



STAFF REPORT

TO: Mayor and City Council

FROM: Todd Cusimano, City Manager
Linn Walsh, Senior Management Analyst

SUBJECT: Infrastructure Funding and Study Committee Appointment

DATE: July 17, 2023

- 1 **Issue:** Our City's infrastructure is at risk for significant decline within the next 15 years. How will
2 we fund much-needed repairs to the City's physical assets such as the Community Center, Library,
3 roads, and parks to improve sustainability, emergency preparedness, and accessibility?
4
- 5 **Recommendation:** Receive Staff Report and appoint a temporary Study Committee to review
6 infrastructure reports, funding options, and make a recommendation to Council.
7
- 8 **Background:** Thanks to the foresight and determination of current and past Councils, the City is
9 financially stable with healthy general fund reserves. A policy to hold 15% contingency reserve of
10 prior year operating costs within the General Fund and a long-standing practice of maintaining a
11 10% buffer have contributed to this stability.
12
- 13 Mill Valley has a low annual debt payment obligation with principal and interest payments totaling
14 less than 5.2% of General fund revenues and a S&P debt quality rate of AAA. The City is able to
15 meet its contracted salary and benefit costs as well as all debt and reserve requirements. The City
16 recently created a Long-Range Financial Plan (Attachment 1) that includes a recession assumption
17 to manage future CalPERS cost impacts.
18
- 19 **Discussion:** Despite providing basic infrastructure maintenance and completing renovation
20 projects such as the East Blithedale Avenue Rehabilitation Project, the City's infrastructure is
21 aging and at risk of significant degradation over the next 15 years. To understand the scope of the
22 problem and potential costs, Council has commissioned a number of assessments, including
23 surveys of City facilities, bridges, culverts, storm drains, flood-prone areas, streets, and sidewalks.
24 Staff has recently created a webpage on the City website to share these documents with Council

City Council Staff Report
Infrastructure and Funding Options
July 17, 2023

25 and the community: www.cityofmillvalley.org/reportslibrary and presents a summary in
26 Attachment 2: “15 Year Priority Infrastructure, Estimates & Assessments.”

27
28 Examples of some of the needed work include (but is not limited to) the following:

- 29 1. **Safety improvements:** Preventing landslides, reducing fire and flood risk, improving
30 emergency egress, and updated public safety facilities and emergency shelters.
- 31 2. **Basic deferred maintenance:** New roofs, foundation repairs, mold abatement, plumbing,
32 HVAC, flooring, public restrooms, and security upgrades.
- 33 3. **Community benefits:** Improved sidewalks, recreation facilities, roadways and bike
34 facilities, sustainability initiatives, and supporting diversity, equity, and inclusion.

35
36 Councilmembers, Department Heads, and staff have gathered data and compiled a list of necessary
37 infrastructure upgrades for the next 15 years, representing repair costs in the range of \$159 to
38 188M. The Long-Range Financial Plan demonstrates that current revenues during a non-recession
39 year will provide for “normal” Capital Improvement Projects (CIP). These annual funds derive
40 from the General Fund, Restricted Funds, and the Municipal Service Tax, adding up to around
41 \$5.8M annually. To address the needed infrastructure repairs and upgrades will require
42 approximately \$10.6 to 12.5M annually. This signifies an annual shortfall of \$4.8 to 6.7M that
43 urgently needs addressing.

44
45 Funding options are typically derived from taxes or fees on residents, visitors, and businesses.
46 Raising revenue through taxes requires voter approval, with General taxes requiring a simple
47 majority and special taxes (like our Municipal Service Tax) requiring a supermajority (2/3
48 approval). They include Transient Occupancy Tax (TOT), Sales Tax, Business License Tax,
49 Transfer Tax, and Ad Valorem (Property) Tax. A summary of funding options is presented in
50 Attachment 3.

51
52 City leaders are at a pivotal juncture with a pressing opportunity to confront Mill Valley's long-
53 term infrastructure challenges. In alignment with Council's Core Values of balanced, inclusive,
54 and transparent policymaking, Council could choose to mobilize a community member-led Study
55 Committee. This committee's mandate would be to review the City's infrastructure challenges and
56 to craft a financial strategy for rehabilitation efforts. Staff has drafted the proposed purpose, scope,
57 and responsibilities of the Study Committee, found in Attachment 4.

58
59 Overall, the goal is a modern, safe, and well-maintained City with a reliable funding framework
60 that guarantees the restoration and continual excellence of our top-tier facilities and infrastructure.

61
62 **Next Steps:** At the direction of Council, staff will begin a series of meetings with Study Committee
63 members, open to members of the community. The Study Committee’s findings will be
64 summarized in a report and presented to the City Council and community.

65
66 **Equity Impact:** Infrastructure improvements will support the following City-wide DEI initiatives:

- 67
68 ● **Inclusive Recreation** - Park and playground upgrades will provide people with disabilities
69 the opportunity to participate in recreational activities.

City Council Staff Report
Infrastructure and Funding Options
July 17, 2023

- 70 • **Inclusive Programming** - Facility upgrades will ensure the continuation of City
71 programming that is geared towards inclusive community programming. Examples
72 include: The DLW Golf Program in partnership with MCCT, mandated DEI training for
73 coaches that use City sports fields, the SOMA Aquatics program, and the myriad of Library
74 programs that support the goal of improving accessibility, increasing workplace diversity,
75 and outreach to marginalized populations.
- 76 • **Complete Streets** - Road and sidewalk rehabilitation projects will be designed under the
77 “Complete Streets” policy, which ensures roadways and public rights of way are planned,
78 designed, operated, and maintained to be safe and comfortable for everyone, regardless of
79 age, ability, ethnicity, income, or chosen travel mode.
- 80 • **Americans with Disabilities Act (ADA)** - Facility upgrades will support ADA
81 improvements, to provide access to individuals with disabilities in public accommodations
82 and infrastructure.
- 83 • **Workforce Housing** – A grant or matching program for the City mandated Soft Story
84 retrofit program would offset costs to apartment building property owners, helping the City
85 work towards the goal of providing safe, affordable housing to our community workforce
86 members.

87

88 **Attachments:**

- 89 1. Long-Range Financial Plan
90 2. 15-Year Priority Infrastructure, Estimates & Assessments
91 3. Funding Options Available to the City
92 4. Study Committee Overview - Purpose, Responsibilities, and Composition