

**TOWN COUNCIL
MINUTES**

CALL TO ORDER

Vice Mayor Fraser called the regular meeting of the Tiburon Town Council to order at 7:30 p.m. on Wednesday, June 1, 2016, in Town Council Chambers, 1505 Tiburon Boulevard, Tiburon, California.

ROLL CALL

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

ABSENT: COUNCILMEMBERS: Tollini

PRESENT: EX OFFICIO: Town Manager Chanis, Town Attorney Stock, Director of Community Development Anderson, Director of Public Works/Town Engineer Barnes, Director of Administrative Services Bigall, Chief of Police Cronin, Town Clerk Crane Iacopi

ORAL COMMUNICATIONS

Ron Hurwin of Tenaya Drive spoke about a project proposed by the neighbors in the Reed Heights/Tiburon Knolls and Del Mar neighborhood areas to remove the non-native eucalyptus and pine trees on the McKegney Green Knoll. He said they are calling the project the "McKegney Green Knoll Tree Restoration Project". Hurwin provided an arborist's report in support of the initiative, as well as a map of the affected area and location of trees proposed to be removed.

Hurwin said the focus of the project is native plant restoration, fire safety, and view restoration. He said the neighbors propose this as a town land management project, however, he said they would raise private donations in the amount of \$30,000 to help fund it. He also said the project would complement the other town projects in the area – the restoration of McKegney Green and the Trestle Berm.

Vice Mayor Fraser thanked Mr. Hurwin, and noted that while the Council could take no action on an unagendized matter, he directed him to discuss the matter further with Town staff in the Community Development Department.

CONSENT CALENDAR

1. **Town Council Minutes** – Adopt minutes of May 18, 2016 regular meeting (Town Clerk Crane Iacopi)
2. **Library Agency Joint Powers Agreement** – Recommendation to adopt first amendment to the Joint Powers Agreement for the Belvedere-Tiburon Library to change the terms of service for appointed board members from three to four years (Town Clerk Crane Iacopi / Library Director Mazzolini)
3. **Police Department Administrative Services** – Recommendation to approve renewal of Agreement for Police Department Administrative Services with the City of Belvedere, effective July 1, 2016 through June 30, 2017 (Chief of Police Cronin)

Vice Mayor Fraser asked to remove Item No. 1. He added to the sentence about Woodlands Market on page 4, paragraph 6, “when they first came to Tiburon and opened their store”.

MOTION: To adopt Consent Calendar Items 2, and 3 as submitted
Moved: O'Donnell, seconded by Doyle
Vote: AYES: Unanimous
ABSENT: Tollini

MOTION: To adopt Consent Calendar Item No. 1, as amended.
Moved: O'Donnell, seconded by Fredericks
Vote: AYES: Unanimous
ABSENT: Tollini

ACTION ITEMS

1. **Public Finance Authority** – Adopt resolutions creating the Tiburon Parking Authority and approve execution of a Joint Exercise of Powers Agreement between the Town and the Tiburon Parking Authority to create a public finance authority for the purpose of bond refinance (Town Manager Chanis)

Town Manager Chanis said Town staff was exploring the possibility of refinancing the Town's previously-formed undergrounding assessment districts by issuing refunding bonds with lower interest rates. He said the idea had been discussed at the Council retreat, and subsequently by the Council budget committee. Chanis noted that the City of Belvedere is working on the formation of its own parking authority for the purpose of bond refinancing. He said that because two public entities are required in order to form such an authority, the Town would need to form a separate parking authority, as well, in order to accomplish this.

Chanis said that depending on interest rates, the refinancing could reduce annual property assessment payments for property owners in the following districts:

- 1999 Main Street District
- 2001 Stewart Drive Undergrounding District
- 2005 Del Mar Valley Utility Undergrounding District
- 2010 Del Mar Supplemental Undergrounding District
- 2005 Lyford Cove Undergrounding District 1&2
- 2006 Lyford Cove Supplemental Undergrounding District

In his report, the Town Manager explained in more detail the legal mechanisms that allow a public entity to form either a parking authority or housing authority, for the purpose of refinancing bonds. He provided some local examples, such as a recent refinancing of bonds by Sanitary District No. 5. He said staff recommended the formation of a parking authority (rather than a housing authority) and listed the steps the Council should take to enter into a joint powers agreement. He then introduced bond counsel Paul Thimmig, and bond underwriter Mark Pressman, who were present to answer Council questions.

Councilmember Fredericks asked if “parking” was simply the name of the financing authority, or whether it represented something to do with parking. Fredericks noted it was not contemplated that the Parking Authority would finance parking projects in Tiburon.

Mr. Thimmig explained that the Council would first create the statutory authorized parking authority, and then the parking authority and the Town would form the joint powers agreement to create the Tiburon Public Financing Authority, which would become the actual financing authority for the reassessment district. He said these authorities have broad powers but need revenue. He said virtually every city had such a financing authority in the form of a redevelopment agency but changes in state law had eliminated this model. He said the financing authority would have very little to do, as it cannot collect revenue, and there would be some administrative costs, including an annual audit. He said these costs can be included in the bond refinancing.

Fredericks asked what types of civic projects were financed by such an authority. Thimmig said city halls (with lease agreements that are allowed under state law), certificates of participation, assessment bonds, and Mello-Roos bonds.

Mark Pressman noted that financing for the development of Point Tiburon had used the Town’s Redevelopment Agency (RDA) as its financing authority. Pressman said last year, the last of these Mello-Roos bonds were paid off and the JPA ceased to exist; he, too, said the new parking authority could replace the RDA as a financing authority for the Town.

Fredericks asked about the selection of a parking authority over a housing authority. Town Manager Chanis noted these were the two options available; Town Attorney Stock added that a parking authority was the easiest mechanism and created the least burden on the Town.

Councilmember O'Donnell commented that this was basically a refinancing mechanism rather than a development mechanism. He said that if a capital project arose that the Town wanted to fund, it would still need revenue to fund it.

Vice Mayor Fraser asked about the actual savings to the districts by refinancing. Town Manager Chanis said of the 780 parcels involved, the average annual savings would be \$125,000 in the aggregate, and that when the bonds are paid off, it will represent a savings of \$2.25 million in interest (or a present value of \$960,000).

Councilmember Fredericks commented that the current bondholders would not realize their projected returns in interest on their investment. Mr. Thimmig said this was correct; that the homeowners would realize the savings, in this case. Mr. Pressman said it was like shopping a mortgage in order to save money. Ms. Fredericks said it was an excellent idea.

Vice Mayor Fraser opened the item to public comment. There was no public comment.

MOTION: To adopt Town Council resolution forming the Parking Authority.
Moved: O'Donnell, seconded by Doyle
Vote: AYES: Unanimous
ABSENT: Tollini

MOTION: To adopt Town Council resolution authorizing execution of the Joint Powers Agreement.
Moved: Fredericks, seconded by O'Donnell
Vote: AYES: Unanimous
ABSENT: Tollini

ADJOURNMENT

Vice Mayor Fraser moved to adjourn the meeting and reconvene the Council as the Board of the Tiburon Parking Authority.

**AGENDA
TIBURON PARKING AUTHORITY
JUNE 1, 2016, 7:40 PM
TOWN COUNCIL CHAMBERS**

ROLL CALL

Boardmembers Present: Vice Chair Fraser, Boardmembers Doyle, Fredericks, O'Donnell
Absent: Chair Tollini

ORAL COMMUNICATIONS

None.

ACTION ITEMS

1. **Public Finance Authority** – Adopt a resolution authorizing the execution of a Joint Exercise of Powers Agreement relating to the Tiburon Public Financing Authority.

Vice Chair Fraser waived the staff report. No one from the public wished to address the Council on this item.

MOTION: To adopt resolution authorizing execution of the Joint Exercise of Powers Agreement with the Town of Tiburon.

Moved: Doyle, seconded by Fredericks

Vote: AYES: Unanimous

ABSENT: Tollini

ADJOURNMENT

RECONVENE REGULAR MEETING – Tiburon Town Council (7:45)

PUBLIC HEARINGS

Vice Mayor Fraser took Item No. 2 first.

2. **Marin Municipal Water District (MMWD) Water Efficient Landscaping** – Amend Title IV, Chapter 13E (Water Efficient Landscape) of the Tiburon Municipal Code to adopt by reference the most current MMWD ordinance regarding water-efficient landscapes and water conservation (Community Development Department) – *Second reading and adoption of ordinance*

Vice Mayor Fraser waived the staff report and opened the public hearing. There was no public comment and the Vice Mayor closed the public hearing.

He asked for Council comments. There were none.

MOTION: To read the ordinance by title only.

Moved: Doyle, seconded by Fredericks

Vote: AYES: Unanimous
 ABSENT: Tollini

Vice Mayor Fraser read, "An ordinance of the Town Council of the Town of Tiburon amending Title IV, Chapter 13E (Water Efficient Landscape) of the Municipal Code and adopting by reference Marin Municipal Water District (MMWD) Ordinance No. 430 regarding water conservation."

MOTION: To adopt the ordinance, as submitted.
Moved: Doyle, seconded by Fredericks
Vote: AYES: Doyle, Fraser, Fredericks, O'Donnell
 ABSENT: Tollini

1. **2016 -17 Municipal Budget** – Introduction of Fiscal Year 2016-17 Municipal Budget and Capital Improvement Program (Town Manager Chanis/ Director of Administrative Services Bigall)

Town Manager Chanis provided a power point presentation showing the sources of anticipated revenues and expenditures for FY 2016-17. He said the proposed budget showed revenues of \$11,092,307 and expenditures of \$10,838,457, with an operating surplus for the year in the amount of \$253,850.

Chanis said operating revenues were projected to increase by 4% in the coming year. He attributed this to an increase in property and other taxes, franchise fees, building permits and license fees, investment earnings, fines, and a few other sources.

The Town Manager said expenditures were anticipated to rise by 6.9% as a result, among other factors, of compensation increases, an estimated 10% medical insurance rate increase in 2017, and by moving the Town's contribution to the Yellow Bus program from the capital budget to the operating budget. He also noted the recommendation endorsed by the Council budget committee to pay down the Town's unfunded post-employment benefits (OPEB) liability, as well as a Council-approved expenditure in the amount of \$20,000 for the new summer/fall Farmer's Market on Main Street.

Also included in the coming year's budget is \$50,000 for seasonal help in the Public Works Department, which Chanis said would make more economic sense than adding a full-time position. He also noted the Council decision to fund the Yellow Bus program for another year would reduce the operating surplus from \$500,000 or more to the amount stated above (\$253,850).

Chanis and Director of Administrative Services Bigall described in more detail the recommendation to pay down the Town's OPEB and CalPERS liabilities. They said this would include moving funds from the OPEB Reserve to a third-party trust and continue to fund the

annual “pay as you go” expense out of the operating budget. But he said staff also recommended a reduction in the additional annual contribution to OPEB from the current amount to 1% of payroll, or approximately \$38,000 for FY 2016-17.

Director of Administrative Services Bigall described another recommendation; namely a transfer of \$1.25 million to pay down the Town’s unfunded liability. She said staff proposed a one-time payment of \$200,000 this year, while continuing to make the required contributions and annual amortized payment from the operating budget.

Bigall said that both of these changes described above would result in net increase to the proposed budget of \$19,000.

In response to a question from Councilmember Fredericks, Director Bigall said that the OPEB liability was a closed pool; that the payments towards this liability would eventually go away. She said that investing funds now in the trust would create enough income for the Town to make its “pay as you go” payments. She also noted it was the only post-employment benefit the Town ever had and it is no longer a benefit provided to employees hired after 2009, 2010, and 2011, depending on employee group.

Councilmember O’Donnell concurred with this approach and said the actuarial hired by the Town to study these liabilities had recommended it. But he asked what would happen when the OPEB payments “went away”. Bigall said eventually the trust would make both principal and interest payments, and the Town could have the trust reimburse itself if it chose to do so. O’Donnell said that this language should be clearly added to the trust documents. Town Manager Chanis said the Town would be able to review the legal documents before the transfer of funds was made.

Chanis said there were a few more pieces of the puzzle. He said the payment of \$200,000 toward the PERS liability would result in savings and interest over 28 years of around \$3 million. O’Donnell said Mayor Tollini, his colleague on the budget committee, was very keen on this because the Town now paid 7.5% interest on this liability. He said it would require budgeting for a \$200,000 annual payment for about 12 years to realize this savings. Town Manager Chanis concurred and noted this was in addition to the Town’s other, non-optional payment to PERS.

Director of Administrative Services Bigall then reviewed the General Fund expenditures by department. This was followed by a discussion of General Fund reserves at fiscal year-end.

The Council expressed some concerns about the rising expenditures for legal services, as it had changed the model in the previous year to hire a contract attorney, with a thought of controlling costs.

Director Bigall said legal settlements are an “unknown” that had contributed to the increase in legal department costs. She also said the previous Town Attorney had fixed costs for salary and

benefits and noted that it was still unclear exactly what the cost would be for hours worked by the contract firm. Town Manager Chanis agreed that these unknowns are difficult to predict; also that some unusual issues had arisen during the past year requiring special time and study by the new attorney. He said these included the new gun ordinance, the formation of the Yellow Bus [Traffic Relief] JPA, as well as other issues.

Councilmember Fredericks suggested that it is important to look at what's paid out in settlements and separate out that number when reviewing the department budget. Councilmember O'Donnell also asked if hourly costs might be recouped in certain projects, such as undergrounding. He said that the Town's undergrounding policy spoke to this.

Town Attorney Stock said he agreed with this line of thinking; however, he noted a recent court decision that says only bond counsel can be reimbursed in the formation of undergrounding districts, as opposed to the Town's attorney. He did point out that other staff members' time can be recouped. Town Manager Chanis said the proposed budget for the Hawthorne undergrounding did include some administrative time.

Vice Mayor Fraser noted the "people costs" of running the town was around 62% of the operating budget. He said that while wage increases were "modest" he noted double-digit increases in benefits in some areas. He also noted that the increases varied by department and wondered why.

Director Bigall noted that there are increases to medical insurance and the like. But she also said that one reason for the variation by department was that CalPERS no longer charges for its costs by percentage of payroll; therefore, when she spread the cost between the departments, it was presented differently than in previous years. Vice Mayor Fraser asked for a more detailed explanation, perhaps in a one-on-one meeting or through a memorandum to Council, in order to aid his understanding of this complex issue.

Councilmember Fredericks commented on the funding of the Yellow Bus program in future years. She said that small jurisdictions such as ours would have trouble sustaining these annual contributions. She said she would like assurances that the program itself is sustainable, and whether there are alternate sources of funding contemplated for the future. She asked that the Council be apprised of these matters prior to the budget hearings in the next fiscal year.

Vice Mayor Fraser said that the JPA has this very issue on its agenda but conceded there was not a clear answer to the question at this moment. He said the goal of the JPA was to migrate to a sustainable model. Town Manager Chanis agreed that this was a significant expenditure and said the new JPA was looking at a funding stream so that it would not be reliant upon the Town's General Fund.

In concluding her presentation, Director Bigall said that the Town budget had started the year with \$13.5 million in General Fund Reserves and would end with \$11.3 million. She recapped

that \$1.25 million would be transferred to OPEB and \$1.1 million would be transferred to capital improvement projects.

In his portion of the presentation, Director of Public Works Barnes described the Capital Improvement Program (CIP) component of the budget. He said the total budget for the year is \$1,962,000. He noted the “streets” [street rehabilitation] portion was in an “off” year; and that the Town now does this program every other year to take advantage of economies of scale.

Councilmember O’Donnell asked how this would affect the Town’s Pavement Condition Index (PCI). Barnes said it would take a slight one year dip, but he also said the Town PCI is ranked at 77; a very high number.

Director Barnes described the community projects scheduled for the year: 1) Blackfield Drive crossing improvements (mostly grant funded); 2) Drainage infrastructure – to video all the remaining pipes; 3) Undergrounding projects (Lyford to Ned’s Way); 4) the Trestle Berm pathway (Town to manage project and contribute up to \$40,000); and 5) Ferry landing upgrades to replace worn timbers and bring up to ADA compliance (also Measure A grant funded).

Councilmember O’Donnell commented that the repairs to McKegney Green were not mentioned in the CIP budget. He asked if a budget amendment would be required for this. Town Manager Chanis said there was a \$200,000 line item for the project that was dependent on whether the Council voted to move forward with the design phase. Director Barnes added that the RFP for the design phase was mailed out today.

Vice Mayor Fraser encouraged thinking “outside the box” in the future and considering more ways to utilize shared services. He said the Town had entered into a successful model with the City of Belvedere through sharing the services of Chief Seyler for administrative functions. He also said the Traffic Relief JPA was experimenting with this, utilizing staff at the Marin Transit Agency. He said the agency was helping not only Belvedere and Tiburon, but Mill Valley and Ross, as well, with their bus programs. He suggested the Town might explore this concept in other areas of our operations. He said with technological advances it might be possible to look deeper and uncover some solutions to the “people costs” that continue to rise. He wondered whether this was something the department heads and Town Manager might take on; he said it might be a “positive disruptor”.

There being no further Council comments, Vice Mayor Fraser opened the public hearing. There was no public comment. Vice Mayor Fraser closed the public hearing.

MOTION: To continue the matter for adoption of the FY 2016-17 Municipal Budget to the June 15, 2016 regular meeting.

Moved: Fredericks, seconded by Doyle

Vote: AYES: Unanimous

ABSENT: Tollini

TOWN COUNCIL REPORTS

Councilmember Fredericks reported that there now appears to be a sustainable ridership for the two morning [Bus Route 8] bus runs from the Tiburon Peninsula. She said the return routes were not so robust, as some people took the bus in the morning but returned home by ferry in the afternoon. Fredericks noted a decision [by the Bridge District] would be made later in the summer regarding continuation of this route.

Fredericks also reported on the handover of the commuter ferry service from Blue & Gold to Golden Gate Bridge Highway & Transportation District. She said the handover was not dependent on the aforementioned town improvements to the ferry landing; rather, it depended on the ongoing negotiations of Blue and Gold with AC Ventures and with GGBHTD. She said that GGBHTD will be sub leasing dock access from Blue and Gold, but needs a longer term lease. Blue and Gold is seeking a longer term of the lease from its lessor, A/C Ventures, the owner. A/C Ventures is asking Blue and Gold for weekend evening ferry service to Tiburon; she said this run had not had a good performance in the past. She said Blue & Gold Fleet would prefer a shorter trial period, if any, in order to evaluate it.

On another matter, Fredericks said she had been contacted by the Town's representative to the Marin Commission on Aging about the Council recognizing June as Alzheimer's Awareness Month. Staff noted that it had already been added to the tentative agenda for the next meeting.

TOWN MANAGER REPORT

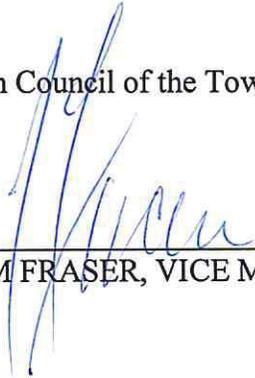
Town Manager Chanis thanked the Town staff and Department Heads for their work on preparing the budget; the first on his watch in Tiburon. He also asked the Council for its opinion on cancelling July 6 meeting, as there were very few items on the tentative agenda. He asked for a decision by the June 15 meeting.

WEEKLY DIGESTS

- Town Council Weekly Digests – May 20 & 27, 2016

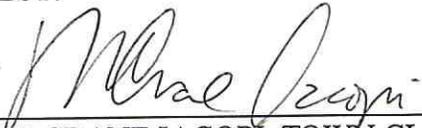
ADJOURNMENT

There being no further business before the Town Council of the Town of Tiburon, Vice Mayor Fraser adjourned the meeting at 9:08 p.m.



JIM FRASER, VICE MAYOR

ATTEST:



A handwritten signature in cursive script, appearing to read "Diane Crane Iacopi", written over a horizontal line.

DIANE CRANE IACOPI, TOWN CLERK