

Fairfax Town Council Minutes
Adjourned Meeting
Fairfax Women's Club
Wednesday, February 16, 2011

Call to Order/Roll Call:

COUNCILMEMBERS PRESENT: Larry Bragman
Pam Hartwell-Herrero
John Reed
Lew Tremaine
David Weinsoff

STAFF MEMBERS PRESENT: Michael Rock, Town Manager
Jim Moore, Planning Director
Laurie Ireland-Ashley, Finance Director
Chris Morin, Chief of Police
Roger Meagor, Ross Valley Fire Chief
Judy Anderson, Town Clerk

Mayor Bragman called the meeting to order at 7:10 pm.

Approval of Agenda and Affidavit of Posting

M/S, Tremaine/Weinsoff, Motion to adopt the agenda and the Affidavit of Posting.

AYES: All

Mid-Year Budget Review for current fiscal year 2010/11 – Finance

Finance Director Ireland-Ashley presented the staff report. Regarding revenues, she explained that, if everything continued as expected, the net effect against the budgeted amount would be a higher than projected revenue of \$13,878. She noted that a conservative budget had been adopted which was serving the Town well.

In response to a question from Mayor Bragman, Director Ireland-Ashley explained the "Triple Flip" and the Vehicle License Fee (VLF) revenues.

In response to a question about the status of police overtime expenditures, Police Chief Morin stated that less than half of the overtime budget had been spent to date.

Town Manager Rock noted that no officers were off injured or out for extended periods which helped keep the overtime costs down.

Director Ireland-Ashley led a discussion about sales tax revenue and the possibility of raising the rate in Fairfax. Mayor Bragman requested that staff provide a survey of what other cities and towns in Marin charged for sales tax to facilitate a discussion about raising the tax at the next Council meeting.

Adoption of Resolution No. 11-08, a Resolution of the Town Council of the Town of Fairfax authorizing budget adjustments for the fiscal year July 1, 2010 through June 30, 2011, providing for the appropriations and expenditures of all sums set forth in said budget and repealing all resolutions in conflict herewith – Finance

Finance Director Ireland-Ashley reported that no budget adjustments were necessary but that there would be a monthly review of the status. She explained that the additional \$80,000 in

revenue from the VLF and the “Triple Flip” for the current year helped make adjustments unnecessary.

Mayor Bragman asked about the status of the Public Works budget.

Town Manager Rock reported that there would be salary savings in public works even with the contract with Wayne Bush who was on a “not to exceed \$20,000” contract and was working on the seismic retrofit of the Pavilion only.

Vice Mayor Hartwell Herrero asked about the status of the pedestrian bridge and was informed by Town Manager Rock that the project was almost complete.

Open Time

Valeri Hood, Dominga Ave., presented an update on Smart Meters for distribution to the Council.

Adoption of Resolution No. 11- 09 a Resolution of the Town Council of the Town of Fairfax adopting overall financial policies – Finance

Finance Director Ireland-Ashley presented the staff report.

The Council discussed grant opportunities. Mayor Bragman stated that the Town couldn't afford to go long term without a Director of Public Works. Councilmember Tremaine agreed and noted that pursuing new grants that required matches wasn't really feasible when the Town needed to get through the current financial crisis.

Mayor Bragman noted that the reserve policy as outlined was ambitious and nearly double the amount of the reserves in the current budget.

There was a consensus of the Council to adopt the policies with an adjustment to the language to state that the Council “would strive” to meet the goals of the policies to provide for more flexibility. Vice Mayor Hartwell-Herrero suggested that the modified language could be part of the resolution rather than included throughout the policy document itself.

Director Ireland-Ashley stated that it would have been easier if there had been financial policies in place; that the Council wouldn't be committing resources by adopting the policies; and that the policies would make the structure more sound.

Mayor Bragman stated that they needed to adhere to the applicable rules of accounting; noted that there was no mention of the Government Code in the policy; and that forecasting and the two-year budget were separate issues from the accounting policies.

Councilmember Tremaine stated that the policies would prevent errors in the Finance Department; that the real value of the policies was to keep the Finance Department accountable to the standards set and to prevent future errors; and policies that required that they look ahead regarding finance wasn't a bad thing.

Mayor Bragman stated that the problems had been operating problems, not forecasting problems, but that if it made the auditors happy and provided a framework, it would be a good thing.

The Council discussed the fees charged by the Town in the recently adopted fee schedule that were based on the actual cost of providing service. The higher fee charged by the Town for banners was discussed and the public service the banners provided. It was agreed that there was a balance to providing service to the community and doing it at a reasonable cost. Councilmembers Reed and Weinsoff offered to work on exploring other less expensive ways to hang the banners to reduce the cost.

Councilmember Weinsoff stated that the Council had to determine what the public wanted and what those services would cost and noted that the Town couldn't afford to provide all the services that had been provided in the past. He further stated that the Council would be talking about the cost of parking, a sales tax increase and other revenue enhancements.

Councilmember Tremaine cautioned that the calculation of the cost to provide a service had to be credible; that it hadn't been credible for the business licenses; that it took creativity to provide service at a reasonable cost; that there was a trend to outsource services; that the Town's role was to provide public service to the citizens; and that we had to be vigilant about following our values.

Finance Director Ireland-Ashley stated that the new business license process had been on two meeting agendas without input; that she recognized that the preference was to keep it local; that the Council had to choose what they wanted to subsidize; and that knowing the actual cost of services would help them make those decisions.

Councilmember Tremaine stated that he would like to revisit the formulas to give the Council an accurate baseline before they decided what to subsidize and suggested doing it in a way that allowed for flexibility. He further stated that he was having trouble adopting policies that were brought forward because he was cautious about creating unintended consequences and had concerns about how they would be interpreted in the future.

Mayor Bragman stated that the policy was long on generalities and short on specifics and that he would prefer more bread and butter items like department head spending limits. He asked if the Town had a purchasing policy in place.

Town Manager Rock stated that the next task would be the purchasing policy and other financial policies. He suggested that the policy be changed to reflect the discussion and be brought back at the next Council meeting.

Councilmember Tremaine suggested that "local" needed to be defined to mean Fairfax first, and then Ross Valley, County of Marin, North Bay and the Bay Area, in that order.

Adoption of Resolution No. 11-10, a Resolution of the Town Council of the Town of Fairfax adopting a reserve policy – Finance

Finance Director Ireland-Ashley presented the report.

There was a discussion of the proposed reserve policy including a suggestion from Councilmember Tremaine that the resolution should be an acknowledgment of where we were and where we wanted to be.

Finance Director Ireland-Ashley stated that the desired amount in reserve could be attained by putting a small amount into it each year and that the policy would make the Council aware of the goal.

Town Manager Rock stated that certain things had to happen to increase the reserve: health care and retirement costs had to change; property tax revenues had to be somewhere near where they had been before the financial crisis; sales tax revenue had to grow; and one or two revenue enhancements had to be added. These things along with the stabilization of the health care costs by government or the industry had to happen to solve the structural problems that made it difficult to meet the reserve policy goals.

Barbara Petty, Town Treasurer, stated that it was a great start to a policy; acknowledged the

Council's comments about the reserve; stated that 25% of the budget was a good goal for the reserve; that it gave the Council the option of what to do with a surplus; that creating more than one budget was great for financial planning; that salaries and benefits were the biggest items and they were known ahead of time; that she didn't recommend prohibiting outsourcing in the policy; and suggested adding a policy of not outsourcing except to a local contractor.

There was a discussion of the dry period funding, unrestricted reserves, and the low-interest loan secured by the Town to provide cash during the dry period between the receipt of tax revenue in April and December.

There was a consensus of the Council to have the language be realistic and to be included in both the policy and the resolution to reflect that the Council would strive to attain the goals set forth. It was also agreed that the policy would be included in the budget each year. The item was continued to be revised for approval.

Adoption of Resolution No. 11-11, a Resolution of the Town Council of the Town of Fairfax adopting a Two-Year Budget - Finance

Finance Director Ireland-Ashley presented the staff report.

Mayor Bragman stated that he wasn't sure about a two-year budget. Councilmember Tremaine stated that they shouldn't "drive beyond their headlights" and that two-year planning was okay but that there needed to be flexibility and wiggle room.

Vice Mayor Hartwell-Herrero asked if the second year's budget would be simply a forecast and asked what the main benefit would be.

Finance Director Ireland-Ashley explained that it would get the Council used to looking beyond the current time; that it would help define long-term goals; and that it would be in line with the five-year forecast.

Town Manager Rock stated that the staff time required to put an annual budget together was extensive, whereas going back to the second year would just involve tweaking the document rather than creating a whole new document. He further explained that it would involve financial planning a little further out; noted that some projects took two years to complete; that the benefits and contractual fixed costs were known ahead of time; and that it would save time for budget preparation.

Vice Mayor Hartwell-Herrero stated that she could see the benefit, especially for grants, and that a two-year budget would allow them to plan for bigger projects.

Councilmember Reed stated that, from his experience with Safe Routes to School, that it sometimes took more than two years to actually receive grant funding.

Mayor Bragman stated that he believed a two-year budget had limited value and that Fairfax had done well with the ability to be flexible and respond to needs.

Councilmember Tremaine stated that there was a value to it and that it would be good to be able to look ahead to see where they wanted to be in five years.

There was a consensus of the Council to continue the item for consideration with the previous items at a future meeting.

Discussion of structural deficit – rising costs of health care and retirement; declining revenue

Town Manager Rock presented the staff report. He stated that the employee costs were broken down in different ways in the material presented to aid the Council in the continuing discussion of the Town's structural deficit going into budget discussions and salary negotiations.

The Council reviewed the information provided including a matrix comparing employee benefits, the cost for retiree health coverage, the skyrocketing health care costs, and the pension contributions.

The meeting was adjourned at 9:30 p.m.

Respectfully submitted,

Judy Anderson, Town Clerk