

TOWN OF SAN ANSELMO
Minutes of the Special Town Council Meeting of February 7, 1995

Present: Breen, Chignell, Hodgens, Kroot, Yarish
Absent: none

6:45 p.m.

Open session: Meeting with Peter Fraser on status of the Fraser land purchase/trade project. This project is for the acquisition of open space on Bald Hill, off Redwood Road, and a seven-lot subdivision, for which the Town of San Anselmo and Peter and Pamela Fraser have a land purchase/trade agreement.

Staff and Mr. Fraser identified the matters requiring resolution for completion of the project, and a projected timeline, as summarized in the staff report dated February 5, 1995.

7:30 p.m.

WORKSHOP ON THE STATE OF THE TOWN'S STREETS, STORM DRAINS, AND LIBRARY BUILDING

- What is the condition of the streets, storm drains, and library building?
- What improvements are needed, and why?
- What do the improvements cost?
- How can the improvements be financed?

Town Administrator Pollard said staff has prepared reports on the above four items. Public Works Director Bush will report on the state of the streets, storm drains, and library. The Town's bond counsel, financial advisor and staff will report on financing mechanisms.

Public Works Director Bush said that Phase II work on the Library is estimated at \$400,000. Phase I work will be finished in six weeks. Phase II work includes redoing the downstairs electrical system, readjusting the basement space to include the Historical Museum and a lobby area. A ramp would be created to allow disabled access to the downstairs area, which is required to be in compliance with the Americans with Disabilities Act. The Council Chambers lobby area would be connected to the library, primarily for access from the library to the restrooms. In addition, some exterior restoration is planned.

Bush said that San Anselmo has about 39 miles of accepted streets, 3.5 miles of which are arterials (main streets), 10 miles are collector streets, and 25 miles are local streets. To replace them all would cost \$40 million. The Town's drainage system is generally in poor condition, and only those drains located in the accepted right of way are publicly maintained. Approximately 34 miles of drains need some type of repair. Most are made of corrugated metal pipe (CMP) and are deteriorating rapidly. The latest storms have further accelerated the decline of both the streets and the storm drains.

Public Works Director Bush presented a slide show of representative streets and storm drains in San Anselmo, showing a variety of problems and deterioration.

Bush said that the drainage pipes can be repaired in a variety of ways including sliplining

bad, an overlay of several inches of asphalt is required. Finally, reconstruction is necessary when the roadway has deteriorated beyond repair. Regular slurry seals and overlays can extend the life of a roadway considerably.

Streets have been prioritized in order of most needy, but storm drains are more difficult to prioritize as many of the problems are hidden until the pipeline fails. In all cases when a street is to be repaved, underlying drainage pipes are to be inspected so that any necessary work can be done all at one time.

Chignell asked what the Town has been doing to address these problems.

Bush said that the Town has been working cooperatively with several neighborhoods to repave non-town maintained roads with private funds collected from residents, with the Town contributing some money as well as technical assistance. The Town has developed a policy regarding these cooperative efforts.

Yarish asked Bush how he arrived at the 25% contingency figure. Bush said he is hoping 25% is enough as the extent of a problem isn't always apparent until work is begun.

Breen asked how many miles of non-Town maintained streets San Anselmo has. Bush said there are 7.25 miles of non-maintained roads, with less than 4 miles needing improvements.

Breen asked about federal matching grant programs. Bush said that grants are available and they have been aggressive in pursuing grants. The problem is that the required matching amounts are often out of the Town's reach.

Hodgens asked what percentage of the current budget now goes to these types of projects? Bush said that the entire Streets Department budget goes for maintenance of streets, but there is no money presently available for replacement or repair. There is about \$500,000 available annually in the Street's budget.

Kroot asked if there is a minimum annual amount that would be needed per year. Bush said that ideally, the work would be all done at one time and then maintained. In reality we would have to stay under \$1 million per year in terms of manageability and the amount of construction residents can tolerate.

Town Administrator Pollard said that the Town has many needs and a solution calls for a comprehensive approach. There are several options for financing, including "pay as you go" or a comprehensive investment so that you can get a handle on the deficiencies. She recommends the Council consider economic efficiency, as the cost of improvements increase with time, as well as considering the cost for individual property owners. Present are Ed Schilling, Stone & Youngberg, the Town's financial advisors, and Steve Melikian, Nossaman, Guthner, Knox, and Elliott, the Town's bond counsel, to answer any questions.

Ed Schilling, Stone & Youngberg, said there are four financing mechanisms under consideration: General Obligation Bonds (G.O. Bonds), Mello-Roos, a parcel tax, and an assessment district. Each option has certain requirements and a financing method to go with it. G. O. Bonds were the most popular mechanism for municipalities in the past, but lost popularity twenty years ago when property values skyrocketed. G.O. Bonds are the most economical choice because of their high credit quality resulting in a lower interest rate and administrative costs are lower. The other three mechanisms have a levy that is in some way associated with the parcel. In an assessment district the levy must represent that parcel's actual benefit as a result of the improvement. The parcel tax is a flat rate paid by each parcel. Schilling presented slides showing the various requirements for each of the four mechanisms.

Yarish asked about a parcel tax? Schilling said that 90% of current homeowners would pay less under a G.O. Bond than a parcel tax, assessment district, or a Mello-Roos. With G. O. Bonds a large part of the burden is borne by new residents with higher value homes.

Yarish asked why G. O. Bonds have fallen from favor. Schilling said it was a reaction against rapid growth and a tendency to lay the burden on new developments. Proposition 13 didn't provide for G. O. Bonds until it was amended in the late eighties. Certificates of Participation (COPS) have replaced them, but are not under consideration here.

Kroot asked about increases in interest rates and the median home value since last summer and how these will affect the numbers. Schilling said they left a cushion when preparing the numbers, so the small increase shouldn't have an effect. The median home value in San Anselmo has increased from \$138,000 to 150,000 since this material was first presented last summer.

Breen asked if there is some way to make the assessment more fair.

Hodgens asked if an assessment district is a flat tax for everyone. Schilling said it depends on the factors the engineer takes into account, based on each property's benefit from the improvements.

Chignell asked if the four year renewal requirement is strictly because of the Gann limit and if protests are an issue with an assessment district. Steve Melikian, Nossaman, Guthner, Knox, and Elliott, said that the Gann limit requires a vote every four years. In an assessment district you are required to hold two public hearings, informational and protest. If 50% protest, you cannot go ahead without a 4/5 vote of the Town Council. Written protests can be filed 45 days after adoption.

Yarish asked why assessment districts aren't done more. Melikian said they are somewhat cumbersome and costly to administer and are viewed as taxation without vote by residents.

Hodgens asked if all upfront work on an assessment district is paid by the town. Melikian said yes, but with G.O. Bonds the cost of an election has to be factored in.

The meeting was opened for public discussion.

Jack Barrows, 265 Crescent Road, asked if you could divide the assessment into five sections, dividing up the engineering work. Schilling said you could technically do this, but you would have overlapping bond issues, which means bond owners subsequent to the first issue know they're in line behind others for repayment.

Sarah Nome, 77 Alder, asked how enough money can be generated given the fact that there are just over 4,000 billable properties in town.

An unidentified resident asked if parcel taxes and bonds go hand in hand. The resident prefers a parcel tax as there is no interest to pay back. He feels it is good to go back to the voters every four years. A parcel tax seems more equitable and logical.

Schilling said the parcel tax comes up short because the money collected is limited and not enough to get any major work done.

Larry Lofview, Southview Terrace, asked why you can't issue \$1 million bonds over 10 years so the cost isn't so high. With a payoff over a 16 year period, how will the Town maintain the infrastructure in the future.

Schilling said that \$1 million is too small an amount to handle that way. This measure is not a substitute for having the resources to do regular maintenance. There is a need for a two step program, doing deferred maintenance, as well as keeping the regular maintenance work up.

Yarish said that the Town has an ongoing capital budget, but it is small and inadequate. We need to do something big. There will be some money generated from interest that can be spent on regular maintenance items.

Larry Lofview, Southview Terrace, said he is concerned about the extra \$5 million in work that isn't being dealt with at all. The Town should look at the future and see how more money will be generated.

Edith Stump, 13 Calumet, asked if Library work could be done with an assessment district. Schilling said seismic improvements could be part of an assessment district, but no other planned library work.

Curt Housh, 75 The Alameda, asked why not separate the library issue from the streets and storm drains.

Dick Tracy, 28 Crescent Rd., said we came within a hair's breadth of getting a measure passed the last time.

Joel Hovell, 100 Woodside Drive, asked why newcomers should have to pay so much. This has nothing to do with the benefit received.

Allan Savel, 29 Floribel, asked how G. O. Bonds work relative to property turnover. Schilling said there are annual adjustments to the tax if turnover is greater than predicted, but there is no cap on the bonds.

An unidentified resident asked why this is focused on owner's and not renters. Why can't gasoline taxes be used? Schilling said the state has preempted all auto taxes and local communities have no ability to use these funds.

Joe Cantley, 27 Alderney, asked about a cap on the G.O. Bond. Schilling said it can't be done.

Kevin Lozaw, 102 Brookside, asked how much money would be needed to use the matching funds grants. Town Administrator Pollard said grants are for major arterials only and other streets aren't eligible. No grants are available for drainage.

Chignell said we have taken advantage of these matching grants as much as possible, including the Center Blvd. at the hub work, S.F. Drake repaving, plus projects with the Ross Valley Sanitary District and MMWD.

Stephanie Roth, 29 Woodland, asked if bond money can be used for matching funds projects. Schilling said yes.

Jack Barrows, 265 Crescent Road, asked if there are any communities in California that have done an assessment district for a whole town and if so, how did it work out. Schilling said that Palo Alto has done this.

Paul Kuelz, 40 Indian Rock Ct., asked if the tables produced during the last election assumed a certain turnover. Schilling said the figures did assume growth in assessed valuations, using historical figures.

Sarah Nome, 77 Alder, asked about the rise in interest rates. To get \$10 million we have to raise \$25 million because of interest. All properties are going up 2% a year and all homes will double in value during the life of the bonds. Schilling said interest rates today are not high by historical comparison. They are still relatively low.

It was the consensus of Council to continue this matter to the next regular meeting on February 14, 1995.

The meeting was adjourned at 10:00 p.m.

Debbie Stutsman