

Fairfax Town Council Minutes
Adjourned Meeting
Fairfax Women's Club
Wednesday, July 27, 2011

The regular meeting was preceded by a special meeting closed session regarding labor negotiations with Agency designated representatives Larry Bragman, Mayor, Pam Hartwell-Herrero, Vice Mayor and Michael Rock, Town Manager; Employee Organizations: SEIU, POA, and Management employees.

Call to Order/Roll Call:

COUNCILMEMBERS PRESENT:

Larry Bragman
Pam Hartwell-Herrero
John Reed (7:15 p.m.)
Lew Tremaine
David Weinsoff

STAFF MEMBERS PRESENT:

Michael Rock, Town Manager
Jim Moore, Planning Director
Jim Karpiak, Town Attorney
Laurie Ireland-Ashley, Finance Director
Chris Morin, Chief of Police
Mark Lockaby, Building Official
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 approve the agenda.

AYES: Bragman, Hartwell-Herrero, Tremaine, Weinsoff
NOES: None
ABSENT: Reed

Announcement of Closed Session Action

Mayor Bragman announced that the Council had met with the labor negotiators, Michael Rock, Town Manager and the Mayor and Vice Mayor, for all the labor groups and had given direction and stated that they were very close to completing new labor agreements with all of the groups.

Announcements

Mayor Bragman made the announcements as printed on the agenda.

Councilmember Reed announced that on August 19th a film entitled "Economics of Happiness" about the movement for economic localization would be shown in the Women's Club.

Open Time

Yvette Wakefield, Main Court, asked the Council if they would consider the adoption of a resolution in support of the formation of a 9/11 Truth Commission being put forward by initiative

in each State.

Mayor Bragman stated that the matter could be heard at the August meeting.

Yvette Wakefield, Main Court, suggested that the Council reconsider a special tax on marijuana, and stated that she would be presenting a petition with 20 signatures to add the reconsideration to a future agenda.

Review of Proposed Draft Budget for 2011-2012 – Town Manager

Town Manager Rock presented the staff report. He noted that the proposed budget had been discussed at the last couple of meetings. He stated that the deficit started at \$350,000 and was currently at \$267,000 as a result of the reinstatement of the COPS funding of \$100,000 and the additional State takeaway of \$27,000 in ERAF and the generation of more income than expected in Building and Planning fees. He further stated that the Town was close to finalizing labor agreements which would reduce the \$267,000 further. He listed other factors that would reduce the deficit were the increase in fees charged including the hiring of the new Finance Director at a lower salary and lower retirement tier, and the change of one Public Works employee from full time to half time. With all of these factors, he anticipated that the deficit could be reduced to under \$200,000 for the current year.

Town Manager Rock presented an overview of the financial status of the Town. He stated that the Town received about the same revenue as five years previous as well as less property tax revenue; that Measure F from 2005, renewed in 2009 as Measure I, generated the same amount with a 30% decrease in buying power; that the number of employees had been reduced from as many as 35 to 27; that the Town had been disputing FEMA's allowed reimbursements for flood damage suffered in early 2006 with \$768,00 spent on unreimbursed repairs; that CalPERS, the Town's retirement system, had lost a great deal on investments so pension costs had risen about 6 to 15% per year; and that health care costs had increased 8% for the last several years. He further stated that the Town didn't have money to maintain its buildings or to do capital repairs; that the staff hadn't had raises in 3 years; that the Public Works Director position remained vacant; that the Town only received 18% of the tax dollar; that sales tax revenues had gone down in the last few years with less received in 2010-2011 than in 2007. He noted that revenue sources like parking fees and local sales tax could not be taken by the State and would remain in the Town; that 467,000 people had lost their jobs in the nation in the public sector; that revenues had been shrinking for the last 4 years; that no increase in revenues was expected in the next year; and that, without any changes, the budget was not sustainable.

Mayor Bragman stated that 27% of the properties had been re-assessed downward by the County Assessor.

Finance Director Ireland-Ashley stated that the downward adjustment represented approximately 1% of the property tax revenue or \$40,000.

Mayor Bragman noted that the lower assessments would also reduce the amount received from the pension override tax since it was based on assessed valuation.

Councilmember Weinsoff stated that at the beginning of the meeting the deficit was \$267,000 and had been reduced to \$200,000 because of labor agreements; that the Council would have to use reserves to balance the budget; that there was only \$500,000 in reserve which was already low, but would have to be reduced further to balance the budget.

Mayor Bragman opened the public hearing.

Garry Graham, 19 Broadway, spokesman for the Sustainable Budget Committee, stated that they would like to continue to work with the new Finance Director and would have ideas to reduce the deficit. One suggestion the Committee made was to combine the Planning Director and Town Manager positions and another was to perhaps combine building and planning with San Anselmo. He stated that the Committee wanted to continue to work with the Town Council and staff.

Mayor Bragman stated that the Public Works Director position was still vacant; that the Town's Finance Committee met monthly and was reviewing the Town's contracts; and that Barbara Petty, the Town Treasurer was a CPA and reviewed all the financial statements.

Yvette Wakefield, Main Court, stated that, if Fairfax was going to survive, it had to be as Fairfax, not in combination with other towns.

Mayor Bragman noted that planning and building rules were not the same as those in other cities, that they contributed to the way Fairfax looked and felt, and that it would not be a simple matter to consolidate these services.

Pamela Meigs, Cypress Drive, stated that the budget process could be excruciating and suggested that the Council ask staff for their ideas.

Mayor Bragman closed the public hearing.

Councilmember Tremaine stated that the Council was not done working on the budget and that it would be discussed again on August 17th.

Mayor Bragman stated that the Council had listened to staff and as an example was considering taking back the street sweeping task instead of contracting it out.

Finance Director Ireland-Ashley thanked Garry Graham and his committee for their input; that they were dealing with a liquid situation; that the budget changed; that consolidating services sounded like an easy fix but it was complicated and could change the character of the Town; and that it would be too much to have Town Manager Rock act as Planning Director as well as Public Works Director.

Councilmember Weinsoff stated that the Council would keep talking about revenue enhancements to be able to continue to provide services because the cost of those services would continue to rise; that it wasn't possible to take building and planning and share it with our neighbor, that it was a non-starter; and that he looked forward to hearing what the Committee had to say.

Councilmember Reed stated that any consolidation with San Anselmo would be like the school district consolidation; asked how they could continue to provide services without taxing people to death and how the Town could grow in a good way. He further stated that Good Earth was growing and moving and would create more sales tax revenue; that Fairbuck was a small step; and that we needed to move forward together.

Mayor Bragman stated that he didn't think that Fairfax had 'soaked' its residents; that when measure "F" expired and Measure "I" was put forward, the amount was kept at \$125 per dwelling unit and not raised. He further stated that the Council had looked at every angle they could over the last six months; that they had looked at reducing costs as well as raising revenue; and that the Council didn't take the residents for granted.

Councilmember Weinsoff stated that taxes had gone up dramatically since he moved to Fairfax in 1996; that it had been generous of the homeowners to pass Measure I; that they were not going into more tax measures without looking at reorganizing how the Town provided services; and that he was not hearing any innovative ideas.

Mayor Bragman stated that 27% of the properties in Marin had been reduced in value and in tax revenue and that Fairfax had been listening to its residents. This was shown by the decision the Council made not to raise the amount of Measure I when it went before the voters.

Councilmember Tremaine stated that Mayor Bragman was correct to say that the Council had been very judicious when going to the taxpayers for support; that he didn't want to do it again; that he wanted to take it out of someone else's pocket, and asked why not take it from the people who visited our town and used our services; that they needed to raise revenue and couldn't go back to the property owners to get it; that the idea of parking fees had not been supported; and questioned whether or not it was possible to get \$200,000 from parking fees.

Bill Parker, Olema Road, spoke about the objectives and accomplishments in the budget for 2010-2011. He noted that the Police Department responded to 30,000 calls during the year and stated that the cost of maintaining a 24-hour dispatch for four calls per hour could be reduced by providing dispatch services to other communities, while not overworking the current staff.

Mayor Bragman stated that their efforts to bring in other jurisdictions into dispatch hadn't worked out.

Adoption of Resolution No. 11-39, a Resolution of the Town Council of the Town of Fairfax approving the Submission to the Voters of a Question Relating to a Local Sales Tax of up to 1% for Five (5) years, requesting the Marin County Board of Supervisors to Consolidate with any other Election Conducted on that Date, Requesting Election Services of the County Clerk, and Setting the Ballot Language – Town Clerk

Town Manager Rock presented the staff report. He stated that the Town currently received 1% of the sales tax, approximately \$300,000, and if the Town secured its own 1%, it would be another \$300,000; that the trend was for employees to pay their entire share of their retirement costs of 8%, which would help with the structural deficit; and that there was a deadline to get the measure on the ballot.

Councilmember Weinsoff stated that he supported the half cent sales tax because it would produce the added income closest to the deficit amount; that out in the community there was unanimous support but not in the business community; that what they were giving up was the ability to do a capital project like upgrading Bolinas Road; that he had been waiting to have money to do it, to improve the safety of the sidewalks; that he would like to get back to doing capital projects which hadn't been possible since he had been on the Council; and that he would like the committee to help them identify and raise the revenue necessary to do such projects.

Vice Mayor Hartwell-Herrero, stated that she supported a one percent tax especially since the State allowed their 1% sales tax to lapse; that the Town was losing employees and losing infrastructure; 1% would leave the sales tax where it had been; that she would support a half-cent if that was the consensus; that a penny on every dollar for people coming into the Town seemed reasonable; that she encouraged Town businesses to make up that penny on the dollar; that they couldn't take it all from the employees; that without the extra income, services would have to be reduced; that they could end up with unpopular revenue sources like parking meters; that she was tired of subsistence living and wanted to thrive and maintain the Town's

services; that they might have to contract with the County for police services; and that Fairfax had the lowest paid staff and highest ratio to residents in the County.

Councilmember Reed stated that if they figured out a way to make Fairfax a better place to be it would thrive; that they needed to move together as a community; that Vice Mayor Hartwell-Herrero had made some good points; that the Council couldn't control pension and health care costs; that the Town would continue to get deeper in the hole; and that he was there to listen.

Councilmember Tremaine stated that the community had found consensus to support a half cent sales tax; that the entire community could move forward together; that they could find other ways to make up the shortfall, although the community might not like the way they did it; that consensus was important; that it would be nice to have the cushion of the extra income from a 1% tax; that since he was not running for office again, it was easier for him to support the half cent; and suggested that they continue the conversation to see what else they could agree on.

Mayor Bragman stated that a lot of good points had been made; that he agreed with Vice Mayor Hartwell-Herrero that they were in difficult times; that the Town knew it was going to lose \$100,000 in COPS money in the following year; that 27% of homeowners were going to get a tax break in the next year; that the merchants were facing an additional 1% out of their pockets; that it would be great if a 1% sales tax was passed and it actually encouraged people to shop locally to help the Town; that resources were diminishing; and that it was appalling that local government had to go begging when so much of the money was going to banks and to support wars.

Mayor Bragman opened the public hearing.

Valeri Hood, Dominga Avenue, agreed with the TC; stated that her family was facing huge decreases in income but that she was willing to go out and sell the tax; that we needed to join with other cities to say no more war; that we needed more than 1%; that she didn't want to be part of the county; and that we had to hold onto our Town.

Garry Graham, 19 Broadway owner, stated that the proposed tax would cost him about \$25,000; that one cent was an overreach; that all through previous discussions it had been half a cent; that the last meeting was the first time one cent was discussed; that the Council could bank on the merchants to give them some money, but not with a sales tax; noted that San Anselmo had decided not to do it; that they would be putting the Fairfax merchants at a disadvantage by adding a one cent tax; and that he would like to know if there was a consensus for a half-cent tax.

Susan Brandborg, Dominga Ave., stated that Fairfax had to assess a tax in the past to fix the roads; that \$125,000 already went into a study for sidewalk improvements; and that people would like the sales tax money earmarked.

Susan Schmitt, Larkspur, Tamalpais Union High School District Trustee, expressed her concern about the timing of the Council's decision and the impact on their request for a renewal of their parcel tax in November; stated that they were facing all the same reductions from the State; that they had made many drastic cuts; that the parcel tax provided 15% of their budget; that they had been working since January to educate the community about their parcel tax; that a sales tax measure in Fairfax was going to bring out a lot of anti-tax sentiment which would affect their measure; and emphasized the importance of the quality of the schools to property values and to the community.

Brian Fisher, Lost Mountain jewelry store owner; stated that he was competing with the internet

where there no sales tax was assessed. He suggested a local lottery, a Miwok casino or a mustang ranch to raise funds for the Town. He also suggested that the Town sell the properties it owned and lease them back to save money. He asked how many pieces of property the Town owned?

Councilmember Weinsoff suggested that Mr. Fisher talk to the Open Space Committee about the Town properties.

Bill Parker, Olema Road, stated that, according to the 2010-11 Budget, Police Dispatchers were being well compensated. He further stated that he had gone through ten of the Town's audit reports from 2005 through 2010 and determined that the actual revenues in the general fund exceeded the budgeted numbers in every one of those years for a total of over 2 million dollars; that \$900,000 more than budgeted had been spent in the same time period; that there had been an increase in payroll of \$994,300 during that time; that personnel costs comprised 50-60% of the budget and, including fire, was almost 80%; that the net was \$600,000 in the red when the expenses were subtracted from the revenue; and stated that his numbers didn't match the numbers presented earlier in the evening.

Mayor Bragman stated that the last time the numbers were reviewed with Mr. Parker, there were discrepancies in the information he provided, some of which were because of FEMA funds received. He further stated that the Council needed to have the opportunity to review the figures he had presented to be able to respond to his assertions.

Yvette Wakefield, Main Court, clarified that saying the tax would stay the same, it meant that it was 9% and would stay 9%; noted that the outsourcing of the business license process hadn't worked out well, and that she would support a 1% tax increase.

Amory Graham, 19 Broadway, stated that if the Council went forward with a 1% sales tax, a campaign will be waged against it.

Garry Graham, 19 Broadway, stated that facts would be brought out in a campaign for 1%; that the committee had looked under the hood of the Town's finances and found that there hadn't been audits done in five years; that there had been five failed finance directors; that Finance Director Ireland-Ashley had spent 2.5 years cleaning up the finances; and that employee raises and unsustainable benefits had been given in 2006 to 2008.

Dave Smadbeck, co-president of the Chamber of Commerce, part owner of Sleeping Lady, and seller of real estate; stated that, as a restaurant owner, licenses, insurance, payroll taxes, property taxes, and other costs made the profit margin about 5%; that a 1% increase would have a big impact on them; that he loved Fairfax and supported the community but asked that they not take it out on businesses; that he could support a half-cent tax; that the Chamber survey, where less than a third responded, showed that most businesses supported the half-cent tax; that, as a real estate salesman and the incoming president of the Marin Board of Realtors, he knew that there was a movement to bring the State sales tax back; and stated that everybody needed to give a little bit.

Barbara Petty, Town Treasurer, Forrest Avenue, expressed her support for the comments made by Vice Mayor Hartwell-Herrero; noted that no big ticket items like cars were sold in Fairfax; stated that patrons of Sorella's wouldn't mind paying an extra dollar on a \$100 bill.; and that she supported whatever the Town Council decided.

Kevin Krik, Marinda Drive, asked that the Town Council listen to the business owners; that the CalPERS increase of \$94,000 for the next year should be tackled like Fairfax attacked larger

issues and that the Town should take on CalPERS.

Mark Bell, Dominga Ave., suggested that the Council pursue the single payer health system and get the Town employees enrolled to save a lot of money; noted that Marin Sanitary rates were going up 30%; that the Water and PG&E rates were also going up; that the residents were still paying for Measure K; that he could see the need for a sales tax; that the State would probably impose more taxes; and that the High School District was asking for more money even after they spent so much on building plastic playing fields in a flood zone.

Pamela Meigs, Cypress Drive, stated that when she first heard about it, she wasn't sure, but the more she heard about it, the more supportive she became. She further stated that she was hesitant about the five-year term of the measure and stated that she would support three years.

Ryan O'Neil, Madrone Road, objected to the idea that the sales tax would not allow competition with San Anselmo and noted that many Fairfax businesses, like 19 Broadway, made most of their money when San Anselmo businesses were closed; that he would support the sales tax and the high school tax; that, as a former founding member of the Open Space Committee (OSC), selling any Fairfax property was a bad idea since they had worked so hard to acquire undeveloped property to leave for the next generations; acknowledged the different perspectives on the issue; and stated that opponents failed to see what they were getting back from the Town in the services provided to the citizens.

Michael Mackintosh, Marin Town and Country Club, stated that he appreciated that Bill Parker was allowed to speak; that the Council was going to have to address the financial issues; described the many increases in his property tax that added up to \$25,000; stated that he thought the Berg litigation was a waste of money; and that the Town had wasted a lot of money in response to the gate he erected and in protesting his ownership of the Pastori Bridge.

Mayor Bragman closed the public hearing.

Councilmember Tremaine stated that it was important to remember that everyone shared the Town and also shared the economy; that when the State stopped charging a one-cent sales tax, the merchants could pass along the savings to customers or could keep it as profit; that he had operated a business in the community in the past and understood the difficulties; and stated that the fair thing to do was to work harder on their end to solve the problem and to have a half-cent sales tax.

Councilmember Weinsoff suggested that perhaps the measure should be implemented for three years while they tried everything to enhance revenue and then review the issue in three years.

Town Attorney Karpiak stated that the Board of Equalization had to approve the ordinance and it would have to go to them again for review and that the five year term had already been approved.

Councilmember Reed stated that there was not going to be competition with San Anselmo for night life because they didn't have any; that he didn't think people would stop coming to Fairfax because of a one-cent tax; and that he supported the tax and didn't mind paying it.

Mayor Bragman stated that it was a tough decision; that one percent was going to meet the needs of the community; that most of those needs were public safety needs; that those most vocal against it enjoyed the benefit of those services; that it was coming out of the merchants' pockets; that Fairfax was already going against the grain and against conventional wisdom by proposing the tax; that local government provided hands-on services to the community including

police and fire; that the citizens were receiving excellent service; that they needed to find consensus on how to proceed together; that one-half cent would leave challenges to meet and wouldn't get the Town to financial solvency and might not even meet the current budget deficit; that maybe it was an unrealistic idea to fix the financial problems with a sales tax; that it would be good to have the merchants support the tax; that the dollars were going to stay in the community and promote sales; that they were going to need everyone's support; and suggested not trying to fix it all at one time and to go with a half-cent.

Councilmember Hartwell-Herrero stated that she had been hoping that they could reach a compromise of three-quarters of a cent; that the majority of the Chamber surveyed supported the tax; and that if they decided to go with half, other measures would be necessary.

Councilmember Reed stated that three-quarters of a cent would meet the current need, that the services the Town provided cost money; and that the nightlife cost for the Town was about \$250,000/year for the police officers.

M/S, Tremaine/Bragman, Motion to adopt Resolution No. 11-39, a Resolution of the Town Council of the Town of Fairfax calling for an Election and Ordering the Submission of an Ordinance Imposing a Transactions and Use Tax to be Administered by the State Board of Equalization for Five (5) years, to the Qualified Voters of the Town at a General Election to be Held on November 8, 2011, Requesting Election Services of the County Clerk, and Setting the Ballot Language.

Town Attorney Karpiak asked that the resolution have the correct expiration date in the ballot language to read March 17, 2017.

Roll Call Vote:

Bragman: AYE; Hartwell-Herrero: AYE; Reed: AYE; Tremaine: AYE; Weinsoff: AYE

Mayor Bragman adjourned the meeting for a break from 9:45 to 10:00 p.m.

Approval of Town sponsorship of the presentation of three films ("Vanishing Bees," "Under our Skin" and "Windfall") at the Women's Club on dates to be determined in August – Town Manager

There was a consensus of the Council to sponsor the three films and direction was given to staff to work out the scheduling of the Women's Club with Valeri Hood.

Adoption of Resolution No. 11-40, a Resolution of the Town Council of the Town of Fairfax approving the transfer of the financial responsibility for pension costs from the Town to individual Council members – Bragman

M/S, Tremaine/Weinsoff, Motion to approve Resolution No. 11-40, a Resolution of the Town Council of the Town of Fairfax approving the transfer of the financial responsibility for pension costs from the Town to individual Council members.

AYES: All

The meeting was adjourned at 10:20 p.m.

Respectfully submitted,

DRAFT