CITY OF MILL VALLEY
CITY COUNCIL
MINUTES

COUNCIL CHAMBERS, CITY HALL
26 CORTE MADERA AVENUE, MILL VALLEY
MARCH 19, 2012
7:30 P.M.

Mayor Garry Lion -- Present
Vice Mayor Andrew Berman -- Present
Councilmember Shawn Marshall -- Present
Councilmember Stephanie Moulton-Peters -- Present
Councilmember Kenneth R. Wachtel -- Present

City Staff Present: City Manager McCann; Finance and Human Resources Director Erickson; Public Works Director Barnes; Fire Chief Davidson; Interim Recreation Director Kesler; and City Clerk/Administrative Analyst Rogers.

CALL TO ORDER

Mayor Lion called the Regular Session to order at 7:35 p.m.

PUBLIC OPEN TIME

Dr. Lynn Noonan, 326 Sycamore Avenue, commented on alleged harm being done to Mill Valley children by the Mill Valley Police Department.

APPROVAL OF THE AGENDA ORDER

It was **MOVED** by **Vice Mayor Berman** and **SECONDED** by **Councilmember Marshall** to approve the Council meeting agenda. The Motion was carried unanimously by a 5-0 vote.

COUNCIL AND STAFF ANNOUNCEMENTS

None.

PRESENTATIONS

1. Presentation of a Proclamation Declaring April, 2012, "Fair Housing Month" in the City of Mill Valley, in recognition of Fair Housing of Marin's 30th Anniversary.
   Item No. 1 Supporting Documents

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Mayor Lion presented the Proclamation and explained the importance of Fair Housing in Marin County.

2. Presentation of a Proclamation Declaring April 16 - 23, 2012, "Marin County School Volunteers Week" in the City of Mill Valley.
Item No. 2 Supporting Documents

Mayor Lion read into the record the Proclamation and introduced **Mr. Jeffrey Freiberg**.

Mr. Freiberg, Marin County School of Volunteers, explained the importance of the program and noted that placing adult tutors in classrooms helps many children throughout the County. He discussed the fundraising event the Volunteers were having on Tuesday April 17, 2012 and introduced the new president of Marin County School Volunteers, **Bob Rosenberg.**

Mr. Rosenberg discussed his efforts within the program and noted how valuable it is for Marin County children.

3. Presentation of a Certificate of Appreciation to Chuck Schultz, Golf Course Superintendent, on the occasion of his retirement for 19 Years of Service to the City of Mill Valley.
Item No. 3 Supporting Documents

City Manager McCann introduced **Mr. Schultz** and thanked him for his hard work and dedicated maintenance of the golf course over the years.

Christine Sansom, retired Parks and Recreation Director, discussed her years working with **Mr. Schultz** and thanked him for his positive contributions to the golf course and the Mill Valley Community.

Mr. Shultz thanked the Council and indicated that he enjoyed his time working for the City.

CONSENT CALENDAR

Councilmember Moulton-Peters clarified that the Safe Routes to School Program was not called Safer Routes to School, as indicated on the staff report.

Mayor Lion thanked Royston, Hanamoto, Alley & Abey for their generous contributions on the Fire Resistant Landscape Demonstration Garden.

It was **MOVED** by Councilmember Wachtel and **SECONDED** by **Councilmember Moulton-Peters** to approve **Item Nos. 4 through 11** on the Consent Calendar. The Motion was carried unanimously by a 5-0 vote.

City Manager McCann thanked **Battalion Chief Barnes** for his efforts regarding the Fire Resistant Landscape Demonstration Garden.

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4. Warrants--$ 944,055.96.
   Recommended Action: Approve paying expenses authorized by the adopted City Budget.
   Item No. 4 Supporting Documents

5. Consideration of the Minutes of the March 5, 2012 Regular City Council Meeting.
   Recommended Action: Approve the March 5, 2012 Regular City Council meeting minutes.
   Item No. 5 Supporting Documents

6. Consideration of the adoption of an Ordinance amending Chapter 14.42, Construction and Demolition Debris, of the Mill Valley Municipal Code.
   Recommended Action: Adopt Ordinance No. ___.
   Item No. 6 Supporting Documents

7. Consideration of a Resolution to Accept the Camino Alto Storm Drainage Improvement Project.
   Recommended Action: Adopt Resolution No.___.
   Item No. 7 Supporting Documents

8. Accept Donation of Professional Design Services from Royston, Hanamoto, Alley & Abey for the Fire Resistant Landscape Demonstration Garden at the Public Safety Building.
   Recommended Action: Accept Donation.
   Item No. 8 Supporting Documents

9. Consideration of a Resolution authorizing a grant application for the California Safer Routes to Schools Program Cycle 10 to implement a portion of the Miller Avenue Streetscape Plan.
   Recommended Action: Adopt Resolution No. ___.
   Item No. 9 Supporting Documents

10. Consideration of the Depot Bookstore and Café's exercise of the first 5-year renewal option on the Plaza Depot lease and revised rental rate.
    Recommended Action: Approve the revised rental rate terms and authorize the City Manager to execute the 5-year lease renewal.
    Item No. 10 Supporting Documents

11. 628 Lovell Avenue Sewer Nuisance Abatement: Report of Current Findings and Resolution Status of the Odor Nuisance.
    Recommended Action: Receive presentation and continue Nuisance Abatement Public Hearing to the April 16, 2012 Regular City Council meeting.
    Item No. 11 Supporting Documents

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NEW BUSINESS

12. Presentation of the Basic Financial Statements and Independent Auditors Report for the 2010/2011 fiscal year and the Federal Awards Audit report for 2010/2011.
Recommended Action: Receive presentation.
Item No. 12 Supporting Documents

Finance Director Erickson discussed the item and introduced **Mr. Terry Krieg**, and indicated that **Mr. Krieg** would present the report. **Finance Director Erickson** thanked the City Engineer for keeping thorough and accurate accounting records, indicating that the clean audit was due in part to that.

Mr. Krieg presented the report on the 2010 through 2011 basic financial statements and independent auditor's report. He explained new Federal government reporting requirements and differences in the 2010/2011 fiscal year's audits as compared to past years. He stated that the City of Mill Valley had a General Fund balance of $7.9 million dollars and reviewed other fiscal matters and investment strategies of the 2010/2011 fiscal year.

Mayor Lion opened the public comment period, and seeing no speakers, closed the public comment period.

In response to **City Manager McCann**, **Mr. Krieg** explained the $3 million dollar reduction in the City's assets and noted that the reduction shows depreciation of City infrastructure and buildings. **Mr. Krieg** stated it is now mandatory to report this sum to the Federal government via the Statement of Activity.

Mayor Lion questioned whether the City was investing enough in its current infrastructure asset base. **Mr. Krieg** discussed depreciation expense, deferred maintenance, and indicated that it would be difficult to preclude that kind of debt, unless the City's revenue stream increased annually by the same amount.

Mayor Lion indicated that the presentation was for review only and thanked **Mr. Krieg** and **Finance Director Erickson** for their hard work.

OLD BUSINESS

13. Presentation of the Revised Sewer Service Charge Rate Structure Status Report.
Recommended Action: Receive presentation, discuss and provide direction as appropriate.
Item No. 13 Staff Report - March 15, 2012
Item No. 13 Staff Report - March 16, 2012

City Manager McCann introduced the item and apologized for the complicated nature of the staff report. He indicated that staff is looking for further direction from Council on the matter. He discussed the history of the project and the legislative processes the City has

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taken on this issue to date. He stated that the Mayor, **Mr. Farnkopf**, Consultant, and Public Works staff met last week to further discuss the matter and came to realize that 100% flow-based rate structure is the most simple, fair and equitable sewer rate system for our particular needs. He recommended the Council support moving forward with 100% flow-based rates and a mandatory minimum contribution for all users. He indicated that 100% flow based rates would hopefully encourage citizens to reduce their water usage. **City Manager McCann** discussed Capital Improvement Projects and the City's commitment to improve capital assests. He indicated that staff wished to receive more direction from Council on the Capital Improvements portion of the rate structure as well as possible funding options.

Councilmember Wachtel stated numerous portions of the staff report were unclear and not accurate. He discussed the different rate options presented to Council and questioned what the rates would be under each option.

Councilmember Marshall stated she wished to clarify the four topics and issues staff wanted Council direction on. She questioned how the City would fund the $2 million dollar CIP with a 100% flow-based rate. She noted that attention to reduce I and I flows is necessary.

Vice Mayor Berman indicated that staff's direction had changed over the course of the various hearings on the item and that it now seemed that staff was recommending 100% flow-based sewer rates. He noted the need to clarify to the Council and the public why that had occurred.

Public Works Director Barnes presented the staff report and responded to questions.

Mayor Lion discussed the benefits of a flow-based rate structure and noted that using fixed components in the rate structure tended to complicate the structure and created potential inequities in cost allocation. He noted there were unintended consequences when utilizing fixed rates.

Councilmember Marshall indicated that in many examples shown in the staff report, the flow-based rate structure would end up costing consumers less.

Councilmember Wachtel discussed the options presented to fund CIP needs and asked about debt options being proposed.

Councilmember Moulton-Peters questioned what a drought and a reduction in water usage would do to the flow-based rates system. In response to **Councilmember Moulton-Peters, Mr. Farnkopf** indicated that natural disasters affect water rates and that a rate increase would be needed to offset the reduced revenue. **City Manager McCann** stated that there would be a buffer in the reserve funds for such an occurrence. **Mayor Lion** discussed the ability to adjust the rates over many years.

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In response to **Councilmember Marshall, City Manger McCann** asked **Mr. Farnkopf** to review the annual rate adjustment process. He stated that fluctuation in cost can be recalibrated and redistributed to the users annually.

Councilmember Marshall asked that staff break down what the effects to the rates would be in order to fund increased capital expenditures and what the escalator would be anticipated per year within the rate structure.

Vice Mayor Berman stated that the Council needed to bring this item back to another date so that the Council and the public could be better informed of the details surrounding the issue. He discussed covering the costs of the City's CIPs and suggested the debt and the pay-as-you-go method as another option.

City Manager McCann questioned whether there was an interest in taking on a more aggressive CIP approach? **Vice Mayor Berman** stated the cost of the aggressive CIP approach should not be allocated to the consumer.

Councilmember Wachtel stated that since the sewer rate doubled last year, the increases to the rates proposed this year appear to be smaller.

Public Works Director Barnes discussed Figures 10 and 11 in the staff report that show the classification allocations of consumer classes. In response to **Councilmember Moulton-Peters**, **Public Works Director Barnes** discussed the reasoning behind the 16 consumer classes shown in the staff report. **Mr. Farnkopf** indicated the need to maintain accurate classifications and care taken if and when businesses move, change hands, or relocate.

Mayor Lion indicated his support for the 16 category classification system.

Councilmember Wachtel reminded the Council that if a business is on a parcel with many different uses, the City would charge for the most intense use on that property.

Mayor Lion opened the public comment period.

Ken Brooks, 15 Bernard Avenue, Chamber of Commerce, indicated that he would like to see a more simplified, larger picture of the issue at the next meeting.

Daniel Miltzer, 77 Lovell Avenue, thanked staff and Council for their efforts in resolving and clarifying these issues. He appreciated the fact, and was encouraged that the City was moving towards fairness and equity in the sewer rate process. He indicated that he did not want to see subsidies from one class to another.

Laura Chariton, Panoramic Highway, thanked the Council for trying to solve this issue and have more equity in the process. She discussed rainwater catchment systems and greywater use and how they may affect water and sewage use.

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Mayor Lion closed the public comment period.

Public Works Director Barnes pointed out that there was a Sewer Rate workshop scheduled for March 26, 2012 and that the City has sent notices to the 1,300 residents and customers that may be affected by rate increases.

Councilmember Wachtel stated he was comfortable with having 16 categories of consumer classes. He stated he wanted to see the reports more complete and final at the April 2, 2012 meeting. He indicated that Council had wanted a 100% flow-based rate from the beginning and requested that the debt issue be presented to the Council for further study. He noted he did not appreciate receiving late staff reports that had errors in them.

Councilmember Moulton-Peters stated she liked the principles behind the rate structure process. She requested that the City take the time it needs to do this right, as there are large revenue costs associated with this. She stated there needs to be more public education and outreach. She stated she was not opposed to continuing the process until the next tax cycle.

Councilmember Marshall stated she wished to see this issue figured out quickly, even if that means that there needs to be an additional study session planned. She requested that the rate scenarios match up and are accurate. She stated the overall net effect was positive for the consumer when using the flow-base rate. She stated she was fine with having 16 classification categories. She stated she wanted to address the I and I and sewer lateral deficiencies and acknowledged this would cost more money. She suggested providing incentives to homeowners to make improvements to their laterals.

Vice Mayor Berman stated **Public Works Director Barnes** had done a great job on this issue, but that there is no excuse for an inaccurate staff report. He indicated that the City should possibly continue reviewing the issue for an 18 month period. He suggested looking at the CIP now and review it again a year from now and dividing the processes up a bit might help simplify the process. He requested staff prepare a simple executive summary explaining this complicated issue and indicated that 16 categories of consumer classes seem fine to him.

Mayor Lion discussed the customer classifications that had been cleaned up and made accurate and indicated that he would like to keep all 16 of them. He stated he liked the Cost of Service analysis. He stated he agreed with **Vice Mayor Berman** on the CIP issues, and was willing to look at debt as an option. He discussed timing for billing cycles, and the fairness and equity of the flow-based rate system.

City Manager McCann stated that the sewer lateral replacement project will be discussed in the future and is currently being worked on by staff. He thanked the Council for their direction and again for their understanding of the complicated staff report presented to them.

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COUNCIL LIAISON REPORTS

None.

CITY MANAGER'S REPORTS

City Manager McCann discussed the following items:

a. April 3, 2012 Mill Valley Community Meeting.

b. General Plan Advisory Committee and Working Group Appointments.

c. Pension and OPEB Assessment and Recommendations Report at the April 2, 2012 Council meeting.

COUNCIL REQUESTS AND IDEAS FOR DISCUSSION

None.

ADJOURNMENT

It was **MOVED** by **Councilmember Wachtel** and **SECONDED** by **Councilmember Moulton-Peters** to adjourn at 10:15 p.m. to the next City Council meeting to be held on Monday, April 2, 2012. The Motion carried unanimously by a 5-0 vote.

Approved and adopted by the City Council
of the City of Mill Valley on April 2, 2012.

_____
Garry Lion, Mayor

ATTEST:

_____
Kelsey Rogers, City Clerk/Administrative Analyst

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