



THE CITY OF
NOVATO
CALIFORNIA

922 Machin Avenue
Novato, CA 94945
415/899-8900
FAX 415/899-8213
www.novato.org

Mayor
Denise Athas
Mayor Pro Tem
Josh Fryday
Councilmembers
Pam Drew
Pat Eklund
Eric Lucan

City Manager
Regan M. Candelario

NOVATO CITY COUNCIL MEETING

to be held at

MARIN VALLEY MOBILE COUNTRY CLUB
100 MARIN VALLEY DRIVE
February 14, 2017
6:00 P.M.

CLOSED SESSION AGENDA

A. CALL TO ORDER

1. Public Comment at 100 Marin Valley Drive
2. Recess to Closed Session

B. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d):

CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION
(Paragraph (1) of Subdivision (d) of Section 54956.9)

Name of case: City of Novato, et al v. State of California, et al
Sacramento Superior Court Case No. 34-2013-80001496

C. ADJOURNMENT



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NOVATO CITY COUNCIL/ MVMCC MEETING

to be held at

MARIN VALLEY MOBILE COUNTRY CLUB
100 MARIN VALLEY DRIVE
February 14, 2017
6:30 P.M.

**(DISCUSS ITEMS RELATED TO
MARIN VALLEY MOBILE COUNTRY CLUB)**

A G E N D A

A. CONVENE, PLEDGE OF ALLEGIANCE, AND ROLL CALL

B. APPROVAL OF FINAL AGENDA

6:35 P.M. *(Time is approximate.)*

C. PUBLIC COMMENTS

This comment session is for items not on the agenda or for items listed on the Consent Calendar. See agenda cover page for information about Public Comment periods and associated protocol.

6:50 P.M. *(Time is approximate.)*

D. CONSENT CALENDAR

1. **ADOPT MEETING MINUTES OF JUNE 13, 2016**

2. **MARIN VALLEY MOBILE COUNTRY CLUB FINANCIAL UPDATE – MAY 2016 THROUGH DECEMBER 2016**

Consider receiving the financial report for the Marin Valley Mobile Country Club for the periods of May 2016 through December 2016.

E. GENERAL BUSINESS

6:55 P.M. *(Time is approximate.)*

3. **CONSIDERATION OF A PROPOSED MARIN VALLEY MOBILE COUNTRY CLUB LOT RENT ASSISTANCE PROGRAM**

Staff requests Council's consideration and approval of the Marin Valley Mobile Country Club proposed Lot Rent Assistance Program that would allow up to 15 low-income residents residing in the park to defer up to \$150 of their monthly space rent.

7:25 P.M. (Time is approximate.)

4. **RENT DIFFERENTIAL ANALYSIS**

Receive a report on rent differential analysis within MVMCC.

7:45 P.M. (Time is approximate.)

5. **BRUSH REMOVAL BUDGET AMENDMENT REQUEST**

Staff requests Council's consideration and approval of a budget amendment for Fiscal Year 16/17 in the amount of \$190,000 to cover the costs of additional materials and labor to clear brush and create defensible space ahead of fire season.

8:00 P.M. (Time is approximate.)

6. **TRANSFER OF MARIN VALLEY MOBILE COUNTRY CLUB FUNDS FOR REIMBURSEMENT OF CITY GENERAL FUND ADMINISTRATIVE COSTS**

Staff requests Council's consideration and approval of a transfer of funds from the Marin Valley Mobile Country Club (MVMCC) fund to the General Fund for reimbursement of four years of MVMCC administrative costs incurred by the City General Fund (Fiscal year 2012/13 through 2015/16).

8:15 P.M. (Time is approximate.)

F. **REGULAR REPORTS**

7. Park Management Verbal Update

8. PAC Update

G. **COUNCIL/STAFF COMMENTS**

9. City Staff Verbal Updates

8:30 P.M. (Time is approximate.)

H. **ADJOURNMENT**

AFFIDAVIT OF POSTING

I, Claudia Laughter, certify that on February 9, 2017, I caused to be posted the agenda of the open and closed sessions of the February 14, 2017 meeting of the City Council of the City of Novato, California, on the City Community Service Board in the Police Department and on the City's website at www.novato.org. In addition, a copy of the agenda and packet was delivered to the MVMCC Clubhouse for resident review and emailed to the PAC Webmaster for posting on the MVMCC web site.

/Claudia Laughter/
Claudia Laughter, City Clerk

MINUTES OF JOINT CITY COUNCIL/
CITY COUNCIL AS SUCCESSOR AGENCY TO DISSOLVED
REDEVELOPMENT AGENCY/MVMCC MEETING

MARIN VALLEY MOBILE COUNTRY CLUB
100 MARIN VALLEY DRIVE
MONDAY, JUNE 13, 2016 - 6:30 PM

A. CALL TO ORDER

ROLL CALL

Present: Mayor Eklund
Mayor Pro Tem Athas
Councilmember Drew
Councilmember Fryday
Councilmember Lucan

Absent: None

Also Present: Assistant City Manager Cathy Capriola, Finance Manager Brian Cochran, Assistant City Attorney Veronica Nebb, City Clerk Sheri Hartz, On-site Manager Matt Greenberg and Al Frei.

B. APPROVAL OF FINAL AGENDA

Councilmember Lucan moved, Seconded by Mayor Eklund, to approve the Final Agenda. The motion carried unanimously.

C. PUBLIC COMMENTS

1. Bill Davis, a member of the MVEST steering committee, spoke about how Council manages the safety of the community, stated that management of the Park was going well and that affordability was key.
2. Eileen Cedron spoke about her experiences as a long time park resident, stating that management was top-heavy and the PAC should be abolished and Al Frei removed.
3. Francina LeClercq stated the hazardous area near the creek should be made fire and insect safe, recommending the use of goats.
4. Len Carmen requested that a fair City Manager and City Attorney be appointed, stating that half a million dollars had been taken out of Park funds and that a third year of rent increases were being considered.
5. Jan Thomas spoke about the Marin Sports Academy (MSA) project and its potential effect on the Park.
6. Warren Edgar also spoke in opposition to MSA, stating that potential traffic back up would affect Nave Drive and that emergency vehicles wouldn't be able to access the elderly population at the Park.

7. Kathryn McMudie spoke in favor of the Novato Lions being able to run bingo at the Park, stating that it was important to have activities at the park for those who are disabled. She read aloud a letter from Owen Haxton asking that the facilities be utilized for activities.
8. Connie Marelich also spoke about the use of the Park's hall for Lions Club bingo, gave the history of how it had worked in the past. And asked that it be grandfathered in.
9. Peggy Hill spoke about parking, stating that abandoned cars were being stored on Park premises.
10. Serena D'arcy Fisher thanked the City for supporting MVEST and spoke about other neighborhood efforts hosted by CERT.
11. David Crasmar spoke in favor of continuing Lion's Club bingo at the Park.
12. Martha Cray thanked the Councilmember Drew and Mayor Eklund for their recent votes on the SMART train station, the Redwood and Grant bus station, and MSA.

At this time, Ms. Capriola responded to questions raised during Public Comment, stating that Novato Fire did in fact work with Park management each year on fire hazard reduction and Mr. Greenberg reported that the Mosquito Abatement District inspected the property on a regular basis. Regarding use of Park funds, she stated that when 90 acres were purchased to be preserved as open space, the City used \$250K of City funds and \$250K of Park reserves. She added that rents were used toward the expenses to run the Park and/or were put into reserves, that funds were kept separate, and that Park funds had never been used to pay for other City services. Regarding MSA, she clarified that there was an initial proposal, and that a flyer about new plan had been distributed, but that no new plan had been formally submitted to City.

Assistant City Veronica Nebb, in response to the questions about bingo, explained that Council had considered an amendment to the Rules and Regulations regarding use of clubhouse building by outside groups. She stated that a subcommittee had looked at it and a public meeting was held to prioritize the uses of the building as follows: use by residents (primary), rentals by resident-sponsored group (secondary), and outside groups (third). She added that the intent was to limit to a few times per year how many times outside groups could use the facility to the exclusion of residents and stated that the regular bingo game was happening on a regular business. Regarding parking issues, she stated that the Rules needed revision to address some of the existing problems. She added that the current rules were enforced to the extent possible but if that needed to be more aggressive, that could occur.

Mr. Greenberg also addressed the parking issue, a situation that had been going on for years, and that he was working on.

Mayor Pro Tem Athas asked what the process would be to change bingo rule again, and Ms. Nebb responded that it would be a long process because of state laws about noticing but that it could be done if Council wished.

D. CONSENT CALENDAR

1. APPROVE MINUTES FROM OCTOBER 20, 2015
2. MVMCC FINANCIAL UPDATE – SEPTEMBER 2015 THROUGH APRIL 2016

Mayor Pro Tem Athas moved, Seconded by Councilmember Lucan, to approve the Consent Calendar. The motion carried unanimously.

E. GENERAL BUSINESS

3. PG&E PIPELINE PATHWAY UPDATE AND AUTHORIZATION TO BEGIN WORK

Consider receiving an update from PG&E, staff, and park management on the final proposed design for the pipeline pathway project and authorizing PG&E to begin work on the project.

Mr. Cochran introduced the item about the status of PG&E's pathway project intended to improve gas line safety along a stretch of pathway that traversed the Park, to improve maintenance access to gas transmission lines and improve the look and long-term maintainability of the pathway. He stated that City staff and park management had worked directly with PG&E staff to agree on an acceptable design that would meet all parties' needs and that PG&E had hosted a meeting at the Park with affected property owners to receive their feedback.

Greg Gillis, PG&E Senior Specialist, reported on the trail area, stating that PG&E had an easement where vegetation needed to be replaced, stating that a restoration team could work with staff and residents to determine the most compatible replacement vegetation as well as a new fence design.

COUNCILMEMBER QUESTIONS

Councilmember Drew asked whether removal had been completed, to which Mr. Gillis responded that nothing had yet been done but that the work would take about month from start to finish.

Mayor Eklund asked whether PG&E had met with all residents along the easement, to which Mr. Gillis responded that they had done so on February 27th. Ms. Nebb added information about particular issues regarding vegetation removal, stating that some residents had asked for vegetation removal for reasons outside the scope of PG&E's interests, such as view protection, but that, other than that, all concerns had been addressed. She added that they had not followed up with every single person, but were committed to do so before work went forward.

Mayor Eklund expressed concern that the Council was being asked to approve a plan it had not yet seen, to which Ms. Nebb responded that the plan could be brought back to Council.

PUBLIC COMMENT:

13. John Hanson commented about one of the species planned to be added, and suggested less aggressive species.
14. Peggy Hill said that she hoped that work would have already been done due to fire hazards and said she was looking forward to the area being cleaned up, and trusted PG&E.
15. Diane Brandon asked whether the list of vegetation had been vetted for pyrophyllic plants.
16. Michael Hagerty stated he was very happy with what PG&E had done with this project, and that they had fulfilled and exceeded all promises.

Mr. Gillis addressed questions raised during Public Comment, stating that PG&E was suggesting native, drought resistant plants, and that the restoration crew will work with residents and would not put in anything that posed more of a fire hazard.

*Councilmember Lucan moved, Seconded by Mayor Pro Tem Athas, to authorize commencement of the projects and assuring that each affected resident be contacted personally for their preferences. **The motion carried on a 3-2-0-0 vote, with Mayor Eklund and Councilmember Drew voting No.***

Following the vote, Councilmember Drew asked Mr. Gillis to read a description of the project to which he responded that no trees would be removed, only volunteer brush not intended to be planted and that they would be clearing brush and beautifying the area

Mayor Eklund requested that the item be brought back when more information was available. Ms. Nebb described an approach to allow each resident to choose and personalize the plantings visible from their own homes.

4. RENT DIFFERENTIALS AND RENTAL ASSISTANCE – STAFF UPDATE

Consider receiving a brief staff update on progress relating to rent differential and rental assistance work by staff.

Mr. Cochran gave the staff presentation, stating that, over the history of the City's MVMCC ownership, the City Council had maintained an interest in keeping the Park affordable to seniors for the long term. He said that the Council had previously provided direction to staff to look into issues of rent differentials among spaces in the park and to also look at issues relating to rental assistance, and reported that staff and legal counsel were researching the current and historical rents in the Park. He stated that, once the research was completed, staff would present a workshop to Park residents on these issues, including clarifying the relationship between rents, rent increases and the City's financing, mobile home rent control and state law, as well as staff's conclusions based upon the research. He reported that staff would return to the City Council at its next MVMCC meeting to present its findings and any recommendations for Council consideration and possible action.

COUNCIL QUESTIONS

Council Member Fryday asked how long a rental assistance program had been under consideration, to which Mr. Cochran replied that it had been several months and required a lot of time to fully research.

Mayor Eklund asked about affected properties which appear to be higher or lower than comparable lots with no discernible reason why, stating that rents should not be lowered generally, but only the ones that are higher than average. Mr. Cochran stated that analysis would be done to find which were out of sync Regarding rental assistance, Mayor Eklund asked whether the City's humanitarian fund could be used to subsidize rents, to which Ms. Capriola responded that the humanitarian fund was meant for short-term assistance as opposed to ongoing. Discussion ensued into potential sources of funds for rent subsidies and whether it could be a citywide program, with Ms. Capriola concluding that more investigation would need to be done.

PUBLIC COMMENT

17. Michael Hagerty spoke in support of investigating the rent disparity and the idea of rental assistance.
18. Ellen Schulz wondered how people are aware of other people's income.
19. Frank Simpson stated that he sat on the Rent Differential Committee, which had been meeting since 1998, supported this matter being addressed. He encouraged the Council to listen to the Committee's ideas.
20. Joseph Davila spoke about the inspection Ms. Nebb had referred to, disputing how the values were determined, and requesting that careful review be done.
21. Maggie Siegfried discussed between differential hers and her neighbor's lots, and asked that it be fairly assessed.

Mayor Eklund responded to questions, and asked whether staff had met with any of the committees. Mr. Cochran responded that they had reviewed the report and there were differing opinions around the criteria for determining what is grossly different vs reasonably different, which would be addressed in the workshop. Regarding level of income, Ms. Capriola stated that it was provided upon move in, but not updated. She said that the City received a quarterly report from Frei, with historical information for existing residents and new for new residents and added that those applying for rental assistance would be required to prove their income and assets for a third party evaluation. Regarding the Rent Differential Committee, she said that staff would be glad to meet with them.

Councilmember Drew asked if it were possible for the data on hand for each lot to be reviewed by residents, to which Ms. Capriola responded that the information was preliminary at this point but could be shared once confirmed. Ms. Nebb added that lot size was available, but that neither the size of the homes nor the improvements had been measured as they are the residents' own property and the City only rents the lot space.

Councilmember Fryday expressed support of looking into a rental assistance program and Councilmember Lucan stated that he was glad a workshop was being planned on this complicated issue.

Mayor Eklund stated that this issue only affected 10-12 residents that were outliers regarding rents, which Ms. Nebb confirmed, stating that upon early analysis, it looked as if a dozen or so residents would be affected.

Mayor Pro Tem Athas stated that she was most interested in looking at a rental assistance program. Mayor Eklund stated that she was glad this matter was moving forward, and supported a rental assistance program, but as a citywide program for all seniors.

5. AUTHORIZE PURCHASE OF REPLACEMENT HOME AT 171 MARIN VALLEY DR.

Consider receiving information about purchasing a replacement home on the lot at 171 Marin Valley Dr. and approving authority for the purchase not to exceed \$163,000.

Mr. Cochran gave staff presentation and responded to questions. He reported that the resident living at 171 Marin Valley Drive had passed away in August 2015, and stated that the County Public Administrator had found that there was no next-of-kin and that the home was in unrepairable condition. He said that the County had agreed to pay for the removal of the home, cleanup of the site, and payment of past due rents. He explained that the City could place a new home on the lot and sell it for fair market value, which would generate significant excess revenue that could be placed into MVMCC's reserves. He outlined the complete budget for the home purchase, including the home, delivery, setup, landscaping and contingency as an amount not-to-exceed \$163,000 and said that staff believed that this new unit would command a list price of \$349,000. If the unit were to sell for that price, after real estate commissions and closing costs, the City would net approximately \$160,000, which would be deposited into MVMCC's reserve funds.

Ms. Capriola added that the PAC was supportive of this plan and outlined options for funding.

COUNCIL QUESTIONS

Mayor Pro Tem Athas asked whether there was an option with a lower pitched roof, to which Mr. Cochran responded that the pitch on the proposed manufactured home was standard at 15'7". Mr. Greenberg stated that story poles could be erected and letters sent to affected neighbors.

To a question from Mayor Eklund about where the proceeds would go, Mr. Cochran responded that they would go back to the Park.

PUBLIC COMMENT

22. Ellen Schulz stated that resident Mike Read had been required to dig out so his home wasn't so high and asked why this was not required in this case.
23. Warren Edgar asked whether \$163K was the authorized purchase price, stating that it would sell for more than that.

*Councilmember Lucan moved, Seconded by Councilmember Drew, to authorize purchase of a replacement home in an amount not to exceed \$163,000.00. **The motion carried unanimously.***

6. FY 16/17 BUDGET – OPERATING AND CAPITAL FOR MVMCC

Consider reviewing, accepting input, and approving the FY 16/17 Operating and Capital Budget for the Marin Valley Mobile Country Club.

Mr. Cochran presented the staff report and responded to Council questions. He highlighted a proposed increase in City administrative charges, stating that Park-related costs should be paid by the Park, and that staff costs would get charged back. He added that staff work on Park matters had increased because of many special projects at the Park and that they combined to increase the overall administration costs of the Park. He also addressed the rent increase, explaining that the recommended increase of 1.5%, amounts to a \$7 to \$13 increase per month, and that the average rent at MVMCC was in the \$600 range, whereas at Los Robles it was \$800. He concluded by stating that the long term infrastructure of the Park made a rent increase advisable.

COUNCIL QUESTIONS

Mayor Eklund asked whether this budget started putting money into long term infrastructure reserves, to which Mr. Cochran replied that it did, with \$3.2M set aside, plus other reserves to make it \$4.2M overall. As a follow-up, Mayor Eklund asked whether the reserves would be enough to pay for improvements over the next six to eight years, and Mr. Cochran responded that staff could only estimate what the eventual costs would be, and regarding what a 1.5% rent increase would generate, responded \$36K per year.

PUBLIC COMMENT

24. John Shelfer, PAC Board member, stated that PAC agreed with most of the budget except for the rent increase. He said that the Park was not a for-profit enterprise, was meant to provide a home for low and moderate income families and that many of the residents lived on budgeted funding such as social security or savings.
25. Anila Manning stated that, while Los Robles pays higher rent, MVMCC was its own entity, and that there was not enough information to support the need for an increase.
26. John Hanson spoke in opposition to the rent increase, asking how was it justified.
27. Steve Plocher spoke against the rent increase, stating that no budget item caused the operating costs to rise.
28. David King spoke against rent increase, stating that risk assessment should be done or alternate financing plans evaluated.
29. Ellen Schulz spoke against the rent increase, citing other increases residents face.
30. Len Carmen spoke against the rent increase, stating that current members are being charged for infrastructure improvements they won't get to enjoy.
31. Larry Cohen spoke against rent increase.

Ms. Capriola responded, stating that staff appreciated that this was an important issue, but said there was a balancing act. She said that there had been five years with no increase, but modest increases would be needed to keep up with basic inflation.

COUNCILMEMBER QUESTIONS

Mayor Pro Tem Athas asked whether, if there was no increase, would money still go into reserves, to which Mr. Cochran responded that \$350K was planned for reserves and that no rent increase would reduce that amount by \$36K. He added that, for one year, it doesn't make big impact, but the affect would grow over time.

Councilmember Fryday asked if the last two rent increases were tied to increases in operational expenses, to which Mr. Cochran replied that it was both operating costs and the need to save for infrastructure improvements.

*Councilmember Fryday moved, Seconded by Mayor Pro Tem Athas, to approve the budget with no rent increase for this year. **The motion carried unanimously.***

Following the vote, Councilmember Lucan commented that, if rents were increased now, they might not need to be in a time of recession, and that, long term, we did need protection from things that would occur down the road.

F. REGULAR REPORTS

7. PARK MANAGEMENT VERBAL UPDATE: MATT GREENBERG

Mr. Greenberg gave a brief update on safety pruning, and removal of dry grass, stating that he was working with Novato Fire to complete the work by July 1. He stated that repairs had been made to the pool and that a landscape master plan for the clubhouse was being developed. He concluded by stating that 250 homes had received the Council-approved gas valve replacements, including meter stands for stability, that fireside room repairs have been completed, and that all storm drains had been camera-monitored and repaired prior to winter.

8. UPDATE FROM PAC: JAY SHELFER, PAC PRESIDENT

Mr. Shelfer gave an update on the PAC's activities, commending staff and Al Frei for having improved the culture and keeping things on track. He expressed appreciation for being able to provide input into projects before they were implemented.

G. COUNCIL/STAFF COMMENTS

None

H. ADJOURNMENT

At 10:18 p.m., the meeting was adjourned.

I HEREBY CERTIFY that the foregoing minutes were duly and regularly adopted at a regular meeting of the Novato City Council.

Sheri Hartz, City Clerk

STAFF REPORT

D-2



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NOVATO
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MEETING

DATE: February 14, 2017

TO: City Council

FROM: Brian Cochran, Finance Manager

SUBJECT: **MARIN VALLEY MOBILE COUNTRY CLUB FINANCIAL UPDATE –
MAY 2016 THROUGH DECEMBER 2016**

REQUEST

Consider receiving the financial report for the Marin Valley Mobile Country Club for the periods of May 2016 through December 2016.

DISCUSSION

Attached are copies of the latest financial reports for Marin Valley Mobile Country Club (MVMCC), encompassing the periods of May 2016 through December 2016. Below is an update for the current reserve balances as of December 2016.

Reserve Balances at April 30, 2016:	\$4,309,428
<u>Reserve Balances at December 31, 2016:</u>	<u>\$4,422,081</u>
Increase / (Decrease) in Reserves:	\$112,653

The park is required to maintain a 2.00 debt service coverage ratio per the loan agreement with Bank of Marin. The latest report from December 2016 shows a preliminary debt service coverage ratio of 2.73, but that figure typically goes down somewhat after the fiscal year closes in June and year-end entries and adjustments are made.

Bank of Marin Loan Outstanding: \$6,135,802

In the past, some members of the public and the Council expressed interest in knowing the investment returns of the park balances that are being invested. Other than the balances being held at Bank of Marin in the “MVMCC Operating Account” and the “MVMCC Accounts Payable” account, all other reserve funds are credited interest at the City’s general investment portfolio rate. Over the past year ending September 30, 2016, the total return on the portfolio was 1.22%. While investment returns will vary each quarter based on a variety of market factors, overall investment earnings and yields are trending upward.

RECOMMENDATION

Receive the report.

ATTACHMENTS

1. Monthly Financial Summary Reports for MVMCC – May 2016 through December 2016

Management Report for Period Ending May 31, 2016

Date: June 15, 2016
 To: City of Novato
 Park Acquisition Corporation
 From: Al Frei
 Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	258,871.43
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,879,947.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,390,519.33</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	252,489.74	2,862,870.88
Operating Costs	72,648.12	1,089,177.20
Project Costs	43,166.08	664,655.52
Other Costs	15,111.02	216,049.89
Net	<u><u>\$121,564.52</u></u>	<u><u>\$892,988.27</u></u>

Bank of Marin Loan Payments

Principal	39,175.93	423,377.44
Interest (included above)	15,088.43	173,530.52
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>596,907.96</u></u>

Debt Service Coverage Ratio - Year to Date 2.97

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Revised Management Report for Period Ending June 30, 2016

Date: July 21, 2016
To: City of Novato
Park Acquisition Corporation
From: Al Frei
Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	290,175.82
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,894,690.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,436,566.72</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	265,826.61	3,128,697.49
Operating Costs	86,178.36	1,175,355.56
Project Costs	78,001.16	742,656.68
Other Costs	16,020.79	232,070.68
Net	<u><u>\$85,626.30</u></u>	<u><u>\$978,614.57</u></u>

Bank of Marin Loan Payments

Principal	38,767.82	462,145.26
Interest (included above)	15,496.54	189,027.06
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>651,172.32</u></u>

Debt Service Coverage Ratio - Year to Date 3.00

Management Notes / Updates

The 3rd and 4th quarter investment income interest deposits have been posted.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending July 31, 2016

Date: August 15, 2016
 To: City of Novato
 Park Acquisition Corporation
 From: Al Frei
 Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	319,889.90
MVMCC Accounts Payable	(0.02)
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,894,690.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u>\$4,466,280.78</u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	255,678.75	255,678.75
Operating Costs	104,776.07	104,776.07
Project Costs	66,994.15	66,994.15
Other Costs	14,906.30	14,906.30
Net	<u>\$69,002.23</u>	<u>\$69,002.23</u>

Bank of Marin Loan Payments

Principal	39,358.06	39,358.06
Interest (included above)	14,906.30	14,906.30
Total Debt Service	<u>54,264.36</u>	<u>54,264.36</u>

Debt Service Coverage Ratio - Year to Date 2.78

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending August 31, 2016

Date: September 15, 2016
To: City of Novato
Park Acquisition Corporation
From: Al Frei
Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	247,142.75
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,878,069.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,376,912.65</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	241,262.85	496,941.60
Operating Costs	110,957.39	215,733.46
Project Costs	50,191.62	117,185.77
Other Costs	16,862.49	31,768.79
Net	<u><u>\$63,251.35</u></u>	<u><u>\$132,253.58</u></u>

Bank of Marin Loan Payments

Principal	38,956.47	78,314.53
Interest (included above)	15,307.89	30,214.19
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>108,528.72</u></u>

Debt Service Coverage Ratio - Year to Date 2.59

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending September 30, 2016

Date: October 14, 2016
 To: City of Novato
 Park Acquisition Corporation
 From: Al Frei
 Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	223,958.24
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,878,069.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,353,728.14</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	254,222.08	751,163.68
Operating Costs	96,514.29	312,247.75
Project Costs	120,745.04	237,930.81
Other Costs	16,027.79	47,796.58
Net	<u><u>\$20,934.96</u></u>	<u><u>\$153,188.54</u></u>

Bank of Marin Loan Payments

Principal	39,050.69	117,365.22
Interest (included above)	15,213.67	45,427.86
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>162,793.08</u></u>

Debt Service Coverage Ratio - Year to Date 2.70

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending October 31, 2016

Date: November 15, 2016
To: City of Novato
Park Acquisition Corporation
From: Al Frei
Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	271,657.88
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,878,069.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,401,427.78</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	255,610.55	1,006,774.23
Operating Costs	94,796.42	407,044.17
Project Costs	55,432.97	293,363.78
Other Costs	15,260.41	63,056.99
Net	<u><u>\$90,120.75</u></u>	<u><u>\$243,309.29</u></u>

Bank of Marin Loan Payments

Principal	39,632.31	156,997.53
Interest (included above)	14,632.05	60,059.91
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>217,057.44</u></u>

Debt Service Coverage Ratio - Year to Date 2.76

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending November 30, 2016

Date: December 15, 2016
To: City of Novato
Park Acquisition Corporation
From: Al Frei
Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	277,949.90
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,888,583.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,418,233.80</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	260,264.96	1,267,039.19
Operating Costs	90,899.13	497,943.30
Project Costs	106,911.87	400,275.65
Other Costs	14,280.94	77,337.93
Net	<u><u>\$48,173.02</u></u>	<u><u>\$291,482.31</u></u>

Bank of Marin Loan Payments

Principal	39,240.54	196,238.07
Interest (included above)	15,023.82	75,083.73
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>271,321.80</u></u>

Debt Service Coverage Ratio - Year to Date 2.83

Management Notes / Updates

None.

FREI REAL ESTATE SERVICES

8340 AUBURN BLVD. • SUITE 100 • CITRUS HEIGHTS, CA 95610 • (916) 722-8110 • FAX (916) 722-8111

Management Report for Period Ending December 31, 2016

Date: January 13, 2017
To: City of Novato
Park Acquisition Corporation
From: Al Frei
Re: Marin Valley Mobile Country Club

Financial Information

Petty Cash	1,700.00
MVMCC Operating Account	281,797.07
MVMCC Accounts Payable	-
Umpqua Bank - Capital Reserves	1,000,000.00
Umpqua Bank - Long Term Reserves	2,888,583.90
Umpqua Bank - Operating Reserves	250,000.00
Umpqua Bank - City Funds	-
Total	<u><u>\$4,422,080.97</u></u>

Current Year Activity

	<u>Current Period</u>	<u>Year to Date</u>
Income	258,843.00	1,525,882.19
Operating Costs	139,757.83	637,701.13
Project Costs	51,167.27	451,442.92
Other Costs	20,534.00	97,871.93
Net	<u><u>\$47,383.90</u></u>	<u><u>\$338,866.21</u></u>

Bank of Marin Loan Payments

Principal	39,816.62	236,054.69
Interest (included above)	14,447.74	89,531.47
Total Debt Service	<u><u>54,264.36</u></u>	<u><u>325,586.16</u></u>

Debt Service Coverage Ratio - Year to Date 2.73

Management Notes / Updates

None.



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STAFF REPORT

MEETING

DATE: February 14, 2017

TO: City Council

FROM: Brian Cochran, Finance Manager

SUBJECT: **CONSIDERATION OF A PROPOSED MARIN VALLEY MOBILE COUNTRY CLUB LOT RENT ASSISTANCE PROGRAM**

REQUEST

Staff requests Council's consideration and approval of the Marin Valley Mobile Country Club proposed Lot Rent Assistance Program that would allow up to 15 low-income residents residing in the park to defer up to \$150 of their monthly space rent.

DISCUSSION

In an effort to address the potential needs of low-income residents, the City is proposing a need-based rent deferral program aimed at easing the burden of rent increases. The proposal is an expanded partnership with Hello Housing, the contractor that currently administers and monitors the City of Novato's Below-Market-Rate (BMR) Program which assists Novato residents with qualifying for home loans, refinancing and capital improvements in BMR homes.

The City of Novato is committed to minimizing displacement of its lowest income residents. Some Marin Valley residents live on fixed incomes and cannot afford rent increases nor can they afford the capital required to move their families to other mobile home parks with lower rents. This program would essentially allow residents to defer up to \$150 of their monthly space rent until sale or transfer of their unit occurs. The program would initially be targeted for no more than 15 residents who submit a completed application and meet specific criteria.

To qualify for deferral, the City is proposing that residents meet the following criteria:

- Residents must have resided at MVMCC for at least three years before applying for assistance; and
- Residents must own the mobile home in which they are living; and
- Residents must live full-time (at least 10 months per year) in the park while receiving financial assistance; and
- Residents who are paying for their units via a loan must be and remain current on their loan payments; and
- Residents must have a monthly household income that qualifies them as "Extremely Low Income" as defined by the U.S. Department of Housing and Urban Development (HUD) for Marin County (2016 limits are \$25,850 for a 1-person household and \$29,550 for a 2-person household); and

- Residents must not have assets worth more than \$30,000, including but not limited to stocks, bonds, real property, savings, investments, and retirement accounts and not including the value of their motor vehicle(s), the value of their unit, or the value of the contents of their home (including furniture, jewelry, clothing, etc.); and
- Residents must complete an application with supporting documentation by mail to Hello Housing (anticipated to be May 1, 2017). Note that neither City staff nor park management will have access to residents' personal financial information.

Funds for the program are limited and will be allocated to qualifying residents based on the order of true and complete applications received after the program is approved and becomes effective. Attachment 1 details how assistance would be calculated for residents in three different income scenarios.

Once a resident is approved as eligible for a specific deferral amount, the City of Novato and the resident will execute irrevocable escrow instructions that will prompt a title company to request a pay-off demand for all deferred rent due at sale or transfer. In this way, deferred rents will be recouped to the MVMCC fund over time. If, due to extraordinary circumstances, rent amounts due are not fully recovered through the escrow process, staff would recommend back-filling the MVMCC fund with affordable senior housing funds or other City funds, to-be-determined when such a situation arises.

Residents are able to participate in the program as long as funding is allocated for the program and there are no changes in their household income or assets that would impact eligibility: changes in incomes, increases in assets, increases in the number of people living in the unit, or anything else that would materially affect the household's monthly income. An annual recertification would also be a requirement for residents who continue on the program past the first year. HUD income limits are updated on an annual basis, in March, and will be utilized to calculate year-to-year/continued eligibility of qualifying residents.

If the City Council approves the program at tonight's meeting, staff anticipates being able to open the program for applications on approximately May 1, 2017. In the meantime, staff and Hello Housing will draft and finalize the program application, program rules, rent deferral agreement, and the irrevocable escrow instructions.

FISCAL IMPACT

This action will amend the FY 2016/17 budget by \$20,000. This comprises a \$7,500 start-up cost for the program and related documents plus \$12,500 for the actual administration of the first year of the program. Subsequent years are expected to cost approximately \$13,000 annually. The maximum reduction in expected park revenue would be \$22,500 based on the program parameters outlined above. However, this revenue reduction is temporary in nature, as deferred rents are expected to be recovered on the sale of homes in the program.

RECOMMENDATION

Approval of the Marin Valley Mobile Country Club Lot Rent Assistance Program.

ALTERNATIVES

1. Approval of the Marin Valley Mobile Country Club Lot Rent Assistance Program for FY 16/17 and a budget amendment of \$20,000 to pay for year 1 program costs and start-up expenses.
2. Ask staff to return with alternative recommendations for a rent assistance program.
3. Elect not to enact a rent assistance program at this time.

ATTACHMENTS

1. PowerPoint presentation with additional program description and example calculations

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1.

MVMCC RENT ASSISTANCE PROGRAM

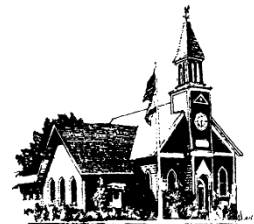
City Council Meeting – February 14, 2017



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BACKGROUND

- Staff believes, and has heard from residents, PAC, management, etc, that there are certain residents within MVMCC who are very financially precarious
- This fact is typically mentioned when the City Council is considering general park rent increases
- The City has been working with Hello Housing, our non-profit affordable housing partner to create a program
- Goals:
 - Targeted rent program that can assist residents in need
 - Possibility to recover City funds after a program-recipient's home sells
 - Clear and fair qualification criteria – including both assets and income requirements
 - Manage the impact on debt service coverage ratio
- Intent is to create a “life preserver” to allow the lowest income residents to stay in the park if their rent amount is jeopardizing that ability



PROPOSED PROGRAM OVERVIEW

Initial program

- For residents who qualify, the City may defer up to \$150 of a resident's monthly rent
- Application process with income and asset criteria (next slide)
- No limit to the length of time a resident could remain on the program
 - Unless income / assets made them ineligible in future years
- Initial cap of residents up to a budgeted amount (limit of \$22,500 total annually), with a wait list
- Resident would be required to sign "irrevocable escrow instructions" that would allow for the City to recover deferred rent funds upon sale of the home
- Annual re-certification to remain qualified for the program
- Funds that could not be recovered through escrow (due to low value, other senior debt, etc.) would be absorbed by the City
- Program may be reviewed, with possible adjustments, after initial roll-out



ELIGIBILITY CRITERIA

- Resident for at least 3 years at the time of application
- Own the home you live in (i.e. are not renting from somebody else)
- Your primary and only residence
- Live in the park at least 10 months of the year
- Current on any loans owed on the home
- Qualifies as “Extremely Low Income” for household size for Marin as published by US Housing and Urban Development Department
 - 2-person household in 2016 = \$29,550
 - 1-person household in 2016 = \$25,850
- Total assets cannot be more than \$30,000, not including the value of motor vehicles, the mobile home, and contents of the home (furniture, clothing, etc.)
 - Includes all bank accounts, retirement accounts, investment accounts, stocks, etc.
- Submit a completed application including all supporting documentation requested



CALCULATION OF BENEFIT

Example #1

- Program will provide a rent deferral of up to \$150
- Actual deferral amount is calculated as the amount of deferral needed to bring the resident's monthly housing cost down to 30% of their gross income
- Example

HUD 2-person household income limit	\$29,550/year (\$2,463/month)
Actual income of household	\$27,000/year (\$2,250/month)
Calculation of 30% housing cost max	\$675/month
Actual housing costs (rent, home loan, utilities, insurance)	\$800/month
Housing costs in excess of max	\$(125)/month
Amount of deferral	\$125/month



CALCULATION OF BENEFIT

Example #2

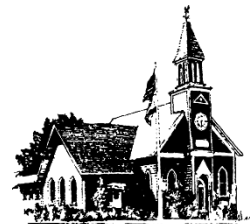
- Program will provide a rent deferral of up to \$150
- Actual deferral amount is calculated as the amount of deferral needed to bring the resident's monthly housing cost down to 30% of their gross income
- Example

HUD 2-person household income limit	\$29,550/year (\$2,463/month)
Actual income of household	\$27,000/year (\$2,250/month)
Calculation of 30% housing cost max	\$675/month
Actual housing costs (rent, home loan, utilities, insurance)	\$1,000/month
Housing costs in excess of max	\$(325)/month
Amount of deferral	\$150/month



ADMINISTRATION COSTS

- One-time startup fee = \$7,500
- Annual program cost = \$13,000
 - Dependent on number of program participants and re-certifications needed
 - Small fees for execution of closing docs / escrow instructions on sale
- Maximum revenue deferred per year = \$22,500
 - Recovered on sale of home



TIMELINE

January 26, 2017 – Resident Workshop

February 14, 2017 – Council meeting at MVMCC

May 1, 2017 (estimated) – Implementation of rent assistance program

June 2017 – Budget meeting and rent decision for January 1, 2018



RENT ASSISTANCE PROGRAM – QUESTIONS?



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STAFF REPORT

MEETING
DATE: February 14, 2017
TO: City Council
FROM: Brian Cochran, Finance Manager
SUBJECT: **RENT DIFFERENTIAL ANALYSIS**

REQUEST

Receive a report on rent differential analysis within MVMCC.

DISCUSSION

The topic of “rent differentials” throughout MVMCC has occurred off-and-on throughout City ownership of the park. The term “rent differentials” refers to the fact that seemingly similarly-situated lots, sometimes next door to one another or on the same street, within the park can have very different rental amounts. With the advent of rent control in 1997 (which, as an aside, roughly coincided with City ownership of the park) the rent structure that was in place in 1997 (20 years ago) is still in effect today. This is due to the requirement that the rent controlled percentage escalator on annual rent increases must be applied equally throughout the park.

Residents have questioned this issue over the years and explored a variety of historical information and financial data to attempt to ascertain why the structure was in place and what could be done about differences in rents within the park, if anything. A number of committees were formed, most recently in 2015. After this recent committee concluded its research, drafted a “white paper” on the topic, and created a color-coded map of the park to show the rent differentials in the park, staff received the committee’s information and began its own research into the topic.

Over the past year, staff has conducted a variety of analytical work based on the rent roll data for the entire park, including utilizing information about the lot sizes of each lot and the view of each lot (bay view, street view, etc). Staff performed two major analyses, the first looking at average rent prices for each street in the park and examining each lot’s deviation from the average (including any explanatory factors for the deviation); the second analysis attempted to reconstruct the rent roll utilizing a “base” rent for each street and “premium” add-ons for size and view categories. Staff also examined anecdotal historical information, pulling old leases that were available from the 1970s and forward, in an attempt to verify certain patterns, assumptions, and conclusions about the rent data.

Staff’s conclusion from its analysis is that there appear to be 30-35 lots in the park (approximately 10% of the 315 lots) that appear to have rents that are significantly higher than similarly situated lots (similar street, size, and view) with no apparent explanation for the difference. The follow-up

question from this conclusion is whether or not the City should take any action to modify or correct these rent differentials, and there are a variety of pros and cons associated with taking any action to reduce rents for these lots.

Factors in Favor

- Similarly situated spaces will have more similar rents – appearance of fairness
- To the extent that affected residents are struggling to make rent payments, an adjustment will help their financial situation

Factors Against

- Multiple fairness issues
 - Offering certain lots reductions but not others
 - Where to “draw the line” regarding who receives an adjustment
 - How to value premium view lots
 - Creating winners and losers
- Park financial issues
 - Park is already well-below market
 - Reductions will cause revenue loss to park; debt service coverage impacts
- “Benefit of the bargain” concerns
 - All residents made an individualized purchase decision at the time they entered the park – aware of rent amount, purchase price of home, attributes of lot, etc. when they bought
 - Market conditions at the time of purchase and a wide variety of factors (including the rent amount) contribute to those individual purchase decisions

Due to the many factors weighing against making adjustments for a subset of the lots in the park, staff does not recommend that the City Council take any action on this issue. Furthermore, staff feels that the rent assistance program (also on tonight’s agenda) probably is a better vehicle for supporting the most financially in-need residents within the park.

The attached PowerPoint presentation contains a more detailed discussion of the rent analysis and pros and cons.

FISCAL IMPACT

There is no fiscal impact associated with this report.

RECOMMENDATION

Receive the report.

ALTERNATIVES

1. Direct staff to return with more detailed proposals for making rent differential adjustments.

ATTACHMENTS

1. PowerPoint presentation

RENT DIFFERENTIALS AT MVMCC

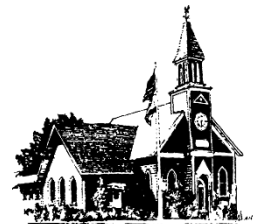
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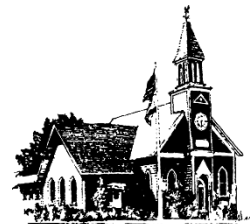
HOW DOES RENT CONTROL APPLY TO MVMCC

- Chapter 20 of Novato Municipal Code
- Established in 1997 – around the same time City acquired MVMCC
- Imposes a limit on general space rent increases of 100% of the increase in the Consumer Price Index (CPI) for the previous 12 month period
- 100% of MVMCC spaces are operated under rent control
- City Council, with input from PAC and Frei, annually determines rent increase, up to CPI limit
- Rent increase (as a %) is equally applied to every space in the park
- Rent increase cannot be applied as a dollar amount
- Vacancy control – space rents cannot increase between unit sales



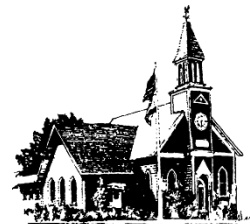
WHAT IS MEANT BY “DIFFERENTIAL”?

- Variety of rents in the park ~ \$450 - \$950
- Variation occurs by street, lot size and lot view
- Some residents, over the years, have noticed some lots with significant differences in rents for a similar size and view lot
- Example: 2 lots with similar size, similar view, on the same street; 1 pays \$600 per month and 1 pays \$750 per month
- Perception of lack of fairness – should similarly situated and sized lots be paying the same rent?
- Related concern: As rents are increased by a % each year, discrepancies between rents escalate over time



RENT HISTORY – WHAT DO WE KNOW?

- Park was built in multiple phases over multiple years
- As phases were constructed, it appears that initial rents were assigned based on market conditions and lot characteristics
- As park was built, lots appear to have been assigned a “base rent” by street / block / phase, etc.
- Higher rental prices were charged for large lots, good views, etc.
- Prior to rent control (coincides with City ownership in 1997), parks were not subject to rent control or vacancy control
 - Rents could have been increased at any time with only statutory notice
 - When a mobile home was sold, it appears rents were raised above base to increase to current market conditions at the time
- Since City acquired the park, along with rent control, rents have effectively been “locked” into the structure that was in place prior to 1997



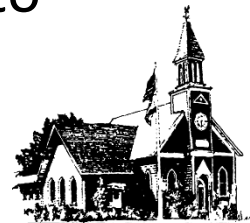
RESIDENT-INITIATED RENT COMMITTEES

- Discussion has occurred off-and-on on this topic in the park over the years
- Various resident-initiated rent committees, resident surveys, etc.
- Most recent rent differential committee compiled significant data, wrote a white paper, created a color coded map of park
- Staff has reviewed the Committee's information and considered it in the analysis
- In person meeting with Committee members on September 21st



STAFF ANALYSIS

- Looked at the current rent roll
- Includes square footage of each lot and view categories
- Analyzed patterns in rents, averages by street, premium additions for different lot sizes and views
- 2 main angles / analyses
 - Analyzed average rents by street, deviations from the average, and factored in explanatory circumstances
 - Stripped rents back to a plausible “base rent” and then built up rents by adding on reasonable premiums for views and lot sizes
- Depending on a variety of factors, all methods appeared to demonstrate 30-35 spaces where more than a nominal differential exists



OPTIONS

1. Flatten all rents to a base + premium for lot characteristics
2. Take the highest differential rents and reduce them

Many questions and different methodologies:

- How much to reduce?
- What's the cutoff for who qualifies for a reduction?
- Flat percentage across the board? Adjust by individual spaces?
Adjust by street?
- Phase in of the reduction?

3. Take no action



FACTORS IN FAVOR OF ADJUSTMENTS

- Similarly situated spaces will have more similar rents – appearance of fairness
- To the extent that affected residents are struggling to make rent payments, an adjustment will help their financial situation
 - Note: staff feels the rent deferral program, later in the presentation, addresses this issue more directly



FACTORS AGAINST MAKING ADJUSTMENTS

Fairness

- Significant fairness issues from multiple points of view
- Fairness of offering certain lots rent reductions, but not others
- Fairness of rent structure after adjustments – “Leapfrogging”
- Where to draw the line of who receives an adjustment and who does not
- How much “value” to place on premium sizes or views
- Creating winners and losers



FACTORS AGAINST MAKING ADJUSTMENTS

Financial

- Revenue loss for the park – any rent reductions cause loss of revenue on an ongoing basis for the park – need to consider debt coverage ratio
- Park is already significantly below market average - \$636 average rent in MVMCC vs \$856 average rent in Los Robles



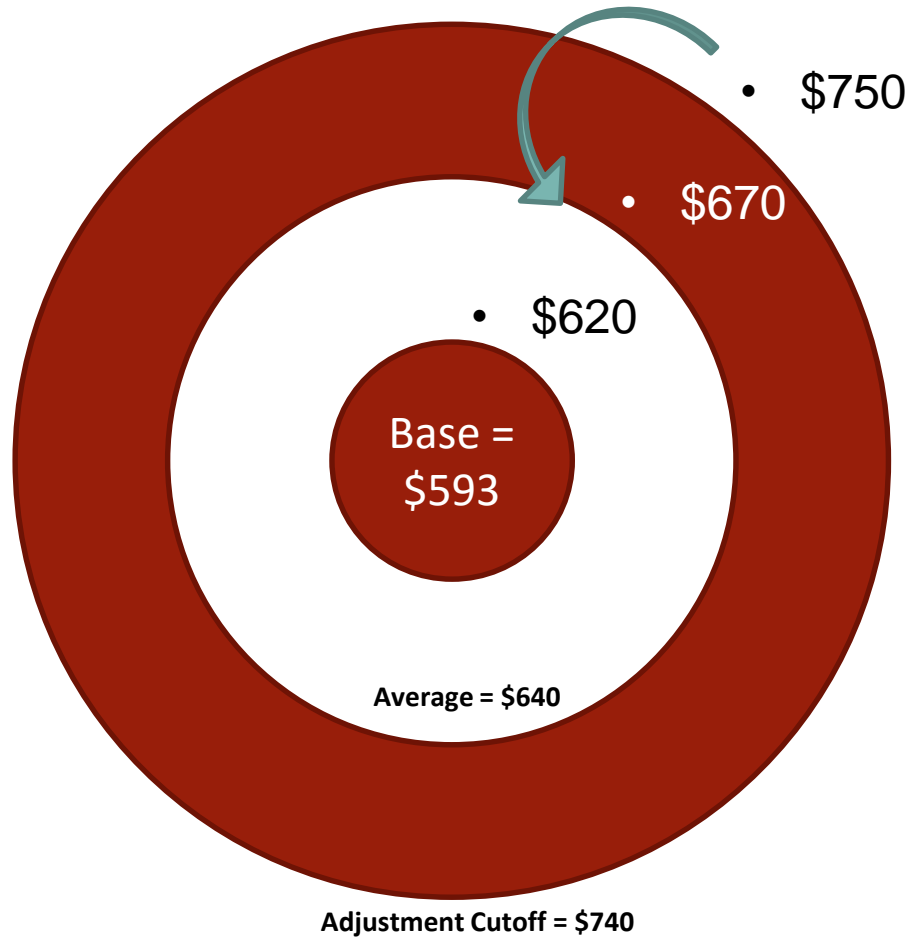
FACTORS AGAINST MAKING ADJUSTMENTS

Benefit of the Bargain

- All residents had the “benefit of their bargain” – aware of rent amount, purchase price of home, attributes of lot, etc. when they bought
- Market conditions at the time of purchase and a wide variety of factors (including the rent amount) contribute to individual purchase decisions



LEAPFROGGING EXAMPLE



RENT DIFFERENTIALS - QUESTIONS?



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STAFF REPORT

E-5



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(415) 899-8900
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MEETING

DATE: February 14, 2017

TO: City Council

FROM: Brian Cochran, Finance Manager

SUBJECT: **BRUSH REMOVAL BUDGET AMENDMENT REQUEST**

REQUEST

Staff requests Council’s consideration and approval of a budget amendment for Fiscal Year 16/17 in the amount of \$190,000 to cover the costs of additional materials and labor to clear brush and create defensible space ahead of fire season.

DISCUSSION

The Marin Valley Mobile Country Club (MVMCC) management, residents, and the City, in concert with the Novato City Council, have worked for several years to make brush clearance in advance of fire season a priority. In the Fiscal Year (FY) 15-16 budget, Council approved an increase of \$35,000 in the line item assigned for brush clearance and creation of defensible space at the park as a priority. Previously, only \$10,000 per year was set aside for this purpose. Annual clearing typically begins in July and lasts throughout the summer and early fall.

On September 30, 2016 a large fire on the hillside above MVMCC occurred. Damage to homes was averted through a combination of swift, well-coordinated Fire District response and significant brush clearing around the perimeter of MVMCC that had already occurred during the earlier summer months. That event caused staff to look into solutions for providing both a stronger defensible space around the park and to clear brush that would impact the safety of residents in the event of subsequent fires earlier than in previous years. A workshop was held on November 10, 2016 with residents, including a presentation by Fire District staff about the fire and walking through next steps for fire safety in the park.

Additionally, residents have expressed interest in establishing MVMCC as an officially-designated “Firewise Community”, a program that is offered through the National Fire Protection Association. This program encourages neighborhoods to come together, promote fire safety, educate the community, and take action steps to prevent major fire losses. Staff and the Fire District are supportive of these efforts and hope that the steps outlined below, in combination with resident efforts to educate one another and be proactive, will contribute significantly to the overall safety in the park.

City staff, Fire District staff and park management worked together on a plan to address the issues associated with future brush clearance strategies in the following four components.

Component 1: Perimeter Vegetation Clearing

First, park management and contracted maintenance will clear the perimeter of the park approximately beginning in May 2017. This cleaning occurs annually and assists in ensuring brush clearance during peak fire season but typically does not begin until after the new budget year in July. The budget amendment in this fiscal year will allow work to begin early, well in advance of fire season.

The additional budget will also allow for an increase in the standard defensible space. Typically, the recommended defensible space is 30 feet on each unit but the recommendation to increase that defensible space to 50 feet in certain areas creates a superior fire break. This additional space clearing does not require additional permitting or CEQA review.

Component 2: Riparian Corridor Clearing

The next component to address brush clearance will be a thorough brush clearing focusing on the Riparian Corridor, the ravine area behind the MVMCC clubhouse. The area between the park and the Bay Vista Apartments is in dire need of brush and trash clearing to remove compost and dead trees. The area, after years of neglect, is now thick with overgrowth and could pose a potential threat in the event of a fire. Park management has received a quote of up to \$50,000 for clearing of the entire area; however, staff and park management will be working collaboratively to develop a plan for this area that provides good defensible space while balancing some of the issues listed below. Work in this area is complicated due to several factors:

- *Property lines* - The property is at the intersection of three distinct areas: MVMCC property, former TPL property which is now owned by the City, and the Bay Vista apartment property. A field survey is probably needed to establish boundaries and a funding split for the work to occur.
- *Creek and CEQA issues* – There is a seasonal creek that runs through the area, so staff is sensitive to following appropriate regulations prior to and during the work to be done. While the fire code regulations may provide some flexibility to create defensible space near buildings, staff acknowledges the need to be thoughtful and ensure that rules and regulations are followed.
- *View corridors to Bay Vista* – The brush creates a privacy barrier between the park and the Bay Vista apartments. Staff is sensitive to minimizing privacy issues while still creating a safe perimeter.

Component 3: Clearing of Internal Common Areas

This clearing involves clearing the median strips between homes that do not fall on resident property but rather between units. In the event of a fire, embers may travel and removing plants in between homes that are considered flammable will improve the safety of the property as a whole.

Component 4: Voluntary Fire Prone Plant Removal Program

The final component concerns a program that staff is working with MVMCC management to develop. The incentive program would be offered to each resident and would entail the City subsidizing up to \$300 per lot in labor costs for removal of plants that are considered higher in oil content and therefore flammable, such as juniper that is ubiquitous in the park. This estimated cost is based on a park a per unit allowance of \$300 (300 units x \$300 each = \$90,000). While staff is requesting a budgetary maximum as if every home would require significant plant removal, many homes have either no or limited fire-prone plants; therefore, staff expects the actual cost for this program to be less than the requested \$90,000.

This component would also allow residents to purchase plants at wholesale prices to replace what is removed from their property. Park management expects to be able to coordinate with a wholesale nursery to purchase in bulk and provide several choices of non-fire-prone, low-water plants from which residents may select.

Table 1. Budget Impact Estimates by Component

<u>Component</u>	<u>Item</u>	<u>Amount</u>
1	Perimeter Vegetation Clearing	\$30,000
2	Riparian Corridor Cleaning	\$50,000
3	Clearing of Internal Common Areas	\$20,000
4	Voluntary Fire Prone Plant Removal Program	\$90,000
	TOTAL:	\$190,000

FISCAL IMPACT

This action will amend the FY 2016/17 budget by \$190,000.

RECOMMENDATION

Approve a budget amendment in the amount of \$190,000 to cover the costs of additional materials and labor to clear brush and create defensible space ahead of fire season.

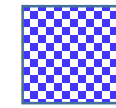
ALTERNATIVES

1. Approve a budget amendment in the amount of \$190,000 to cover the costs of additional materials and labor to clear brush and create defensible space ahead of fire season.
2. Approve a portion of the budget amendment components and focus on other components in the next FY budget.
3. Elect not to amend the budget and do our best to clear brush and provide for defensible space in advance of fire season with the budget dollars in the FY 16/17 budget and FY 17/18 budget requests.

ATTACHMENTS

1. Overhead map of park defensible space perimeter – November 2016

Current MVMCC Perimeter Defensible Space – Nov. 2016



Less than 30ft – Next Phase



30 ft



50 ft



100 ft



THE CITY OF
NOVATO
CALIFORNIA

922 Machin Avenue
Novato, CA 94945
415/ 899-8900
FAX 415/ 899-8213
www.novato.org

STAFF REPORT

MEETING

DATE: February 14, 2017

TO: City Council

FROM: Brian Cochran, Finance Manager

SUBJECT: **TRANSFER OF MARIN VALLEY MOBILE COUNTRY CLUB FUNDS FOR REIMBURSEMENT OF CITY GENERAL FUND ADMINISTRATIVE COSTS**

REQUEST

Staff requests Council's consideration and approval of a transfer of funds from the Marin Valley Mobile Country Club (MVMCC) fund to the General Fund for reimbursement of four years of MVMCC administrative costs incurred by the City General Fund (Fiscal year 2012/13 through 2015/16).

DISCUSSION

Since the beginning of City ownership of MVMCC in 1997, the City has recouped its administrative costs associated with the park. These costs are typically a combination of finance & accounting staff time, City Manager's office time, City Attorney time, engineering staff charges, etc. Until such reimbursement occurs, these costs are temporarily funded via the General Fund. The budget for administrative costs has historically been \$25,000, which has its origins in the original bond documents for Marin Valley and which was reviewed carefully each year by the original bond insurer, Assured Guaranty. Administrative costs have historically been incurred for both general park business and administration, as well as special projects that occur that require staff resources. A history of administrative expenses back to 2005/06 is shown in the table below:

Table 1 - History of MVMCC Administrative Costs

2005/06	\$12,184
2006/07	\$37,319
2007/08	\$36,881
2008/09	\$9,835
2009/10	\$16,499
2010/11	\$126,534
2011/12	\$46,615
Average Annual Costs	\$40,838

The average annual administrative cost for the park during the time period shown in the table was approximately \$41,000. Note that the significant cost incurred during 2010/11 was mostly

associated with the transfer of the park from the Novato Financing Authority to City ownership.

Since the bond re-finance occurred in December 2012, and with Assured Guaranty no longer a party to the transaction, the City has not brought forward an action to formally transfer funding for administrative expenses. Staff formally reviewed the expense summary for Fiscal Year (FY) 2012/13, FY 2013/14, and FY 2014/15 with the Park Acquisition Corp board (“PAC”) at its board meeting in February 2016. However, with budget discussions and City management turnover occurring at approximately the same time, no formal action was brought to the Council at that time.

Tonight’s action requests Council approval on the past four years’ administrative cost reimbursement to the General Fund. The administrative costs, both general matters and special projects, have averaged \$52,050 over the past four years, for a total of \$208,200 over that time period. Additionally, there is \$26,000 of staff time proposed to be charged to the capital program for engineering staff time directly related to capital projects management and engineering.

The special projects reflected over this time period represent a wide variety of projects and initiatives that have been undertaken relative to the park. Special projects can be initiated in a number of different ways:

- Staff-initiated projects;
- Resident and/or PAC interests and requests;
- Council-directed projects;
- Staff reaction to incidents, issues, legal claims, etc.

The attached summary worksheet shows the costs for each year, broken out by category, and with estimated costs for each of the special projects. Some of the more noteworthy special projects during this time period included:

- Bond Re-Finance – Includes all initial research to analyze the bond re-finance; taking the transaction through to a completed loan agreement with Bank of Marin; and re-writing of the Management Agreement and Delegation Agreement to reflect the simplified ownership structure;
- Property Condition Report / Utility Master Planning – Includes the prior infrastructure report that was conducted in 2011 and 2012, as well as the new utility master plan for the park that is still in progress;
- Rules / Policy Changes – Includes work on several rule changes at the park over the past few years;
- PG&E Easement Work and Infrastructure Pilot Program – Includes all work on issues with PG&E related to its easement through the park; also includes staff time dedicated to applying for PG&E’s pilot infrastructure replacement program in 2014;
- Emergency Planning and MVEST – Includes all work associated with emergency planning at the park, including work with the MVEST team.

Beginning with the 2016/17 fiscal year, the City Council elected to modify the budget amount for administrative expenses for MVMCC to \$50,000 to more accurately reflect current costs. Staff anticipates that, during the first MVMCC City Council meeting of each fiscal year, the City will report the total administrative expenses for the prior fiscal year and authorize the reimbursement

transfer. Tonight's action is simply a "catch-up" action for the most recent four fiscal years during which General Fund expenses were never previously recovered.

FISCAL IMPACT

The proposed action would transfer \$234,200 from the MVMCC fund of the City to the General Fund. \$208,200 would come from the Long-Term Infrastructure Reserve of the MVMCC fund. \$26,000 would be charged to the capital program budget. These transfers reimburse the General Fund for costs incurred in administering MVMCC over the past 4 years. Note that this transfer does not affect the Debt Service Coverage Ratio for the Bank of Marin loan, since transfers from reserves and capital project expenditures are excluded from the Debt Service Coverage Ratio calculation.

RECOMMENDATION

Approve the transfer of funds from the MVMCC fund to the General Fund for reimbursement of four years of MVMCC administrative costs incurred by the General Fund (Fiscal year 2012/13 through 2015/16).

ALTERNATIVES

1. Modify the re-coup of administrative costs by splitting the transfer over several fiscal years.
2. Ask staff to return with alternative recommendations for administrative cost recovery.
3. Elect not to recover administrative costs.

ATTACHMENTS

1. Summary Worksheet of MVMCC Administrative / Legal / Engineering Expenses – FY 2012/13 through FY 2015/16

Summary of MVMCC Admin / Legal Expenses - FY 12/13 through FY 15/16

Description	FY 12-13	FY 13-14	FY 14-15	FY 15-16	Total
Annual Set Aside for Owner's Expenses	25,000	25,000	25,000	25,000	100,000
Routine Meetings and Governance of MVMCC					
TOTAL - General	25,100	21,700	26,600	26,800	73,400
Special Projects Expenses - Non CIP-related					
Long Term MVMCC Ownership	3,000				
Bond Re-Finance and Re-Write of Delegation / Management Agreement	30,000				
Bond Re-Finance Reimbursement	(8,000)				
Property Condition Report / Utility Master Planning	1,000			8,000	
Claims / Litigation	2,000	1,000	2,000	2,000	
Rules / Policies Review and Changes		2,000	5,000	6,000	
PG&E Easements and Infrastructure Program		5,000	19,000	4,000	
Trust for Public Lands Property		1,000			
MVEST / Emergency Planning			16,000	3,000	
Rent Differential / Rent Assistance Programs				6,000	
Comcast Transition				3,000	
TOTAL - Special Projects	28,000	9,000	42,000	29,000	108,000
Grand Total Admin / Legal Expenses	53,100	30,700	68,600	55,800	208,200
Capital Improvement Program - Engineering / Legal Expenses					
Clubhouse ADA Improvements			5,000	11,000	
Sewer Pump Stations			2,000		
Slope Stability			5,000	3,000	
TOTAL - CIP	-	-	12,000	14,000	26,000
GRAND TOTAL	53,100	30,700	80,600	69,800	234,200