

**SPECIAL MEETING of the ROSS TOWN COUNCIL  
TOWN BUDGET WORKSHOP  
WEDNESDAY, APRIL 29, 2015**

**1. 9:04 a.m. Commencement.**

Present: Mayor Elizabeth Brekhus; Mayor Pro Tempore Katie Hoertkorn; Council Member P. Beach Kuhl; Council Member Elizabeth Robbins; and Council Member Carla Small.

**2. Posting of agenda.**

Town Clerk Linda Lopez reported that the agenda was posted according to government requirements.

**3. Workshop presentation and discussion of the draft Town of Ross Budget for Fiscal Year 2016.**

Interim Town Manager Dianne Thompson indicated that the Town's budget is in good shape and asked the Council to review, consider and provide guidance on the proposed FYE16 budget beginning July 1, 2015 and ending June 30, 2016 that Accountant Liz Ford will present.

Accountant Liz Ford presented a Powerpoint presentation to the Council on the FYE 2016 budget, which included the following:

**Funds**

- General Fund
  - Operating Fund
  - Recreation Fund
  - Facilities and Equipment Fund
  - Legal Defense Fund
  - Emergency Fund
- Special Revenue Funds
  - Gas Tax
  - Roadway Impact
  - Drainage Impact
  - Public Safety Tax
  - COPS
  - General Plan Update

Accountant Ford presented a graph showing the General Fund + Public Safety Tax Fund excess (deficiency) of revenues over expenditure for FYE07-FYE16 (not including side fund and CalPERS Unfunded Accrued Liability (UAL) payoffs). If the CalPERS payoffs were included FYE 13 would be negative \$1.064M and FYE16 would be negative \$1.606M.

**50% Payoff of CalPERS UAL**

- This expense of \$1,850,000 is shown as a separate line item after ordinary revenue and expenditures. It is important to note that in the audited financial statements it will be considered a departmental expense above the bottom line.

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- This expenditure will be funded with \$1.350M borrowed from County of Marin at interest rates ranging from 3.5% to 4% and \$500k Operating Fund revenues.
- CalPERS provided amortization schedules calculating savings of \$3.4M.
- The balance of the UAL will be amortized and paid over 20 years.

Mayor Brekhus desired a breakdown in regard to what the Town is paying in terms of the Planning Department and Building Department. Council Member Kuhl felt there is an issue about whether the Town's fees are excessive and they may have to justify under Prop 218. Council Member Small believed it would make sense to conduct a fee study, and what is learned from that study should direct what they do going forward.

Mayor Brekhus noted that they owe this debt for retirement, so if people died early, then the Town paid off debt that they do not get back or do they get a credit. Accountant Ford responded that the Town would never receive a credit or any money back, which is the reason they only want to pay off half. Council Member Small added that they want to find that sweet spot, so they are not giving so much money to CalPERS in interest rate, but yet finding the sweet spot so they do not over fund but reduce their amount of interest. She recommended running it by the financial investment advisors in regard to the half million vs. the million and looking at the overall in regard to paying it off in 12 years rather than 20 years.

Interim Town Manager Thompson researched whether the Town could get out of CalPERS and there is no State requirement that towns and cities provide a defined benefit plan, so the Town could get out of CalPERS, but the cost is prohibitive, so that is generally why cities and towns are not able to do so.

#### **OPEB (Other Post Retirement Employee Benefits)**

- This budget includes \$100k payment to CERBT (California Employers' Retirement Benefit Trust) to pay off the remaining unfunded liability for retiree health premiums.
- This payment is optional. The Town is only required to pay the current cost of retirees, which is approximately \$15k per annum.
- An OPEB valuation as of 6/30/15 will be done by Bartels at a cost of \$9k in the fall of 2015.

#### **Public Safety Tax**

- The Public Safety tax passed November 2012.
- The maximum allowed is \$950 per parcel.
- Good for FYE14, 15, 16, 17.
- Next election is November 2016. If the measure fails a second election could be held June 2017.
- Last year the parcel tax was set of \$950 but Legal Defense Funds were used to pay part of this so residents were only billed \$850.
- In FYE16 only \$18k of Legal Defense Funds remain so in order to get the same proceeds from this tax as in FYE15, the tax has to be set a \$950 with residents billed \$928.
- If residents are billed \$850, the same as FYE15, the parcel tax has to be set at \$872 with \$22 to be paid with Legal Defense Funds.

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The Council wanted to discuss a reserve policy once the new Town Manager is on board. Council Member Small noted that the Town is very dependent on a public safety tax, so that must be considered in regard to a reserve policy.

*The Council agreed that the gas tax should be kept in a separate fund.*

Accountant Ford asked the Council to set the parcel tax rate. Council Member Small added that they were charging \$1,000 in 2006, which was the year of the flood, so she is comfortable with the \$950. As long as the rate is under \$1,000, they are doing their job.

*The Council agreed with setting the parcel tax rate at \$950, and using the remaining legal defense funds to offset by \$22, so residents will pay \$928.*

#### **General Fund Capital Expenditures**

- Technology equipment for General Gov and Public Works \$6k.
- Ergonomic furniture \$2.5k.
- Planning and Building permit software \$20k.
- St. John's bathroom remodel \$30k.
- St. John's playground renovation \$30k.
- Tech equipment for Recreation Dept (3 iMacs) \$7.5k.
- Street trees \$20k.
- Arbor Design \$25k.
- Granicus live and archival streaming of Council meetings \$10k (annual maintenance costs of \$13k included in General Gov expense).
- Post Office furnace replacement \$20k.
- 6 Redwood Road \$25k for insurance deductible (no other expenditures or insurance processed are in this budget pending plans for future use).
- Seismic study of civic center \$45k.
- 3 Bear Hut \$25k.

Mayor Brekhus expressed concern for investing in a system that is not valid in regard to Granicus. Council Member Kuhl agreed being televised is not needed. Council Member Small pointed out that the Council voted for this system, and noted for the record that she has watched live streaming from other Towns. She believed it makes a difference in terms of their demeanor and it is important that they are on the record. She accepts that she is in the minority, but it is better governance when they are filmed and held accountable for what is stated. Council Member Robbins felt the audience keeps the Council accountable.

*The Council agreed to direct staff to remove the \$23k from capital expenses in regard to Granicus.*

Peter Nelson, Circle Drive resident, discussed the Post Office and asked if there is a way to fix the doors and the furnace. Public Works Superintendent Robert Maccario explained that the way the air flows causes the doors to remain open. A power door would be the best solution, which would be ADA compliant. The burners on the furnace continue to burn out.

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Mayor Brekhus felt the arbor design could be removed from the capital expenses as well. Superintendent Maccario believed the arbor was a dedication. Council Member Small is not sure if the \$25k is for the design for more than just an arbor or possibly the entrance as well. If it has been dedicated to someone, they must be careful. In her opinion, the Town should put the arbor back up or talk to the family. Mayor Brekhus suggested considering a policy in terms of dedications.

*The majority of Council agreed to remove the arbor design funds from the budget, but research what the commitment was and when they redo the Common in the future, they will incorporate the dedication.*

Council Member Small explained that 3 Bear Hut was a WPA project, and the Town agreed to contribute \$25k, but at the time, the Council was not spearheading the project, Wendy Posard was doing so, but the project has become very expensive. Council Member Kuhl believed the area is a safety hazard and should be addressed. Council Member Small suggested having Public Works review the project. Superintendent Maccario pointed out that the actual shingle roof must be replaced. An engineer should review the beams to make sure they are structurally sound and only replace what is needed in order not to lose the character. Council Member Kuhl recommended that the \$25k remain in the budget for 3 Bear Hut because it is a liability. Council Member Small stated that the Town must take charge of the project, investigate the cost to make it structurally sound and maintain the historical value.

*The Council agreed to keep the \$25k in the budget for 3 Bear Hut.*

Peter Nelson pointed out that the roof is unsafe and they should make use of the logs being donated by a private project being demolished. He suggested taking \$25k from the arbor design and apply it to 3 Bear Hut. Interim Town Manager Thompson pointed out that they must separate out entitlement projects from Town projects.

Mayor Brekhus discussed the planning and permitting software and felt they should wait until they have their new planner. They must carefully study what they want and need. Interim Town Manager Thompson stated that this would be a project for the next planner to review and come back with a recommendation in regard to what type of system should be purchased.

#### **Revenue - Operating Fund**

- Basic property tax revenues (a/n 5010-10) are forecasted by HdL Coren and Cone at \$3.3M, a 7.83% increase over prior fiscal year actual and an 11% increase over prior year budget.
- Loss of rental income from residence damaged in fire \$27k. No provision was made for insurance proceeds or reconstruction other than \$25k deductible.
- Building Department budget is 37% more than prior year budget and 3% more than estimated actual for FYE15.
- Planning Department budget is 16% more than prior year budget but 6% less than estimated actual for FYE15.
- Facilities Fund revenues are down 90% because of decrease in construction penalties with are difficult to predict.

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Council Member Small noted that the Town is six in Marin in terms of fees. Also, they must look at their fees and how they are spread out over five years. After the fee study, the adjustments will not be as significant as they might think. Council Member Kuhl felt the fee study should remain as it is.

#### General Government Expenditures

- Town Manager salary - \$180k with 15k other comp.
- Town Planner - \$110k.
- Wages include a 3% increase for Town Clerk for significant addition of work related to recreation with a 1% offset for additional employee contribution to pension cost.
- An office assistant position is added for a total cost of \$25k with an allocation of 2/3rds of this cost to Recreation Fund.
- Health/cafeteria plan expense is up 29% due to coverage of new Town Manager (prior Town manager did not elect to be covered).
- Audit expense is up 35% due to new GASB reporting requirements, the addition of the recreation department, and Federal single audit act compliance.
- Consultants for employee matters of \$55k includes 9.5k for Bartel OPEB valuation, hiring fees, and human resources consultant.
- Fee study - \$50k with half allocated to FYE15 and half to FYE16.
- Granicus video streaming and archiving of council meetings annual expense - \$12k per year.

Council Member Kuhl asked staff how the Town Clerk is involved in Ross Recreation. Town Clerk Lopez responded that she now handles all Recreation payroll and payables.

#### Fire Department Expenditures

- Ross Valley Fire Department is 3% more than prior year, however, at this point it is just an estimate until the JPA sets their budget.
- Fire cost study is \$40K with \$20k in FYE15 and 20K in FYE16.

#### Police Department Expenditures

- The current MOU expires 6/30/15 and new MOU negotiations are ongoing. This budget does not take into effect any changes that will come about as a result of the new MOU.
- Wages are up over estimated actual for FYE15 due to the fact an officer on military leave has now returned.
- Major Crimes Task Force is budgeted at \$9.4k pending Council review of MCTF budget.
- COPS funds of \$100k will offset \$150k cost of one officer.

Interim Town Manager Thompson noted that one challenge with a small agency having their own police department, is that in order to maintain minimal staffing levels they need to have enough overtime. When staff are out due to training or a Worker's Comp issue, it is often necessary to use overtime to provide shift coverage. The Town could add another police officer, but that is an ongoing commitment, so it is a trade off.

Council Member Small felt Police Chief Erik Masterson did a great job managing overtime.

**Public Works Expenditures**

- A 1% increase in wages is offset by 1% increase in employee contribution to pension cost.
- Building inspection services are 17% higher than prior budget due to additional time for building official services and anticipated increase in building activity.
- Outside services are \$60k, 500% higher than prior year due to fact the Maintenance Worker II position isn't filled.
- Natalie Coffin Green Park budget up 133% to \$17.5k.
- Ross Common Maintenance budget of \$25k to be paid for with \$17.5k Marin Co Measure A park funds. The Recreation Fund also has \$25k in budget for Ross Common maintenance.

Contract Building Official Sal Lucido explained that they provide the inspection and plan check. They concur with the budget numbers provided. They are seeing actual up tick, predicting 25% more than last year. They think the numbers projected for Ross are about right. Coastland Civil Engineering will work with the Interim Town Manager and the Contract Town Engineer to figure out the duties and how they are divided up.

Mr. Nelson was unaware of outsourcing the building official function. Also, it is important to have a separate line item in regard to inspections. He expressed concern for the generalized numbers being used, which is confusing in his view. Council Member Small noted that they are actually approaching it in a more fiscally responsible way. They are not paying insurance and CalPERS, so this is more money for the service and as it gets organized it will be excellent service.

Interim Town Manager Thompson noted that building fees are hard to predict, so more information can be provided at the next Council meeting on Coastland Engineering and Contract Town Engineer duties.

Superintendent Maccario recommended that the Council should have a one-on-one meeting with him to understand the entire Town structure and their budget. Council Member Kuhl asked Superintendent Maccario if he is satisfied with the budget item as suggested. Superintendent Maccario felt outside consultants work well as long as he can oversee matters. Also, it is great to have a backup.

Council Member Small discussed the money from the school to renovate the Ross Common field and asked if the rest of that money went into the facilities and equipment fund. Superintendent Maccario responded in the affirmative. Council Member Small asked staff when the field must be redone. Superintendent Maccario believed any extra money should be set aside to redo the field. The entire sprinkler system must be redone. Next year they must figure out a way to increase their storage capacity in terms of water. Council Member Small stated at the end of this drought they should be planning the field renovation.

Mayor Brekhus asked staff about drilling a well around the Post Office. Superintendent Maccario must check the area around the Post Office in regard to the well. They must investigate how much water is available to fill the wells. Mayor Pro Tempore Hoertkorn noted that there is new technology funded by the federal government in California where they collect

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mist and harvest the mist and it can be pumped into wells. Superintendent Maccario pointed out that storage is needed. Interim Town Manager Thompson suggested not discussing this level of detail at this time. She is asking the Contract Town Engineer to work with Superintendent Maccario to develop recommendations to be provided to the Council.

Council Member Kuhl felt the number proposed for outside services for maintenance work is an appropriate number.

#### Recreation Fund

- Revenue is down 5.6% due to loss of Garden preschool fees.
- St. John's revenue is based on assumption of full enrollment of 40.
- In FYE15 there were two part time positions, Rec Specialist (1000 hrs) and Rec Clerk. (500hrs). This budget calls for two Rec Specialists at 1000 hours each and no Rec Clerk.
- The Administrative Assistant position hourly wage is increased 3%.
- St. John's rent is budgeted at \$114k.
- The Town is picking up \$50k cost of maintenance of Ross Common from the school. \$25k of this cost is charged to Public Works Department.
- Recreation operating loss is \$30k. Net loss after capital expenditures is \$87k.

Mayor Brekhus pointed out that St. John's rent is budgeted based on a proposal. Mayor Pro Tempore Hoertkorn spoke to Father Chris twice yesterday and made it very clear that they need a significant change.

#### Roadway Fund Projects

- ADA improvements \$25k funded with impact fees.
- Bolinas pedestrian improvements \$200k funded impact fees and TAM OBAG funds of \$145k.
- Road Improvements \$160k funded with impact fees and TAM Measure B funds of \$30k.
- Laurel Grove sidewalk \$40k funded with impact fees and TAM safe routes funds of \$25k.

Mayor Brekhus felt \$40k for a sidewalk is excessive. Mr. Nelson noted that last year the Town spent \$43k for a sidewalk from MAGC to Sir Francis Drake that went nowhere. He felt the crosswalk should be re-marked to safely get the kids across the street. Mayor Brekhus did not believe the Laurel Grove sidewalk is a huge benefit. Council Member Kuhl believed it has been identified in the safe routes element. Mayor Brekhus felt cutting through MAGC is a safer path. She rather use the \$25k to fund a crossing guard at Winship Park.

*The Council agreed to table this discussion for a later date to allow staff to investigate whether there is flexibility with the funds.*

Mayor Brekhus discussed ADA improvements and if the improvements can be done in conjunction with other projects. Council Member Small noted that all ADA improvements are done in conjunction with other projects.

#### Drainage Fund Projects

- Drainage Improvements - \$143k funded with impact fees  
–Winding Way - \$35k

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- 98 Fernhill culvert- \$20k
- 14 Brookwood culvert- \$30k
- Allen Ave culverts - \$40k
- Engineering and administration - \$18k
- Federal Highway Bridge Program – 88.53% funding
  - Glenwood Bridge – foundation investigation - \$55k
  - Norwood Bridge – scoping - \$21k
  - Shady Lane Bridge – scoping - \$21k
  - SFD Blvd. Bridge – scoping - \$25k
- Federal Highway Bridge Program – 100% funding
  - Winship Bridge – replacement design - \$310k
- Town Hydrology Review \$10k funded with impact fees

*Interim Town Manager Thompson suggested that the Town develop a detailed capital improvement program with a description that is updated on an annual or biannual basis.*

**15. Adjournment.**

Mayor Brekhus moved to adjourn the meeting at 11:45 a.m.

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Elizabeth Brekhus, Mayor

**ATTEST:**

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Linda Lopez, Town Clerk