

**TOWN COUNCIL
SPECIAL MEETING
MINUTES**

CALL TO ORDER

Mayor Fraser called the special meeting of the Tiburon Town Council to order at 7:32 p.m. on Monday, December 12, 2016, in Town Council Chambers, 1505 Tiburon Boulevard, Tiburon, California.

ROLL CALL

PRESENT: COUNCILMEMBERS: Doyle, Fraser, Fredericks, O'Donnell, Tollini

PRESENT: EX OFFICIO: Town Manager
Chanis, Town Attorney Stock, Director of Public
Works/Town Engineer Barnes, Town Clerk Stefani

ORAL COMMUNICATIONS

There were none.

ACTION ITEMS

1. Consideration of a Resolution of the Town Declaring its Intention to Take Proceedings to Underground all Existing Overhead Utility Facilities Within the Boundaries of the Proposed Town of Tiburon Assessment District No. 2017-1 (Hawthorne Undergrounding District)

Town Manager Chanis gave the staff report. He described the location of the proposed district and showed the proposed boundary map, consisting of 121 parcels – most parcels are residential, but also includes Saint Hillary's Church and School, Belvedere Tennis Club and the Community Congregational Church of Tiburon. He said 83 petitions have been received, a sufficient number to satisfy both State law and Town of Tiburon Undergrounding Policy requirements. The petitioners have also submitted \$151,000 in subscription deposits, as required by Town policy.

He outlined a tentative timeline for the project. He said the resolution up for adoption tonight would be the first administrative step to starting the undergrounding process – the Council would declare its intent to form the Assessment District, appoint Bond Counsel(s), approve the preliminary district boundary map, appoint a District Engineer and direct the District Engineer to prepare the Engineer's Report. He said the expenses incurred by these actions will be paid for by the subscription deposits, and there would likely be no surplus.

If approved, next Council action would be to review the Engineer's report, which would provide a preliminary estimate of total project costs, including special benefit and general benefit. The

proposed District Engineer provided an initial estimate of \$8.4 million, and estimated the general benefit to be 10-15% of the total cost.

He said the Town's Undergrounding Policy states that 100% of costs associated with the project will be borne by the property owners in the district, unless funds from PG&E or other utilities can be applied, but there is no guarantee that those funds are available. He said PG&E Rule 20A funds are specifically earmarked for undergrounding. He reminded Council of an active undergrounding project along Tiburon Boulevard, which will use \$875,000 of Rule 20A funds. He also reminded Council of previously stated Rule 20A fund priorities.

He spoke to other historical undergrounding assessment districts. He said the Engineer's Report did not identify any General Benefit in prior projects, and the Town has not historically contributed General Fund monies to prior projects. The only exception would be the Del Mar project, in which the Town paid litigation costs out of the General Fund.

He concluded his staff report by recommending Council review the resolution of intent, but to keep in mind the following: *how will the general benefit and completion of a biddable set of plans be funded?* He invited questions from the Council.

Councilmember Fredericks asked about the general benefit. She inquired at what point in the process a funding strategy will be decided upon. Town Manager Chanis said after Council reviews and approves the Engineer's report at the second meeting, the Council will authorize the property owners of the proposed district to vote on the formation of the district. He recommended Council decide on funding during the second meeting, before the vote, so property owners can make an informed decision.

Fredericks asked if Council would have an opportunity to review the capital improvement priorities before that meeting. Chanis replied that priorities will be reviewed at the annual Council/staff retreat, scheduled to take place one month prior to the meeting.

Fredericks asked if member(s) of the district might agree to pay for some or all of the general benefit cost, if that cost can be a part of the bonding program. Chanis said that owners in the District could pay for all, or a portion of, the general benefit, but that cost could not be included in the assessments levied against properties. Town Attorney Stock further clarified that if member(s) of the district agree to pay for the general benefit, it could be factored in to the bonding program, but could not be included as part of the assessment, and would not appear as part of the parcel tax.

Fredericks asked if the Town's potential contribution would be contingent on the district forming. Chanis affirmed, but clarified that the Town should commit to this contribution before Council calls for the vote.

Vice Mayor O'Donnell commented that in previous undergrounding districts, there was no general benefit cost to the Town. He asked why this had changed over time. Town Attorney Stock replied that paying for the general benefit has always been required, but in previous districts, no general benefit was found by the assessor. He also said cities no longer have as

much discretion to make a determination about general benefit; it must be based on evidence in the record.

O'Donnell asked if the Town would have a vote as part of the proceedings. Stock said the Town would not have a vote like a property owner would, but the Council does have discretion throughout the entire process as to whether or not to proceed.

O'Donnell asked if the Town could include its portion of the general benefit as part of the bonding process, and pay over time. Chanis said that he believes the general benefit could not be financed as part of the bonds associated with the assessments against the property owners, but could be financed by various other debt instruments, if the Council so chooses.

Councilmember Fredericks asked for clarification: if members of the district volunteered to pay for the general benefit, that cost could not be included as part of their bond package. She asked what their options were to pay for their portion. Chanis answered that members of the district would have the option to pay out-of-pocket or have their assessment be part of the project cost paid through the sale of bonds. Stock added that the Town will utilize a finance advisor to assist in identifying other financing mechanisms available to the Town if it chooses to pay for all, or a portion of, the general benefit.

Mayor Fraser opened the floor for public comment.

Richard Sideman, 14 Maravista Court, said he and his wife have been advocating for this project for many years, and are delighted to see it move forward. He said he would support the proceedings without hesitation.

John Hermansky, 690 Hawthorne Drive, asked if the Town's obligations to other local undergrounding district projects would impact the Town's contribution to this district's cost. Mayor Fraser commented that Council will discuss financing priorities at the upcoming retreat, and would have a better answer for him after those discussions.

There being no further comments, Mayor Fraser closed the floor.

Councilmember Tollini noted that the Town has long supported local undergrounding projects. She said she is fully in support of district formation. Councilmembers Fredericks and Doyle agreed.

Vice Mayor O'Donnell said he was a supporter of undergrounding and commended the neighborhood's work thus far in forming the district. He also suggested the Town review its Undergrounding Policy and make any improvements that may allow for easier formation of districts.

Mayor Fraser agreed with his colleagues. He said reviewing the policy would be a good idea as other districts are likely to form.

MOTION: Adopt resolution, as written, approving preliminary boundary map, designating Harris & Associates as Assessment Engineer, directing preparation of the

Engineer's Report and appointing Sam Sperry and Stradling, Yocca, Carlson & Rauth as Bond Counsel.

Moved: O'Donnell, seconded by Tollini

Vote: AYES: Unanimous

ADJOURNMENT

There being no further business before the Town Council of the Town of Tiburon, Mayor Fraser adjourned the meeting at 8:04 p.m.

JIM FRASER, MAYOR

ATTEST:

LEA STEFANI, TOWN CLERK