734,377	-	-	-	-	-	-	-	-	-	-	-	-	-	1,734,377
Franchise	667,057	-	-	-	-	-	-	-	-	-	-	-	76,068	-	743,125
Fines and penalties	700,320	-	-	-	-	-	-	-	-	-	-	-	-	-	700,320
Investment earnings	38,465	-	-	-	-	-	-	-	-	-	-	-	-	-	38,465
Intergovernmental and agency	319,327	-	-	-	-	-	-	-	-	-	-	-	89,193	-	408,520
Licenses and permits	1,350,029	-	-	-	-	-	-	-	132,137	-	-	-	-	-	1,500,029
Charges for services	447,276	-	-	-	-	-	-	-	-	-	-	-	-	-	579,413
Other revenue	125,889	-	-	-	-	-	-	-	-	-	-	-	-	-	125,888
Total Revenue	10,164,564	-	-	-	-	-	-	-	132,137	-	-	-	165,261	-	10,461,961
EXPENDITURES															
Current -															
Town administration	1,380,607	-	-	-	-	-	-	-	51,025	-	-	-	-	-	1,441,632
Community development	1,080,484	2,950	-	-	-	-	-	27,585	114,948	-	-	-	-	-	1,225,967
Public safety	2,722,922	28,378	-	-	-	-	-	78,184	24,707	-	-	-	-	-	2,854,191
Public works	1,224,573	-	-	-	-	-	-	80,872	-	-	-	-	-	-	1,305,445
Legislative boards and commissions	32,524	-	-	-	-	-	-	-	-	-	-	-	-	-	32,524
Non-Departmental	761,093	-	-	-	-	-	-	-	-	-	-	-	-	-	761,093
Capital Projects	152,436	-	-	-	-	-	-	-	4,752	89,009	-	-	537,530	174,610	968,337
Other expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures	7,954,659	31,328	-	-	-	-	-	186,641	195,432	89,009	-	-	537,530	174,610	8,979,189
Excess (Deficiency) of Revenue Over (Under) Expenditures	2,759,945	(31,328)	-	-	-	-	-	(186,641)	(63,295)	(89,009)	-	-	(372,269)	(174,610)	1,882,792
OTHER FINANCING SOURCES (USES)															
Operating transfers in	105,677	-	-	-	-	201,006	-	122,200	55,400	-	-	-	-	-	484,283
Operating transfers (out)	(378,606)	-	-	-	-	-	-	-	-	-	-	-	-	-	(378,606)
Total Other Financing Sources	(272,929)	-	-	-	-	201,006	-	122,200	55,400	-	-	-	-	-	105,677
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	2,527,016	(31,328)	-	-	-	201,006	-	(64,441)	(7,895)	(89,009)	-	-	(372,269)	(174,610)	1,898,469
Fund Balances - Beginning	5,503,903	347,708	800,000	175,063	2,111,633	844,147	160,004	441,379	564,441	387,868	25,141	100,000	746,669	477,104	12,695,059
Fund Balances - End of Year	8,030,919	316,380	800,000	175,063	2,111,633	1,045,153	160,004	376,938	566,546	298,859	25,141	100,000	374,400	302,494	14,672,528

TOWN OF TIBURON
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2015

	Capital Projects Funds:											Total Nonmajor Capital Project Funds	
	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburion Playground Improvement	Tiburion Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Storm Water Run Off	Circulation System Improvement	Bunch Grass Mitigation	Street Frontage Improvement		Tiburion Long Range Planning
ASSETS													
Cash and Investments	\$ 300,128	\$ 7,517	\$ 1,235,771	\$ -	\$ 43,150	\$ 193,543	\$ 185,201	\$ 196,796	\$ 84,295	\$ 131,391	\$ -	\$ 222,387	\$ 2,600,178
Receivables	217	5	739	2,030	30	135	125	125	59	78	2	128	3,673
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 300,345	\$ 7,522	\$ 1,236,510	\$ 2,030	\$ 43,180	\$ 193,678	\$ 185,326	\$ 196,921	\$ 84,353	\$ 131,469	\$ 2	\$ 222,515	\$ 2,603,852
LIABILITIES													
Accounts payable	\$ 662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 457	\$ 1,119
Accrued liabilities	-	-	-	-	30,000	-	-	20,000	-	-	-	-	50,000
Deposits - tenant	8,575	-	-	-	-	-	-	-	-	-	-	-	8,575
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Liabilities	9,237	-	-	-	30,000	-	-	20,000	-	-	-	457	59,694
FUND BALANCES													
Nonspendable	-	-	-	-	-	-	-	-	-	-	-	-	-
Restriced	-	-	-	-	13,180	193,678	185,326	176,921	84,353	131,469	-	-	784,927
Committed	-	-	1,236,510	-	-	-	-	-	-	-	2	222,058	1,458,570
Assigned	291,108	7,522	-	-	-	-	-	-	-	-	-	-	298,630
Unassigned	-	-	-	2,030	-	-	-	-	-	-	-	-	2,030
Total Fund Balances	291,108	7,522	1,236,510	2,030	13,180	193,678	185,326	176,921	84,353	131,469	2	222,058	2,544,156
TOTAL LIABILITIES AND FUND BALANCES	\$ 300,345	\$ 7,522	\$ 1,236,510	\$ 2,030	\$ 43,180	\$ 193,678	\$ 185,326	\$ 196,921	\$ 84,353	\$ 131,469	\$ 2	\$ 222,515	\$ 2,603,852

TOWN OF TIBURON
 Nonmajor Governmental Funds
 Combining Balance Sheet
 June 30, 2015

	Special Revenue Funds:										Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure A Sales Tax Parks	State Gasoline Tax	Measure A Sales Tax TAM	Measure V VLF Roads	Total Nonmajor Special Revenue Funds	Total Nonmajor Project Funds	Total Nonmajor Governmental Funds		
ASSETS												
Cash and investments	\$ -	\$ 35,435	\$ 7,031	\$ 26,189	\$ 1,196,971	\$ 203,015	\$ 52,989	\$ 1,521,630	\$ 2,600,178	\$ 4,121,808		
Receivables	-	145	4	17	805	133	36	1,140	3,673	4,813		
Notes receivable	-	-	-	-	-	-	-	-	-	-		
TOTAL ASSETS	\$ -	\$ 35,580	\$ 7,035	\$ 26,206	\$ 1,197,776	\$ 203,148	\$ 53,025	\$ 1,522,769	\$ 2,603,852	\$ 4,126,621		
LIABILITIES												
Accounts payable	\$ -	\$ 6,450	\$ -	\$ -	\$ 26,966	\$ 9,468	\$ -	\$ 42,884	\$ 1,119	\$ 44,003		
Accrued liabilities	-	-	-	-	-	-	-	-	50,000	50,000		
Deposits - tenant	-	-	-	-	-	-	-	-	8,575	8,575		
Due to other funds	-	-	-	-	-	-	-	-	-	-		
Total Liabilities	-	6,450	-	-	26,966	9,468	-	42,884	59,694	102,577		
FUND BALANCES												
Nonspendable	-	-	-	-	-	-	-	-	-	-		
Restricted	-	29,130	-	26,206	1,170,810	193,680	53,025	1,472,951	784,927	2,257,778		
Committed	-	-	-	-	-	-	-	-	1,458,570	1,458,570		
Assigned	-	-	7,035	-	-	-	-	7,035	298,630	305,665		
Unassigned	-	-	-	-	-	-	-	-	2,030	2,030		
Total Fund Balances	-	29,130	7,035	26,206	1,170,810	193,680	53,025	1,479,886	2,544,158	4,024,044		
TOTAL LIABILITIES AND FUND BALANCES	\$ -	\$ 35,580	\$ 7,035	\$ 26,206	\$ 1,197,776	\$ 203,148	\$ 53,025	\$ 1,522,769	\$ 2,603,852	\$ 4,126,621		

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TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2015

	Capital Project Funds:										Total				
	Town owned Housing Units	Heritage & Arts Project	Town's LMI Housing	Tiburon Playground Improvement	Tiburon Parks In-Lieu	Open Space Acquisition	Planning Area Mitigation	Tiburon Street Impact	Storm Water Run Off	Circulation System Improvement		Bunch Grass Mitigation	Street Frontage Improvement	Tiburon Long Range Planning	Nonmajor Capital Project Funds
REVENUE															
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other taxes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Investment earnings	608	16	2,874	-	30	498	458	-	235	113	288	471	5,591	-	
Intergovernmental and agency	-	1,321	-	-	-	-	-	-	-	-	-	-	-	1,321	-
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	88,704	-	7,001	-	75	-	2,884	-	1,066,745	39,221	-	71,964	-	316,585	-
Total Revenue	89,312	1,337	9,875	-	105	498	3,342	-	1,069,980	39,334	288	72,435	-	323,507	-
EXPENDITURES															
Current -															
Town administration	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	61,428	-	61,428	-
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Legislative boards and commissions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Departmental	51,488	-	10,890	-	-	-	-	-	-	-	-	-	-	1,640	-
Capital improvement projects	46,436	-	-	-	-	-	-	-	-	-	-	-	-	46,436	-
Total Expenditures	97,924	1,640	10,890	-	-	-	-	-	-	-	-	61,428	-	171,882	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	(8,612)	(303)	(1,015)	-	105	498	3,342	-	106,980	39,334	288	11,007	-	151,625	-
OTHER FINANCING SOURCES (USES)															
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	(8,612)	(303)	(1,015)	-	105	498	3,342	-	106,980	39,334	288	11,007	-	151,625	-
Fund Balances - Beginning	299,720	7,825	1,237,825	2,030	13,075	183,180	181,984	-	69,941	45,019	131,181	211,051	2	2,392,533	-
Fund Balances - End of Year	\$ 291,108	\$ 7,522	\$ 1,236,810	\$ 2,030	\$ 13,180	\$ 183,678	\$ 185,326	\$ -	\$ 176,921	\$ 84,353	\$ 131,469	\$ 222,058	\$ 2	\$ 2,544,158	\$ -

TOWN OF TIBURON
Nonmajor Governmental Funds
Combining Statement of Revenue, Expenditures and Change in Fund Balances
Year Ended June 30, 2015

	Special Revenue Funds:										Total Nonmajor Special Revenue Funds	Total Nonmajor Capital Project Funds	Total Nonmajor Governmental Funds
	Police Supp Law Enforcement	Cypress Hollow LLD-98	Paula Little Flower Fund	Measure "A" Parks	State Gasoline Tax	County Measure A Sales Tax	Measure "B" VLF - Roads						
REVENUE	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Property taxes	-	-	-	-	266,854	117,577	-	-	-	-	449,058	-	449,058
Other taxes	-	-	-	64,627	-	-	-	-	-	-	-	-	-
Franchises	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment earnings	-	69	9	80	2,731	196	86	-	-	3,171	5,591	-	8,762
Intergovernmental and agency	105,677	-	-	-	-	-	-	-	-	105,677	1,321	-	106,998
Licenses and permits	-	-	-	-	-	-	-	-	-	-	-	-	-
Charges for services	-	16,610	-	-	-	-	-	-	-	16,610	-	-	16,610
Other revenue	-	-	11,850	-	-	-	-	-	-	11,850	-	-	328,445
Total Revenue	105,677	16,679	11,859	64,707	269,585	117,773	86	-	-	586,366	316,595	-	909,873
EXPENDITURES													
Current -													
Town administration	-	-	-	-	1,529	-	-	-	-	1,529	-	-	1,529
Community development	-	-	-	-	-	-	-	-	-	-	61,428	-	61,428
Public safety	-	-	-	-	-	-	-	-	-	-	-	-	-
Public works	-	22,368	7,307	-	-	-	-	-	-	29,675	-	-	29,675
Legislative boards and commissions	-	-	-	-	-	-	-	-	-	-	1,640	-	1,640
Non-Departmental	-	-	-	-	-	-	-	-	-	-	62,378	-	62,378
Capital improvement projects	-	-	-	52,000	167,481	27,107	24,000	-	-	270,588	46,436	-	317,024
Total Expenditures	-	22,368	7,307	52,000	169,010	27,107	24,000	-	-	301,792	171,862	-	473,674
Excess (Deficiency) of Revenue Over (Under) Expenditures	105,677	(5,689)	4,552	12,707	100,575	90,666	(23,914)	-	-	284,574	151,625	-	436,199
OTHER FINANCING SOURCES (USES)													
Operating transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating transfers (out)	(105,677)	-	-	-	-	-	-	-	-	(105,677)	-	-	(105,677)
Total Other Financing Sources	(105,677)	-	-	-	-	-	-	-	-	(105,677)	-	-	(105,677)
Excess (Deficiency) of all Revenue Over (Under) all Expenditures	-	(5,689)	4,552	12,707	100,575	90,666	(23,914)	-	-	178,897	151,625	-	330,522
Fund Balances - Beginning	-	34,819	2,483	13,499	1,070,235	103,014	76,939	-	-	1,300,989	2,392,533	-	3,693,522
Fund Balances - End of Year	\$ -	\$ 29,130	\$ 7,035	\$ 26,206	\$ 1,170,810	\$ 193,680	\$ 53,025	\$ -	\$ -	\$ 1,479,886	\$ 2,544,158	\$ -	\$ 4,024,044



TOWN OF TIBURON
 1505 Tiburon Boulevard
 Tiburon, CA 94920

Town Council Meeting
 February 17, 2016
 Agenda Item: CC-4

STAFF REPORT

To: Mayor and Members of the Town Council
From: Department of Administrative Services
Subject: Recommendation to Accept the Mid-Year Budget Review
Reviewed By: *[Signature]*

BACKGROUND

On June 17, 2015, the Town Council adopted the Municipal Budget for Fiscal Year 2015-16 (FY 2016). The total budget appropriated approximately \$14.3 million in expenditures which consisted of:

Operating Program	\$ 10,076,387
Capital and IT Outlay Program	236,635
Capital Improvement Program	3,226,000
Debt Service program	<u>758,377</u>
Total Appropriation	\$ 14,297,399

Since adoption of the budget, the Town Council has approved \$131,405 in Capital Improvement Program budget revisions. These amendments include \$89,000 towards the Lyford Utility Undergrounding project, and \$42,405 towards the Blackie's Picnic Meadow project. As amended, the FY 2015-16 CIP program totals \$3,357,405.

The following analysis will concentrate on the Operating Budget, which focuses on the Town's ability to fund and provide the ongoing day-to-day services to the residents and businesses of the Town.

ANALYSIS

Schedule 1 of the attached statistical information provides the highest summary level of the Town's Operating Budget. At mid-year, operating revenues are at 45.4% of budget and operating expenditures are at 49.1%. It is normal for revenues to lag below the 50% mark mid-year due to the timing of certain larger revenue sources such as property tax in-lieu of vehicle license fees and second quarter franchise fees, which are received after December 31. It is also normal for expenditures at mid-year to be near or exceed the 50% mark due to the payment of large, one-time expenditures early in the fiscal year, such as liability and worker's compensation insurance premiums and Joint Powers Agreement fees. The adopted Municipal Budget plan called for a \$525,801 operating surplus and at mid-year staff projects the Town will complete FY 2016 with an operating surplus of approximately \$699,199.

The table below compares the operating budget at mid-year for the current fiscal year and the prior year.

Operating Budget
Mid-Year Comparison FY 2015 and FY 2014

	Budget FY 2016	Actual 12/31/15	% of Budget	Budget FY 2015	Actual 12/31/14	% of Budget
Revenue	\$10,602,188	\$4,812,673	45.4%	\$9,888,889	\$4,834,264	48.8%
Expenditures	\$10,076,387	\$4,947,891	49.1%	\$9,699,300	\$4,585,307	47.2%

At mid-year, operating revenue is tracking approximately \$21,591 behind last fiscal year. As this report is prepared on a cash basis, it should be noted that there may be some timing issues in the receipt of certain revenues that may skew year-to-year actual figures, however staff is not aware of any significant variances. At mid-year, operating expenditures are tracking approximately \$362,584 greater than last year. Of this increase, over half is due to the Town prepaying our required unfunded liability payment to CalPERS in July as opposed to 12 monthly payments. Prepaying saves the Town approximately \$8,000 in interest expense.

At mid-year General Fund operating revenues are outperforming the prior year by \$18,786 or 0.04%. General Fund operating expenditures are \$415,311, or 11%, greater than last year at December 31. This is due to the CalPERS prepayment and overall increase in appropriated expenditures.

Operating Revenue

Schedule 2 of the attached statement provides budget-to-estimate figures for FY 2016 at the category level of detail. Overall, the revenue forecast for FY 2016 is projected to exceed budget by \$213,398. This increase in operating revenues is due to property taxes, other taxes, and Intergovernmental and Agency revenue performing better than anticipated at the adoption of the budget.

Property Taxes are the Town's largest revenue source and include Secured, Unsecured, Supplemental, Education Revenue Augmentation Funds (ERAF), and Property Tax In-Lieu of Vehicle License Fees. Secured property taxes account for approximately 69% of total property revenue. Overall property taxes are projected to exceed budget by \$118,648, or approximately 2.4%. Secured property taxes were budgeted to increase 4.0% over FY 2014-15 actual receipts. Based on the December receipt, it appears secured property taxes will exceed budget by \$130,000. Property Tax in-lieu of Vehicle License Fees increases are tied to the same percentage increase as secured property taxes and are also projected to exceed budget by \$38,000. ERAF Rebate taxes are projected to be under budget by \$50,000, which is due to a budgeting error rather than an indication of downturn in this revenue source. All other property tax revenue sources are performing at budget.

Other Taxes include sales, transient occupancy and property transfer taxes and is the Town's second largest revenue category. Staff is projecting that Other Tax revenue will exceed budget by \$48,500 or 3%. Sales tax receipts are tracking approximately 3% behind last year, but staff

still anticipates achieving budget projections. Transient Occupancy Tax receipts remain strong and are tracking 6% ahead of last year, and are projected to exceed budget by \$48,500 or 6.8%. Property transfer taxes are projected to meet budget. All these revenue sources are highly dependent on the local, state and national economy and normally will be the first affected by any change in the economy. Staff traditionally takes a conservative approach when projecting these revenues. Through mid-year, these revenue sources continue to increase, but at a slower pace than during the past five years.

Franchise Fees include PG&E, cable and refuse collection. PG&E fees are received annually in April of the fiscal year, so it is too early to determine any variance from budget. Based on receipts to date all other franchise fees are performing as budgeted.

Fines and Forfeitures include vehicle code, parking, false alarm and building related fines. Revenues within this category are projected to meet budget.

Investment Earnings include all interest income earned on general funds that are either invested in money market accounts, with the State Local Agency Investment Fund (LAIF) or loans. Investment earnings are anticipated to exceed budget by 7%, or \$2,750. LAIF interest earnings are beginning to slowly increase which accounts for the projected increase in investment earnings.

Intergovernmental and Agency includes miscellaneous reimbursement from local agencies for fuel purchased at the Town pumps, State reimbursement for police personnel training, and fees received by the Town for abandoned vehicles, and general grants. The Town has received greater than anticipated SB 90 revenue for State mandated reimbursements that were suspended during the recession. Overall Intergovernmental and Agency revenue is projected to exceed budget by \$28,500.

Licenses and Permits is the Town's third largest operating revenue category and includes fees related to business licenses, building permits, design review, parking permits and several other small revenue sources. This revenue category is projected to meet budget by fiscal year-end, even though revenues are at 41.5% at mid-year. This is due to business license renewals which are not due until after the reporting period. Staff will note that both building permit revenue and business license fees that are collected at the time a building permit is issued is tracking behind last year. Staff will continue to monitor these line-item revenues to determine if a trend is developing in construction activity.

Charges for Services consist of plan checking fees, residential building inspection reports (RBR), cost recovery for staff time that can be bill to others, and several other small revenue sources. Overall this revenue category is projected to exceed budget by \$15,000, or 4.4%, due to plan checking and plan storage revenue tracking ahead of budget.

Other Revenue includes rent received for the cellular tower at Town Hall, litigation settlements and other refunds and reimbursements. This revenue category is performing as budgeted.

Use of Other Fund Sources accounts for restricted revenue sources, other than the general operating revenues, that are charged directly for certain operating expenditures. At mid-year these revenue sources are projected to meet budget by fiscal year-end.

Operating Expenditures

The FY 2016 budget appropriated \$10.08 million in operating expenditures. At mid-year, operating expenditures are at \$4.95 million or 49.1%. Although staff projects overall operating expenditures to meet budget at year end, the Legal Division is currently projected to exceed budget by \$40,000. In FY 2016, the Town transitioned from in-house counsel to contracting for legal services. Through the first half of the fiscal year, actual billing for legal services has exceeded the amount projected for that time period. Staff will continue to closely monitor these expenditures and work to minimize legal counsel's billable hours during the remainder of the fiscal year. All other divisions are expected to operate at budget or slightly below. It is anticipated by the end of the fiscal year, any over expenditure in the Legal Division will be offset by projected surpluses in other divisions. If this projection does not hold, staff will return to the Council with a budget amendment for consideration at a later date.

Capital Improvement Program

The municipal budget, as amended, appropriates \$3.38 million in Capital Improvement Projects, which are outlined in Schedule 3 A-C of the exhibit financial statements. At mid-year, expenditures are well below budget due to the timing of construction projects which normally take place during the second half of the fiscal year. Staff is projecting that the \$400,000 appropriated for the Kayak launch, and the \$133,000 for Tiburon Boulevard relinquishment studies will not be spent in FY 2016.

Capital Equipment and IT Outlay

The adopted budget appropriated \$236,635 for the purchase of capital equipment and information technology equipment. At mid-year expenses are at 52.3% and are expected to be at budget by the fiscal year end.

Statement of Funding Resources

Schedule 4 of the attached statements provides an overview of activity for each of the various Town General and Restricted funds.

General Fund Designated Reserves

The Town's policy-restricted General Fund Reserves began the year with \$6,130,084 in fund balance and is projected to end the year with \$6,982,113, an increase of \$852,029. This increase in fund balance is due primarily to the projected General Fund operating surplus.

The General Fund Discretionary Set-Asides began the year with \$3,212,527 in fund balance and are projected to end the year with \$1,757,392, a decrease of \$1,455,135. This decrease is due to budgeted Capital Improvement projects programmed from these Reserves.

The General Fund Unallocated Reserve began the year with \$5,330,919 in fund balance and is projected to end the year at \$4,754,984. This decrease of \$575,935 is due to budgeted Capital Improvement expenditures from this reserve. As noted above, \$533,000 in Capital Improvement

projects that were appropriated this year with Unallocated Reserves are not projected to go forward at this time. If the Tiburon Blvd. relinquishment studies and kayak launch projects did go forward as budgeted, the Unallocated Reserve balance would be further reduced accordingly.

Restricted Fund Reserves

Restricted Funds have legal constraints on their use imposed by outside entities or by legislation of the Town. The Town began the year with \$6,463,165 in Restricted Funds and is projected to end the year with \$5,655,212. This decrease of \$807,953 is due to Capital projects budgeted from these funds.

Summary

Based on mid-year revenue and expenditures, the Town's financial condition continues to be very strong. Staff projects a General Fund operating surplus of \$699,199 at fiscal year-end, an increase of \$173,398 over the adopted budget. Key revenues are performing better than budgeted, and staff continues to monitor and control operating expenses to stay within budget.

FINANCIAL IMPACT

There is no financial impact in accepting this mid-year budget review.

RECOMMENDATION

Staff recommends that the Town Council accept the Mid-Year Budget Review.

Exhibits: 1. Financial Statements 1-4

Prepared By: Heidi Bigall, Director of Administrative Services

SCHEDULE 1.

OPERATING BUDGET SUMMARY

Period: July 1, 2015 to December 31, 2015

	Budget Adopted	Budget Revised	Year-To-Date Dec-31-2015	Estimated to June-30-2016	Variance (unfavorable)	Percent of Budget YTD
REVENUES & SOURCES OF FUNDS						
General Fund Revenues	8,821,103	8,821,103	3,973,465	9,034,501	213,398	45.0%
Use of Other Fund Sources	1,781,085	1,781,085	839,208	1,781,085	-	47.1%
Total Revenues	\$ 10,602,188	\$ 10,602,188	\$ 4,812,673	\$ 10,815,586	\$ 213,398	45.4%
EXPENDITURES						
Town Administration	1,645,966	1,645,966	735,762	1,685,966	(40,000)	44.7%
Community Development	1,189,034	1,189,034	561,254	1,189,034	-	47.2%
Police Department	3,144,563	3,144,563	1,488,286	3,144,563	-	47.3%
Public Works	1,496,985	1,496,985	718,334	1,496,985	-	48.0%
Legislative	61,500	61,500	29,342	61,500	-	47.7%
Non-Departmental	2,538,339	2,538,339	1,414,913	2,538,339	-	55.7%
Total Expenditures	\$ 10,076,387	\$ 10,076,387	\$ 4,947,891	\$ 10,116,387	\$ (40,000)	49.1%
Total Operating Net	\$ 525,801	\$ 525,801	\$ (135,218)	\$ 699,199	\$ 173,398	

SCHEDULE 2.

OVERVIEW OF OPERATING REVENUES & EXPENDITURES

Period: July 1, 2015 to December 31, 2015

	Budget Adopted	Year-to-Date Dec-31-2015	Estimated to June-30-2016	Variance (unfavorable)	Percent of Budget YTD
REVENUES & SOURCES OF FUNDS					
<u>General Fund Revenues</u>					
Property Taxes	4,845,153	2,246,896	4,963,801	118,648	46.4%
Other Taxes	1,565,500	700,458	1,614,000	48,500	44.7%
Franchises	690,000	143,419	690,000	-	20.8%
Fines & Forfeitures	144,500	40,297	144,500	-	27.9%
Investment Earnings	37,250	14,144	40,000	2,750	38.0%
Intergovernmental & Agency	101,500	110,091	130,000	28,500	108.5%
Licenses & Permits	975,100	405,943	975,100	-	41.6%
Charges for Services	336,800	224,814	351,800	15,000	66.8%
Other Revenues	125,300	87,403	125,300	-	69.8%
Subtotal General	8,821,103	3,973,465	9,034,501	213,398	45.0%
<u>Use of Other Fund Sources</u>					
Employee Comp Leave Reserve	-	-	-	-	0.0%
Police SLESF/COPS Fund	100,000	63,792	100,000	-	63.8%
Low/Moderate Housing Fund	33,774	23,270	33,774	-	68.9%
Long Range Planning Fund	35,000	1,555	35,000	-	4.4%
Town Owned Housing Fund	78,002	23,270	78,002	-	29.8%
Peninsula Library JPA Fund	1,517,809	726,980	1,517,809	-	47.9%
Cypress Hollow LLD	16,500	341	16,500	-	2.1%
Subtotal Other Fund Sources	1,781,085	839,208	1,781,085	-	47.1%
Total Revenues & Funds	10,602,188	4,812,673	10,815,586	\$ 213,398	45.4%
EXPENDITURES					
<u>Town Administrative Services</u>					
Administration	1,138,366	523,512	1,138,366	-	46.0%
Legal Services	255,000	141,216	295,000	(40,000)	55.4%
Town Hall Facility	252,600	71,034	252,600	-	28.1%
				-	
<u>Community Development</u>					
Planning & Design Review	532,384	260,214	532,384	-	48.9%
Building Inspection	621,650	299,485	621,650	-	48.2%
Advanced Planning	35,000	1,555	35,000	-	4.4%
				-	
<u>Police Department</u>					
Police Services	3,081,963	1,465,800	3,081,963	-	47.6%
Police EOC/Facility	62,600	22,486	62,600	-	35.9%
				-	
<u>Public Works</u>					
Administration	366,763	181,151	366,763	-	49.4%
Streets Maintenance	489,122	234,834	489,122	-	48.0%
Parks Maintenance	507,300	246,034	507,300	-	48.5%

SCHEDULE 2.

OVERVIEW OF OPERATING REVENUES & EXPENDITURES

Period: July 1, 2015 to December 31, 2015

	Budget Adopted	Year-to-Date Dec-31-2015	Estimated to June-30-2016	Variance (unfavorable)	Percent of Budget YTD
Street & Signal Light System	40,100	12,238	40,100	-	30.5%
Corporation Yard	93,700	44,077	93,700	-	47.0%
				-	
<u>Legislative</u>				-	
Council, Boards/Commissions	61,500	29,342	61,500	-	47.7%
		-		-	
<u>Non Departmental</u>				-	
Insurance & JPAs	908,754	639,068	908,754	-	70.3%
Town-Owned Housing	78,002	25,595	78,002	-	32.8%
Low-Moderate Income Housing	33,774	23,270	33,774	-	68.9%
Belvedere-Tiburon Library Agency	1,517,809	726,980	1,517,809	-	47.9%
Total Expenditures	10,076,387	4,947,891	10,116,387	(40,000)	49.1%
OPERATING NET:	525,801	(135,218)	699,199	173,398	

SCHEDULE 3-A.

**CAPITAL IMPROVEMENT PROGRAM
STREET IMPROVEMENT PROJECTS**

Period: July 1, 2015 to December 31, 2015

Project		Funding Source	Budget	Actual YTD Dec-31-2015	Estimated to June-30-2016	
1	Annual Street Improvements	Selected Streets from PMS	Street Impact	\$ 650,000	\$ -	\$ 650,000
2	Administration, Engineering	Annual Street Improvements	Gas Tax	100,000	52,380	100,000
3	Paradise Drive	Roadway Maintenance	Gas Tax	140,000	-	140,000
4	Contingency Provision	Emergency, Non-Scheduled Repairs	Street Impact	30,000	900	30,000
5	Traffic Calming Impvts	Annual Allocation	Gas Tax	20,000	1,156	20,000
6	Crosswalk Impvts. @ Ned's Way	Flashing Beacon	Safe Routes to School	25,000	24,923	24,923
7	Crosswalk Impvts. @ Blackfield Dr.		Safe Routes to School	117,000	6,862	117,000
8	Gilmartin Area Impvts.	Various Locations	Street Impact	145,000	79603	145000
TOTAL STREET PROJECTS				\$ 1,227,000	\$ 165,824	\$ 1,226,923

SCHEDULE 3-B.

**CAPITAL IMPROVEMENT PROGRAM
DRAINAGE IMPROVEMENT PROJECTS**

Period: July 1, 2015 to December 31, 2015

Project		Funding Source	Budget	Actual YTD Dec-31-2015	Estimated to June-30-2016
1	Drainage Improvements	Based on Master Plan	\$ 500,000	\$ 435,511	\$ 500,000
3	Storm Drain Flushing	Based on Master Plan	100,000	26,950	100,000
TOTAL DRAINAGE PROJECTS			\$ 600,000	\$ 462,461	\$ 600,000

SCHEDULE 3-C.

**CAPITAL IMPROVEMENT PROGRAM
COMMUNITY DEVELOPMENT PROJECTS**

Period: July 1, 2015 to December 31, 2015

Project		Funding Source	Budget	Actual YTD Dec-31-2015	Estimated to June-30-2016	
1	Blackie's Pasture Two	Picnic Tables, Grading, Path Realignment	General Fund Parks, Measure A Parks, General Fund Unallocated	\$ 204,405	\$ 176,982	204,405
2	Railroad Marsh	Vegetation Removal & Permits	GF Streets & Drainage	50,000	35,688	35,688
3	Town Hall	Exterior Paint	General Fund Infrastructure	40,000	-	40,000
4	Curb Ramps/Sidewalk	Various Locations	Gas Tax	19,000	-	19,000
5	Open Space Trail Impvts.	Hacienda Dr/Rabin Trail	General Fund Parks	125,000	-	125,000
6	Old Rail Trail	Signage	General Fund Parks	7,500	-	7,500
7	Open Space Vegetation Mgmt.	Annual Program	Measure "A" Parks	26,000	26,000	26,000
8	Town Council Chambers	Audio//Video Improvements	Technology Fund	50,000	-	50,000
9	Town Council Project Set Aside	Undesignated Projects	General Fund Unallocated	400,000	-	0
10	Blackie's Pasture	Frontage Improvements	General Fund Parks	25,000	11,270	25,000
11	Tennis Court Overlay	Teather Park	Measure "A"	8,000	-	8,000
12	New Waste Receptacles & Benches	Various Locations	General Fund Parks	18,000	30,235	30,235
13	Tiburon Blvd. Relinquishment	Cost/Benefit Analysis	General Fund	45,000	-	0
	Downtown Improvements	Main Street Bollards	General Fund	80,000	10,380	80,000
14	Tiburon Blvd. Relinquishment	CalTrans PSSR Report	General fund	88,000	-	0
15	Downtown Improvements	Signage, Misc.	General Fund Unallocated	7,500	1,256	7,500
16	Congestion Improvements	School Bus Subsidy Program	General Fund	250,000	210,008	250,000

TOTAL COMMUNITY PROJECTS

\$ 1,443,405 \$ 290,555 \$ 908,328

SCHEDULE 4.

STATEMENT OF FUND RESOURCES
 Period: July 1, 2015 to December 31, 2015
 Estimated to June 30, 2016

FUND/RESERVE	Audited Fund Balance on July-1-2015	Projected Revenues	Projected Operating Expenses	Projected Capital Project Expenses	Transfers and Other Sources In (Out)	Projected Change to Fund Balance	Projected Fund Balance on June-30-2016
GENERAL RESERVES							
Per Town Policy							
General Operating (25%)	\$ 2,700,000	9,034,501	8,335,302	-	-	699,199	\$ 3,399,199
Capital Equipment Replacement	376,938	-	90,000	-	122,200	32,200	409,138
Employee Compensated Leave	316,380	-	-	-	-	-	316,380
Employee Housing Assistance	800,000	-	-	-	-	-	800,000
CalPERS Side Fund Repayment	175,063	-	-	-	-	-	175,063
Other Post Employment Benefits	1,045,153	-	-	-	206,865	206,865	1,252,018
Self Insurance	160,004	-	-	-	-	-	160,004
Technology Fund	556,546	55,000	146,635	50,000	55,400	(86,235)	470,311
Sub Total Policy Restricted	6,130,084	9,089,501	8,571,937	50,000	384,465	852,029	6,982,113
Discretionary Set-Aides							
Facility Repair/Replacement	302,494	-	-	440,000	-	(440,000)	(137,506)
PW Corp Yard Replacement	2,111,633	-	-	-	-	-	2,111,633
Park Development	298,859	-	-	325,735	-	(325,735)	(26,876)
Streets & Drainage	374,400	73,600	-	905,000	142,000	(689,400)	(315,000)
Emergency Repairs	100,000	-	-	-	-	-	100,000
Open Space Management	25,141	-	-	-	-	-	25,141
Sub Total Discretionary	3,212,527	-	-	1,670,735	142,000	(1,455,135)	1,757,392
Unallocated Balance	5,330,919	-	-	575,935	-	(575,935)	4,754,984
Total General Fund	\$ 14,673,530	7,270,753	8,571,937	2,296,670	526,465	(1,179,041)	13,494,489

FUND/RESERVE	Audited Fund		Projected		Projected Capital		Transfers and		Projected Fund	
	Balance on	July-1-2015	Revenues	Operating	Project Expenses	Other Sources In	Projected Change	to Fund Balance	Balance on	June-30-2016
OTHER RESTRICTED FUNDS										
Belvedere/Tiburon Library Agency	\$ -	1,517,809	1,517,809	-	-	-	-	\$ -	\$ -	
Cypress Hollow LLD	\$ 29,130	16,835	16,500	-	-	-	335	\$ 29,465	\$ 29,465	
Heritage & Arst Project Fund	\$ 7,522	1,000	-	-	-	-	1,000	\$ 8,522	\$ 8,522	
Town Owned Housing Fund	\$ 291,108	103,800	78,002	-	-	-	25,798	\$ 316,906	\$ 316,906	
Low & Moderate Housing	\$ 1,236,510	2,250	33,774	-	-	-	(31,524)	\$ 1,204,986	\$ 1,204,986	
Open Space Acquisition	193,678	475	-	-	-	-	475	\$ 194,153	\$ 194,153	
Police Suppl Law Enforcement	-	100,000	100,000	-	-	-	-	\$ -	\$ -	
State Gas Tax	1,170,810	200,000	-	155,805	-	-	44,195	\$ 1,215,005	\$ 1,215,005	
County Measure "A" Funds Streets	193,680	91,000	-	55,439	-	-	35,561	\$ 229,241	\$ 229,241	
Marin County Measure "B" Funds	53,025	-	-	-	-	-	-	\$ 53,025	\$ 53,025	
County Measure "A" Parks	26,206	56,000	-	56,000	-	-	-	\$ 26,206	\$ 26,206	
Tiburon Circ System Improvement	84,353	-	-	-	-	-	-	\$ 84,353	\$ 84,353	
Tiburon Drainage Impact	176,921	15,000	-	-	100,000	-	(85,000)	\$ 91,921	\$ 91,921	
Tiburon Long Range Planning	222,058	32,000	35,000	-	-	-	(3,000)	\$ 219,058	\$ 219,058	
Tiburon Parks In-Lieu	13,180	-	-	-	-	-	-	\$ 13,180	\$ 13,180	
Tiburon Bunch Grass Fund	131,469	325	-	-	-	-	325	\$ 131,794	\$ 131,794	
Tiburon Planning Area Mitigation	185,236	450	-	-	-	-	450	\$ 185,686	\$ 185,686	
Tiburon Playground Improvement	2,030	-	-	-	-	-	-	\$ 2,030	\$ 2,030	
Tiburon Street Impact	2,446,249	325,000	-	1,121,568	-	-	(796,568)	\$ 1,649,681	\$ 1,649,681	
Total Restricted Funds	\$ 6,463,165	\$ 2,461,944	\$ 1,781,085	\$ 1,488,812	\$ -	\$ (807,953)	\$ 5,655,212	\$ 5,655,212	\$ 5,655,212	



TOWN OF TIBURON
1505 Tiburon Boulevard
Tiburon, CA 94920

Town Council Meeting
February 17, 2016
Agenda Item: CC-5

STAFF REPORT

To: Mayor and Members of the Town Council
From: Office of the Town Attorney
Subject: Recommendation to Execute Settlement Agreement between Union Pacific Railroad Company and the Town of Tiburon
Reviewed By: GC

BACKGROUND

In 2013, the Town received a claim from Union Pacific Railroad Company ("UP") alleging damages in the form of soil contamination at the Stege Pistol Range allegedly caused, in part, by the Town's past use of the site. Several public entities throughout the Bay Area received similar claims from UP. The Town joined with other Bay Area cities and engaged in protracted negotiations with UP to settle these claims, and a global settlement between UP and the involved Bay Area cities was reached in September 2015. Each city's portion of this global settlement has been determined based on that city's size and history of use of the pistol range facility, with payments ranging from \$21,818 to \$46,363. The Town's share of the settlement payment is the lowest at \$21,818. In the proposed Settlement Agreement between the parties, the Town has agreed to pay UP a total of \$21,818 in exchange for a full release and settlement of all claims.

If this Settlement Agreement is approved by the Council, payment of the \$21,818 will be submitted to UP within 30 days of execution of the Settlement Agreement.

RECOMMENDATION

Staff recommends that the Town Council:

Authorize the Town Manager to execute the Release and Settlement Agreement between Union Pacific Railroad Company ("UP") and the Town of Tiburon ("Town") which resolves all present and future property damage claims related to alleged contamination of the Stege Pistol Range resulting from the Town's past use of the site.

Exhibit: Release and Settlement Agreement between Union Pacific Railroad Company and the Town of Tiburon

Prepared By: Benjamin Stock, Town Attorney

RELEASE AND SETTLEMENT AGREEMENT

This Release and Settlement Agreement (hereinafter “Settlement Agreement”) is made and entered into by and between the Town of Tiburon (hereinafter referred to as the “Settling Party”) and Union Pacific Railroad Company, a Delaware corporation (“UP”) (referred to hereinafter collectively as the “Parties” and individually each as a “Party”) as of the date of the last signature below (“Effective Date”).

WHEREAS, UP is the current owner of certain real property commonly known as the former Stege Pistol Range in Richmond, California, as more specifically identified in the map attached hereto as Exhibit A (the “Range”);

WHEREAS, UP has asserted that Settling Party and other public and private entities used the Range for target practice from approximately the early 1980s to 1997 (collectively the “Range Users”);

WHEREAS, pursuant to the direction of the California Department of Toxic Substances Control (“DTSC”), UP, through its consultants, has investigated and monitored environmental contamination at the Range, including, but not limited to, lead contamination, and any other soil and/or groundwater contamination at, under, in or migrating from the Range that is: (1) related to or caused by any substance, product, waste or other material of any nature whatsoever which is or becomes listed, regulated, or addressed pursuant to the Comprehensive Environmental Response Compensation and Liability Act, 42 U.S.C. section 9601, et seq., (“CERCLA”); the Hazardous Materials Transportation Act, 49 U.S.C. section 1801, et seq.; the Resource Conservation and Recovery Act, 42 U.S.C. section 6901, et seq. (“RCRA”); the Toxic Substances Control Act, 15 U.S.C. section 2601, et seq.; the Clean Water Act, 33 U.S.C. section

1251, et seq.; the California Hazardous Waste Control Act, Health and Safety Code section 25100, et seq.; the California Hazardous Substance Account Act, Health and Safety Code section 25300, et seq.; the California Safe Drinking Water and Toxic Enforcement Act, Health and Safety Code section 25249.5, et seq.; California Health and Safety Code section 25280, et seq. (Underground Storage of Hazardous Substances); the California Hazardous Waste Management Act, Health and Safety Code section 25500, et seq. (Hazardous Materials Release Response Plans and Inventory); or the Porter Cologne Water Quality Control Act, California Water Code section 13000, et seq.; all as amended; or any other federal, state or local statute, law, ordinance, resolution, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, as now or at any time hereafter in effect; (2) any substance, product, waste or other material of any nature whatsoever which may give rise to liability under any of the above statutes or under any statutory or common law theory based on negligence, trespass, intentional tort, nuisance or strict liability or under any reported decisions of a state or federal court; (3) petroleum and its fractions, crude oil, and other petroleum products; and (4) radioactive materials including naturally occurring radioactive materials, (collectively the “Contamination”);

WHEREAS, UP has conducted a remedial investigation and prepared a feasibility study for the remediation and/or removal of the Contamination which is set forth in the Remedial Action Work Plan (the “RAW”) that has been made available for public comment on or about January 2, 2013;

WHEREAS, UP completed the performance of the RAW and on February 12, 2015, DTSC approved and certified that the work has been completed;

WHEREAS, UP has claimed that Settling Party is liable to UP for the past and future costs of investigating and remediating the Range and has demanded, *inter alia*, that Settling Party indemnify UP for its past and future costs; and

WHEREAS, UP and Settling Party have reached a resolution of such claims and demands as provided below.

NOW THEREFORE, with the acknowledgment that this Settlement Agreement has been negotiated in good faith, and in recognition of the obligations, covenants and other good and valuable consideration contained herein, the Parties agree as follows:

SECTION I. PARTIES BOUND

1.0 This Settlement Agreement applies to, is binding upon, and shall inure solely to the benefit of the Parties, the Settling Party's police department and their predecessors and successors.

SECTION II. PAYMENT OF CASH

2.0 No later than 30 days from the Effective Date, Settling Party shall make a payment of Twenty One Thousand Eight Hundred Eighteen Dollars (\$21,818) by wire transfer (with instructions to be provided by Greenberg Glusker upon request), or by delivery of a check to the office of Greenberg Glusker at 1900 Avenue of the Stars, Suite 2100, Los Angeles, CA 90067, payable to Greenberg Glusker Fields Claman & Machtinger LLP Client Trust Account.

SECTION III. REMEDICATION

3.0 UP shall continue to perform all investigation and monitoring of the Contamination at the Range (including, but not limited to, any contamination of soil, soil vapor, or groundwater, relating to, arising from or emanating from, the Contamination on the Range) and any investigation, remediation or removal and related activities (including, without limitation, the performance of the RAW and any changes or amendments thereto) required by DTSC or any other agency which has jurisdiction with respect to the Contamination at the Range (the "Agencies") in order to obtain a "No Further Action" letter(s) (or its equivalent) for the Range from DTSC, or other Agencies (all such work shall be referred to collectively as "Remediation Work"). UP shall also perform all monitoring, post-closure maintenance or any additional investigations or remediation that may be required by the Agencies in the No Further Action letter(s) or in any subsequent notification(s) with respect to the Contamination at the Range at any time and for any reason ("Post-Closure Work"). For purposes of this Agreement, all Remediation Work and Post-Closure Work shall be referred to herein as "Response Action." Nothing herein shall affect UP's rights and remedies to recover its past and future costs in performing the Response Action from parties not bound by this Agreement.

SECTION IV. RELEASES AND COVENANTS NOT TO SUE

4.0 In consideration of the receipt of the settlement payment in Section 2.0 and other Settling Party obligations herein, UP hereby releases, discharges and covenants not to sue Settling Party from, against and for any claim, cause of action, damages, costs, attorneys' fees, fines or penalties in connection with, or arising, in any way, out of (1) the Response Action or any other investigation, assessment, remediation, or removal in connection with the

Contamination and/or the Range, including but not limited to, any past or future response costs in connection with same; (2) any diminution in value or loss of use related to the Contamination; and (3) any alleged bodily injury or property damage arising from or related to the Response Action and/or exposure to the Contamination that takes place at the Range. Settling Party understands and agrees that this release does not include a release of any contractual duty or obligation assumed under this Settlement Agreement. This release does not apply to any claims for bodily injury or property damage asserted by third parties based on exposure to the Contamination that takes place off of the Range.

4.1 In further consideration of the receipt of the settlement payment in Section 2.0 and other Settling Party obligations herein, UP shall indemnify and defend Settling Party (1) from any lawsuit or order asserted by Agencies seeking to recover response costs and/or requiring Settling Party to undertake a Response Action that arises out of the Contamination at the Range; and (2) from and against any lawsuit or cross-claim for contribution, indemnity, response costs, nuisance, trespass, negligence (or any other property damage claim), injunctive or declaratory relief brought against Settling Party in connection with the Response Action (“Cross-Claim”). UP’s obligation to indemnify and defend a lawsuit, order or Cross-Claim under this paragraph shall only be triggered by the actual filing of a lawsuit, Cross-Claim or issuance of an order, and shall not cover any internal costs of Settling Party arising from said lawsuit, Cross-Claim or order. Settling Party’s defense shall be provided by counsel selected by UP. As a condition precedent to UP’s obligations under this paragraph, Settling Party must provide written notice within ten (10) days of actual notice, receipt or service (whichever is sooner) of any lawsuit or Cross-Claim and twenty (20) days of actual notice of any order. UP shall have no obligation for any costs or obligations incurred by Settling Party in response to a

Cross-Claim, order or lawsuit without the written consent of UP. This indemnity shall not apply to any third-party claims, demands or lawsuits for bodily injury.

4.2 In consideration of UP's obligations herein, Settling Party hereby releases, discharges and covenants not to sue UP, its employees, agents, predecessors, successors and assigns, other Range Users, or any other parties responsible for or liable for the Contamination at the Range (except for Settling Party's insurers), from, against and for any claim (including subrogation claims), loss, liability or damages relating to (1) any lawsuit or order asserted by Agencies seeking to recover response costs and/or requiring Settling Party to undertake a Response Action that arises out of the Contamination at the Range; (2) any lawsuit or cross-claim for contribution, indemnity, response costs, nuisance, trespass (or any other property damage claim), injunctive or declaratory relief brought against Settling Party in connection with the Response Action; and, (3) Settling Party's payment of cash under Section 2.0.. UP understands and agrees that this release does not include a release of any contractual duty or obligation assumed under this Settlement Agreement. With the exception of any claim relating to Settling Party's payment of cash under Section 2.0, which is covered by this release, UP further understands and agrees that Settling Party will not release, does not release, and this release does not apply to, any claim, cause of action, damages, costs, attorneys' fee, fines or penalties that is/are not covered by UP's indemnity obligations in Section 4.1. This release does not apply to any third-party claims, demands or lawsuits for bodily injury.

4.3 Settling Party and UP agree to reasonably cooperate with one another should UP seek a judicial determination that this Settlement Agreement was entered into in good faith and constituted a fair share payment in any litigation wherein UP seeks contribution protection

for Settling Party, a good faith settlement determination, a fair share determination or similar procedure for protection against a Cross-Claim.

4.4 The Parties understand and agree that this Settlement Agreement is a full and final release applying to all unknown, unsuspected, unasserted and unanticipated claims, liabilities, losses, demands, rights or causes of action with respect to the matters released above. The Parties warrant that each explicitly took this into account in determining the consideration for the giving of this release, and a portion of said consideration, having been bargained for between the Parties with the knowledge of the possibility of such unknown, unsuspected, unasserted and unanticipated claims, was given in exchange for a full accord, satisfaction and discharge of all such claims. The Parties expressly waive all rights under California Civil Code section 1542 which provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE WHICH, IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

SECTION V. NO ADMISSIONS

5.0 Entering into this Settlement Agreement, and any conduct of any Party in executing and implementing the terms of this Settlement Agreement, shall not constitute or be used as evidence of any admission of liability on any issue of fact or law or any admission of fact or law by any Party or by any other person or entity not a Party, except as to the obligations expressly assumed herein. This Settlement Agreement may not be used in any fashion or be admitted as evidence in any subsequent legal proceeding, except that this Settlement Agreement may be used as evidence against a Party in a legal proceeding brought

by another Party to enforce the terms of and the obligations and responsibilities contained in this Settlement Agreement.

SECTION VI. NO MODIFICATION

6.0 No modification shall be made to this Settlement Agreement unless in writing and executed by all Parties.

SECTION VII. ENTIRE AGREEMENT

7.0 This Settlement Agreement constitutes the entire understanding of the Parties with respect to this Settlement Agreement's subject matter and supersedes any and all other agreements and negotiations, whether oral or in writing, with respect to this Settlement Agreement's subject matter.

SECTION VIII. NO THIRD PARTY BENEFICIARIES

8.0 Except as provided in Section 1.0, this Settlement Agreement is not intended to confer rights, benefits or obligations upon any person or entity except the Parties herein.

SECTION IX. CHOICE OF LAW AND DISPUTE RESOLUTION

9.0 This Settlement Agreement shall be governed and construed in accordance with the substantive laws of the State of California without reference to principles of conflicts of law.

SECTION X. NO ASSIGNMENT

10.0 Each of the Parties has entered into this Settlement Agreement in reliance on the ability of the other Parties to carry out the obligations herein. Accordingly, the obligations under this Settlement Agreement may not be assigned or transferred without the written consent of the other Party which may be withheld in that Party's sole and absolute discretion.

SECTION XI. COUNTERPARTS

11.0 This Settlement Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which together shall constitute one and the same instrument. When signed, the Parties shall serve signature pages on all other Parties by overnight mail, Federal Express overnight or equivalent service.

SECTION XII. WARRANTY

12.0 Each of the Parties hereby warrants and declares that this Settlement Agreement is executed and delivered voluntarily, without any duress of any type or nature whatsoever, whether economic or otherwise, or undue influence or misrepresentation by any of the Parties, their agents or attorney. Each of the Parties and signatories to this Settlement Agreement warrant that they have the requisite authority to execute this Settlement Agreement and bind the Parties on whose behalf they are signing. Each of the Parties agrees that this Settlement Agreement is supported by contemporaneous, fair and legally sufficient consideration, including, without limitation, the forbearance of legal rights and remedies, compromise of claims, releases, indemnities, and covenants contained herein.

SECTION XIII. ADVICE OF COUNSEL

13.0 The Parties acknowledge that they have (a) had an equal role in drafting this Settlement Agreement, (b) read each of the provisions of this Settlement Agreement and understand the same, and (c) signed this Settlement Agreement of their own volition based upon the explicit advice of their counsel. Because each of the Parties has participated in drafting this Settlement Agreement, there shall be no presumptions in interpretation and construction against any Party on the ground that such Party was responsible for preparing the Settlement Agreement or any part of it.

IN WITNESS WHEREOF, the Parties enter into this Settlement Agreement. Each person signing this Settlement Agreement represents and warrants that he or she has been duly authorized to enter into this Settlement Agreement by the Party on whose behalf it is indicated that the person is signing.

**UNION PACIFIC RAILROAD
COMPANY**

TOWN OF TIBURON

Greg Chanis, Town Manager

Dated: _____

Dated: _____

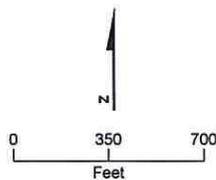
Approved as to Form:

Benjamin Stock, Town Attorney

Dated: _____



LEGEND
 Former Pistol Range



Pistol Range Location Map



TOWN OF TIBURON
1505 Tiburon Boulevard
Tiburon, CA 94920

Town Council Meeting
February 17, 2016
Agenda Item: *AZ*

STAFF REPORT

To: **Mayor & Members of the Town Council**

From: **Community Development Department**

Subject: **Review of Leaf Blower/Hedge Trimmer Regulations; Title VI, Chapter 30 of the Tiburon Municipal Code**

Reviewed by: *h.c.*

BACKGROUND

At its meeting of September 16, 2015, members of the Town Council requested the Town hold a review of its leaf blower regulations, and the Council directed staff to return with the item at a future meeting (see minutes attached as **Exhibit 1**).

ANALYSIS

The Town first adopted leaf blower regulations in 1995, codified as Chapter 30 of the Tiburon Municipal Code (Leaf Blowers and Hedge Trimmers). Chapter 30 was revised and amended in 2010. The current regulations are attached as **Exhibit 2**. The Town also publishes a summary chart of the leaf blower regulations in the English and Spanish languages (see **Exhibit 3**).

Adoption of the leaf blower regulations initially took place after significant public interest was expressed in regulating these potentially noisy devices, especially in residential areas. The regulations make distinctions between “residential” and “non-residential areas”, between gas-powered and electric-powered devices, and between allowable days and hours of use. All use is prohibited on identified holidays. Public agencies are exempt from the regulations for emergency purposes and for park and public right-of-way maintenance.

RECOMMENDATION

Staff recommends the Town Council:

1. Hear any public comment on this item.
2. Review and discuss the regulations and provide direction to staff.

Any suggested amendments to the Municipal Code regulations would require a separate public hearing before the Town Council at a future date.

EXHIBITS

1. Excerpt of Town Council minutes of September 16, 2015.
2. Municipal Code Chapter 30 (Leaf Blowers and Hedge Trimmers).
3. Summary Chart of Leaf Blower Regulations.

Prepared by: Scott Anderson, Director of Community Development 

Councilmember Fraser questioned the increase in the Residential Building Report (RBR) fines and felt it sent a bad message by changing it from \$1,000 per residence to increasing it to \$500 per day. He noted other communities have moved away from requiring an RBR.

A brief discussion ensued and Councilmember O'Donnell favored the higher fine to encourage compliance with the law rather than allow someone to potentially pay \$1,000 and not do an RBR. In response to a query by Councilmember O'Donnell, Director Anderson stated that violations for work without a permit are typically issued a stop-work order under Chapter 13 of the Municipal Code.



Councilmember O'Donnell noted his pet peeve was the "electric leaf blower" regulations, which didn't apply to the Town's Public Works department and/or their use in commercial areas. Councilmember Tollini agreed the "leaf blower" regulations needed to be revisited. Town Manager Curran responded that the matter would be placed on a Council agenda for review at a future date.

MOTION: To adopt A Resolution of the Town Council of the Town of Tiburon Superseding Resolution No. 45-2011 and Setting Forth the Violations of the Municipal Code that May be Enforced by Administrative Citation Pursuant to Chapter 31 of the Municipal Code and Adopting an Updated Schedule of Fines for Violations

Moved/Seconded: O'Donnell/Tollini
Vote: AYES: O'Donnell, Tollini, Doyle
NAYS: Fraser
ABSENT: Fredericks

PUBLIC HEARING

1. 1694-1696 Tiburon Boulevard - Appeal of Conditional Use Permit Approval for Construction of a New Three-Story Mixed-Use Commercial and Residential Building Intended for Condominium-type Ownership (Community Development Department)

Owners: ACV Argo Tiburon LP
Applicant: Zwick Architects
Appellant: Jim Mantegani
A.P. No: 059-101-12

Community Development Director Anderson reviewed the written staff report, providing a description of the project, a summary of the project's processing history and deliberations of the Planning Commission, a summary of the grounds contained in the appeal and the staff response, and a recommendation to hold a public hearing and consider the appeal.

Chapter 30

LEAF BLOWERS AND HEDGE TRIMMERS*

Sections:

- 30-1 Title.
- 30-2 Purpose and intent.
- 30-3 Definitions.
- 30-4 Use Restricted.
- 30-5 Exemptions.
- 30-6 Enforcement and violations.

30-1 Title.

This chapter shall be known as the "Town of Tiburon Leaf Blower and Hedge Trimmer Ordinance" and may be so cited.

(Ord. No. 518 N.S., § 3, 1-20-2010)

30-2 Purpose and intent.

(a) The purpose of this chapter is to regulate the use of leaf blowers and nonmanually-powered hedge trimmers within the town, so as to prevent the unreasonable and continuous disruption of the community due to associated mechanical noise and the propensity of the devices to broadcast dust and other airborne pollutants into the air and onto nearby properties.

(b) Residential areas are being distinguished from other areas of the town because of the special maintenance needs for commercial and other public areas, and the particular sensitivity of residential uses to the impacts and effects resulting from the use of leaf blowers and nonmanually-powered hedge trimmers.

(Ord. No. 518 N.S., § 3, 1-20-2010)

30-3 Definitions.

For the purposes of this chapter, the terms in this section shall have the following meaning:

"Electrically-powered hedge trimmer" means any hedge trimmer powered by electric means, including, but not limited to, cordless, rechargeable hedge trimmers.

* Ord. No. 518 N.S., §§ 2, 3, adopted Jan. 20, 2010, repealed the former Tit. VI, Ch. 30 and enacted a new Tit. VI, Ch. 30 as set out herein. The former Tit. VI, Ch. 30 pertained to similar subject matter and derived from Ord. 415 N.S.; Ord. No. 471 N.S., §2(part).

"Electrically-powered leaf blower" means any leaf blower, leaf vacuum or other leaf-gathering device powered by electric means, including, but not limited to, cordless, rechargeable leaf blowers.

"Gas-powered hedge trimmer" means any hedge trimmer directly powered by an internal combustion or rotary engine using gasoline, alcohol or other liquid or gaseous fuel. Electrically-powered hedge trimmers are not included in this definition.

"Gas-powered leaf blower" means any leaf blower, leaf vacuum or other leaf-gathering device directly powered by an internal combustion or rotary engine using gasoline, alcohol or other liquid or gaseous fuel. Lawn mowers, lawn edgers, and electrically-powered leaf blowers are not included in this definition.

"Nonresidential area" means any area other than a "residential area", as defined herein.

"Residential area" means any parcel of land where the primary use of the property is for residential purposes (such as a single-family residence, duplex, apartment building or other form of residential structure). Street areas, up to the centerline of the street, directly in front of properties used for residential purposes are also considered residential areas for the purposes of this chapter. No parcel with a mixture of residential and commercial uses shall be considered as a residential area for purposes of this chapter.

(Ord. No. 518 N.S., § 3, 1-20-2010)

30-4 Use Restricted.

(a) In any residential area:

(1) It is unlawful for any property owner or employee, agent or contractor working for a property owner to operate or authorize the operation of any:

a. Gas-powered leaf blower to blow leaves, dirt or other debris off sidewalks, driveways, lawns or other surfaces at any time within any residential area; and

b. Gas-powered leaf blower to collect leaves, dirt or other debris from sidewalks, driveways, lawns or other surfaces at any time within any residential area.

(2) It is unlawful for any property owner or employee, agent or contractor working for a property owner to operate or authorize the operation of any gas-powered hedge trimmer to trim, prune or otherwise maintain landscaping at any time within any residential area.

(3) It is unlawful for any property owner or employee, agent or contractor working for a property owner to operate or authorize the operation of any electrically-powered leaf blower or any electrically-powered hedge trimmer within any residential area except between the hours of nine a.m. and four p.m. No use of these devices is allowed on the following holidays: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(b) In any nonresidential area:

(1) It is unlawful for any property owner or employee, agent or contractor working for a property owner to operate or authorize the operation of any leaf blower within any nonresidential area except between the hours of nine a.m. and four p.m. No use of any leaf blower shall be allowed on any Saturday, on any Sunday or on any of the following holidays: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(2) It is unlawful for any property owner or employee, agent or contractor working for a property owner to operate or authorize the operation of any electrically-powered hedge trimmer within any nonresidential area except between the hours of nine a.m. and four p.m. No use of electrically-powered hedge trimmers in any nonresidential area shall be allowed on any Saturday, on any Sunday or on any of the following holidays: New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

(Ord. No. 518 N.S., § 3, 1-20-2010)

30-5 Exemptions.

Use of leaf blowers and/or hedge trimmers by public agency employees for emergencies or for park or public right-of-way maintenance is exempted from regulations of this chapter. (Ord. No. 518 N.S., § 3, 1-20-2010)

30-6 Enforcement and violations.

(a) Violations of this chapter will be subject to an administrative enforcement process under title VI, chapter 31 of this Code that may include a citation assessing a monetary fine not to exceed two hundred fifty dollars and/or a verbal or written cease and desist warning from town officials. The town council may adjust the monetary fine amount for violations from time to time by resolution.

(b) Any property owner or employee, agent or contractor working for a property owner who violates this chapter may also be considered guilty of an infraction, and each day such violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such. Such infraction shall be punishable by a monetary fine not to exceed two hundred fifty dollars. The town council may adjust the monetary fine amount for violations from time to time by resolution.

(Ord. No. 518 N.S., § 3, 1-20-2010)



**TOWN OF TIBURON
LEAF BLOWER AND HEDGE TRIMMER
SUMMARY OF REGULATIONS**
(Pursuant to Title V, Chapter 30, Tiburon Municipal Code)

Type of Device	In a Residential Area	In a Non-residential Area
Gas-Powered Leaf Blowers	Use prohibited at all times	Use allowed only between 9 a.m. and 4 p.m. Monday through Friday; use prohibited on Holidays*
Electrically-Powered Leaf Blowers	Use allowed only between 9 a.m. and 4 p.m. on any day; use prohibited on Holidays*	Use allowed only between 9 a.m. and 4 p.m. Monday through Friday; use prohibited on Holidays*
Gas-Powered Hedge Trimmers	Use prohibited at all times	Use allowed only between 9 a.m. and 4 p.m. Monday through Friday; use prohibited on Holidays*
Electrically-Powered Hedge Trimmers	Use allowed only between 9 a.m. and 4 p.m. on any day; use prohibited on Holidays*	Use allowed only between 9 a.m. and 4 p.m. Monday through Friday; use prohibited on Holidays*

* Holidays are New Year's Day, Martin Luther King Day, President's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, and Christmas Day.

CIUDAD DE TIBURON
SOPLADORAS DE HOJAS Y PODADORAS
RESUMEN DE REGULACIONES
(Segun Titulo V, Capitulo 30, Codigo Municipal de Tiburon)

Tipo de Aparato	Para Zonas Residenciales	Para Zonas Comerciales
Sopladoras de Hojas Que Utilizan Gasolina para su Operacion	Prohibido a toda Hora y Cualquier Dia	Permitido solo entre 9 a.m. y 4 p.m. Lunes a Viernes; Prohibido en Dias Festivos *
Sopladoras de Hojas Electricas	Permitido solo entre las 9 a.m. y 4 p.m. cualquier dia; Prohibido en Dias Festivos *	Permitido solo entre 9 a.m. y 4 p.m. Lunes a Viernes; Prohibido en Dias Festivos *
Podadoras Que Utilizan Gasolina para su Operacion	Prohibido a toda Hora Y Cualquier Dia	Permitido solo entre 9 a.m. y 4 p.m. Lunes a Viernes; Prohibido en Dias Festivos *
Podadoras Electricas	Permitido solo entre 9 a.m. y 4 p.m. cualquier dia; Prohibido en Dias Festivos *	Permitido solo entre 9 a.m. y 4 p.m. Lunes a Viernes; Prohibido en Dias Festivos *

* Dias Festivos son: Ano Nuevo, Dia Martin Luther King, Dia de Los Presidentes, Dia Memorial, Dia de Independencia, Dia de los Sindicatos, Dia de Accion de Gracias, Navidad