

REGULAR MEETING
OF THE
CORTE MADERA TOWN COUNCIL AND SANITARY DISTRICT #2 BOARD

In the Town Hall of the Town of Corte Madera, on June 25, 2009 at 7:00 p.m.

PRESENT: Mayor Dupar
Councilmembers Cock, Condon, Lappert

Town Manager David Bracken
Dir. of Recreation and Leisure Services Mario Fiorentini
Town Clerk Christine Green
Twin Cities Police Chief Phil Green
Sanitary Services Manager Barry Hogue
Public Works Manger Debra Sue Johnson
Planning Director Robert Pendoley
Director of Emergency Services Roger Sprehn
Director of Administrative Services George Warman

OPEN SESSION

Salute to the Flag

COUNCIL REPORTS

Councilmember Lappert reported a phone call from a citizen concerned about algae bloom in some of the town's lagoons. He asked staff to prepare a very specific informational handout for all citizens in the affected area regarding management of those lagoons.

Councilmember Condon reported that the League of California Cities is preparing for litigation against the State if the latter should follow through with efforts to seize local gas taxes.

BUSINESS ITEMS

FY 2009-2010 TOWN OF CORTE MADERA BUDGET
AND SANITARY DISTRICT #2 BUDGET

1. Overview of Town and Sanitary District Capital Projects – FY 2009-2010
 - a. Staff Presentation
 - b. Public Comment

The Town Manager presented the staff report and stated that this year's proposal contains significantly fewer projects. He reviewed the town's Capital Projects and reported that none are to be financed with General Fund dollars. In addition to typical repairs, he reported on the following major projects: 1) Higgins Landing Dock; 2) Marquart Lagoon Pump Station Rebuild; 3) the new Golden Hind/Cay Passage Pump Station; 4) Skunk Hollow Playground updates; 5) Tamal Vista Drive and Casa Buena Drive slurry seal project; and 6) initiation and completion of the Tamalpais/Redwood/Corte Madera Avenue rehabilitation.

Councilmember Lappert questioned if staff anticipates revamping the CIP list next year or is hoping. Mr. Bracken stated that better times would certainly be welcomed but that he does not anticipate having any General Fund money to spend next year either. He said he expects grant monies to dwindle significantly in the future as well. He said that rather than building a reserve, the town has historically elected to put money into its infrastructure and while that may result in a low General Fund balance now, it also means that certain improvements can be delayed without any significant suffering.

Mr. Bracken reviewed the Sanitary District projects which include the typical budgeted items, minor upgrades, and the following major projects: 1) South Madera Gardens Main/Lateral Replacements; 2) Parallel Force Main; and 3) CCTV Inspection of Sewer Mains.

Mayor Dupar noted that only \$200,000 has been budgeted for the CCTV inspection and asked how much of the system staff anticipates that will cover. Mr. Bracken estimated about 20%. He explained that one of the major difficulties associated with this project is the number of surcharge pipes containing water within the town. Each pipe must be dewatered before inspection, significantly increasing the time and effort associated with inspection. He estimated the project to span the next 5 years.

2. Presentation and Consideration of the Town Operating Budget – FY 2009-2010
 - a. Staff Presentation
 - b. Public Comment

Mr. Bracken presented the Budget Message for FY 2009-2010. He said it is estimated that the town will close FY 2008-2009 with a General Fund deficit of approximately \$1.875 million. This is a result of several factors including the fact that sales tax revenue has been decreasing and is expected to remain flat for the next 2 years, the State's borrowing and/or deferring payment of taxes owed to local agencies, and the increasing difficulties in securing loans.

Mr. Bracken noted that with the exception of an anomaly in FY 2004-2005, the town's recurring expenditures have exceeded recurring revenues since FY 2002-2003. He stated that because revenues are uncertain over the next several years, the only way to break this trend is to reduce expenditures. The goal is to incrementally reduce expenditures while maintaining a reasonable level of service and in a way that has as little public impact as possible. He asked that Council members, Commissioners and Board members, and the general public realize that the reductions will, for a

time, reduce the level of service which can be provided.

Total revenues for the FY 2009-2010 are estimated to be \$21,242,000. Recurring revenues are estimated to be \$16,197,000, up \$463,000, or 2.9% over the Final Estimate of recurring revenues for FY 2008-2009. Estimated recurring operating expenditures are projected to be \$14,876,700. Non-recurring Expenditures, which include Capital Projects, studies, and equipment purchases, total \$6,958,400.

Mr. Bracken outlined the proposed expenditures reductions which include cutting out General Fund expenditures for Capital Projects, personnel reductions, and staff furloughs. He said that since 2004, full-time staff positions have been cut from 64 down to 46. Staff salaries represent the majority of recurring expenditures for most departments. In addition to personnel reductions, the proposed furlough system would close all non-essential departments every other Friday starting the beginning of calendar year 2010 and cause the 15 employees affected by the furlough to receive a 10% reduction in compensation. He also recommended that no cost of living increases be offered when new compensation resolutions are established at the end of this calendar year. The Fire Association has agreed to forgo scheduled salary increases, which range from 4% to 5.6%, that are included in their current contract.

Mr. Bracken thanked staff for their understanding and acknowledged their sacrifice. He said that he senses from staff a greater concern for the impacts these cuts will have on the level of service provided than how it will affect them personally.

The Director of Administrative Services gave a presentation of the budget process. He reviewed the Summaries and Revenues section of the budget, noting that Sales Tax Revenues are projected to decline throughout the summer, after which there will be no growth for the next year. He noted that the General Fund deficit is expected to decrease to \$1,680,800 by the end of this fiscal year, with a further decrease to \$1,244,200 by the opening of FY 2011.

Mr. Warman reviewed the revenues and expenditures summaries. He noted that revenue projections, especially sales tax revenues, are all intentionally conservative. He also noted changes throughout the expenditures summaries to more realistically reflect costs associated with the Recreation Budget that were originally skewed by an accounting software update. He said that the town is participating in a statewide lawsuit against the travel industry to do with the online marketing and sale of hotel rooms that is responsible for as much as a 15% loss in Transient Occupancy Tax Revenues. He also noted a decrease in the self-insurance fund from \$92,000 to a \$38,000 deficit due to the recent inundation with litigation claims.

Mr. Warman reviewed personnel reductions, stating that 3 long-term employees, 2 of which have been with the town for 20 years, have been reduced to half time. The cumulative staffing reductions over the past several years have already shown an impact.

Mayor Dupar asked if any of the services provided could be accommodated via the website, such as

Recreation bookings. Mr. Warman stated that this is being looked by staff. He said that in terms of other departments, most have posted fee schedules on the website as well as any other pertinent information. He said that the greatest draw on resources comes from our residents, rather than building professionals, who require more personal attention to understand the policies and requirements that pertain to them.

Mr. Warman reported on other expenditure reductions, noting that both the police and fire departments have been diligent in reducing expenses. The Twin Cities Police Department carries expenses related almost entirely to personnel and reductions realized there result from the retirement of 3 personnel. The proportion of its operating expenses that the town is responsible for is based on a formula applied by budget activity and has dropped nearly 9%. He stated that the Fire Department relies on fewer personnel but is heavily invested in and dependent upon equipment and property. He said they have industriously cut back on operating expenses by waiving the pay increase, eliminating janitorial service, and agreeing to a change in work rules that would allow apprentice firefighters to replace one regular firefighter under certain circumstances.

Councilmember Condon thanked staff for the detail and sacrifice necessary to prepare this budget. She acknowledged that thanks does not put food on the table and asked that all department heads extend her thanks for staff's cooperation and loyalty. She said these efforts make staff feel more like family than employees, reiterated her appreciation, and encouraged everyone to keep high spirits.

Mayor Dupar concurred and thanked the Superintendent of Public Works for the department's tremendous work despite repeated reductions in staffing.

Councilmember Lappert noted that the Public Works Department has always been the hardest hit and yet does a wonderful job without complaint. When the crisis is over, they need to be the first department considered.

Mayor Dupar referenced page Q4 and said he thought that telecommunications services were netted from the franchise fee received by the town. Mr. Warman confirmed and explained that the money is reflected here and in franchise fees so that the expense is not hidden. Mayor Dupar suggested that a footnote be included on that.

The public hearing was opened.

Jack Gundersheim, Mill Valley, a former resident of the town and feels that Corte Madera has always done an excellent job with budget presentation. Mr. Warman's reports are increasingly informative, he appreciates a document that is easy to understand and guessed that many other jurisdictions would appreciate the same. He suggested the public newsletter include updates on the real and monetary impacts of upcoming State legislation.

David Hyams asked if it would be appropriate to speculate on how this budget will hold up in light of the current economy. Mayor Dupar said there will be some revisions dependant upon what the

State decides and assured him that staff will monitor these changes daily.

George Topor asked what tools or formulas the public can use to determine the value of a budget. Mayor Dupar said it cannot be quantified and suggested that most individuals would consider the entire value of the town's services and condition to determine if funds are appropriately allocated.

Mr. Warman concurred. He explained that each jurisdiction focuses expenditures on different industries that are determined by unique attributes. He said that Corte Madera's street systems were not designed for automobile use and that most sewer systems here were installed 100 years ago; this means that the town would tend to focus on updating those features for the modern world while other jurisdictions would have an altogether different focus. He also noted that in the last 25 years, this community has put significant emphasis on beautification.

Mr. Toper questioned if it would be possible to offer the public a brief summary of the budget 90 days before the budget hearings. He said that to provide any real input tonight seems superfluous and that earlier public review might allow for input while change can still be affected. Mayor Dupar said this would be something to consider for the future but that in light of how hard town personnel already works, he is hesitant to request that staff spend considerable time on something that only a few residents want.

Mr. Gundersheim said that one way to judge the quality of a budget is by the process involved in its development. He said this town has always carefully and thoroughly considered the benefits of its financial decisions as well as the impacts on individual departments and community as a whole. He said that other jurisdictions have budgets driven largely by ego.

Mr. Hyams referred to the savings affected by the retirement of three police personnel and asked if those positions will remain unfilled. Police Chief Green said 1 captain is taking early retirement, to be replaced by 1 sergeant as acting captain and one officer as acting sergeant; the officer's position will not be filled. He said another officer will take early retirement and will not be replaced. He also said that one communication's property clerk will retire, a regular dispatcher will become acting supervisor and dispatch the entire time, and additional sergeants may take early retirement before December.

The public hearing was closed.

Mayor Dupar said he measures a budget by the number of phone calls he receives about it.

Councilmember Cock echoed the thanks and appreciation shared by other Council members. She asked to acknowledge those whose positions have been reduced or eliminated, stating that it affects their lives in a very real way.

Mayor Dupar echoed thanks to staff.

3. Presentation and Consideration of the Sanitary District #2 Budget – FY 2009-2010
 - a. Staff Presentation
 - b. Public Comment

Mr. Warman reviewed the Sewer Fund Summary and Sewer Capital Projects. He said all Capital Projects are aimed at maintaining the town's infrastructure and that in keeping with the Sewer Infrastructure Master Plan, Sanitary District #2 will continue a program of repair, replacement, and construction of essential sanitary infrastructure.

4. Approval of Resolution Adopting FY 2009-2010 Town of Corte Madera Budget

MOTION: It was moved by Lappert, seconded by Condon, and carried unanimously by those present,

To approve Resolution No. 3604, Adopting FY 2009-2010 Town of Corte Madera budget in the amount of \$22,485,200.

5. Approval of Resolution Adopting FY 2009-2010 Sanitary District #2 Budget

MOTION: It was moved by Condon, seconded by Lappert, and carried unanimously by those present,

To approve the Resolution Adopting FY 2009-2010 Sanitary District #2 budget in the amount of \$7,639,000.

ADJOURNMENT

The meeting was adjourned at 9:02 p.m. to the next regular meeting on July 7, 2009.