

MINUTES TO BE FORMALLY APPROVED AT NEXT REGULAR
MEETING

SPECIAL MEETING MINUTES

**MEASURE F OVERSIGHT/CITIZENS FINANCE COMMITTEE
THURSDAY, SEPTEMBER 8, 2011
75 ROWLAND WAY, #200
7:30A.M. – 9:00A.M.**



THE CITY OF
NOVATO
CALIFORNIA

A. Call to Order

The meeting was called to order at 7:35A.M. In attendance were:

Committee Members:

Cris MacKenzie, Chair

David Bentley, Vice-Chair

Alan Berson

Caitrin Devine

Robert Jordan

City Staff:

Michael Frank, City Manager

Cathy Capriola, Assistant City Manager

Brian Cochran, Finance Manager

Dane Wadlé, Management Analyst

In addition, there were 15 members of the public in attendance.

B. General Business (*Anyone wishing to speak on agenda items will be recognized after the Committee has concluded their initial discussions. There is a three minute time limit for public comment per item.*)

Public Comment was made after the Committee's discussion and consideration of item B-1.

B – 1: Discussion and Committee Consideration of City Offices Project
(Downtown Civic Center Site)

The City Manager first made a presentation on the rationale for the Council's decision in May to build City offices at the downtown Civic Center Site. He emphasized that this decision was made on a 5-0 vote and that the Council is charged with looking out for the best interests of the City and its residents. Mr. Frank discussed that the cost estimates range

from \$12M to \$15M. He also discussed that included within this range is approximately \$1.5M for parking under the building and \$500,000 to ensure the building meets green environmental standards. This \$2M in costs would not be included if a private developer were building this office structure.

Council took the following factors (among others) into account when considering where to build or buy a new City Office:

- 1. The need for the project to be financially prudent given the fiscal challenges facing the City;*
- 2. The need for the building to be centrally located within the City so residents would be able to access the City offices easily;*
- 3. The need for the building to last an extended period of time (approximately 50 years).*

With these considerations in mind, staff and Council considered a number of properties and sites throughout the City. These sites included existing buildings in the downtown region along with the McPhail site and 75 Rowland. A more extensive list of properties considered is available on the City's website at: <http://www.cityofnovato.org/Index.aspx?page=1534>

Upon an extensive review of buildings and sites, staff and Council decided that building a new office at the Civic Center site was the one option that met all of the factors Council believed were most important.

The City Manager concluded his remarks by summarizing that the decision was not solely a financial decision; it was also a values decision.

The Committee Members then asked questions. The committee's questions are summarized as follows:

- Taking out the parking costs and the environmental standards cost, what is the cost per square foot for the downtown building?*
- Does the City really need a "Class A" building?*
- From an investment prospective, a new building does not provide any financial return (as opposed to buying an existing building and leasing space to tenants). To what extent did the Council consider this tradeoff?*
- Is it possible for the City to spend a small sum of money (example \$10-\$15,000) to have an outside consultant study the current real estate market and see if there is a better option?*

- *Constructing a new building is risky and can be delayed due to unforeseen factors. Did staff and the Council take this into account?*
- *Did the City consider working with local special districts to jointly purchase a new building?*

The City Manager responded to the Committee's questions.

The committee then took up the proposed motion from Committee Member George Cohen (who was unable to attend the meeting). The motion was as follows:

" We the budget oversight committee have reviewed and discussed the expenditure of \$12-\$15,000,000 for the construction of new city hall offices on the property adjacent to the renovated city hall. We conclude that a more effective use of the funds would be to purchase a less expensive existing office building. Given the advantageous market conditions that exist for buyers today we respectfully suggest that the city council engage a professional real estate person to negotiate the purchase of an existing building as soon as possible. The remaining funds should be used for other capital city projects such as a downtown parking lot or other projects as determined by the city council."

The motion did not receive a second and therefore, died without a vote.

Committee Member Bentley then made an alternate motion. His motion was:

"The Measure F Oversight/Citizens Finance Committee recommends that the City Council reopen the discussion with the public regarding the siting of a new City office building at a special meeting."

This motion did not receive a second and therefore, died without a vote.

The Committee then heard public comment from six individuals.

Before adjourning, staff announced that the next regular Committee will be in the next few weeks. Staff is finalizing details of the City's financial update and would like to have final numbers before the next meeting.

Staff will communicate with the members to establish a formal meeting date.

C. Adjournment

The meeting was adjourned at 9:05A.M.