

PROCLAMATION HONORING SHIH CHE “MICHAEL” HSU OF CJ’S CHINESE RESTAURANT AFTER 20 YEARS IN LARKSPUR

Councilmember Hartzell read the Proclamation and presented Mr. Hsu with a gift. Councilmember Chu thanked Mr. Hsu for being a wonderful part of the community for so many years.

CITY MANAGER’S ORAL REPORT

The City Manager stated Business Item #2, “Oral Report on the Greenbrae Corridor Project”, has been postponed until sometime in January. The next Regular Council meeting would be held on Wednesday, December 19th and include a workshop with the Planning Commission on the concept plans for Subarea 3 of the CLASP. She reported the fiscal condition of the State is deteriorating rapidly and the budget deficit is in the range of \$10 billion. Much of this is due to the housing crunch and the use of one-time revenues. Staff will continue to monitor the status and report back to the Council in January. City Hall will be closed to the public from December 24th to January 1st and reopen on January 2nd. The Library will have a different set of hours that are posted at City Hall. The next Regular Council meeting will be held on Wednesday, January 16th with a possible Special meeting on January 9th or 30th. She referred to Consent Calendar items #7 through #9 and stated the slide repair work had been completed.

COUNCILMEMBER REPORTS AND COMMENTS

Councilmember Chu referred to the State Budget and stated an update from the League of California Cities indicates that the Governor is asking for a 10% cutback in all departments. He noted there is a loophole in Proposition 1A that would allow the State to withhold City taxes in the event of a fiscal emergency. He asked staff to include this worse case scenario in the mid-year budget review. The City Manager stated there is not much the State can take away from local government since the elimination of the Vehicle License Fee.

Councilmember Chu stated he attended the recent Larkspur Library Endowment Fund and Foundation and reported they plan to contribute \$3,200 to the library for ergonomic workstations. Supervisor Hal Brown, in honor of retired Library Board of Trustee Phil Terry, has donated \$5,000 to the library. Staff plans to use this towards augmenting the existing collection. There was also a donation of \$500.00 from Albert and Shirley Brown and that money would be used for library resources.

Councilmember Chu stated he attended the Marin Wildfire Forum hosted by Senator Carol Midgen’s office. It was well attended and very informative. There is a DVD available from FireSafeMarin on how to protect and prepare property against urban wildfires.

Mayor Arlas stated he received a letter from the Mayor of Mill Valley asking for a \$20,000 contribution to continue the fire prevention efforts along the ridges. The City Manager stated that was one of the items the Council would review at the mid-year budget hearing.

ELECTION OF MAYOR AND VICE MAYOR

- Presentation by new Mayor to Ron Arlas commemorating his term as Mayor
- Presentation by the Larkspur Association of Volunteer Firefighters to the new Mayor

M/s, Hartzell/Chu and approved 5-0 to elect Councilmember Hillmer as Vice Mayor.

M/s, Chu/Hillmer and approved 5-0 to elect Councilmember Hartzell as Mayor.

Mayor Hartzell thanked Councilmember Arlas for his year of service as Mayor and presented him with a gift certificate for a family portrait.

Councilmember Arlas stated it was a very busy year and he thanked the staff and Council for their assistance and good work. One of his goals for this year was to see the finalization of the Niven property plan and he was disappointed this has not happened. He announced he would not seek re-election at the end of his term unless something drastic happens in the next two years. He noted twenty years of service is long enough and there are others in the community that should have a chance to serve. After his "retirement", he hoped for an appointment to the subcommittee that would deal with the community facility at the Niven property.

Councilmember Hillmer thanked Councilmember Arlas for his years of service and stated it was an honor to have served with him.

Councilmember Chu thanked Councilmember Arlas for his leadership and commitment to the community.

Mr. Dean Gilardi, President of the Larkspur Association of Volunteer Firefighters, presented Mayor Hartzell with a gavel.

Mayor Hartzell thanked the Council for electing her to the position of Mayor and her friends and family for joining her this evening. She would like to focus on the following issue in the upcoming year: 1) Passage of a measure in support of a new Twin Cities Police Facility; 2) a Disaster Preparedness Program; 3) the completion of CLASP; 4) Update the Heritage Tree Ordinance; 5) Policies encouraging sustainable development; 6) the Centennial Celebration. She stated they have an exciting year ahead and she invited everyone to join the Council in some refreshments. The City Council took a 15-minute break at 8:00 p.m.

The meeting reconvened at 8:15 p.m.

Councilmember Lundstrom arrived at the meeting.

PUBLIC COMMENT

Ms. Amy Glichney encouraged the Council to implement a Vegetation Management Plan that would control Eucalyptus trees and other non-native plants. She stated the National and State Park systems are aggressively trying to manage their lands against Eucalyptus encroachment. She asked the City of Larkspur to join in this endeavor.

PUBLIC HEARINGS

None

BUSINESS ITEMS

1. DISCUSSION OF PROPOSED LARKSPUR/ROSS FIRE CONSOLIDATION, AND CONSIDERATION OF ADOPTION OF RESOLUTION NO. 50/07 AUTHORIZING THE CITY MANAGER TO PREPARE A DRAFT JOINT POWERS AGREEMENT (JPA) WITH THE TOWN OF ROSS FOR CONSOLIDATED FIRE PROTECTION SERVICES

The City Manager presented the staff report.

Councilmember Lundstrom stated the Council, at a prior meeting, had questions regarding fiscal compatibility or philosophy and whether or not the Town of Ross had set aside funds for capital expenditures. She asked Ross Mayor Scot Hunter to address these issues.

Ross Mayor Scot Hunter introduced Ross Town Manager Gary Broad and Ross Chief of Police Barry Heying. He stated they recognize that there is a responsibility for each one of the parties in this consolidation to maintain their physical facilities including equipment. They have created a Sinking Fund to continually fund capital upgrades. Police Chief Heying stated they have used this fund for the replacement of all capital equipment for approximately nine years. They purchased a new fire engine last year in the amount of \$500,000. They have not had any trouble with setting aside money since they have a fairly aggressive formula for anticipating replacement costs for all equipment that are considered major assets.

Councilmember Lundstrom stated another concern from the Council had to do with parity among personnel and bringing the Town of Ross personnel in line with those in Larkspur. Mayor Hunter stated they would need to be under one Memorandum of Understanding for this consolidation to be successful and it is their responsibility to bring their labor force in line with their partner. They recognize this is something they would need to do and they have the capability to do so. They would not be

looking for help from Larkspur and have the necessary funds in their budget. Councilmember Hillmer referred to bringing the Ross personnel up to the salary level of Larkspur's and asked if that would occur before or after consolidation. Ross Town Manager Gary Broad stated their MOU runs through June of 2008 and he was sure the disparity in pay would be brought to their attention during negotiations.

Councilmember Lundstrom stated the Council had concerns about the public acceptance of a merger by the Ross residents. Ross Town Manager Broad stated the residents of Ross are not shy about letting the Council and staff aware of the fact that they do not support a particular issue. The general issue of consolidation has been mentioned frequently at their Council meetings. In addition, the issue has been in the Independent Journal and the Ross newsletter. They have not received one negative comment about the possibility of consolidation with Larkspur. Councilmember Arlas mentioned the strong opposition in Ross towards the efforts of consolidating Police services. Mayor Hunter stated that was a very different situation and they learned how to better communicate with the community. There is strong support for consolidation from the Fire labor group.

Councilmember Chu asked if each city would continue to fund their own infrastructure and pay for their own assets. The City Manager stated that was one of the configurations that are being reviewed. They may eventually migrate to full consolidation of all of the assets. This is a project that is in flux and additional issues could be mapped out in the JPA.

Councilmember Hillmer asked Fire Chief Sinnott how long it takes Deputy Chief Shurtz to respond from his residence in the event of an emergency. Chief Sinnott stated it would take about 20 to 30 minutes depending on the traffic conditions. They need to have an Incident Commander arriving on scene along with the first arriving units to set up the Incident Command Structure. Any delay beyond ten minutes can be problematic. They would have 24/7 incident command under the new organizational structure.

Councilmember Arlas asked where the Battalion Chief would be physically located. Chief Sinnott stated there would be a total of three Battalion Chiefs, with one on duty at a time. The Battalion Chief would probably be stationed in Ross while he remained at the Larkspur main station. This would give them balance between the two communities. Councilmember Arlas asked if this would be a new hire or a promotion from within departments.

Chief Sinnott stated the concept calls for internal promotions with Deputy Chief Shurtz becoming one of the duty Battalion Chiefs. They would then continue the internal promotion process to promote Captains from the firefighter ranks.

Mayor Hartzell asked if Larkspur fire fighters would begin to work in Ross and vice versa. Chief Sinnott stated this was primarily an administrative overlay and the line personnel could stay in place or they could slowly move personnel between the stations. The City Manager stated they have tried to learn from some of the other

agencies that have consolidated. The issue of labor compatibility is a key factor in moving this forward.

Mayor Hartzell opened the meeting to public comments.

Mr. James Holmes, Madrone Avenue, stated he appreciated the thorough response to his questions, however, several concerns remain. He would like to know what Larkspur citizens and the Volunteer Fire Fighters think about this issue. Chief Sinnott's letter makes an excellent point about the need for a third chief officer to have 24-hour coverage. He urged the Council to consider, as an alternative, funding this position directly. He stated the comparable costs were unclear and he urged the Council to get a good sense of these figures. He stated the staff report indicated that some Council goals could not be accomplished with existing staff and he stated these goals should perhaps be re-evaluated. He stated it seemed counterintuitive that this consolidation would not affect response patterns as asserted in the letter from Chief Sinnott. He was concerned that Larkspur would pay two-thirds of the cost but get one-third of the vote. This would be unfair and unreasonable. He was concerned about the loss of autonomy for both cities. He was not sure about the benefits to Larkspur and thought Ross was getting the better end of the deal.

Mayor Hartzell closed the meeting to public comments.

Councilmember Hillmer thanked Mr. Holmes for his comments. He stated he would like to move forward but would also like the issues raised by Mr. Holmes taken seriously.

Councilmember Lundstrom stated she would like to move forward and take the next step and draft an MOU that would address some of these issues. This is a wonderful opportunity for both communities and it would help them prepare for emergencies. The proposal makes sense.

Councilmember Chu thanked Mr. Holmes for his comments and stated he took them into consideration. He is the Chair of the County JPA Oversight Committee and noted that Larkspur participates in many joint service arrangements in order to achieve operational efficiencies at a lower cost. This proposal would provide a higher level of service due to the new command structure. It also provides an extra benefit at a staff level. He discussed fire policy and the 2006 International Wildland and Urban Interface Codes and stated they need to heighten the current level of preparedness. He felt the process should be done incrementally.

Councilmember Arlas thanked the representatives from Ross and stated they put his concerns to rest. He is very comfortable moving forward with this proposal. He commented that the City is involved in several joint power agreements where the representation on the governing board is not in proportion to the expense, but we

have all made it work. He stated they need to look towards advancing efficiencies in a cost-effective manner.

Mayor Hartzell agreed with the comments made by the other Councilmembers.

M/s, Hillmer/Lundstrom and approved 5-0 to adopt Resolution No. 50/07.

2. ORAL REPORT ON THE GREENBRAE CORRIDOR PROJECT- BILL WHITNEY, TAM PROJECT MANAGER

Mayor Hartzell noted this item had been continued.

3. PRESENTATION OF AND APPROVAL OF 2007-08 TRANSIENT OCCUPANCY TAX PROJECT GRANT FUNDING

The City Manager presented the staff report

Mayor Hartzell referred to page 2 of the staff report and asked for clarification on the amount requested by the Chamber of Commerce. The City Manager stated the request is for \$25,000 and staff is recommending an allocation of \$20,000.

Mayor Hartzell stated she would like to see the Lark Theater's Youth Film Festival funded, at a minimum, at last year's level. She referred to the request from the Centennial Steering Committee and stated \$15,000 would cover their needs since their fundraising efforts have been quite successful. She would recommend that the Centennial request be reduced by \$5,000 and for an additional allocation of \$2,500 to the Lark Theatre, \$1,000 to the Community Association, and \$1,500 to the Chamber of Commerce. Councilmember Arlas asked if the Centennial Steering Committee would agree with this recommendation. Councilmember Lundstrom stated she is the Council liaison to the Centennial Committee and she felt the other members would accept this recommendation.

M/s, Lundstrom/Hillmer and approved 5-0 to approve the staff recommendation for \$60,000 in funding from the FY 2007-08 TOT revenues to support community enhancement projects as follows: 1) \$5,500 awarded to the Lark Theater; 2) \$15,000 awarded to the Centennial Committee; 3) \$16,000 awarded to the Larkspur Community Association; 4) \$2,000 awarded to the Macintosh Pipe Band; 5) \$21,500 awarded to the Larkspur Chamber of Commerce.

4. DISCUSSION OF THE TWIN CITIES POLICE FACILITY AGREEMENT AND CONSIDER ADOPTION OF RESOLUTION NO. 49/07 AUTHORIZING THE MAYOR TO SIGN AN AGREEMENT TO PROVIDE REAL PROPERTY FOR THE CONSTRUCTION OF A NEW TWIN CITIES POLICE FACILITY

The City Manager presented the staff report.

Councilmember Arlas stated he had some fairly significant and substantive questions. He referred to page 3 of Exhibit A, "Agreement for Acquisition of Real Property for Construction of New Twin Cities Police Facility", paragraph 5 and asked what would happen if the Town of Corte Madera were unable to make the payment. He noted there was nothing that required them to identify the source of the funds. The City Manager stated they have indicated that this is a significant amount and it is their intention to borrow the money. The Town Manager of Corte Madera has indicated to her they are already in the process of identifying sources of revenue. The City Attorney stated this is a partnership and hopefully both communities would come together to try to figure out what would happen. If the tax were approved by both communities, then there would be authority to levy the tax and issue the bonds to pay for the facility. Construction of the facility would most likely move ahead. If they were unable to pay their equal share of the value of the property then they would default on the agreement and the transfer would not occur. Contingencies could be built into the MOU but it seems to be an attempt to memorialize a general understanding of what it would take to move forward with the elections. Any challenges to anything other than the Community Facilities District (CFD) would not affect the agreement.

Councilmember Arlas referred to page 4, paragraph 6, the next to the last sentence regarding funding of the Reserve Fund payments out of the tax proceeds generated by the CFD and asked what would happen if one of the entities chooses not to do it that way. The City Attorney stated it would have to come from a source other than tax revenue.

Councilmember Arlas referred to page 5, paragraph 9, and stated he had a problem with the timing contained in this section because it would be close to a half a year before anything could happen. The timing is too long. He noted the penalty (double the payment amount) would not be upheld in court. He stated the section does not address the issue of non-payment. The City Attorney stated the agreement would be terminated. Councilmember Hillmer asked for any suggested revisions. Councilmember Arlas stated the hope is that over time both entities will be fiscally sound and be able to make those payments. He stated one way to handle it would be to take it as a deduction against anything that is owed at the end of the time period.

One critical component is the funding of the Reserve Fund. Councilmember Lundstrom stated this did not represent a significant amount and there may be other alternatives way of drafting this section. Councilmember Hillmer referred to page 8, paragraph 12, and noted there were safeguards in avoiding the concerns brought up by Councilmember Arlas.

Councilmember Arlas referred to page 6, paragraph 10, and asked where Larkspur would come up with approximately \$9 million in cash. The City Manager stated the intent was to have the agreement go on forever and establish a Reserve Fund that would have enough accumulated cash to offset that kind of a payment. However,

they know that the minimum amount set would not accumulate anywhere near the value of half of the building over a thirty year period of time and the financial consultant has suggested a minimum of sixty years. Larkspur's successors would have a number of choices including taking out a mortgage on the building. Councilmember Chu stated there would be depreciation of the building over its useful life which is about forty years. Perhaps they should be looking at the book value.

The City Manager stated it was a challenge to try to come up with all the alternatives but they could implement some kind of a sliding scale based on the time period between thirty and sixty years. Public agencies are required by GASB to book depreciation amounts but receive no tax benefits from it. The only fair methodology was the fair market evaluation. She noted this would be a public building that would depreciate in value over time. She was confident these issues could be resolved and the Reserve Fund would accumulate the asset, at least partially, of that cost if it were needed. This is a reasonable approach.

Councilmember Arlas stated he had some drafting issues and referred to page 7, (d), and the first sentence in section 12. He stated appraisals could not predict the future and the date of termination and the appraisal cannot occur at the same time. He suggested the following wording: "... "x" days before termination is the valuation date". In addition, the City should have the right to make the payment within "x" days of the termination.

Councilmember Arlas referred to page 9, paragraph 14, and stated he thought this agreement was between the City of Larkspur and the Town of Corte Madera and he questioned whether or not the Twin Cities Police Authority could enter into such an agreement. The City Attorney stated the Authority was the recipient of the payment from Corte Madera which then goes to Larkspur and is the recipient of the land and has an obligation to set up the Reserve Fund. It must be a party to the agreement in order to play that role. Without having reviewed the JPA he thought the Authority would have the authority to enter into this agreement since it is germane to its role of providing police services. Councilmember Arlas asked the City Attorney to review this issue.

Mayor Hartzell opened the meeting to public comments.

Corte Madera Mayor Lappert stated he recognized there were some questions and concerns about the agreement but they are committed to the success of this project.

Mayor Hartzell closed the meeting to public comments.

Councilmember Lundstrom referred to Resolution No. 49/07, the sixth paragraph, and suggested the following amendment: "NOW, THEREFORE BE IT RESOLVED.... and further authorizes the Mayor, *in consultation with the City Manager*, to make minor, non substantive changes...".

Councilmember Arlas stated the questions he raised were substantive and he understood the desire to move forward. He asked if the resolution could come back on the next Consent Calendar. Mayor Hartzell noted that would be January 16th. The City Manager stated the agreement would need to be reviewed by both City Councils and the Twin Cities Police Authority. She was concerned about putting it off until January.

M/s, Hillmer/Lundstrom and approved 4-1 (Arlas voted no) to approve Resolution No. 49/07 with the amendment suggested by Councilmember Lundstrom.

The City Manager stated staff would work to address the questions and concerns raised by Councilmember Arlas.

ADJOURN TO CLOSED SESSION

The City Council and the City Manager adjourned to closed session at 10:22 p.m. to discuss the following items:

CONFERENCE WITH LEGAL COUNSEL- EXISTING LITIGATION
(Government Code Section 54956.9) Frank McClain, vs. City of Larkspur
(Marin County Superior Court action number CV-061765)

CONFERENCE WITH CITY ATTORNEY- EXISTING LITIGATION
Pursuant to Government Code Section 54956.9: City of Larkspur vs. Jacobs
Engineering

ADJOURN FROM CLOSED SESSION AND NOTE ANY REPORTABLE ACTION
TAKEN

The Mayor adjourned to open session at 10:52 and indicated no reportable action had been taken.

ADJOURNMENT

The Mayor adjourned the meeting at 10:54 p.m.

Respectfully submitted,

Toni DeFrancis
Recording Secretary