

MINUTES OF AUGUST 2, 2016
REGULAR MEETING
OF THE
CORTE MADERA TOWN COUNCIL

Vice Mayor Furst called the Regular Meeting to order at Town Hall Council Chambers, 300 Tamalpais Drive, Corte Madera, CA on August 2, 2016 at 7:30 p.m.

1. ROLL CALL

Councilmembers Present: Vice Mayor Furst and Councilmembers Andrews, Condon and Lappert

Councilmembers Absent: Mayor Bailey

Staff Present: Town Manager/Town Engineer David Bracken
Director of Administrative Services/Town Treasurer George T. Warman, Jr.
Director of Planning and Building Adam Wolff
Senior Planner Phil Boyle
Assistant Town Attorney Judith Propp
Police Chief Todd Cusimano, CMPA
Town Clerk/Assistant to the Town Manager Rebecca Vaughn

SALUTE TO THE FLAG: Mayor Bailey led in the Pledge of Allegiance.

2. OPEN TIME FOR PUBLIC DISCUSSION

There were no public speakers.

3. PRESENTATIONS

- 3.I Status Report on Long Term Financial Plan Study
(Presentation by Consultants Libby Seifel and Craig Hill)

Town Manager David Bracken introduced Libby Seifel and Craig Hill who will provide a PowerPoint presentation.

Craig Hill, NHA Advisors, stated they are before the Council to bring the Council up to date on work which began a year ago when they were asked to talk about the financial health and some of the metrics the Town could put in place to monitor from a reporting perspective and also from a pure financial perspective. The presentation will be informative for everybody on some of the information shared with rating agencies and investors who ended up purchasing the Town's bonds. Mr. Hill noted he will discuss the Town and financial strategy objectives, overview of work performed to date and discuss findings and next steps.

Regarding overarching Town objectives, the key driver they were trying to accomplish through any procedures or process in place is to assure the long-term financial sustainability of the Town and to maintain and solvency and liquidity of the Town. There were a number of years given the Town's revenue streams and expenditure requirements, the Town had cash shortfalls in the fall prior to property tax and sales tax contributions came in and the Town was using a one-year note to pay bills and then at the end of the fiscal year it was paid off. The Town is now in a position with fund balances and revenue streams that it no longer needs to borrow notes on an annual basis.

They also want to identify the long-term capital needs of the Town and revenue or identified funding sources does the Town have to meet those. Many people get intimidated by the size of a capital project and they want to make sure that they are identifying capital improvements and setting in place a program.

The third objective was transparency on the Town's financial position and annual reporting requirements to the Council and to the community. There are a number of cities beginning to implement transparency measures to make information easily available. He said the Town's website is great for providing reports and they will attempt to make the reports more user-friendly, more accessible and possibly letting people generate their own types of reports.

Based on holding interviews and discussions with staff and Council, they need to focus on making the reporting simpler to understand. Secondly, there is a need for policies to manage different revenue streams. The Town is in a unique situation where sales tax is a major contributor to the Town's operations and it is also a very volatile revenue stream.

They want to look at targets or metrics, look at volatile revenue sources and trim those from a budget perspective and he said if they come in higher, it is a good problem to have. Lastly, they will look at obligations of debt, pension, CIP, and Reserves which may take 3-5 years to roll out in its full capacity.

Mr. Hill stated they are new tools to drive the Town's accounting system and also some web-based tools which might be add-on's to the Town's system which aid in transparency and reporting requirements.

Libby Seifel stated they had divided the work into two phases and the first part of their work included holding interviews of the Town Council and staff, gathered input on the study objectives and identified key issues of concern and potential areas of improvement.

Ms. Seifel especially acknowledged Finance staff as well as all staff who worked very closely with them and shared information to enable them to understand the Town's financial systems. They reviewed the Town's accounting system and they focused on how to simplify and streamline input and reporting. As Mr. Hill mentioned, they assessed the Town's financial health and they will provide a presentation on their initial findings where they have collected and analyzed key metrics. They also provided initial recommendations to the Town Manager and have already begun to implement some of the recommendations because they felt strongly that some needed to move forward.

Ms. Seifel noted that the Town uses a very robust accounting system which is called Eden Accounting Software System which is provided by Tyler Technologies and they are one of the largest software companies in the U.S., and the largest solely focused on providing integrated software and technology services to the public sector.

The Town has key financial reporting considerations. First and foremost is the July to June fiscal year and each year the Town needs to close its books and open its books. The Town has a bi-annual budget process which means budgeting is done every other year which starts in January of the prior fiscal year. Starting in January 2017, the Town will be working on its budgets for 2017, 2018 and 2019.

The Town has annual reports required and as Mr. Hill said, one objective is to streamline the process of preparing these reports and make them more accessible and transparent through the process.

In terms of key findings, they learned that the Town could more effectively deploy the Eden Accounting system. Since the recession, the Town's budget for training and accounting system upgrades was significantly limited. As a result, Finance staff have not been able to benefit from improvements from the many Eden Tools available, some of which are improvements where no modules are needed to purchase, and some are new modules the Town might consider purchasing.

They recommended specifically that there be a Best Practices Review (BPR) undertaken

which happened at the end of June. The purpose of that was to understand how to better utilize Eden to streamline operations and financial reporting, and the BPR review was conducted with Finance staff over the course of 3 days.

Mr. Hill then discussed the financial health metrics of the Town which was a project begun last year. When he was before the Council 4 months ago, the Park Madera Center was refinanced and results were phenomenal. They were able to get a rating increase and there was a lot of shared information with both projects done concurrently.

Through the rating increase, they focused on revenue sources and their volatility, how well the Town has done in controlling expenditures, and how fund balances were built back up, which was primarily a function of the sales tax override, but he said this was a huge factor. The rating agencies and investors took great comfort in the fact that they had seen the historical balances being relatively low over the last 5-6 years and now over the last 2-3 years have really come up which is a good thing. They looked at the debt ratio and the Town is paying down its debts at a good clip and the Town has Reserves now that have increased and are comfortable in the minds of investors and rating agencies, and from a political perspective, there are funds sitting in balances that may be identified for projects.

Mr. Hill presented a slide that showed the metrics of financial health which was what came out of the COP transaction. The bullets on the left represent the key drivers for why the rating agencies came in with the rating they did. Again, some of it is controlled by the Town and some is not, like the economy. There are also unemployment rates the Town cannot truly control and Mr. Hill presented an economic profile showing a very strong economy, consistently low unemployment rates, and high wealth levels, and they provided Corte Madera's strongest employers.

Mr. Hill then presented a General Fund Revenues table and said this is the kind of table to report to the public on a quarterly or annual basis to give people a handle on current revenues and revenues over the last five years. General Fund expenditures show what money is spent on, and Mr. Hill noted that debt service should not be 10% or 20% of the budget. He noted that these are all very healthy percentages for Corte Madera. He noted some cities spend 75% on public safety, and he noted that general government or overhead is only 15% for Corte Madera. He stated it would not hurt if public works percentages are larger so as to spend on capital projects, and he said this is a good representation as compared to other communities.

The next slide shows assessed value growth and Mr. Hill said home prices in Marin continue to climb. Not only is it climbing 2% which people may automatically get, but when turning over homes, this is where the Town greatly sees jumps on property values. Property tax revenues were at about \$4 million 6 years ago and now revenues are climbing to almost \$4.5 million which shows a nice, consistent revenue source and the Town can almost budget to the dollar with property tax revenues.

Sales tax revenues went from about \$5.4 million to just over \$9 million in 2015. Regarding historical fund balances, Mr. Hill said it is important for the Town to try and establish minimum reserves. The Town can set up multiple accounts such as an equipment replacement reserve, general fund reserve or "economic uncertainty" fund so staff does not have to be laid off when revenues come in lower. A capital improvement fund can serve as a base for improvements into the future, but what is important for purposes of the rating agencies is that they saw as early as between 2008 and 2010 the Town had fund balances was sub \$1 million, and this is low for the Town, but as sales tax and override has been coming in, the Town has had some significant balances. This gets to his point about how much of that really should be held back for future capital projects and how much is held as part of a fiscal conservancy reserve component.

Regarding pension liabilities, the Town has a few different programs for its employees and the Town should ensure that this liability is identified. He noted that he and Ms. Seifel are

spending time with many cities trying to determine whether they should 'attack' the debt with cash on hand to get unfunded liability numbers down.

Regarding General Fund debt burden, the Town's annual expenditures are 1% of the budget which is a great low number. The big obligation is the Park Madera COP, but it has revenue that offsets a lot of the debt which helps expenditures. The Town also has the police station property acquisition lease, a fairly small balance on that which will come due in a few years. The line of credit to meet cash flow no longer exists and this is good for the Town.

Mr. Hill presented the Town's credit worthiness which is the summary they used from the refinancing process. He was a bit worried initially, but as they gathered information, it became a good story and the Town should be proud of where it has been and where it is today.

Vice Mayor Furst interjected and explained that the Town had approved an additional half-cent sales tax for a limited number of years. They have banked almost all of it and the original intent was that it be used to offset losses from the economic downturn. They had to work on roads, replace equipment and they have begun some of this, but the idea is to hold onto most of the funds.

Mr. Hill said the Town has very strong budget flexibility and what this comes down to is that it is not about the overhead of the Town and fixed expenses, but about discretion of one-time capital expenses which is huge to a rating agency.

In summary, overall findings of the Town's financial health show that the economic climate is strong with high incomes and healthy businesses and retail sales and property values rebounded quickly after the recession. The sales tax measure has enhanced fiscal stability. There has been positive growth in cash flow over recent years, revenues increased 15% versus expenses at 5% from FY 2014 to FY 2015, and cash reserves have shown strong growth and the Town has a relatively low ratio of debt to revenue.

Mr. Warman briefly discussed the State's imposition of the "triple flip" which went away on January 1st, and the Town still does not get the motor vehicle license fees it used to get, which affected the Town's cash flow.

Mr. Hill concluded, stating and the Town should consider how to strategically manage long-term CalPERS and OPEB liabilities.

Ms. Seifel said they have begun work on the implementation phase to meet the core objectives. The four key objectives were:

- To recommend financial policies and enhance reporting procedures, and she will talk about the BPR review of the Eden system;
- To recommend new ways to present financial information, and what the Town Manager has already implemented is a new web-based tool called Open Gov which will be implemented in phases and they think will really make a difference for the Town;
- To evaluate the long-term financial sustainability, and this looks at the capital replacement, repair and maintenance needs, looking at pension and retiree health or OPEB obligations, looking at doing a 10-year budget forecast and alternative forecast, and will recommend key financial objectives and/or metrics; and
- To present findings and recommendations

Ms. Seifel said when they began this process they did not understand the accounting system piece and some of the challenges the accounting staff have had because of the recession, because there was not as much training or funding, and they got behind with doing some of the financial accounting. They learned there were interesting tools and great

resources that Eden has so they conducted a BPR free of charge by Eden.

They had a fabulous person who spent 3 days with staff and went through everything in the accounting system in great detail. What was great on top of learning about the Eden system was that they received tips which staff has already been able to implement immediately. There have been a number of procedures that have been done manually or with spreadsheets in the accounting system which is not efficient. The more they can do with the Eden system the better, but they got an excellent report back which is in draft form and Finance staff is reviewing it. It provides very specific recommendations which include:

- Implementing some of the best practices tips;
- Conducting future training sessions with Town staff;
- Better utilize the recently installed “Permits and Inspections” module and authorize follow up training and identify key improvements to streamline system; and
- Purchase and implement the following Eden modules which include:
 - “Project Accounting” – streamlines management of direct deposits and helps manage project budgets
 - “Tyler Output Process (TOP)” – provides easy means of emailing internal reports and/or documents such as Purchase Orders and Invoices
 - “Tyler Content Manager (TCM)” module – provides electronic filing system for financial documentation and reporting.

Ms. Seifel noted that they also explored tools to enhance the clarity and transparency of the Town’s finances. They explored two tools: 1) Tyler Citizen Transparency, which is linked to the Eden System. It helps communities provide more open and transparent financial information; however, only a limited number of cities are using it and none are in California. When they began understanding the system, it is a bit “clunky”. Therefore, they recommend Open Gov which is used by more than 1,000 governments throughout the U.S. and Canada. It is being used by Sausalito and they uploaded test data of the Town’s finances and concluded it was a much better tool.

The Town Manager purchased a favorably priced 5-year license with Open Gov which includes support and training. They have uploaded an additional set of data which includes 6 years of the Town’s data and they have been testing Open Gov, specifically working on developing a crosswalk and grouping that will enable them to show the data in a much better way.

She said Eden is a complicated system in managing the chart of accounts and what Open Gov does is it enables the Town to use its software platform to go in and manage its chart of accounts to create certain reports, which is exciting. She said Betsy on her staff and she have been having a lot of fun with trying to get the data and taking the Town’s system which Finance staff have set up and using the crosswalk to try and organize the data. She said she has some preliminary examples to show tonight. It has not been thoroughly vetted but she is excited about what it will provide.

Ms. Seifel said Open Gov will automatically produce tables, but it will also immediately produce graphs which can be in the form of pie charts, bar charts or line graphs once the system is set up. They took the historical General Fund Revenues and match the Eden accounting codes with the audits and the reports that have been done, such as the Financial Statements and Mr. Warman’s weekly status reports. Their goal is to be able to automate a number of these reports. Their hope is to have a system like Sausalito where the public will be able to go in and pull out the reports which will take a little while.

Their first step internally will be to have the Finance staff understand these reports, present them to the Town Council and see if the Council thinks they are going in the right direction and then they will make it public. She briefly discussed the various levels of the accounting codes and software which allows one to look at the big picture and then dive into what drives those big numbers, and then go back to big. She then discussed the various

departmental service charges and the software enables the Town to go into each category and see what is coming in and being spent on. They will be able to not only prepare annual transactions but also monthly transactions. They can also track expenses by department. They also added in the Recreation Department, which is a separate fund in the Town's audits and financial statements, they can combine it in a report that provides a holistic view of expenditures. The Town can then drill down each item further. Additionally, they can look at employee compensation, benefits, private contractual services, intergovernmental expenditures, materials and supplies.

The last slide is an historical comparison of the General Fund revenues and expenses which is still underway. The graph shows the trend line which represents the health of the Town and how revenues have been rapidly exceeding expenses since 2010.

Regarding next steps, Ms. Seifel said Phase 3 implementation has been initiated. They want the Town to better utilize the Eden system, consider bringing back a recommendation to purchase new Eden modules and training of staff to improve the system's use. They want to deploy Open Gov which is a system that needs work to get it to output what the Town wants, but they think it will be invaluable for its ability to automate reports and allow staff to generate their own reports.

They will be uploading additional historical data beyond the 6 years and use it to prepare projections. Open Gov has many other cities in their system and they have budget and comparative tools the Town can use to see how comparative they are from other cities. They will recommend peer cities that have similar budgets and environments.

In terms of the long-term Capital Improvement Program, they have made some progress on that and they will develop performance measurements which will be a recommendation on the Town's reserves, as well as develop performance measures on the budgeting process, and they can tie performance measures with the Open Gov system.

In terms of long-term financial sustainability, they have begun a beta test project which looks at the CIP needs, and they are focusing on the storm drainage and flood control system. The Town retained AN West to evaluate potential long term costs for replacement and upgrades to the system. Work is in process, but they will use this to develop a CIP and will return with a presentation with the Town Manager.

They will also evaluate the pension and retiree health obligations. They have reviewed historical information and recent changes to reporting, and OPEB is now reported as a separate line item, and they will be using Open Gov as a tool moving forward.

Lastly, they will prepare a 10-year budget forecast with alternative forecasts assuming different revenue/expense assumptions. They will recommend key financial objectives and/or metrics including a budget policy for reserve levels and how to deal with sales tax revenue volatility. They have collected data metrics on financial health and these can be tied into Open Gov and managed there. They will also recommend performance measures and annual reporting tools, again leveraging Open Gov and seeing what they can learn from this system.

Councilmember Condon asked if the Eden system made to mesh with Open Gov. Ms. Seifel said it is not linked direction, but it is down through an upload, but it will sync together.

Councilmember Andrews asked if there is a user's group in the area, and Ms. Seifel said Tyler Technologies has user groups for all of their software, but there is a specific group for Eden as well, called "Tyler Community." The only city they know deploying the Eden system locally is San Rafael. Mr. Warman stated the City of Larkspur has had it since 2000 after they looked at what Corte Madera was doing. He noted that Tyler bought out Eden and the City of San Mateo has had it since 2003, but San Mateo has a much larger staff. Ms. Seifel noted that Tyler has a much larger accounting system which larger cities use as well,

but the bottom line is that there is a user's group as well as with Open Gov.

Councilmember Andrews asked how robust the security was on the Town's network. Ms. Seifel noted that the Town's IT representative participated in the Eden BPR review and will work on security. Also, if the Town decides to implement this, it will need a dedicated server and he will set up a security system related to the server.

Councilmember Lappert asked about licensing arrangements with Eden and Open Gov and whether they are issued to the Town or an IP address. Ms. Seifel said the Open Gov license is to the Town and authorization must be obtained to become a user for it. Initially, the user group is a small group and everyone must be 'accepted'. Ultimately, there will be the ability to have an internal system and external system. Once deployed with the web external system, the public would be able to access; however, there will be a firewall between the external and internal.

Councilmember Lappert asked what the budget would be for license fees for all systems. Ms. Seifel said she was not sure but proposed to return with a budget recommendation to the Council. There are some estimates from Eden on their modules and training costs.

Mr. Warman noted that he will be sending the Council a proposal to start implementing the project accounting module. The basic cost of this with initial training is about \$25,000 and this will require extensive on-site training. His estimate will be about \$35,000 which is over a period of a year to two years. He was not sure what the price is on the other modules, and he believes they are more modest, but this could be handled exclusively by Finance staff which involves going from paper files to electronic files. Therefore, this is relatively expensive and does not require much training.

Councilmember Lappert commented that the Town is putting itself into a position where someone is going to 'own' them and this will become a permanent and integrated part of what they do. He wants to know what other cities have gone through over a 10 year period and what it will cost to fully bring on the system as something permanent.

Ms. Seifel recognized this point, but she noted that one of the benefits of Open Gov is that it is an organizational tool to help them be able to produce reports in a way the Town and community would like to see the reports. It is a forcing function to organize the accounting information in a way that is useful to get them into these reports. The institutional memory will be created in this process and reports can be output in an electronic format. What she is envisioning is to have the chart of accounts and linked to the reports in an organized fashion. This mapping process is done so much easier in Open Gov than in Eden and this will be invaluable regardless of whether the Town decides to abandon Open Gov or Eden.

Vice Mayor Furst thanked Ms. Seifel and Mr. Hill as well as Mr. Warman and his staff, the Town Manager, and said this is exactly what she had wanted to see. She knows how important transparency, long-term financial planning and efficient software tools are to help the Town be well-positioned for the future.

Town Manager Bracken noted that this project started out as a long-term financial plan but what the Town learned is that they need a better understanding to be able to present the current financial situation to the public before forecasting 10 years out. He thinks they have been blessed by having Ms. Seifel and Mr. Hill here and he has been thoroughly impressed with their knowledge, expertise and enthusiasm and he thanked them.

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

4. COUNCIL AND TOWN MANAGER REPORTS

- Town Manager Report – No report

- Director of Planning and Building Report on Tamal Vista East Corridor Study – no report
- Council Reports

Councilmember Andrews gave the following report:

- He received word that Ed Vorous who has been involved with the Lion's Club had passed away on Saturday and he asked to adjourn the meeting in his memory.

Councilmember Condon gave the following report:

- Age-Friendly Corte Madera Update:
 - Its first speaker series will start in September and it will be advertised in the Parks and Recreation bulletin.
 - On August 28th from 2:30 to 4:30 p.m. Age-Friendly Corte Madera will sponsor a party for the Centennial Corte Madera Honors, or all residents 90 and older in the Town. The public is invited to celebrate their milestones and last year's was a lot of fun.
- There have been on-going sewer repairs on Paradise Drive and she recommended that volunteers speak up to serve as crossing guards. Town Manager Bracken indicated he would speak to the contractor.

Councilmember Lappert had no report.

Vice Mayor Furst gave the following report:

- TAM Update:
 - At the last TAM Board meeting the board programmed \$312,000 in priority conservation area funds to Corte Madera's Paradise Pathway Westward to Upland project. The project's total cost is \$935,000.
 - Corte Madera was also programmed for \$100,000 for repaving the Redwood Highway Pathway.
 - The Tamal Vista Bike/Ped Improvements Project for \$892,000 is up for review which is being continued to the next TAM Board meeting in September due to the whole block of projects in this category was being continued due to questions regarding project priorities in San Rafael.
- MTC has passed a resolution modifying their guidelines and requiring recipients of OBAG II funds to meet new affordable housing and anti-displacement requirements. She commented that a lot more emphasis is being placed on anti-displacement or meaning helping to retain more moderate housing in communities.
- She attended Central Marin Sanitation Agency (CMSA) Board meeting and they are exploring expansion of its bio-gas electric generation system and production of additional energy will be fed back into the grid.
- Regarding the sewer replacement project on Paradise Drive, she asked why CMSA is not moving forward with tertiary treatment of water for use of grey water in landscaping. She learned that the water running through CMSA has high salinity due to I & I (Infill & Infiltration).

5. CONSENT CALENDAR

- 5.I Waive Further Reading and Authorize Introduction and/or Adoption of Resolutions and Ordinances by Title Only.
- 5.II Receive and File Investment Transactions Monthly Report for May, 2016 (Report from George T. Warman, Jr., Director of Administrative Services/Town Treasurer)
- 5.III Approve Warrants and Payroll for the Period 7/13/16 through 7/28/16: Warrant Check Numbers 214058 through 214195, Payroll Check Numbers 5252 through 5265, Payroll Direct Deposit Numbers 29946 through 30077.

Payroll Wire Transfer Numbers 2034 through 2041, and Wire Transfer of 9/01/16

(Report from George T. Warman, Jr., Director of Administrative Services/Town Treasurer)

MOTION: Moved by Condon, seconded by Andrew, and approved unanimously by the following vote: 4-0-1 (Ayes: Andrews, Condon, Furst and Lappert; Noes: None; Absent: Bailey).

To approve the Town Consent Calendar Items 5.I, 5.II and 5.III

6. PUBLIC HEARINGS - None

7. BUSINESS ITEMS

- 7.I Discussion and Possible Direction to Staff Regarding Existing Policies and Potential Actions Concerning Short Term Rentals
(Report from Adam Wolff, Director of Planning and Building)

Director of Planning and Building Adam Wolff said before the Council is a discussion regarding short term rentals or homes that are often times rented on sites such as Airbnb, VRBO and others with the idea that these homes are rented for less than 30 days at a time. Staff is bringing this forward at the request of the Mayor and Council as a discussion item to introduce issues surrounding short term rentals and perhaps receive direction and to better understand whether any action should be taken to address short term rentals at this time. Staff is recommending future discussion on this issue could be taken up by the Planning Commission initially.

Mr. Wolff stated the staff report was prepared by Douglas Bush, Assistant Planner and unfortunately he is unable to attend tonight's meeting. The staff report describes short term rental policy issues raised by their recent proliferation in certain areas and how jurisdictions have responded to short term rentals.

In Corte Madera, staff used a website called Airdnd.com which tracks listings on Airbnb. They found 44 homes being advertised from the end of June to the end of July for short term rentals and all but 5 of those in that time period were for the entire home rather than a portion of the home itself. This number compares to Larkspur but much less than Sausalito, Mill Valley and San Rafael during the same time period.

From staff's personal experience over a couple of years, there have been two complaints received about possible Airbnb hosts in neighborhoods and also given the relative limited number of 44 homes, staff does not see this as a widespread issue at this time. Nonetheless, this is a good time to introduce the issue, discuss it and receive thoughts on whether or not to move forward with potential regulations.

Some concerns and policy issues surrounding the issue in other places typically raised include this can be a loss of permanent housing stock or potential exacerbation of housing shortages, loss of affordable housing units, potential loss of full-time residents, parking issues, noise and a loss of neighborhood character and safety.

Benefits raised on the other hand and why short term rentals have been permitted include the fact that they provide opportunities for visitors to stay locally, additional revenue for the Town through TOT, a new source of revenue for homeowners and can defray housing costs and provide supplementary income.

After identifying costs and benefits, staff has listed various ways in which other jurisdictions have responded to short term rentals. Staff said the Town of Tiburon has

prohibited advertising or allowing short term rentals, other towns are taking a 'wait and see' approach to see if regulations are working or whether rentals are a problem, and some towns are regulating short term rentals through obtaining a permit, pay fees for processing the permit, and paying TOT.

In considering conditions by permitting them and mitigating any negative effects, various cities from around the country have done things such as placing caps on the numbers of short term rentals allowed, allowing only a portion of a house to be rented rather than an entire house, putting a buffer or distance requirements between short term rentals and other housing, and making noise limits and health and safety code regulations.

Mr. Wolff said part of the consideration and important is to think about how the cost of setting up regulations as well as how things get enforced. He said the more regulations and conditions placed on rentals do require more time and effort by staff, and he said he was available to answer questions.

Councilmember Condon commented that as liaison to the Chamber of Commerce, this has been discussed several times. It has been brought up by the County of Marin's Visitors Bureau and they have noticed a decrease in TOT with the rise of Airbnb's and VRBO's. She thinks this is something to consider, as Corte Madera is very dependent upon its TOT from hotels in town. She thinks it is worth further discussion and she appreciates staff's thorough report.

Councilmember Andrews said one suggestion is that staff further research the issue and check on what the City of Oakland is doing. He said if someone rents their house out and violating the R-1 zoning, he asked what occurs.

Mr. Wolff stated staff is not proactively enforcing the matter. If neighbors complain, staff has a permissive zoning code which can be utilized to say unless short term rentals are explicitly allowed they are not permitted by the Town's zoning code. He thinks there are definitions in the code relating to B&B's, hotels, and short term rentals are variances of these and also are not permitted in R-1 zoning districts. He thinks there is some concern of ultimately enforcing this and getting into a debate with a homeowner based on ambiguity in the code.

He said staff tries to address the matter without enforcement activity and try to resolve the neighborhood concern.

Councilmember Andrews said if every house in Madera Gardens creates a second unit and used as a short term rental, he asked how this would affect the Town's Housing Element compliance, or he asked if it would appear.

Mr. Wolff said he does not think it would necessarily affect the Housing Element, but an important point raised which does concern him to a certain degree is that the Town has second unit ordinances, will talk about junior second units, and these are policies that are intended to provide additional affordable housing goals and are couched that way in the Housing Element policies. He thinks it is reasonable to say it is something to consider in that these are easily turned into short term rentals because of their separate and short term occupancy. The Town also has fees for second units and if these are used for short term rentals on on-line platform for cross-purposes, he thinks the policy may not live up to its intent. However, staff does not see this happening today and at this time, it is a concern potentially for the future.

Councilmember Andrews asked if staff has requested a list of rentals in Town, and Mr. Wolff said no; he does not think actual corporations would be cooperative such as Airbnb. He thinks it would be more on the actual homeowner to comply.

Councilmember Andrews asked and confirmed that fees to rent on-line units were

processed through the on-line advertisement, and he suggested this is where the TOT should be collected. Councilmember Andrews said this is how it is done in Oakland.

Vice Mayor Furst said she looked at the app a few times and tried to get a feel for which units were made available all the time as permanent vacation rentals. It seemed like there was a handful, but these were rooms for rent. She did not come across any homes that appeared to be full-time rentals. She asked if there is any data to support this or whether this is accurate.

Mr. Wolff stated he thinks over time if staff looked in more depth about how often homes or a portion of homes are rented, they would be able to determine this. There may be a spike in the summer time when residents are away where people come to the conclusion that if they are not there, they can earn additional income, and this is something staff could look into further.

Vice Mayor Furst asked if this information is available on the Airdnd site. Mr. Wolff said as he recalled, it did not go into that level of detail, but there are ways to find more information to get a better sense of the number of days over the course of the year is one home rented.

Vice Mayor Furst said the City of Mill Valley permits short term rentals through a registration program which also requires business license and monthly payments of TOT. She asked what kind of burden would this put on staff if the Town were to implement something like this.

Mr. Bracken said it would obviously be more work for Finance staff to keep track of who is renting out their home and letting the Town know and who is not, but this could be an enforcement burden.

Vice Mayor Furst opened the public comment period.

HEATHER said she lives in Larkspur as a long-term renter, has previously lived in Corte Madera for 3 years and also been a property manager at numerous places in Marin. There is a loophole of limited apartment housing stock and she thinks the Town should differentiate homes from apartments. These companies are corporate housing but also 'mom and pop' businesses who rent an apartment in a complex and they list it on Airbnb, bypassing the 30 day requirement. They will take out a long lease and will rent and take up that apartment unit to short term rentals. No one monitors these companies using this loophole, and it affects parking and traffic and she asked that this be addressed.

PHYLLIS METCALFE, Parkview Circle, noted that there are not many short term rentals in town and she asked the Council not to do anything regarding short term rentals until the Planning Commission does something about the second units and junior second units. Long term housing is more important and she presented an article regarding a bill going through the legislature that will have sanitary agencies and water agencies not allowed to charge additional fees when second units are attached to the main dwelling but also in the yard of the main dwelling itself. This will change what is done, given prohibitive costs for people to propose a junior second or second unit.

JIM ROBBINS, Ash Avenue, said he is a novice when it comes to short term rentals. He has followed the media regarding the issue and pulled up homes on Airbnb and there are two in Madera Gardens. It is clear what they offer and he read the advertisement for a full home rental and he noted that two nights is a minimum with weekly and monthly discounts. In the staff report it states from a preliminary survey, it appears that all available units are offered in R-1 districts where such uses are not permitted. He lives in Madera Gardens and he would be adamantly opposed to short term rentals. He noted it was sold in 2015 and was now renting for \$550/day. His concern is the long-term implications of what the Town approves such as two commercial schools, 11 permitted day care centers, a number of

second units, occupations with homes and he thinks it is a good idea to have the matter reviewed by the Planning Commission in the future.

JANE LEVINSOHN said she is opposed to any sort of short term rentals, fearing it would take houses and apartments out of the Town's housing stock. She does not like competition with the Corte Madera Inn and said she thinks Tamal Vista Apartments' investors are having troubles and may turn the complex into condos, which would most likely include short term rentals.

SUSAN BECKER, Chapman Drive, said she is a big fan of Airbnb, has been renting her house out for a year and has equally had good experiences herself with renting homes on Airbnb. She had to travel for her job and it has been a great help to her. It has helped her fund an improvement project and she vets the people who stay in her home carefully, does not rent her home all the time and her neighbors have no complaints. People have been wonderful and mostly family groups coming from out of state for weddings or events so they find advantages to staying in a home as opposed to staying in a hotel. She also provides a detailed list of nearby restaurants and attractions which adds to the economy of the town. Also, she thinks short term rental hosts are responsible and are better able to maintain their homes. She also stays in communication with her renters and feels comfortable and has had great experiences. Therefore, she does not see it impacting the housing market.

Councilmember Lappert said he is a fan of Airbnb and knows many people who use it and also is a fan of a shared economy. He said the world is moving toward a shared economic system and in making a distinction with Ms. Becker and Mr. Robinson's comments, there are sometimes people buying homes with the expressed intent of making it their income whereas Ms. Becker's comments of owners having to leave town and having their homes available to rent.

He said the description of Ms. Becker is the true Airbnb and the description of Mr. Robinson is an egregious misuse of the spirit of Airbnb. If the Town were to allow it, it should be someone's primary residence and he did not think short term rentals were a problem in Town. He wanted to be careful not to shut it down completely, and there should be a balanced way to regulate it, given it is a great way to travel. Regarding apartment rentals, there are serious management issues if apartments are being rented out on such sites.

He noted second units play a different role in town and he supported reviewing these before looking at short term rentals, which he did not think was a problem right now and he thinks the fear is driven by the hotel industry. Also, Airbnb is actively suing cities that are preventing Airbnb rentals and just launched a major suit in Los Angeles.

Councilmember Andrews said he would like staff to request a list of properties from the main leasing companies but he expects the response will be slim. This way, the Council can get a sense of how cooperative they will be in terms of working with the Town.

He referred to Mr. Robinson's example and said people are buying homes in Oakland to transition to short term rental properties. Their family members are put in small units on the properties to manage the fleet of properties, so to think it will not happen here is naïve. He suggested tracking Mill Valley in their development of regulations and suggested letting the matter be for now and see what develops elsewhere. Regarding second units, he suggested finding out whether a corporation can reside in a primary house with a parcel with a second unit being rented, and this should be discussed.

Councilmember Condon said she feels that both sides of the arguments are valid. What the Council may consider is something that might be complaint-driven so that if someone is living next door to an Airbnb with problems, staff can implement a mechanism to stop the problem for the protection of surrounding neighbors. She also thinks that consideration should be given to hotels and be watchful to see if it is having a serious impact in town and hopes that the solution satisfies and protects everyone involved.

Vice Mayor Furst said it was especially helpful to have the bullet point list of concerns and list of benefits in the staff report. The concerns that jumped out are the loss of permanent housing stock, loss of housing intended to be affordable including second units, but she is also concerned about stories from speakers about permanent Airbnb listings. She agrees with Councilmember Lappert's comments in that this is not in the spirit of what the Airbnb sharing economy is supposed to be.

In looking at the benefits, it is great to have visitors come and spent their money locally, but the benefit is to help homeowners defray some of the costs of living in Marin. It is expensive to live in Marin and she supported homeowners that travel to be able to rent out their homes. She wanted to tread lightly and did not want to see the issue over-regulated and not allow responsible use of Airbnb rentals. That said, she thinks the Council needs to be careful the town does not end up with many permanent Airbnb rentals in any residential zoning district.

She also agrees with Ms. Metcalfe's comments in that the Council needs to deal with second units and junior second units first and in the meantime, asked that planning staff track Airbnb and Airdnd sites and see if any listings in Corte Madera appear to be permanent or semi-permanent rentals. And, she does think it needs to be considered by the Planning Commission in the future.

Mr. Wolff recognized the direction to staff and the need to first address second units and junior second units with the Planning Commission.

7.II Review of Draft August 16, 2016 Town Council Agenda

There were no comments regarding the draft August 16th agenda.

7.III Approval of Minutes of June 21, 2016 Town Council Meeting

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 4-0-1 (Ayes: Andrews, Condon, Furst and Lappert; Noes: None; Absent: Bailey).

To approve the Minutes of June 21, 2016 Town Council Meeting

7.IV Approval of Minutes of July 6, 2016 Joint Meeting of Corte Madera Town Council and Larkspur City Council

Town Clerk Vaughn stated it was brought to her attention by the Larkspur City Clerk that she misspelled their City Manager's name and she will be correcting this.

MOTION: Moved by Lappert, seconded by Andrew, and approved unanimously by the following vote: 4-0-1 (Ayes: Andrews, Condon, Furst and Lappert; Noes: None; Absent: Bailey).

To approve the Minutes of the July 6, 2016 Joint Corte Madera Town Council and Larkspur City Council meeting, as amended.

7.V Approval of Minutes of July 19 Town Council Meeting

MOTION: Moved by Lappert, seconded by Condon, and approved unanimously by the following vote: 4-0-1 (Ayes: Andrews, Condon, Furst and Lappert; Noes: None; Absent: Bailey).

To approve the Minutes of the July 19, 2016 Town Council Meeting

8. ADJOURNMENT

The meeting was adjourned at 9:37 p.m. in memory of Ed Vorous to the next regular Town Council meeting on August 16, 2016 at Town Hall Council Chambers.