

MINUTES OF MARCH 7, 2019

**MEETING OF THE
SALES TAX CITIZENS OVERSIGHT COMMITTEE**

Chair Gerbosi called the Regular Meeting to order at Town Hall Council Chambers, 300 Tamalpais Drive, Corte Madera, CA on March 7, 2019 at 4:00 p.m.

1. CALL TO ORDER, ROLL CALL AND SALUTE TO THE FLAG:

Chair Gerbosi led in the Pledge of Allegiance.

Committee members Present: Chair Gerbosi, Vice Chair Flahive, Committee members Howard, Greenbaum and Spurzem, Town Councilmember liaison James Andrews

Committee members Absent: None

Staff Present: Town Manager Todd Cusimano, Finance Director Daria Carrillo, Senior Civil Engineer R.J. Suokko, Town Clerk/Assistant to the Town Manager Rebecca Vaughn

2. OPEN TIME FOR PUBLIC COMMENT REGARDING NON-AGENDA ITEMS

There was no public comment

3. GENERAL BUSINESS

A. Presentation Of Anticipated Capital Improvements

Senior Civil Engineer R.J. Suokko directed the Committee to page two of the report and the table summarizing the construction projects for the summer. He presented an update project-by-project and was available to answer any questions of the Committee.

- Fifer Pump Station: construction started in December and will last through the fall. This project will result in a big upgrade, including new variable frequency drives, new generator, and a total upgrade of the system. Currently, it is about 20-25% complete. He confirmed it is a Sanitary District No. 2 project.
- Casa Buena Sanford Safety Improvements: Staff is hoping to put that out to bid in a few weeks, and will hopefully get that one done by early summer. The project closes Sanford from two lanes to one lane, and traffic moving northbound will no longer be able to go through at Sanford and will be rerouted through Conow. This is a big safety improvement for what is a high conflict zone.
- 57 Summit and 150 Edison: There were two recent slides on the road up on Christmas Tree Hill that became destabilized mainly due to wet subgrade and the storms. The Town hired a geotechnical engineer to drill some borings and they are investigating it. It is looking like

57 Summit will turn into a retaining wall. Staff is awaiting the alternatives and options for 150 Edison but plan to construct those and hopefully early summer timeframe.

Committee Member Howard asked and confirmed that the \$150,000 cost estimate is the preliminary cost estimate for the construction projects. The cost for design consultants is an additional \pm \$10,000 to \$15,000.

Chair Gerbosi asked and confirmed that for those projects listed as "no" resources were not being utilized from the sales tax measure, except for the second project.

- Trinidad Pump Station: Bids are being opened next Thursday for the Trinidad Pump Station Project which had previously been bid in the fall. They hope to achieve hopefully better and more competitive pricing.
- Tamal Vista Sewer Rehabilitation: The Committee may be familiar with the plans for Tamal Vista Complete Streets. With the new private sewer lateral ordinance, every time a road project is done, staff will go in and review the sewer condition. This way when they invest in a road they know that the sewer can withstand many years and hopefully as long as the road so it is not being dug up shortly after the road has been paved to repair a sewer. This adds another level of effort for staff and also level of effort for funding for the sanitary district.

Town Clerk Vaughn introduced Administrative Analyst Lorena Barrera and said they both compiled the binders and noting Ms. Barrera will be assisting with the Committee in the future. She explained various informational items contained in the binder tabs for use by the Committee.

Vice Mayor Andrews asked or an update on the sewer laterals from the houses to the streets. Mr. Suokko referred to the next item for an explanation.

- Pre-paving Sewer Rehabilitation: There are a number of streets that they want to resurface. The Private Sewer Lateral Ordinance that was approved last spring requires that as part of a CIP project connecting homeowners or commercial businesses the owners will have to also pressure test their sewer laterals.

Mr. Suokko explained that as they go through and look at the Sanitary District main condition this will tell staff how to coordinate with residents and whether or not they are in good shape, if the Main just needs repairs or if it needs to be replaced completely. If a couple of residents are impacted staff will send them a letter, give them plenty of notice to hire a contractor and get their line tested and fixed. If it turns out the District is doing their entire main and they are impacting the whole street or block then more of a coordinated effort will be done.

He said there is a list of seven or eight roads between Tamal Vista for next year, with a number of residents receiving letters and a lot of coordination and discussions occurring

between staff and residents about the Private Sewer Lateral Ordinance and how the sewer work affects them.

Committee member Spurzem asked if there were any plans to slurry any of the roads, as he has had concerns about recent slurry projects.

Mr. Suokko confirmed there are no plans for slurry projects this summer. It is something that staff will look to implement in possibly next year or the year after, and he asked Mr. Spurzem to provide feedback to him.

Committee Member Spurzem commented that some of the slurry projects are not done very well including on his street. He asked if the contracts have any recourse should something fail within a year or two years or five years.

Mr. Suokko responded that there is a performance specification that contractors must meet and staff inspects and does testing. Regarding the current project, the seven or eight roads that are included in the pavement rehabilitation project are full conventional hot mix asphalt road and surfacing. There is a small portion of the project that will be paid for out of the TAM Measure A sales tax of about \$250,000. The remainder will be paid for through Measure F funds.

- Town Hall Addition and Design: Town Manager Cusimano explained that a working committee of Town Councilmembers, staff and community members, as well as a one Planning Commissioner. The group recently held its first meeting and set a series of meetings every two weeks. Any schedules, design, location or cost or what the design will look like will come from that working committee to the Council in the coming months. Staff estimates the project cost at \$2.5 to \$3.0 million which would be 100% from Measure F funds.

Staff has held a few presentations and discussions, but it was the intent of staff and the Council for the committee to start meeting and looking at the Town as a whole. Staff feels like there is a certain dollar amount and the project is important, along with infrastructure. However, there is only so much money for allocation for the Town Hall addition and so the committee is slowing things down, is reviewing it and will report back.

Chair Gerbosi asked if any of the funds have started to be expended.

Mr. Cusimano responded that there has been some early planning work related to the architectural firm.

Chair Gerbosi asked if the committee includes citizens.

Mr. Cusimano responded that the committee does include citizens and they are welcome to join, noting the next meeting is March 14th.

Committee member Howard stated that he did not recall the Town Hall project being discussed during the Measure F campaign.

Mr. Cusimano responded that when the Sales Tax measure was brought to the community discussed was for Town infrastructure which includes all Town facilities. Staff was also clear on what those facilities were and there were two in particular; 1) Town Hall; and 2) the Fire Station adjacent to Town Hall. Staff is always sensitive to when do they do that, how important is it, and how much money is allocated. Based on what was told to the community and what he projects out 30 years there is only so much money available for those facilities. This project is not \$15 million but in the range of \$2.5 to \$3 million. The committee meets every two weeks and he can provide updates.

Committee member Greenbaum referred to the 2018/2019 budget and said at that time the project for a new building for part of the staff was projected to cost around \$1.5 million. She did not recall hearing about spending \$3 million on a brand new building or addition to a building.

Mr. Cusimano responded that staff did not identify a dollar amount for a building. They indicated generally what the sales tax measure would be used for, and infrastructure includes Town facilities, which is clear.

Committee member Greenbaum asked how a new facility would have been funded prior to the Town having a sales tax measure.

Mr. Cusimano responded that the Town would have done a tax measure and taken it to the voters for a property tax measure in the \$150 range for 20 years, similar to what was done with the police facility. The original amount in the budget was a placeholder for a needs assessment and to review locations and whether it was even feasible.

As staff started to look and evaluate this building, they realized there are 32 major code and OSHA violations and they actually have a problem. It then turned from half of the staff to a majority of the staff. Therefore, when going through it, the cost started adding up. They always had a placeholder; that if it goes past \$3 million they would have to hold a difficult conversation. Now the working committee has a totally different view. They want to go through the process and staff has always been clear.

Committee member discussion ensued regarding transparency of projects used with sales tax monies, definition of items in the measure and Town infrastructure projects, and the ability for committee members to attend meetings regarding the Town Hall project.

Chair Gerbosi, referring back to the spreadsheet, she asked and confirmed there was no timetable for the project until it gets out of the work of the committee.

- High Canal Project: Mr. Suokko continued with the remainder of the project list, explaining that there are several areas on the High Canal that have slumped and failed into a channel. Staff has started the permitting process with resource agencies, designs are under way, and they have the survey and some hydrology work. They are planning to build this hopefully right at September 1st which is the construction window for working near marsh habitats because of several threatened or endangered species.

Chair Gerbosi asked if there was some percentage of the \$200,000 that is expected to come from another source.

Mr. Suokko responded that all funding would be local, and Ms. Carrillo noted there may be some funding left from the flood drainage tax fund which could be used.

Committee member Spurzem asked and confirmed that Mr. Suokko can add project numbers to the tables along with a summary under each project number.

Chair Gerbosi asked and confirmed that the only project currently under construction was the first one, although there is money currently being spent for design and professional services.

Committee member Spurzem referred to Attachment 4 and said he sees the total of \$4.2 million available being from Sales Tax Measure F.

Chair Gerbosi noted there is a placeholder for many projects in the tables, noting that \$2 million would be removed for the Town Hall project because this is in committee.

Mr. Cusimano reiterated that staff wanted to provide the CIP overview because there are a lot of questions about how everything comes together, noting the projects are narrowed and prioritized. Some funds are tied to the Sanitary District and some funds are shared and some come from grant funding.

Committee member Flahive asked if revenue is on schedule for about what is expected for this year.

Mr. Cusimano responded that yes, revenue is on schedule and is better than anticipated. Staff estimated \$2.5 annually on Measure B and they brought in about \$2.5 million or just under this year.

Ms. Carrillo added that the Town is about \$520,000 ahead of where they were last year. A lot of this has to do with the fact that the sales tax rate increased and also because last year the State got behind on processing some of its returns so some were for this year. But, according to the Town's sales tax consultants it should be about \$3,250,000 for this year's budget. To date, they have received \$1.8 million.

Mr. Cusimano said staff had previously estimated on the conservative side; that a full year of the increased sales tax would bring in \$3.5 million. It looks like based on HDL, their sales tax consultants, next fiscal year they are estimating it to come in at \$4 million.

Ms. Carrillo explained Attachment 4, the Summary of Revenue and Expenditures, stating that covers the revenue the Town has received for the current fiscal year so far. It is not the amount that is budgeted. It is what has actually been received in this year, over two quarters.

Mr. Cusimano added that there is also the emergency reserve informally set at \$2.5 million for use in the event of natural disasters. The Finance Ad-Hoc Committee supports this committee and staff and that committee will be meeting on Monday and will discuss the informal emergency reserve and provide a recommendation on a policy.

Chair Gerbosi added that Sales Tax Citizens' Oversight Committee member Spurzem is on the Finance Ad-Hoc Committee, along with a couple of other citizens.

Committee member Howard asked if that amount is the only capital spending emergency fund at this point.

Mr. Cusimano responded that the Town has a couple of other restricted funds and also the Town's reserve of \$2 million. If something were to happen, the Town would have a total of about \$5 million in reserves.

Vice Mayor Andrews referred to Item 3-A. His understanding regarding constraints of getting projects done is the need for Engineering Division staffing.

Mr. Cusimano provided a background, noting it is about capacity. The Town has three engineers and a Public Works Director that executes work with contract employees. Right now, the entire engineering team is homeless over the next month. They are being placed in trailers in the parking lot in 6 weeks; however, there will be three additional desks and the Town will hire a couple of junior engineers and bring on a contract employee to serve as a project manager.

Chair Gerbosi asked and confirmed the Town most likely will pay for the trailer rental with their operating budget, but he must discuss this with the Finance Ad-Hoc Committee.

Committee member Spurzem asked that if hiring a few junior engineers the Town would save in consultant fees.

Mr. Cusimano credited this to Mr. Suokko who found that the Town was spending about one-half million dollars in project oversight costs when they could look at both construction and design opportunities for cost benefits.

In addressing Committee member Greenbaum's questions about expenditures of funds on projects, Town Manager Cusimano noted that the Town has been able to efficiently and effectively plan out and implement projects. He explained that at times, designs sometimes get changed, bids come in too high and/or staff must adjust schedules and defer projects. Also, studies have been conducted in the past for projects that have not come to fruition but this has not occurred using Measure F or Measure B monies. The projects that come through review are analyzed as part of the 5-year CIP which is reviewed annually and at mid-year during budget review hearings with the Council.

B. Summary Of FY 2017-2018 Sales Tax Override Fund And Preparation Of Annual Report

Finance Director Carrillo introduced Item 3B and explained that Attachment 1 is a summary of the last fiscal year 2017/18. The Town has not yet received the final audited financial statements from the auditor but there is no indication that there are any adjustments. She then reviewed and described the various attachments:

- The Summary Page shows the major categories of expenditures. On Disaster Preparedness, there is a negative amount because the Central Marin Police Authority made a contribution of \$20,000 to abate some expenditures for disaster preparedness and it crossed over fiscal years.
- At the beginning, Measure B sales tax was \$2.4 million and then each of those categories is listed. The ending balance was approximately \$7.4 million and when taking out the informal reserve, it was nearly \$5 million that is available.

Chair Gerbosi asked if the Town has at this point received all Measure B funds.

Ms. Carrillo said not as of the fiscal year; Measure B ended September 30, 2018 and it was in effect for the first quarter of the first fiscal year, but small checks are still trickling in from the State.

- Attachments 2 and 3 provide the same information displayed in two different formats. Attachment 2 is arranged by Department: Disaster Preparedness, Flood Control, Senior or Youth Programs and where it says Engineering Public Works Administration this is the Streets and Safe Routes to School. On the first page of Attachment 2, there is a little bit of detail regarding each of those areas. Then, on the bottom group summary of this page there is a total of each type of expenditure and the expenditures are listed there, totaling \$970,000 for that year.

Committee member Spurzem questioned the amount of \$160,000 in architect fees for the Inter-Generational Center.

Ms. Carrillo explained this is the amount budgeted but the actual expenditure was \$15,000.

Mr. Cusimano further clarified that the total amount was for architect and full construction start to finish. It was to move staff in the building, ADA improvements, and that was the full project which has not yet been spent. He agreed to correct this information to further clarify the item.

- Attachment 3 provides the same information, but displayed in a different format, organized by project. There some projects listed as undesignated, Disaster Preparedness, for example, because there is not really a project that goes along with that.

Chair Gerbosi asked and confirmed that the amount under Fiscal Activity is the amount that rolls into the total.

Committee member Spurzem commented that there are projects that have nothing allocated for engineering and everything allocated for consultants and asked for clarification.

Ms. Carrillo explained that normally the budget must reflect the total amount for the project. She provides more details as expenditures come in by reflecting what is associated with consultant fees, engineering fees, and put the amounts in actual line items. She agreed to make a line item called "capital projects".

Committee member Greenbaum asked if there was a way to prioritize the projects.

Mr. Cusimano stated that there are several variables affecting projects.

- Attachment 4 is the current fiscal year. As of last week, February 26, 2019, the Town has received about \$1.8 million so far in this fiscal year and has expended about \$900,000. The ending balance is currently about nearly \$8.4 million with \$2.5 million of that being that informal emergency reserve, with \$5.9 million as available.

Committee member Howard referred to the money budgeted against sales tax funds and asked if this was the entire CIP.

Mr. Cusimano stated on average the Town brings in about \$3 million for CIP projects for the Sanitary District, will bring about \$4 million annually for the sales tax measure and \$5 to \$8 million annually in grants and restricted funds from outside sources. Therefore, these are the CIP monies for projects. Prior to the sales tax funds, the Town would use the flood control tax of about \$660,000 annually and another \$450,000 from gas tax funds, but now it is about \$600,000 to \$800,000 given reduced gas tax funds. The Town also had a much smaller, two-person team to execute projects. At times when they had excess monies one year they would move this into a project as well, but they had to be strategic with this.

Committee member Greenbaum summarized that CIP projects now are being funded by Sanitary District resources, sales tax resources, some grants and some gas tax.

Mr. Cusimano concurred and noted these are specific restricted funds that can be used. For example, Measure A funds can only be used for parks. He confirmed that the majority of the resources for capital improvements is from the sales tax and the secondary component is the Sanitary District funds.

- Attachments 5 and 6 are the same reports as Attachments 2 and 3. Attachment 5 is the Expenditures to Date, organized by area (Disaster Preparedness, Flood Control, etc.) and Attachment 6 is organized by project again.

Mr. Cusimano shared that based on feedback from the committee and the community and the Council from this last fiscal year and the current fiscal year, there has been a shift in the Disaster

Preparedness budget. There are still normal Disaster Preparedness services where they have a Coordinator of the Neighborhood Response Groups, CERT, etc., at \$125,000.

The weed abatement is their chipper program, getting rid of all the vegetation between now and the red flag days of August, and the Town also has code enforcement that supports and provides education with their Fire Marshal and Fire Wise communities and it also helps with enforcement of their ordinance. They have dedicated \$475,000 annually to fire prevention, enforcement education and disaster preparedness.

The next evolution of this upcoming fiscal year which will come before this Committee will be an early warning alert system. They have a couple of options and it will be a one-time cost.

Moving forward, staff is looking at this as long-term plan. If they are bringing in \$4 million annually, \$500,000 of that is going to be dedicated to what we are talking about tonight, and then \$3.5 million is going to be allocated between the projects on an annual basis.

On the Parks side, the Town used to share restricted Measure A monies of about \$75,000. We used to share it between Public Works projects on the parks and Parks and Recreation for park projects. Staff is going to start moving that full amount of money towards their parks for projects like Skunk Hollow. They will then discuss allocating a certain amount of money to start improving the Town's parks at about \$250,000 annually and sharing the Measure F monies and the Measure A monies together.

Review of the preparation of the Annual Report: The timeline and format was discussed, as follows:

- The proposed Budget and CIP will be discussed with the Finance Ad Hoc Committee.
- Staff will then take the Sales Tax portion of the budget back to the Sales Tax Citizens' Oversight Committee in April so it is in advance of the budget presentation to the Town Council in order to get feedback. The question will be whether to spend more money on parks or money elsewhere.
- When staff takes the budget to the Council in May for the initial workshop, the Council knows it was reviewed by both the Finance Ad Hoc Committee and the Sales Tax Citizens' Oversight Committee.
- The meeting will include an advanced look at the proposed CIP budget, as well as a review of the previous budget and expenditures in order to prepare the annual report.
- He then explained that the last piece is a third meeting every 12 months to check in and to discuss any mid-year additions to the Budget or the CIP budget.

Committee members then discussed and voiced support in the proposed review schedule, citing the ability for the Committee and citizens to participate and comment prior to the budget's adoption. Mr. Cusimano explained that the Committee will be able to confirm all sales tax

expenditures ahead of time and noted the Committee's mandate is identified in the Measure B Resolution, which he recited.

In response to questions of Committee members, Ms. Carrillo confirmed that the auditors ensure funds are checked, sends confirmation letters to the State annually for all State funds under any specific measure, and reconciles it.

Discussion then ensued by the Committee members and staff regarding the committee's mandate and responsibilities for the Annual Report and under page 2 of number 7 of the Measure B resolution regarding powers and duties, validation of infrastructure projects where sales tax monies are proposed to be expended, use of consultants, and proposed projects that have gone before the Town Council and the Committee through the budget process.

Mr. Cusimano then described the expanded work of the Committee to discuss specific missions at each of the three committee meetings; 1) to assess the past; 2) to reflect upon the budget; and 3) to discuss and identify any changes mid-year.

Committee member Greenbaum questioned the annual report and role of the Committee. She asked for feedback from Committee members on the Town Manager's comments.

Committee members voiced their belief that from recommendations outlined the Committee will:

- Be able to provide better advice to the town Council given a greater understanding of the budget and CIP;
- Understand that the Committee's role is to convey to the Council that expenditures comply with the purposes of the tax measure or that they do not;
- That the Committee can identify and expand upon lessons learned;
- That the Committee recognizes the shift of the structure of the sales tax money from 6 years to what is it now;
- That the Committee can recognize those projects that benefit the community via use of the sales tax measure funds.

C. Discussion Of Draft Agenda For Next Committee Meeting, Date To Be Determined

Regarding the draft April agenda, the following items will be added:

- Finalize Annual Report for FY 2017-18, with the Town Manager's background information in the staff report
- D. Approval of Minutes of the February 27, 2018 Meeting (This item was continued from the May 17, 2018 Committee meeting)

Chair Gerbosi provided typographical and grammatical corrections to the Clerk.

MOTION: Moved by Howard, seconded by Flahive, and approved unanimously by the following vote: 4-0-1 (Ayes: Gerbosi,

Flahive, Howard, Greenbaum and Andrews; Noes: None; Abstain: Spurzem)

To approve the Minutes of the February 27, 2018 Meeting, as amended.

E. Approval of Minutes of the May 17, 2018 Meeting

Chair Gerbosi provided typographical and grammatical corrections to the Clerk.

MOTION: Moved by Howard, seconded by Greenbaum, and approved unanimously by the following vote: 5-0 (Ayes: Gerbosi, Flahive, Howard, Greenbaum, Spurzem and Andrews; Noes: None)

To approve the Minutes of the May 17, 2018 Meeting, as amended.

4. DISCUSSION OF NEXT MEETING AND ADJOURNMENT

The meeting was adjourned at 5:46 p.m. to the next Sales Tax Citizens Oversight Committee meeting tentatively scheduled for a date to be determined in April at Corte Madera Town Hall Council Chambers.