

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

In the Town Hall of the Town of Corte Madera, on September 16, 2008 at 7:32 p.m.

PRESENT: Mayor Lappert
Councilmembers Cock, Condon, Dupar, and Ravasio
Town Clerk Christine Green
Town Manager David Bracken
Director of Administrative Services/Town Treasurer George Warman
Director of Planning/Assistant Town Manager Robert Pendoley

Salute to the Flag

Mayor Lappert asked that tonight's meeting be adjourned in memory of Gordon Terrell who passed away September 15, 2008 after a long illness. Mr. Terrell is the husband of Joan Terrell, a Town employee, and Gordon Terrell, a police officer with the Twin Cities Police Authority.

PRESENTATION

SMART (Sonoma Marin Area Rail Transit) Presentation

Lillian Hames, General Manager of SMART, reviewed the history of the North Bay Rail Network. SMART is proposing a self contained and self propelled rail vehicle system operating on the publically owned Northwestern Pacific NWP railroad alignment. SMART is proposed as an alternative to congestion on Highway 101, the fourth most congested commute corridor in the Bay Area. Plans estimate that it will be in full operation by 2014 and eliminate 131 million pounds of green house gas emissions per year.

Ms. Hames outlined the proposal to upgrade the existing line. The plan encompasses seventy miles of railway from Cloverdale to Larkspur, fourteen stations, nine shuttle routes and a parallel bicycle pedestrian pathway. Service would include twenty eight north and south bound trains per day operating every thirty minutes during peak periods, as well as four round trips each Saturday and Sunday. The majority of stations are proposed to be located at, near or adjacent to existing transit centers. The bicycle pedestrian pathway is a major component of the project and in addition to the transportation benefits, it offers recreational advantages.

The 2006 measure failed to win a super majority vote by 1.4% and the SMART board, composed of representatives from Marin and Sonoma Counties as well as the Golden Gate Bridge and Highway Transit District, proposed new additions to the measure in 2008. Changes include the aforementioned weekend service, a new expenditure plan, a new funding plan, and increased funding for quiet zones.

Ms. Hames reviewed the project's revised capital costs which are approximately \$450 million for the railway project and \$90 million to complete the bicycle and pedestrian pathways. Capital cost assumptions reflect annual increases in construction and fuel costs and a 20% contingency. SMART's annual operating costs are estimated at \$19.3 million for personnel and maintenance. Weekend ridership projections estimate 1800-2000 passengers on Saturdays and 1100-1200 on Sundays, resulting in significantly fewer vehicle miles and greenhouse gas emissions. The light diesel multiple units examined by the SEIR (Supplemental Environmental Impact Report) are smaller, quieter and more fuel efficient than the heavier diesel models; both will be carried through the final engineering phase before a final decision is reached. The supplemental EIR indicates that the revised project has the same or less significant impacts than identified by the final EIR.

Dianne Steinhauser, Executive Director of TAM (Transportation Authority of Marin), reviewed the agency's role in SMART's updated plan. In January 2008, the TAM board created an ad hoc committee of six members known as the SMART Working Group. The SMART working group encouraged clarity on the effect of freight operation on SMART, shuttle routes and frequency, the validity of cost assumptions and funding plans. TAM produced a report that reached the following conclusions; cost assumptions are conservative with room for additional cost savings; costs follow industry standards, escalations and contingencies; fund sources are realizable; and financial assumptions are feasible despite the volatile financial market. On July 24, 2008 TAM elected to support the SMART rail proposal on November's ballot.

Councilmember Condon asked how they propose to address the traffic impact on Sir Francis Drake at the Larkspur Landing station. Ms. Hames said that the EIR included a forecast for the Larkspur station which indicated that the bulk of ridership is actually headed towards other transit centers and would utilize the shuttle, ferry or Marin Transit. An impact study on individual intersections was performed and found that by the year 2025, the impact of SMART would not be greater than if SMART did not exist. They have agreed to commit to enter into an increased planning study with the City of Larkspur to investigate other impacts that may not have been studied in the EIR. Larkspur is also interested in considering various parking options.

OPEN SESSION

1. OPEN TIME FOR PUBLIC DISCUSSION

No items were brought forth at this time.

2. COUNCIL AND TOWN MANAGER REPORTS

Councilmember Condon provided the following report:

- Discussion at the recent LAFCO meeting was focused on the Marin Resource Conservation District Service Review and Sphere of Influence Update;
- At the MCCMC Legislative Committee meeting, the lobbyist projected that California would see a budget adopted September 18, 2008. It was approved throughout the legislature this

morning but Governor Schwarzenegger announced his intentions to veto it. The budget was a compromise, allowing for no borrowing of Proposition 1A and 142 funds; a 10% reduction in booking fee subventions but also an income tax prepayment plan; and a reduction of redevelopment money.

Councilmember Ravasio provided the following report:

- A school board trustee communicated that the School Board is working to create a model projecting population increases over the next 5 years and determine the best use of facility planning funds.

CONSENT CALENDAR

- 4a. Approved Warrant and Payroll for the Period 08/26/08 through 09/09/08, Warrant Check Numbers 120954 through 121136 and Payroll Check Numbers 2585 Through 2599, Payroll Direct Deposit Numbers 12284 through 12363, and Payroll Wire Transfer Numbers 781 through 787
- 4b. Adopted Resolution No. 3571 in Support OF Opposing Fiscally Irresponsible State Budget Decisions That Would “Borrow” Local Government Redevelopment and Transportation Funds; Authorized to Sign Letter in Opposition to the State Taking Local Revenues to Fund the State Budget
- 4c. Approved Letter in Support of AB 2765 (Huffman), a Proposed Bill Which Limits the California Department of Food and Agriculture’s (CDFA) Emergency Powers for Pest Eradication Procedures

Councilmember Cock made the following correction to the letter in item 4c:

- Change “Pesticide Watch supports” to “Corte Madera supports”.

MOTION: Moved by Condon, seconded Cock, and carried unanimously by those present,

To approve Consent Calendar items 4a, 4b and 4c, as amended.

BUSINESS ITEMS

5. Solar Power/Building Energy Efficiency and Roofing Improvements, Project No. 06-301 – Authorization to Advertise for Bids (This item includes a discussion of removing the Red Oak tree in front of Town Hall.)

The Director of Administrative Services stated that in FY2004-2005 Marin County received a grant from the California Public Utilities Commission to evaluate energy usage and potential savings. As a result, Corte Madera has developed the Solar Power/Energy Efficiency and Roofing Improvements Project which includes the removal and replacement of existing roofing; HVAC components,

installation of complete photovoltaic (PV) solar systems; and various energy efficiency upgrades at five town sites.

The installation of solar panels at Town Hall and Fire Station 14 requires the removal of three trees which would be replaced with other trees. Notification was made to all properties within a 300 foot radius of Town Hall and Fire Station 14; as of the end of the appeal period on August 30th, no written objections had been received objecting to the removal of the trees. The Council did receive several letters regarding removal of the red oak in front of Town Hall.

The Director of Administrative Services stated that the proposal is consistent with the General Plan and exempt from an EIR. The project's total estimated financing is \$2,293,901, slightly higher than the original estimate. The project management firm of Bellecci & Associates and financial consultants Northcross, Hill and Ach have prepared estimated project cost and financing summaries.

Mr. Warman stated this project has been in the budget for two years and is financed via a CREBs allocation, a California Energy Commission loan, PG&E solar rebates and a 25 year lease purchase financing. The current adopted budget includes \$77,000 each for FY2007-2008 and FY 2008-2009. Project costs include \$250,000 for project management and a \$2 million construction contract with a 15% contingency.

Mr. Warman explained that action on this item allows the Council and the public the opportunity to review the general scope and estimate cost of the project and authorizes staff to solicit bids. This is the first time the Council has had an opportunity to review the entire project and he reiterated that financial numbers are the best estimates available at this time.

Mayor Lappert asked if this project would indebt the Town in the amount of \$2.3 million. Mr. Warman confirmed this. The CREBs allocation of \$1,156,000 is a federal zero-interest bond with a credit of \$99,416 and is payable over fifteen years; the California Energy Commission Loan of \$175,905 is a twenty year loan; and the bank loan of \$814,162 carries a twenty five year term.

Mayor Lappert noted that in the case of the Recreation Center, the Town could be responsible for paying on something for twenty five years that may be torn down in another ten. Mr. Warman said that when the Town purchased Park Madera Center, the presumption was that some type of a community center would be built on that property within twenty to twenty-five years. This project assumes that the end of the project's useful life will coincide with that improvement. Lisa Liang Siemsen of Northcross, Hill and Ach explained that the PV system will create an offset in PG&E expenses that will ultimately pay for the loan.

Councilmember Ravasio asked if the project is attractive because the CREBS financing makes it affordable, and Mr. Warman agreed. He noted that when the Marin Energy Management Team first met, CREBS were not available. While solar improvements were an attractive idea, the only option at that time was self or private financing; when CREBs were initiated, solar installations became more feasible and energy efficiency audits were performed on all of the Town's buildings.

Tony Wong of Bellecci & Associates explained that together with component installation consultants, his firm addressed the objectives of designing a PV solar system to offset grid demand, reducing inefficiencies in buildings to cut wasted use and optimizing the project's financial value. The proposed upgrade and replacement elements include the PV solar systems, roofing and roof insulation, HVAC systems, lighting and electrical components and other work as needed. He reviewed each site's improvements and the estimated cost. Fire Station 13 is newest building and requires the fewest infrastructure improvements. The HVAC elements and roofing insulation are sufficient but a new roof would be installed to sustain the life expectancy of the 9 kW PV system to be installed. This system would generate approximately 40% of the building's current load demand which would be further offset by new lighting.

The Corporation Yard encompasses two buildings consisting of maintenance and carport structures. It will receive a 30 kW PV system generating 80% of site's electricity, new roofs and replacement of a decayed crossbeam in the carport. The site's existing HVAC, roof insulation and lighting are acceptable.

The Recreation Center is an older building with multiple roof types. Mr. Wang is proposing standing seam metal and flat membrane roofs which will support a 16 kW PV system to generate 40% of the site's electricity. The Recreation Center would also receive new roof insulation, an AC condenser and furnaces, lighting, windows and doors.

At Fire Station 14 PV panels would be installed on both the upper and lower roofs. The HVAC units currently located on the roofs would be relocated and or replaced based on age and safety. The 33 kW PV system would generate 80% of site's electricity and be enhanced by a new roof, roofing insulation, air conditioning and furnaces, and new lighting. The estimated cost for these improvements is \$650,000.

Town Hall would also receive an overhaul with a new roof, roofing insulation, air conditioning and furnaces, new lighting fixtures and switches, and a 19kW PV system generating 50% of site's electricity. Optimal operation of the PV system would require removal of the red oak tree located outside Town Hall..

Mr. Wong stressed that in the cases of Town Hall, the Recreation Center and Fire Station 14, roof replacement is either overdue or coming due very soon. He also reiterated that low cost investments like lighting and insulation can result in significant savings. He cited the corporation yard as an example. The site received lighting upgrades and showed an immediate savings in PG&E costs equaling \$1300 per year.

Mr. Wong presented an overall summary, noting that the estimated energy requirements are based on the load required over the last three years. He expects that those loads will ultimately decrease with the installation of new HVAC and lighting efficiencies and proposed an annual savings of \$25,500 based solely on those inefficient loads.

Mayor Lappert asked and confirmed that the net cost for PV panel installation on Town Hall is estimated at \$120,000. Mr. Wong restated the estimated 60% overall load savings and \$235,000 in PG&E rebates. He further explained that the rebate program is currently at tier 5 on a tiered system. Each tier has an allocated cap and if the Town waits too long to begin this project, it risks dropping a tier and losing \$50,000 in rebates.

Councilmember Dupar asked what the expected life of a PV system is. Mr. Wong said that specifications indicate a life span of twenty-five years but since it is a growing technology it is difficult to say. Current information indicates that each system will require an inverter replacement around year seventeen. He asked if any other maintenance is required. Mr. Wong explained that a simple periodic cleaning is all that is necessary.

Councilmember Ravasio asked Mr. Wong if he could provide any projection on the load reduction created by the non-solar improvements. Mr. Wong said that his best efforts would base any reduction of those obtained by the lighting improvements at the corporation yard. Ms. Siemsen added that the Marin Energy Management Team is available to perform free audits evaluating potential savings. Mr. Warman said that if the Town decides to move forward with the project, he, Mr. Wong, and Ms. Siemsen would work with the Marin Energy Management Team to develop these estimates.

Ms. Siemsen stated that Town staff has already done a thorough preliminary job with the supplied model. If the Town chooses to move forward, all parties would collaborate and then layer the energy audit into the model. She explained that the proposed efficiency measures will reduce the overall load requirements and obtaining those estimates will allow them to fully optimize the solar power system.

Mr. Wong spoke of the installation of PV panels at Town Hall and the red oak tree's impact on the system's efficiency. He explained that when talking about energy efficiencies and solar panel systems. The goal is to build out the PV system so that it supplies 80% of the building's overall electricity. The cost associated with generating your own power is lower than PG&E's peak rate charges but not their off-peak rates so to create a 100% load offsetting system would be inefficient. By keeping the existing red oak tree, 70% of the solar panel surface would be shaded and the site would realize only 20% of the proposed energy cost savings.

Mayor Lappert stated that the emails he received regarding the red oak tree were in favor of its survival and suggested consulting with an arborist regarding the life expectancy of the tree. Councilmember Cock suggested that those opposed to the tree's removal may not be aware of the intent to replace it with another.

Mr. Warman explained that an arborist has prepared a report on the tree but it is inconclusive and therefore was not included in the staff report. When PV system consultants first indicated that the tree would be an efficiency issue, the arborist examined the tree and found it to have increased signs of disease. He examined the tree again two weeks ago, confirmed that it is diseased, and recommended thinning the tree to optimize solar efficiency.

Councilmember Ravasio asked if he is correct in the understanding that placing the roof panels somewhere other than on the building it powers would eliminate the availability of CREBs bonds. Mr. Warman explained that Mr. Wong initially recommended building a carport to support the PV panels in the Town Hall parking lot. Staff rejected the idea due to its unsightly nature, increased capital costs, reduced cost benefits, and the required removal of three to four redwood trees that would ultimately shade the panels. Mr. Warman also looked into placing panels on the roof of the Town owned home next to Town Hall but CREBs does not allow that. The idea was also rejected due to the costs associated with reinforcing the building's structure.

The Mayor opened the comment period.

Jana Haehl noted that the PV systems summary appeared to indicate that it would take nearly forty years to recoup the cost of a system with a twenty-five year life expectancy. She also expressed concern over committing to a long term investment for a technology that may be obsolete in a short period of time.

Ms. Siemsen said Mr. Wong uses a different system for quantifying cost savings so she cannot address the particular table that is presented. She explained that her model created for Marin County compares the status quo with a layered equation that includes CREBS financing and what energy would be purchased from PG&E post efficiency upgrades. When using this model right now each site generates present value savings with a general payback period of nineteen to twenty-two years.

Mayor Lappert noted that this project is a debt and questioned if that is what the Town truly needs. Mr. Warman reminded the Council that many of the costs built into this project are for repairs and upgrades that are already overdue.

Jan O'Brien asked if the PV system could be maxed out at the corporation yard and the credits shifted to Town Hall. Mr. Warman explained that solar credits are assigned per meter. Ms. O'Brien asked if that included situations where multiple buildings are owned by the same entity and Mr. Warman explained that different regulations apply to private homeowners, businesses and public sectors.

Richard Esteb relayed his personal experience with solar panel installation. He received a rebate for installation at his home, has a system that will pay for itself within two years and has fixed his energy rates for the next fifteen years. He stated that it is nonsensical for the Town to deny this project.

Harry Schriebmen asked what the estimated cost to upgrade all the proposed buildings is. He suggested that the costs could end up much higher than estimated, noting that the Recreation Center has a split truss and is need of a thorough engineering study. He asked if ADA compliance becomes an issue once upgrades are done.

Mayor Lappert asked if all of the buildings must be done and Mr. Warman said no, the Council may choose to upgrade only some of the sites. He stated that the project analysis indicated that the proposed changes are exempt from ADA requirements.

Stewart Tanenberg asked if the PG&E rebate applies only to solar or also to wind generated energy. Mr. Wong stated that for the purposes of this project they only considered solar energy but wind generated energy could possibly be a viable option.

Mr. Tanenberg noted that the San Francisco main postal center has a large carport structure with solar panels that rotate as the sun moves and could be a positive solution at Town Hall. He concurred with Mayor Lappert that any sort of the work at the Recreation Center may prove to be wasteful.

The Mayor closed the public comment period.

Councilmember Condon stated that she is concerned that they are creating something for obsolescence and worries about the long term benefits of the project. She stated that she received many emails in support of maintaining the tree; and she feels it is to the overall benefit of the community if the tree remains outside Town Hall. She said that technology is in constant transition and suggested waiting for other alternatives to develop.

Mayor Lappert asked if Councilmember Condon desired to continue with obtaining actual pricing for the project before making a decision. Councilmember Condon stated that she would like Town Hall to be removed from consideration. Mayor Lappert confirmed that she would like to see the entire Town Hall plan eliminated. She explained that even if the tree were to die in several years, a more advanced energy alternative may have developed in that time.

Councilmember Cock expressed support for proceeding with a cost benefit analysis for all structures. She stated that the solar technology currently available has the benefit of a long term performance track record. She also said that she finds the estimated savings to be very conservative as they do not assume the inevitable increase in rates.

Councilmember Dupar expressed his skepticism but stated that he would be in favor of upgrading the corporation yard and Fire Station 13 as they offer the greatest investment benefit. He stated that he would like to see what other efficiency upgrades are possible at Town Hall and that he would prefer to let the red oak tree die naturally.

The Town Manager advised the Council that they are being asked to approve a set of plans and specifications to be released for bid. If they ultimately award a contract, removing an element after the fact would create a public contracts code issue. He stated that his assumption was that if the red oak tree were not removed, solar panel and any other improvements to Town Hall would be wasted. He suggested that the Council decide the limitations of the project before putting it out to bid.

Mayor Lappert confirmed that Councilmember Condon would like eliminate Town Hall from the plan and Councilmember Cock would like to retain it.

Councilmember Ravasio stated that he likes the red oak tree. He stated that he agrees with Councilmember Condon regarding advancing technology but noted that there is always the potential for newer and better improvements. He said that he approves of this project because it places the Town in a positive leadership position and brings the prominence of its buildings to the public eye.

The Town Manager said that if the consensus is to keep the tree, it would be wise to bid the project without the solar panels at Town Hall.

Councilmember Cock asked if they could put the project out to bid as planned and with an alternate scenario. The Town Manager stated that the best way to do so would be to have the solar component on Town Hall in the bid schedule as an add alternate after the base bid. In this scenario, the contract would be awarded to the lowest responsible bidder's base bid.

Ms. O'Brien asked if approving this set of plans commits the Town to putting \$500,000 into Recreation Center improvements. Mayor Lappert reiterated his opinion that any money spent on improving the Recreation Center is wasteful.

Councilmember Cock reminded the Council that there are two separate improvement projects proposed at the site. She noted that the solar panels offer more flexibility as they can always be removed and installed elsewhere but the value in the other efficiency improvements is dependent upon the Town's plan for the life of the structure.

Councilmember Dupar stated that the Council should put everything out to bid with an add alternate for the solar panels on Town Hall.

Councilmember Condon suggested that the Recreation Center improvements be an added alternate, as well. The Town Manager said that while that is possible, the bids get more convoluted with more add alternates.

Councilmember Dupar asked if they could send out separate bids for each site. The Town Manager said that they could.

Councilmember Dupar suggested eliminating the Recreation Center from the bid. The Town Manager Bracken that if there is consensus to do so, the Recreation Center should be taken out of the plan now.

Councilmember Cock asked if the item should be continued to the next meeting to allow the Council more time to consider the value of the Recreation Center improvements. The Town Manager advised against doing so as a contract needs to be awarded by December 1, 2008.

Mayor Lappert said it is his opinion that Fire stations 13, 14, and the corporation yard are the only sites that offer reasonable returns on cost.

Mr. Warman said it is unlikely that the Recreation Center will be replaced within the next fifteen years. Mayor Lappert reminded him that they are still talking about a cost of \$500,000.

The Director of Administrative Services reiterated that the site has current issues with the roof and HVAC system. Removing the site from the bid would leave the Town with serious maintenance problems that still need to be addressed and by doing so now, they are able to benefit from volume pricing and built in financing.

MOTION: Moved by Dupar, seconded by Cock, and carried unanimously by those present,
To authorize advertisement for bids on all five sites with an add-alternate for the Town Hall PV system.

6. Verbal Report on Park Madera Center

The Director of Administrative Services presented a report on Park Madera Center. He stated initial projections indicated a break even point within three to five years from the date of purchase but that current calculations suggest otherwise. Mr. Michael Golden, daily manager of Park Madera Center, developed a model to assist in projecting when the rental income would exceed the debt service in a given year.

Mr. Warman reviewed the rental income and common area reimbursement fees. He explained that most of the leases were below market value; they did not include common area reimbursements; and did not pay anything towards property taxes. When the Town purchased the center, all tenants were immediately required to pay a portion of the property taxes. Currently most leases have been renewed at current market value and include the common area fees as well as an increase on the anniversary date of signing.

He explained that Mr. Golden's model used a conservative estimate of these values and included future income provided by the conversion of a storage area to leasable space. The model does not account for the cost of any capital improvements which may include a storage facility, ADA improvements and an addition at the rear of the Pet Club. Taking these values into account, the model projects a break even point of February of FY2014-2015. Mr. Warman noted that the center has two annual debt payments: a minor interest payment in August and a major principal payment in January.

Councilmember Ravasio asked if every lease has been renewed, and Mr. Warman explained that there are still three or four to be renewed.

Councilmember Ravasio clarified that the Town would still pay commissions to get leases renewed and that it is not reflected in this analysis. Mr. Warman agreed but noted that with the exception of the Pet Club, most lease terms are fairly short and result in a commission of only two or three thousand dollars. He stated that the Pet Club carried a large lease commission but it was for a nine year lease and given the retailer's sales tax revenue, it was important to retain them as tenants.

Councilmember Ravasio asked if any tenant improvements are reflected in the model. Mr. Warman said no as those would be considered capital improvements.

Councilmember Ravasio asked if the model really only allows for a 10% increase in operating costs in eight years. Mr. Warman confirmed but explained that it may be more beneficial to consider the cash flow figures which actually show an annual increase. He reiterated that this is the best estimate available at this time and is based on very conservative estimates of rental income.

Councilmember Ravasio noted that the model indicates a 50% increase in rental income over the next three years. Considering that the leases are negotiated, he did not consider it to be a conservative estimate. Mr. Warman explained that lease renewals carry a rent increase and renew every three to four years.

Councilmember Ravasio pointed out that the lease commissions are not included in the model. Mr. Warman agreed but stated that they are relatively low given the low rents.

Councilmember Ravasio asked why operating costs are only projected to increase 10% in the next seven years while income increases by 50%. Mr. Warman did not have an answer, and Councilmember Ravasio stated that he finds the forecast model to be incredibly optimistic.

Councilmember Cock stated that the management company should be notified that their attendance at these meetings is important and failure to do so could result in termination of their contract.

Councilmember Ravasio asked how much The Perotti Group is paid for their management services, and Mr. Warman reported \$23,000 to \$25,000 per year.

Mayor Lappert asked for a brief explanation of commissions. Councilmember Ravasio explained that commissions pay roughly 6% over the life of the lease.

Councilmember Cock asked if The Perotti Group is paid separately to negotiate lease contracts and Mr. Warman explain that they are paid for negotiations via the lease commissions.

Councilmember Dupar asked and confirmed that even if the Town no longer contracted for their services, The Perotti Group could continue to receive commissions on lease options that have not yet been renewed

Mayor Lappert expressed his disappointment that The Perotti Group was not present at the meeting and said that while he believes in the need for a management company he has concerns over the present one.

Councilmember Ravasio noted that the break even estimate has increased from three years to eight or nine and questioned if that is even a feasible time frame.

Councilmember Condon recalled that when the center was first purchased, someone made a presentation explaining that the management contract was not favorable and actually encouraged tenant turnover in order to generate greater income for the property manager. At that time staff was directed to review or modify those terms, most notably those stipulating that the property manager could be credited with a lease renewal that occurred outside of their tenure.

Mayor Lappert said he is satisfied to let the Town Manager deal with their concerns. He asked Councilmember Ravasio's opinion on how the Town should proceed.

Councilmember Ravasio stated that Park Madera Center was purchased for valid reasons and that he would like to take on the issue of determining what and when something will be done with the property.

Mayor Lappert asked and confirmed that he would like to develop a ten or fifteen year plan.

Councilmember Cock stated that given his expertise, she is interested in any and all suggestions Councilmember Ravasio has to improve the overall management and cash flows of the center.

Councilmember Ravasio suggested that the Town consider working with an asset management firm to help structure the current operations into a long term goal. He noted that while they do charge a fee, they do not take commissions.

Mayor Lappert noted that the Town decided not to do anything with the center for at least ten years after its purchase and stated that the Council is simply setting the tone early so that when the time comes, there is a general plan for how to proceed.

Councilmember Ravasio said that regardless of who manages the center, they need to have some sort of end date in order to effectively establish lease timeframes.

Stewart Tanenburg asked what the negative cash flow is for the seven or eight years it will take to break even on the center. Mr. Warman explained that it is roughly \$350,000 but varies monthly due to the large loan payment in January.

Mr. Tannenburg asked how that periodic loss is covered and what is being traded off to do so. Mayor Lappert explained that capital improvements were deferred; the Town knew what the sacrifices would be and felt that keeping developers out was the main goal.

George Topor asked for figures showing the total cost to and the total debt of the Town for Park Madera Center at the end of fifteen years. Mr. Warman declined to make an offhand estimate and noted that currently the center is in a holding pattern; the Town is trying to operate it at the highest return and lowest net cost possible. When the center is eventually replaced with a public improvement, any existing debt would be diffused and refinanced.

Councilmember Dupar noted that the long term lease for the gas station was already in place at the

time the center was purchased and set the tone for future plans.

Councilmember Dupar reiterated that the Town did not purchase Park Madera as a source of income.

Councilmember Ravasio noted that given the amount of money already spent on the center, exercising eminent domain and purchasing the gas station's lease in the future would not significantly add to the bottom line.

Councilmember Dupar asked for a closed session meeting with The Perotti Group to review the Council's findings.

The Town Attorney said that he will arrange a meeting with The Perotti Group if legally possible; otherwise he will return to the Council with suggestions.

ADJOURNMENT

The meeting was adjourned at 10:26 p.m. in memory of Gordon Terrell.