

SPECIAL MEETING of the ROSS TOWN COUNCIL
ANNUAL BUDGET WORKSHOP
THURSDAY, APRIL 27, 2023

Held In-Person and Teleconference via Zoom

1. 9:00 a.m. Commencement.

Mayor Beach Kuhl; Mayor Pro Tem Elizabeth Brekhus (*via Zoom*); Council Member Bill Kircher, Jr.; Council Member Julie McMillan, Elizabeth Robbins.

2. Posting of agenda.

Town Manager Johnson reported that the agenda was posted according to government requirements.

3. Open Time for Public Expression.

There were no public comments in-person or via Zoom.

4. Annual Budget Workshop Overview.

Town Manager Johnson introduced staff in attendance, Consulting Accountant Elizabeth Ford, Town Clerk Cyndie Martel, Public Works Director Richard Simonitch, Police Chief Raffaello Pata, Planning and Building Director Rebecca Markwick, and Interim Recreation Manager Michael Langford.

She reported staff will ask the Council to review and confirm Town goals, review accomplishments from the current fiscal year, review elements of organizational capacity, and then move into the 5-year financial forecast. At the request of Council Member McMillan, they will focus in on how the Town has been addressing its pension liabilities, then will discuss the draft FY 2023-24 budget, and discuss funding requests the Town Council has received from the RPOA and the Age-Friendly Task Force. The presentation will then be turned over to the Public Works Director to talk about the 5-Year CIP, followed by next steps and wrap-up.

5. Review and Confirm Town Goals.

Town Manager Johnson recapped that 7 years ago, the Town Council developed the first 6 of these goals which are displayed and in the packet, and 2 years ago, the Town Council added the 7th goal regarding promoting environmental stewardship. The goals guide staff's development of the Draft FYE24 Budget before the Council and she asked for any comments and/or refinements to these goals.

Mayor Kuhl asked and confirmed Council Members had no suggested changes to the 7 goals.

6. Town Council review, consideration, and guidance on the proposed Fiscal Year 2023-24 (FYE24) budget beginning July 1, 2023 and ending June 30, 2024.

Town Manager Johnson stated staff identified items she believes are major accomplishments thus far in the fiscal year, realizing there are a couple of months left, adding the Council could add to the list:

1. The Town Council is productive and she wants everyone to recognize how well the Council works together and can get things done for the Town.

2. Financially healthy and proactive budget. During this year, they have continued to maintain a safe community, with the Council's support, as well as the Town's police officers, firefighters, and paramedics. Infrastructure in the Town is also safe.
3. The Town has recruited several new staff members and has undergone the important process of getting people on board and trained.
4. Housing Element progress has been a significant workload on staff and the Council. There have been several agenda items and a special meeting is scheduled on May 31st.
5. A lot of progress has been made on the development of the Facilities Master Plan, starting with the selection of the consultant, reaching an agreement with the consultant team, and consultation with staff. It has come before the Council 3 times and progress has been made.
6. Assisted in the acquisition and preservation of Bald Hill through the leadership of the Town Council, especially Council Member Robbins.
7. Reviewed Branson School's annual traffic data report under its CUP. The process, set up by the Council and staff, worked well this year. The results gave staff specific direction on how to process the information learned and respond to the school's request for increased enrollment.
8. Increased wildfire prevention actions in partnership with Marin Wildfire Prevention Authority (MWPA) and their funding with Ross Valley Fire Department and Ross Police Department. Police Chief Pata exhibited leadership last year with the evacuation drill he developed. The Town is working with Ross Valley Fire Department to do a driveway drill, improving evacuation communications and other pertinent items with Ross Valley Fire Department and their Zone, which is covered by MWPA.
9. The Council spends a lot of time on Design Review applications and Conditional Use Permits and amendments. This year, the Council heard 25 applications. Work by the ADR was also recognized.
10. The Public Works Director will be bringing forward the Storm Drainage Master Plan in May which has been a significant project. He has also been making progress with the Underground Utility Districts. Last year, the Fernhill paving project was well-received with almost no complaints. Ross has the highest pavement index score in Marin and is in the top 20 in all 9 Bay Area counties and cities.
11. The Town Clerk will be working to update the Town's Records Retention Policy, which should be coming to the Council in June.
12. Staff in the Recreation Department supported the Age-Friendly Task Force.
13. The Public Works and Police Departments continue to work on traffic education and enforcement.
14. The Police Chief and his team have increased Police Department outreach and community engagement, such as the National Night Out event, Coffee with a Cop, and partnerships with the school.
15. The Town adopted the new Building and Fire Codes late in 2022 which was a joint effort with the Planning and Building Director, the Ross Valley Fire Department, and the Town Attorney.
16. The Public Works Director and his team worked with the Council to update the tree ordinance.

17. The Town implemented SB 1383 which is a mandatory organics recycling program by the State, and staff is working with Marin Zero Waste JPA.
18. The Town Council reviewed the food ware ordinance, and the Planning and Building Director will bring this back in May.
19. The Town Council approved a Police Officer labor agreement last summer which is a 3-year agreement.
20. The Pilot Pickleball facility was brought forward by members of the community, and the Public Works Director and team completed the court and play carries on.

Council Member McMillan added the following accomplishments:

21. The Town made progress on the Laurel Grove Pathway.
22. The Town joined the Safe Routes to School group.
23. The Finance Committee of herself, the Town Manager, and Mayor Pro Tem Brekhus reviewed the Town's accounts to ensure there was no exposure given the Silicon Valley Bank and First Republic Bank crisis.
24. The Town Council has participated in the exploration with the Ross Valley Fire Department of a change in leadership, given Chief Weber's contract is not being renewed.

Town Manager Johnson presented a slide which makes the point that the Town Council and staff have a limited amount of time and attention, and this needs to be managed with care. She said the Council meets once monthly, holds some special meetings, and the Council has many functions with Closed Sessions, public comments, land use, finance, etc. in its priorities. Staff also has limited capacity and 75% of staff's time and sometimes more is just devoted to daily operations and at times they must pivot to handle emergencies that arise. Staff are very dedicated, work well together, and share best practices with various career field groups in Marin. She thinks the Council has reasonable expectations of staff and an appreciation of workload and priorities which is a positive factor.

Town Manager Johnson said this year they combined two budget meetings into one meeting. They have a 5-year financial forecast which the Town's consulting accountant has put together and she presented slides showing the forecast, ability to fund programs in the short and long term, spoke about revenues and expenses for 2023-2028 for the Town's operating funds, includes a modest level of capital expenses and presumes the Town is setting aside \$200,000 each year towards the Town's pension liabilities to pay them down. Property taxes continue to be the largest revenue source for the Town and is 66% of the Town's budget. The 5-year Forecast presumes there is a revenue growth of 3% per year, projects an expense growth of 4% so the ability of the Council to transfer monies into the Town's Facility and Equipment Fund decreases during that 5-year time period.

Regarding expenditures, expenses are expected to grow 4% per year, excluding any one-time expenditures. Wages and benefits comprise 45% of total expenses and these are estimated to increase 4% to 5% per year moving forward. There is a 3-year Police labor agreement with 2 years remaining, and this includes 3.8% annual increases in salaries. Pension costs are stabilizing with the enactment of PEPRA in 2013, and the paydown of the unfunded liability. However,

CalPERS investments gains and losses contribute to unpredictability of future pension costs. The Town's required pension costs were \$550,000 in FY 2022, and they are estimated to increase to \$751,000 by FYE 2028. Also, the Fire Department JPA cost is 27% of the Town's operating cost and is budgeted to increase 6.4% for FY 2024 and 5% annually in the future.

Council Member McMillan referred to pension costs going from \$550,000 to \$751,000, and asked if this is because investments of the State are so bad. Ms. Ford stated it is because of increases in wages of 5 years. The contribution rates are going up somewhat but the UAL mandatory payment has flattened so it would be a lot higher.

Council Member McMillan stated as wages increase 4% to 5% it also means the pensions increase similarly, but it seems like it is 50% from 2022 to 2028. Ms. Ford said this is a lot more conservative than what CalPERS projects, and the UAL is going to be going down, and she kept it flat because it changes depending on the investment return.

Town Manager Johnson clarified that the 4% to 5% increase includes wages and benefits. She asked and confirmed this also includes health benefits which are increasing often more than 4% to 5% per year.

Mayor Kuhl asked if the Council should consider raising the amount they pay down every year. Town Manager Johnson said she will be presenting this information in the upcoming slides.

Town Manager Johnson said the good news is that the current level of services is sustainable with revenues, and the forecast also project small financial surpluses over the next 5 years. The forecast includes the \$200,000 a year additional paydown of the Town's unfunded pension liability.

Mayor Pro Tem Brekhus questioned the bottom net surplus deficit, stating the numbers are wildly different. Ms. Ford explained that the first column is a negative \$337,000 because the Council made a very large transfer into the Facilities and Equipment Fund in FYE 2022. It was \$2.6 million. Projected 2023 staff budgeted a surplus of \$8,000 and right now, things are looking rosy as there has been quite a bit of savings in the Police Department because it has not been fully staffed and interest rates have gone up. Staff budgeted \$28,000 for interest and they will probably receive \$260,000. So, there have been spots of good news and they project they will come out at the end of the year as a positive \$444,000. However, since then she received bad news on ERAF so this amount will come down a bit.

Town Manager Johnson said service levels are sustainable over the next 5 years. There will be small surpluses and potentially at the end of the current fiscal year of having good news, in August they may be able to transfer any savings left over this year into the Facilities and Equipment Fund.

Another important point is the Town Council's additional payments towards the unfunded pension liability has generated significant cost savings for the Town which is a benefit. Also, the

public safety parcel tax does expire at the end of FY 2025 and if that measure is not renewed then there will be a \$1 million per year shortfall in the Town's operating fund budget.

In the financial forecast summary, they have some challenges. They need additional funding to address deferred capital needs and obsolete facilities. They have done a great job saving towards replacement and renovation of the Town public facilities; however, the savings is not likely to pay for the whole project. She knows the Council and staff need to work on a financing strategy for how to finance the Town Hall project.

Pension costs fluctuate with the stock market so it is very difficult to predict. Staff's recommendation is to continue to make additional payments towards the unfunded pension liability. The Fire Department costs are growing so they need to work very closely and diligently as members of the Ross Valley Fire Department and representatives to the Board to maintain those costs. The Council has appointed 2 members to help her bring back a recommendation to the Council for the public safety tax at the May 11th meeting regarding whether to move forward to voters for a parcel tax renewal item.

Town Manager Johnson then presented an overview of the Town's pension liabilities, stating the Town has a defined pension plan through CalPERS which promises lifetime payments to qualified retirees. The cost of future payments is calculated using actuarial assumptions such as life expectancy and CalPERS' rate of return on their investments. When actuarial assumptions do not match reality, a liability can occur. The most recent CalPERS valuation report show an unfunded accrued liability to the Town of \$1.7 million. 5 years ago, the unfunded liability was \$4.2 million. Much of this had to do with the Council doing above and beyond, employee groups helping out, and CalPERS had a 21% rate of return 2 years ago but last year it was a negative.

Since 2016, the Town has made \$3 million in discretionary payments to pay down the unfunded actuarial liability which is impressive. In addition, the Town has undertaken additional steps over the years to mitigate pension costs. The Town reduced its amortization schedules to pay down the unfunded liability from 30 years to 20 years resulting in higher costs in the short run, but much lower costs in the long run due to significantly less interest. The Town stopped paying the Police employees' share of CalPERS rate of 7% and in 2018, the Police Officers bargaining group agreed to pay 3% of the employer share of the normal cost. This has assisted significantly with the public safety part of the Town's unfunded liability.

Council Member Kircher said the Town is paying down the unfunded liability with \$200,000 per year and things might not look quite so rosy next year. If they kept making the \$200,000 payment every year they could eliminate the unfunded liability in about 8 years.

Town Manager Johnson said there are different categories of unfunded liability, such as one for public safety and one for miscellaneous, and some right now have zero unfunded liability because of these paydowns the Council has made over the years and because of CalPERS fantastic return of 21%. Some of the unfunded liability right now on paper is already paid down. However, when they get their updated valuation in July from CalPERS, those will not be zero any longer. So, it depends on the rate of return and they have a 20-year amortization plan.

Ms. Ford said the Town does not want to be overfunded because they cannot get the money back. Right now, in looking at the percent funded, it is high. So, until they receive more updated reports from CalPERS they should keep things as they are.

Town Manager Johnson said the Council has put away monies in its equipment and facilities fund and some might ask why the Town is not putting it towards their unfunded liability but they must make sure they are not overfunded.

Council Member Kircher asked how is the interest they pay on the unfunded liability to CalPERS determined. Ms. Ford stated CalPERS has a discount rate and it is currently 6.875% and this is what they use. They project this is what their investment return will be and that is what they charge on the unfunded liability. If they do not make that 7%, added liability will occur.

Mayor Kuhl asked if this is reset by CalPERS every year. Ms. Ford said it is not every year and she believed it was every 5 years, but was not sure.

Town Manager Johnson said when Council Member Kircher mentioned the Town will have paid off its unfunded liability, the rate they pay on every payroll for PERS also includes some for the unfunded liability. So, they will have that for a while which is in the amortization. Ms. Ford said it is a mandatory UAL the Town is required to pay every year and there is also a discretionary one.

Council Member McMillan asked where they are in the 20 years, and Ms. Ford said it is very complicated and she would have to review the report. Some are close to being paid down and others are not, and there are different types of pools in the unfunded liability.

Council Member McMillan said she is anticipating when the Town embarks on the parcel tax renewal, people will be asking detailed questions about this even though it is not directly related to how they are using the parcel tax monies, so the more information they can have at their fingertips to respond, the better.

Mayor Kuhl opened the public comment period, and there were no speakers.

Town Manager Johnson then presented the Draft Budget for FYE 2024. She described the General Fund's 3 funds—Operating, Facilities and Equipment, and the Emergency Fund, as well as special revenue funds which can only be used for specific purposes. She presented a year over year budget comparison of revenues which continue to grow but are growing more slowly. Property taxes are budgeted to increase 4.6%. Other taxes are projected to decrease by 10.3% which are mainly real estate transfer tax, sales taxes, business licenses. Investment revenue is projected to increase by almost 60% and building revenues is projected to be a negative 21.6% year over year and Public Works revenue is a negative 18.3%. Many people during the pandemic made improvements to their homes resulting in a surge of building activity. Now things have eased which is happening throughout the county.

Council Member McMillan observed this is also partially due to the stock market, noting people do not have confidence making large expenditures.

Town Manager Johnson gave revenue and expenditure highlights, stating there is a 3% increase in total operating revenue. Property taxes continue to be the largest source of revenue. The public safety parcel tax covers 20% of police and fire department expenditures. The parcel tax rate for FY 2024 is projected to be \$1,201 per parcel and this comes to the Town Council in June to adopt. Investment income has increased due to LAIF. Their interest rate increased from .32% in March 2022 to 2.74% one year later.

She then presented an overview and described expenditures by department, both increases and decreases.

Council Member Kircher asked to elaborate on the differences between planning, building, and public works revenues.

Planning and Building Director Rebecca Markwick said planning fees are taken in and staff bills per projects using the deposits. Separate fees are taken in for building permit applications. For public works revenue, Public Works Director Rich Simonitch responded that it is like planning and building revenue sources. Encroachment permit fees is one source, tree permits are another source, and he and Maintenance Supervisor Anthony Alcozer charge an hourly rate set and agreed upon by the Council for plan review fees, for tree replacement and management, and he reviews for National Flood Insurance program policies, grading and drainage, and engineering review.

Town Manager Johnson then presented the fund balance in the Operating Fund over the years. The takeaway is it has stabilized over the years. It also shows the Town has healthy reserves and its financial policies require a \$3 million reserve. At the end of the current FY staff is projecting a \$4.26 million reserve, and at the end of FY 2024, \$4.4 million. In addition, the Town maintains a \$1.5 million emergency reserve.

Mayor Pro Tem Brekhus said it states "Operating Fund balance" and she is confused how this relates to reserves. Ms. Ford explained Reserves are part of the Operating Fund. There are the Facilities and Equipment Fund, the Emergency Fund, and those 3 internal separate funds on the Town's books comprise of the General Fund for audit purposes. There is a slide later that will show the ending fund balances of all the different funds which might help explain this question.

Town Manager Johnson then displayed a chart on page 2 under Tab B that makes up the revenue sources in the General Fund, noting property taxes are by far the largest source of revenue. It also shows revenue generated by the public safety parcel tax is the second largest source, and this covers about 20%.

She then presented expenditures, which shows that most the Town's General Fund expenditures are for labor which is 50%. The percentage grows to 70% once they add expenditures related to outside services. She then presented a slide which shows expenditures by department, the

number of the Town's FTE, a drop showing the decreased recreation programming during the pandemic, which slowly added back staffing. There are no new positions that are proposed for the coming FY 2024. She then displayed the change in fund balance, stating the Operating Fund is balanced, and this is the slide Ms. Ford said she referred to, which she further explained.

Council Member Kircher asked and confirmed that a portion of the \$16 million is what is invested through the LAIF (Local Agency Investment Fund). Town Manager Johnson said it allows the Town to flexibly move funds in and out because revenues in Ross are not received monthly so it allows more interest to be made when funds are not needed.

Council Member Kircher asked when the Town receives the 2.7% in Reserves, is this reallocated to the Reserves and goes into the General Fund or does it automatically go into funds like the Facilities and Equipment Fund. Ms. Ford stated interest is received quarterly and is allocated. First, they allocate it to the special revenue funds because they are interest-sensitive. Whatever is left over goes into the Operating Fund.

Mayor Kuhl asked and confirmed there were no public comments.

Town Manager Johnson then presented information on priorities for the Draft Budget and a slide per department for budget highlights. The Town will have another busy year with a variety of new and priority projects and programs, which she described.

Mayor Kuhl asked if presently the Town is down 1 police officer and Police Chief Pata said they are down 1 officer for which they are recruiting and they have a second officer with a long-term injury.

Mayor Kuhl asked if there are other recruitments expected.

Town Manager Johnson said no, they are fortunate to have their Interim Recreation Manager and they expect their newly hired Recreation Manager will be back in the summer. There is an Analyst position the Council approved last year which she did not fill because her focus needed to be recruiting, filling, and training the positions of a new Planning Director and an Interim Planner position that resigned, a Recreation Manager, Police Officer positions, and a retiring Clerk, and so there was a lot of turn-over. Their revenues are leveling off and the last thing she wants to do is hire someone and impact the Town. So, depending on the Council's feedback, she might end up hiring a part-time Analyst to work in specific areas, and said they need to look at succession planning.

Town Manager Johnson then continued presenting the Town's priorities.

Mayor Kuhl asked what specific tasks staff plans to do regarding the Housing Element.

Planning and Building Director Rebecca Markwick said there are programs and policies to implement their Housing Element. A large chunk of the Town's housing units are allocated

towards ADUs so they have some specific programs such as develop a Countywide ADU website with pre-approved plans so funding will be reduced with a countywide process.

Mayor Kuhl asked if staff was doing away with some of the old records that are stored in the former jail, and Town Manager Johnson said this is the intent and said they follow the law.

Mayor Kuhl referred to the plan next year for crossing guards and he thinks the Town may be losing one. He will report back to the Council. Countywide, the proposal is to drop from 103 to 97 funded crossing guards for this year.

Town Manager Johnson then continued presenting the Town highlights and priorities.

Council Member Robbins said she did not think the Town needed a Town Treasurer and it might be time to eliminate the position. Council Member McMillan echoed this suggestion. Town Manager Johnson said the Town Treasurer has worked on the transfers to and from LAIF and this is something she can do. The Town is required to have a Treasurer function, but many cities have the Treasurer function be part of a staff position such as the Finance Director. Some cities have an elected Treasurer.

Mayor Kuhl noted it is a small expense and he would want to give some thought to balancing the expense to the personal tasks involved with discontinuing the position by a person who has held it for a long time.

Mayor Pro Tem Brekhus said the Treasurer does work and he has obligations but the question is whether it is an important check and balance or whether the Town has adequate coverage of this. Town Manager Johnson stated the audits have come back clear since she has been with the Town, and she confirmed with Ms. Ford that for internal control purposes 2 people are needed to be able to do that function. It just requires a phone call to transfer the funds, so it could be the Town Manager and a Council Member.

Council Member Kircher added that if they decide to make the transition he hopes it will be handled diplomatically, as the Treasurer has served for many years. Mayor Kuhl noted that the Treasurer also is a former Mayor and Council Member.

Council Member McMillan recommended checking with the auditor that if the Town eliminated the position, it would still get a clean audit, assuming everything else remains in good standing, and Town Manager Johnson said she can contact the auditor.

If the auditor confirms the Town does not need an appointed Treasurer position, Mayor Kuhl and Council Member Kircher asked that the item come back to the Council, and recommended the Town Manager also check with the Town Attorney.

Discussion ensued and Council Members agreed that if the auditor and Town Attorney indicate the position is not necessary, the Council can decide whether to eliminate it at the budget hearing in June. Council Members also agreed with the need for transparency, fairness, and notice. Town

Manager Johnson confirmed Council direction is to contact the auditor and Town Attorney and report back.

She then continued her presentation on priorities and spoke about increases to the Fire Department and 100% funding by MWPA JPA for added expenses relating to wildfire defensible space and local prevention efforts. Budget numbers for the Fire Department will be finalized at the June Budget meeting.

Council Member McMillan referred to the All Funds Budget Summary in Inter-Governmental which is \$381,000. She asked and confirmed with Ms. Ford that the MWPA fund is broken out in the budget on Tab G.

Mayor Pro Tem Brekhus referred to the pension UAL paydown for Fire and asked if this is for the pension obligation before the Town joined Ross Valley. Ms. Ford said yes; they split the UAL 50/50 and have continued doing this.

Town Manager Johnson then covered budget highlights on the Police Department. Wages and benefits are budgeted 8% higher than the prior year due to step increases, COLA, and adjustments of comparable agencies for the Chief position she will bring forward at the next meeting. Dispatch services costs are 7% higher than the prior budget. MERA operating expenses is 25% higher than the current FY due to a 19% increase in operating costs and a supplemental capital contribution.

She stated the Police Department has also requested the purchase of an electric vehicle (EV) at \$75,000. This proposal is included in the Facilities and Equipment Fund. She noted there was funding included in last year's budget and staff brought an item to the Council to authorize the purchase of an EV; however, they were not able to purchase one because of the wait list and changes in pricing.

The budget also includes modest amounts of funding for community engagement events such as the National Night Out event. Also, new this year is a wellness program for officers which is funded by a State grant, and Chief Pata is available for questions.

Mayor Kuhl asked if there was any public comment, and there were no speakers.

Town Manager Johnson then continued her presentation and highlighted the Planning and Building Department, and then the Public Works Department.

Mayor Kuhl opened the public comment period, and there were no speakers.

Council Member Robbins referred to Public Works maintenance and when the Council discussed the Ross Common update and landscaping plan they talked about making the grassy area next to the Post Office more accessible by moving the mailbox, taking out the hedge, and having a gravel or accessible path from the Post Office pavement to the grassy area and putting in a table and a couple of chairs for people to look at mail. She asked where that project stands.

Public Works Director Rich Simonitch replied that the implementation of the Ross Common Landscape Master Plan is being done on a year-by-year basis. Last year, the pathway re-pavement was done. The next phase would be the removal of the old hedges and realignment of some of the entryways into the park. That includes that portion by the Post Office. It is programmed generally in the 5-Year CIP under Ross Common Improvements.

Council Member McMillan said she noticed that the tree removal is down 25% and she assumes this is because of the change in the ordinance and fees charged to remove flammable trees. She asked if the arborist cost changed at all.

Mr. Simonitch stated the changes made to the tree permitting process related to fire protection has not been implemented long enough to show any blip on the maintenance costs for tree removal. These are trees only on Town-owned property and so it depends on the number of instances for trees needing pruning or removal.

Town Manager Johnson asked and confirmed with Mr. Simonitch that some of the Town's tree removal costs are also paid for by the County Flood Control District through grants for trees within the creek and MWWA, as well.

Council Member Kircher referred to the fish ladder removal that hopefully will take place next year. He asked and confirmed this is fully funded by the Flood Control District.

Town Manager Johnson then provided Recreation Department budget highlights.

Council Member McMillan asked if the Town will seek to get reimbursement for credit card fees for classes. Town Manager Johnson stated yes; Interim Manager Mike Langford is working on that right now. There is some complexity with the Town's registration software but this is the intent and credit card collection fees were budgeted at 50% of what it was the prior year, thinking it would take 6 months to implement.

Mayor Kuhl asked if the Town saves money using consultants versus employees.

Interim Recreation Manager Mike Langford responded that he has worked with many contractors and one advantage is the Town can find people with a wide variety of experience whereas when you hire someone, they may be great in one field, but not in another. Also, regular employees require benefits, retirement, etc. and consultants do not. With a staff person the Town pays a negotiated hourly rate whereas consultants are based on a percentage. The more adults or kids in the program the more they get paid. The fewer participants the less they get paid.

Mayor Kuhl opened the public comment period.

Tom Gaffney, Ross Historical Society, said one of his Trustees had a discussion with the Town Manager regarding the Society's 7 presentations a year at the Art & Garden Center for which they are charged. There is a possibility they might be able to make some of them here in the

council chamber, possibly with shades for the projection. They could decide how much this would cost and determine whether the Council might be interested in a portion of it depending on how much it is, and depending on whether the Council is willing to let them use the Chambers for some presentations.

Mayor Kuhl asked to what extent the amounts collected for attendance at events would cover costs.

Mr. Gaffney said they pretty much break even. They charge \$10 and their expenses are in the range of \$2,500 and this is about what they collect each year. He also commented that there is no public present because he thinks the Town is doing a great job. He stated they would do 6 presentations and 1 luncheon off site, and modify the shades.

Town Manager Johnson concluded her presentation. She asked if the Council had any further comments or questions. If the Council is interested in adding shades to the budget, staff could work with the Historical Society to arrive at an estimate. Regarding Mr. Gaffney's request for allowing presentations here, they are held on Fridays during the day and she believes it is something the Town could accommodate because the Chambers is not used very often at that time.

Mayor Kuhl asked if the Historical Society planned to make presentations on Fridays. Mr. Gaffney said they cannot do Fridays at the Art & Garden Center because of weddings, but they are flexible in considering other days.

Council Member McMillan said she is very supportive of the Historical Society meeting here and thinks shades or blinds can be worked out. Council Member Robbins noted there are no blinds down now and the Council has a perfectly clear screen. Mr. Gaffney agreed, and thinks the screen is clear.

Councilmember Kircher referred to Tab G; Sources of Town Revenue. He sees among the other taxes set to decline is sales tax, which is a minor portion of the Town's income, as well as business licenses because of reduced economic activity. Town Manager Johnson said HdL helps the Town with its property tax projections as well as sales tax projections. They provide input and she asked Ms. Ford to comment.

Ms. Ford stated the sales tax fluctuates. One year, they saw \$129,000 because someone from Ross bought or sold an art piece in New York City and it generated \$50,000 in sales tax. The current budget is based on the trend of this year which is lower.

Mayor Kuhl suggested a break at 11:20 a.m. and thereafter, the Council reconvened the workshop at 11:29 a.m.

- 7. Town Council discussion and consideration of FY 24 funding requests from Age-Friendly Task Force and Ross Property Owners' Association and provide direction to staff regarding the amount of funding to include in the FY 24 budget.**

Town Manager Johnson said this item is a request for the Town Council to consider requests for funding from the Age-Friendly Task Force and the Ross Property Owners Association, and to provide direction to staff regarding the amount of funding included in the upcoming FY 24 budget.

The Age-Friendly Task Force is a recent program in the Town. Prior to FY 23, costs related to this initiative were absorbed into the existing Recreation Department line items. As the initiative has gained steam, the Task Force requested a more dedicated line item in the budget. For the current FY 23 budget, the Town Council approved the Task Force's request for \$8,000 and this funding was added to the Recreation Department's budget. In addition, the Recreation Department does provide staffing to assist in the coordination of the initiative and their meetings to assist in implementation of programs and events. The Task Force is requesting the same amount for the coming FY 24.

Regarding Ross Property Owners Association (RPOA), they have completed beautification projects and coordinated community building events in the Town for many years. She checked in with the former Town Manager at the request of Mayor Pro Tem Brekhus to inquire if and how RPOA has received funding in the past from the Town. According to the former Town Manager Joe Chinn, for the 10 years prior to the current FY 23, the Town contributed very little direct funding to RPOA apart from modest amounts of funding towards the hiring of concert bands and holiday lighting. So, it came up throughout the year, and that the original concept was that RPOA would provide funds to the Town to beautify it.

In FY 21 and FY 22, RPOA increased its request for direct funding and staff support for RPOA events, which the Town attempted to accommodate within its existing budget. Early last year in 2022, she asked RPOA to submit its request for funding as part of the Town Council's annual budget process. Her intent was to increase transparency regarding the level of Town funding provided to RPOA and to enable the Council to consider their request within the context of all other annual budget considerations. Also, receiving a grant from the Town for a specific amount of money to accomplish a specific scope of work enabled RPOA to then establish its own budget and work program for the upcoming fiscal year. This process also reduced last minute requests from RPOA to the Town for funding or for staff assistance.

Town Manager Johnson said she wanted it to be clear to everyone involved the level of staff assistance because there are few staff members and they do not work on weekends, except for law enforcement. If they have events on the weekends with staff support, it costs the Town money. Plus, unlike other towns that may have larger Recreation or Public Works Departments or part-time staff that can come in, Ross has 3 Public Works staff. 2 work full-time in the field. They must come in when there are flood or storm-related issues and the Town needs to ensure their overtime is kept at a minimum and the priority for that over-time needs to be for Town emergencies.

The Council considered RPOA's request last year in open session with opportunities for public input. Last year, RPOA requested \$26,500 and the Council approved this. RPOA proceeded to do

the things they said they were going to do, and this year, a similar process has been followed. RPOA is requesting \$29,000 in funding.

Correspondence from the Age-Friendly Task Force and RPOA are included in the staff report, and a member of the task force is present. Matthew Salter of the RPOA Board was going to try and participate via Zoom in case the Council had questions.

Mayor Kuhl said he knows the Council has read the information submitted both by Age-Friendly Task Force and RPOA and he opened the public comment period.

Terri Dowling, Age-Friendly Task Force, said they are very grateful for having been funded for this fiscal year, and she hopes the Council will consider funding them for the next fiscal year. When they can find someone to help underwrite any of their expenses they will do that. For example, their next breakfast gathering will be at Branson School, and Branson will pick up all costs there. So, where they can save money they will.

Mayor Kuhl thanked Ms. Dowling for all Age-Friendly has done for the community and activities for older folks.

Council Member Robbins said one of the Town's goals is to foster and strengthen community involvement and she thinks this new program has been a success, and she thinks the amount of money being requested is modest and voiced support.

Council Member McMillan said she completely agrees and thanked Ms. Dowling for her efforts getting this started and continuing, as it is working out very well.

Council Member Kircher also agreed and thanked Ms. Dowling.

Mayor Kuhl opened the public comment period, and there were no speakers.

Mayor Kuhl confirmed the Town Manager has direction to include the \$8,000 requested by Age-Friendly Task Force in the Recreation Department's budget.

Mayor Kuhl referred to the RPOA request, and he asked if there was a representative.

Adrienne Liggett, RPOA, stated Matt Salter is unable to attend today, but she said on behalf of the RPOA, unlike other towns, their recreation budget is not large enough to put on many events and RPOA likes to step in and help fill the gap. They have been successful with Live on the Common events of bringing residents together of all ages and celebrate. They would love to continue to do this and it is a great venue also for the Council to come together when getting the word out about various measures, sustainability, and would love their partnership in continuing to beautify the Town.

Council Member Robbins asked how much revenue does RPOA have for this year and last year. Ms. Liggett said she is not the Treasurer, but she knows they did exceed their funding goals this

year but ended up spending a lot to upgrade the Post Office this year, implementing 3 security cameras and fixing locks on the doors due to vandalism.

Mayor Kuhl said he noticed that the star musician of the next event is Greg Loiacono who played right field for him at one point at Ross School. Ms. Liggett said they are excited to have one of their own performing.

Council Member Robbins said RPOA has put on some wonderful events; however, there has been a change in the Town and RPOA's relationship and how RPOA spends the monies it raises, i.e., for banners, hanging flower baskets, upgrades, beautification, and more recently, Live on the Common events. She would be more in favor of having the Town contribute to those events and not necessarily the other items. She questioned why RPOA paid for the post office items.

Town Manager Johnson said it has to do with the existing lease with the USPS that handles the interior of the Post Office.

Council Member Robbins said to split every single RPOA event with the Town does not make sense. She thinks they should ask the Town above and beyond its usual projects, which would be Live on the Common events and not items like banners, baskets, beautification.

Mayor Kuhl said in a sense, he agrees because it seems it is awkward for the Town to give RPOA money to contribute to events that benefit the Town, but he does not want to limit RPOA's abilities to provide the Town things it does not have, such as volunteer activities. Therefore, he is in favor of making the contribution.

Mayor Pro Tem Brekhus said she has some of the same concerns and prefaced her comments on the fact everyone values RPOA, but there has been a dynamic shift. The Auxiliary used to raise money from residents and then contribute \$200,000 or more to the Recreation Department which shifted. Since she has been on Council, there was not the sharing of cost for projects. RPOA always raised money and their annual revenues were around \$60,000 to \$80,000. That money was used for certain projects they chose and the Town agreed with beautification, flower baskets, poles, banners, etc. If it was an infrastructure change then the Council got involved.

The different events added by RPOA are great and seem well-attended. The Town could talk about continuing to support these, but as someone who ran the Town dinner and the 4th of July parade before bringing on Ross Recreation, they are run well but some RPOA events are close to those and might cannibalize on the success of some of those events. She also wonders if RPOA has ever considered adding volunteer efforts for those events because they are long-standing.

She also voiced concerns that the Town is required to go out and get competitive bids and pay prevailing wages. So, if they are collaborating on a project, she wondered if the cost of items are in line with what the Town would spend in town on items. Therefore, some discussion and added oversight might be needed so the Town is not subject to criticism of funding. Lastly, this is not a criticism of RPOA and there are some real benefits of having an outside group to accomplish things. She would almost support agendaizing this item again to gain more data about it.

Council Member McMillan said she agrees there should be more transparency with what RPOA is projecting to spend, but if she heard what Council Member Robbins said correctly she agrees spending money on 1, 5, 6, 7 and 8 is okay but 3, 4 and 9 are not. This amounts to \$10,000. She thinks it is important to keep a good relationship with RPOA and its members, especially when they are on the eve of doing a public safety parcel tax renewal. Possibly more enhanced transparency is needed so everyone feels comfortable with the costs they are asking of the Town. If she did the percentage correctly, the Town is being asked to cover 36% of the costs of the \$81,000 and this is a small amount of the budget and it fits within their goal of fostering and strengthening community involvement. She would also argue enhancing the aesthetics of the Town is maintaining and improving infrastructure and facilities. So, she thinks putting it on the agenda again with more enhanced transparency so people feel comfortable with these expenditures might be the way to go.

Council Member Robbins said she is pulling up the March 6th agenda which shows in 2022, RPOA raised \$66,679 and that the bank balances are about \$55,000. Maybe they can determine which of these makes sense for Ross help fund and then what is RPOA's income, and then the Town fills in the gap.

Council Member Kircher said his overall thought is that all these items on the Council's list are worthy community goals. If RPOA did not exist he thinks they could easily justify spending the entire amount to beautify the Town and improve it. Just to take the Post Office as an example, that was a crisis in the community. People could not get their mail, and RPOA with support from others, stepped up and solved the problem. So, without the RPOA he asked if they would still be locked out of the Post Office on the weekends.

He appreciates comments made about the split and possibly the Council needs more information about that and additional transparency. But overall, he is in favor of spending the requested amount of money and sees the logic of having a further agenda item on it and exploring it more while still expressing appreciation for everything RPOA does. They make a huge contribution to the community and they are volunteers, as is the Council, which everyone appreciates.

Mayor Kuhl asked if other members would consider approving the amount for this year and getting the issue of the Town's relationship with RPOA on a future agenda to try and work this out. This is a relatively small amount and he did not think the Council should spend a lot of effort talking about it.

Council Member Robbins asked the Town Manager about who is staffing for these events and whether there is overtime involved.

Town Manager Johnson said over the past year, staff has worked with RPOA coordinators and they have had different people focusing on their events. They do submit for a special event permit and through that process, staff meets with them, talks about their events, and when they have events on Fridays the Town can provide a little more staff support and flex the schedule of

an employee to assist. It is when they have weekend events that is it more challenging and the Town indicates they cannot provide staff.

RPOA's volunteers have let the Town know that they like to use the Town's round tables to set up tables in the grove area primarily for seniors to utilize and they have reached an agreement to put out the tables and they set them up, take them up, and await pick up by staff. Their permit requires them to return the Common back to the Town in the same manner which they received it, so the Town has worked with them on litter pickup where improvements have been made. Also, police officers assist with parking along the Common so vendors and band members can easily pull up, offload, and set up. So, she thinks they have reached a good arrangement with them to limit additional expenses, but they still want to cooperate with them to put on events the community enjoys.

Council Member Robbins said one upcoming June to July timeframe looks like there is one Sunday event and the other two are Friday events. Town Manager Johnson said there is also alcohol provided for sale at these events, and RPOA is required to get an ABC event license and there have not been any issues.

Council Member Robbins said for one event they even had a shuttle to drive people home.

Mayor Pro Tem Brekhus said she also feels like this conversation might have taken RPOA by surprise and she thinks it would be valuable to hear from other RPOA members. She is open to putting it on the agenda in the future just to further the dialogue, given the shift which is happening. She personally would like to hear from RPOA as to whether these events are close to 4th of July and Town Dinner because the last 2 Town Dinners have been very under-attended. She wondered if there might be a way to combine some of the Town events with RPOA events so it is a little more popular.

Mayor Kuhl said he remembers when Council Member Brekhus ran one of the Town Dinners which was a great success.

Adrienne Liggett, RPOA, commented that she went back to the list of projects for which they are asking for funding. This is not all the projects RPOA is holding. They donate to Age-Friendly meetings, their Valentine's event, are working with Mike Langford to try to help with shade structures for the tennis courts, so they are not asking for money for everything they do. They are also actively working on putting together a historical story walk program throughout the Town with the Historical Society. They have many projects on their To Do List for this year so in the scope of how they are thinking of spending their money, they are only asking for things that benefit the entire Town, with the hanging flowers, banners, holiday lights, and community events.

Council Member Robbins said she likes Mayor Pro Tem Brekhus' idea to talk about the structure, how the Town dispenses money to RPOA which is at this budget meeting, but with changes on all the new programs RPOA started for the Town, the Council has not addressed the relationship and they can clarify that so it does not come up at a meeting.

Mayor Kuhl said he thinks it would be a mistake to delay the approval of the amounts for this year because the events are planned. They might have misled them by not raising the subject further if it is serious, so he agrees that some consideration of the relationship between the Town and RPOA is justified sometime in the next few months, and he thinks the Council should approve now the amount requested for this year. Council Members agreed.

Town Manager Johnson asked and confirmed that Council direction is to include the request for \$29,000 in the budget staff brings back to the Council in June.

8. Town Council discussion and input on the Draft 5-Year Capital Improvement Plan.

Public Works Director Rich Simonitch gave the staff report and overview of the Town's Draft 5-Year Capital Improvement Plan. He spoke about why the Town undertakes the 5-year forecasting, Town goals, what capital projects have been completed and which year they were completed, future planning efforts for 2024 (NCG Ped bridges, Laurel Grove SRTS), 2025 (SFD/Lagunitas Undergrounding, Winship Bridge), 2026 (Town Hall/facilities, SFD paving), 2027 (Town Hall/facilities continued), and 2028 (?), CIP funding of roadways, drainage, and facilities, CIP fund balances, facilities challenges, and funding opportunities.

Mayor Kuhl pointed to traffic problems in repaving Sir Francis Drake, and asked how long these would endure. Mr. Simonitch said he would want to do the stretch between Winship Avenue or the Sir Francis Drake Bridge all the way down to Laurel Grove which they would phase 1 lane at a time, and it would probably be 3-4 weeks of traffic control.

Council Member McMillan asked and confirmed this could be done during the summer. She said when there were hearings on the Branson School expansion, they talked about having a pathway on Fernhill for Branson students to use. She asked if this is included somewhere in the CIP.

Mr. Simonitch stated he was moving along with the West Ross Underground Utility District design which is coming along well with PG&E, Comcast, and AT&T. If they put in a pathway along Fernhill which is part of the District, it would be torn up by the undergrounding of those poles. So, that has been deferred for a while. There is plenty of shoulder to do that work but putting in the pathway would be problematic with where the underground utilities will be located.

Council Member Robbins asked about the pedestrian bridges at Natalie Coffin Greene Park. She thinks it is great that it is going through ADR because she thinks it is important that the bridges there look beautiful. She wondered if instead of bringing the Council in at a later stage they are responsible for it, and it would be nice to have a look at it before it is decided especially if it is pre-fabricated.

Mr. Simonitch agreed and said it would be brought for a typical design review process before committing to a particular design or company.

Town Manager Johnson stated the Council is also the applicant or property owner. Planning and Building Director Rebecca Markwick referred to the benches on the Commons. Staff brought

some choices to the ADR and then to the Council for approval, so she thinks it would be comparable to that process, with options available.

Council Member Robbins referred to the Winship Bridge and the Federal Highway Program monies the Town does not have yet. She has always been concerned they are borrowing from the Town's own funds expecting to get it back.

Mr. Simonitch explained to date the Town has not had to draw any money from the drainage fund. When they asked for permission from the Council to do that, they still had some money left on the HBP (Highway Bridge Program) to get them through at least one year. Working since then on the environmental NEPA process has not been very expensive and the consultant has not yet invoiced the Town for the work, but he has requested this and it should not be much. Once the invoices come in, staff will have separate accounting under the drainage fund for reimbursement by HBP. The HBP will recognize those expenditures as qualified under their plan. The Town ran out of the funding they applied for back in 2013 unfortunately before they were able to finish the final engineering.

Council Member Robbins commented that she just does not want the Town to spend a lot of their own money on something that should be covered by the HBP fund. She said when the field was redone a while ago, the understanding with Little League was that they would put in the permanent black chain link backstop by Eddy's and there would be a silver chain link fence backstop that was smaller and temporary that they were going to remove at the end of every season, fill in the dirt, and then they would have a common the rest of the year, and then they would bring it back. That never happened, and the unsightly silver chain link backstop has stayed year-round for several years. She asked if this is something the Town should look into and ask Little League about.

Mr. Simonitch said he did not recall that agreement. Council Member Robbins said she will look and see what she can find looking back at this.

Town Manager Johnson said she does not recall that, but there was a recent backstop repair that was split 3 ways, and she was impressed with the collaboration with Little League and Ross School. Mr. Simonitch said they repaired the northerly backstop closest to the main entry.

Town Manager Johnson said staff can follow up in their records and discuss this with Little League.

Council Member Kircher said reference was made to the CPUC's determination that the Town could not use their Rule 20A credits unless they would fund the entire project. He asked how much money is it they will not get from the CPUC.

Mr. Simonitch said the undergrounding project was estimated by PG&E to be about \$1.3 million. The Town has \$260,000 in Rule 20A credits, so the Town would need to come up with \$1 million.

Council Member Kircher asked if this will be part of the project to replace Town Hall facilities. Mr. Simonitch said yes; it will come from the Facilities Fund.

Council Member Kircher said on a previous slide 'grants' was listed as a possible source of funds for replacement of Town facilities. He asked if this is something realistic or a placeholder in case something is available at the time they do the work.

Mr. Simonitch said he is cautiously optimistic. It is a bit of a placeholder because he has not identified a grant fund that provides funding for redoing the administrative building or emergency services building, but he will leave that as an avenue to pursue.

Council Member Kircher referred to replacement of the Town facilities, the budget shows \$550,000 to the Facilities Capital Fund. Of that \$550,000, some will come out for the projects described. He asked if part of that gets added to the \$8.5 million the Town now must increase the amount.

Mr. Simonitch said in the fund is \$8.5 million and transferring from the General Fund is only about \$500,000. For a \$20 million project, they have a \$10-\$12 million shortfall of funding and that is where they need to come up with ways to fund this project.

Council Member Kircher said he thought they have been setting aside money every year towards this project.

Town Manager Johnson noted that in the budget binder on Tab O is the Facilities and Equipment Fund budget. At the bottom, it has transfer from the Operating Fund. So, what this is showing is the substantial amount of savings the Council has decided to do--\$2 million in 2021, \$2.6 million in 2021/22, \$500,000 is budgeted this year to be transferred in, which could be more if they continue to have savings in the current fiscal year, and their budget for the coming year has \$500,000 to be transferred in.

Because the Facilities and Equipment Fund is not just a savings account for this project, they also have other projects that come out of it. The 2024 budget has more money budgeted to come out of that fund than the \$550,000 they are putting into it. Whenever the Town receives construction penalty revenue, that funding goes into the Facilities and Equipment Fund, so in the coming year, they put in a budget item of \$40,000 in construction penalties which will go into the Facilities and Equipment Fund.

What is coming out is \$60,000 budgeted for ADA improvements throughout Town and at Town Hall, \$120,000 towards those bridges at Natalie Coffin Greene Park, \$25,000 towards the existing public safety building maintenance, \$125,000 towards the continued restoration of the Ross Common on some of the items that Council Member Robbins had discussed earlier, \$200,000 towards the undergrounding project on Lagunitas, about \$250,000 to be spent to continue this planning process for the Civic Center if they can bring on an architect or any other studies they must do to move that project along, \$20,000 for Town Hall improvements that might arise in the coming year, and \$75,000 for the electric vehicle for the Police Department. So, the Town is

budgeting to spend \$875,000 from the fund in the coming year and budgeting to transfer into it \$500,000, and they already have the savings the Council has generated.

Council Member Kircher said while \$550,000 was going in, \$300,000 is coming out, so the fund would be lower, but that is not a dedicated account just for replacement of Town facilities. It is for all the capital.

Town Manager Johnson said this is correct, and one of the things they need to keep in mind is their appropriations limit. This is one idea of this undergrounding project on Lagunitas. It is an expensive project; however, it provides a lot of value to the community in terms of evacuation, safety, and aesthetics. The Town has been saving money for this project and over multiple years it will be on the way of being done by the time this project is finalized, designed, the financing plan worked out, whether they can phase it, and how to do it all, and this is the Council's decision.

Council Member Kircher said the amount of money that will be available in 2025 or 2026 depends on future events.

Town Manager Johnson confirmed, and the Council has indicated it wants to keep saving and this is why staff is budgeting in the \$500,000 towards the Facilities and Equipment Fund, and budgeting in \$200,000 towards a paydown of the unfunded liability. Any other savings staff will return to the Council and receive authority before closing the books to move that money into the Facilities and Equipment Fund which is a savings account.

Mayor Kuhl asked to what extent is the Winship Bridge project related to what San Anselmo does with its project upstream and its problems with accommodating homeowners who may have their risk increased by their project.

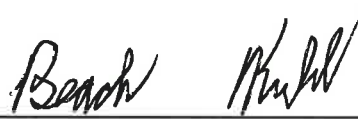
Town Manager Johnson said the Winship Bridge project is not a flood control project. It is a bridge that transports pedestrians and vehicles and it needs to be replaced. Mr. Simonitch added that the Town is moving forward with this project regardless of what happens upstream and downstream with the Flood Control District. They have had no discussions with Caltrans or the HBP about what is happening upstream or downstream, except when it comes to their constant delays and slow response. Many projects are relying on the timing of the bridge project and it hopefully moves that process along faster.

9. Next steps and wrap up.

Town Manager Johnson thanked the Council and speakers for their comments and participation. Staff will take the direction received tonight from the Council and over the next month and early June will continue to update the budget as they get some numbers that are still estimates. The budget will be brought forward to the Council on June 15th for adoption, along with the enabling documents.

10. Adjournment.

Mayor Kuhl adjourned the meeting at 12:57 p.m.

Handwritten signatures of Beach and Kuhl in black ink.

Beach Kuhl, Mayor

ATTEST:

Handwritten signature of Cyndie Martel in blue ink.

Cyndie Martel, Town Clerk