

## **A DIFFERENT SLANT**

**SCRIPT FOR: SHOW 147 THE PERFORMANCE MEASUREMENT OF THE SAUSALITO CITY COUNCIL APPLYING THE SPOTSWOOD CRITERIA.**

**HOST: JOHN FLAVIN**

**TODAY I'M GOING TO GIVE YOU A DIFFERENT SLANT ON EVALUATING THE PERFORMANCE OF THE SAUSALITO CITY COUNCIL. I AM USING AS A YARDSTICK THE CRITERIA DICK SPOTSWOOD LISTED IN AN EDITORIAL<sup>1</sup> THAT RAN IN THE MARIN INDEPENDENT JOURNAL THIS PAST JANUARY 26<sup>TH</sup>. I HAVE DONE MY BEST TO SUPPORT MY CONCLUSIONS WITH FACTS. ALSO I HAVE DELETED ONE CRITERION WHICH ADDRESSES THE QUALITY OF THE CITY MANAGER AND SENIOR STAFF BECAUSE ANY COMMENT WOULD BE TOO PERSONAL TO THE INDIVIDUALS AND NOT THE POSITIONS.**

**I AM GOING TO ADDRESS SPOTSWOOD'S CRITERIA A BIT OUT OF THE ORDER IN WHICH HE LISTED THEM AND I TRUST MY REASONS FOR DOING SO WILL BECOME CLEAR.**

**SO THE FIRST CRITERION TO JUDGE A CITY COUNCIL'S PERFORMANCE IS: IS THE INFRASTRUCTURE, INCLUDING PARKS, LIBRARY AND ROADS, IN FIRST-CLASS SHAPE? THERE ARE MANY SUBJECTIVE COMMENTS THAT CAN BE MADE ABOUT THE CONDITION OF CITY ROADS, TREES AND PLAYGROUND EQUIPMENT BUT LET ME ADDRESS SOME OBJECTIVE EVIDENCE ON ONE SPECIFIC ISSUE. THE CITY WAS NOTIFIED IN 2008 BY THE ENVIRONMENTAL PROTECTION AGENCY<sup>2</sup> THAT THE CITY'S NUMBER AND AMOUNTS OF SEWAGE SPILLS INTO THE BAY WAS UNACCEPTABLE. YET 50,000 GALLONS OF SEWAGE WENT INTO THE BAY JUST THIS**

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<sup>1</sup> Find Spotswood's piece at [http://www.marinij.com/marinnews/ci\\_24989101/dick-spotswood-judging-performance-council-members](http://www.marinij.com/marinnews/ci_24989101/dick-spotswood-judging-performance-council-members)

<sup>2</sup> Find EPA notice at <http://www.epa.gov/region9/water/npdes/pdf/ca/sausalito/CitySausalitoReport.pdf>

**LAST NOVEMBER. THIS LAST SPILL MAY HAVE FINALLY WOKEN UP THE COUNCILMEMBERS AS THEY ARE PROPOSING TO SPEND \$5 MILLION ON SEWER UPGRADES. THAT'S \$5 MILLION OF RESIDENTS' MONEY BUT WE'LL TALK MORE ABOUT THAT IN A MINUTE. RATING ON THIS CRITERION: FAIL.**

**SPOTSWOOD'S SECOND MEASUREMENT STANDARD IS: ARE THE CITY'S PENSIONS AND RETIREE HEALTH INSURANCE LIABILITIES IN BETTER CONDITION THAN IN NEIGHBORING COMMUNITIES?**

**LET'S START WITH RETIREE HEALTH INSURANCE LIABILITIES. IN THE SUMMER OF LAST YEAR, THE MARIN COUNTY CIVIL GRAND JURY ISSUED A REPORT ON THE LACK OF FUNDING IN MARIN FOR RETIREE HEALTH BENEFITS<sup>3</sup>. THE GRAND JURY SUGGESTED SEVEN STEPS [see *Attachment 1 for the seven steps*] LOCAL GOVERNMENTS COULD TAKE TO AT LEAST BEGIN TO DEAL REASONABLY WITH THESE LARGE LIABILITIES. THE CITY OF SAUSALITO HAS TAKEN AT BEST ONLY ONE OF THESE STEPS AND HAS NOT SET ASIDE A DOLLAR TOWARDS AN UNFUNDED LIABILITY OF \$6 MILLION, PER THE GRAND JURY REPORT. THAT'S NEARLY \$1,500 PER HOUSEHOLD IN SAUSALITO FOR THE CITY EMPLOYEES AND ANOTHER \$300-\$350 FOR THE SOUTHERN MARIN FIRE FIGHTERS. AT LEAST THE FIRE DISTRICT HAS BEGUN TO SET ASIDE FUNDS.**

**THE STORY IS NOT MUCH BETTER ON THE PENSION SIDE. WE CONTINUE TO BE ASSURED BY THE CITY STAFF THAT PENSION COSTS ARE UNDER CONTROL<sup>4</sup>. BUT THEY ARE USING AN ANTEQUATED ACCOUNTING APPROACH WHICH IS WELL RECOGNIZED FOR UNDERSTATING PENSION**

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<sup>3</sup> Find the Grand Jury report at: [http://www.marincounty.org/depts/gj/reports-and-responses/reports-responses/2012-13/~media/Files/Departments/GJ/Reports%20Responses/2012/OPEB\\_Report.pdf](http://www.marincounty.org/depts/gj/reports-and-responses/reports-responses/2012-13/~media/Files/Departments/GJ/Reports%20Responses/2012/OPEB_Report.pdf)

<sup>4</sup> Find City Letter which appeared on Sausalito Currents at: <http://www.ci.sausalito.ca.us/index.aspx?recordid=853&page=18>

**LIABILITIES. THE ACCOUNTING RULES WILL CHANGE FOR FISCAL YEAR 2014-2015<sup>5</sup> AND WE WILL HAVE A MUCH MORE ACCURATE PICTURE OF THE SITUATION...AND IT WON'T BE A PRETTY ONE. RATING ON THIS CRITERION: FAIL.**

**I'M GOING TO GROUP THE NEXT TWO CRITERIA BECAUSE THEY SHARE A COMMON ANSWER: •**

- **DOES THE PLANNING PROCESS REFLECT THE DESIRES OF THE COMMUNITY?**
- **DO RESIDENTS SHARE A VISION OF THE TOWN'S FUTURE OR ARE THEY DIVIDED BY BITTER FACTIONS?**

**TO ME AND MANY OTHERS, THE CITY SEEMS TO FOLLOW THE PLANNING APPROACH "LET'S PUSH AN IDEA UNTIL THE RESIDENTS SCREAM". CASES IN POINT ARE:**

- **THE BUTTE STREET PROPERTY AND THE EXCLUSIVE NEGOTIATION AGREEMENT ON THE CONSENT CALENDAR;**
- **THE HOUSING ELEMENT PROCESS THAT WAS SO VASTLY CHANGED BY SCREAMING RESIDENTS' AND ONE COUNCILPERSON'S INPUT REGARDING ACCESSORY DWELLING UNITS AND LIVEBOARDS; AND**
- **THE COUNCIL MAJORITY ENDORSEMENT OF PLAN BAY AREA.**

**IN ANSWER TO THE SECOND CRITERION, MY IMPRESSION IS THAT MOST RESIDENTS DO SHARE A VISION OF THE TOWN'S FUTURE...HOWEVER THIS VISION IS NOT APPARENTLY THE SAME AS THE MAJORITY ON THE CITY COUNCIL. RATING ON THESE TWO CRITERIA: FAIL**

**AND THE FINAL CRITERION: DOES THE CITY FISCALLY OPERATE WITHIN ITS MEANS? LET ME PRESENT SOME FACTS:**

- **WHEN FUNDS HAVE BEEN NEEDED FOR THE SEWER ISSUE, THE CITY INITIALLY TAPPED THE RESIDENTS**

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<sup>5</sup> Find Press Release re Change at:  
[http://www.gasb.org/cs/ContentServer?pagename=GASB/GASBContent\\_C/GASBNewsPage&cid=1176160126951](http://www.gasb.org/cs/ContentServer?pagename=GASB/GASBContent_C/GASBNewsPage&cid=1176160126951)  
C:\Users\John\Documents\3 Radio Sausalito\scripts\147 spotswood\Annotated Script A Different Slant Show 147.docx

- WITH A TAX ASSESSMENT AND ARE NOW PROPOSING A \$5 MILLION MUNICIPAL BOND, PAID BY THE RESIDENTS; BY THE WAY I DO MEAN RESIDENTS, NOT JUST TAXPAYERS, BECAUSE, EVEN IF YOU ARE JUST RENTING A RESIDENCE, AN OFFICE OR A RETAIL SPACE, THESE ADDED COSTS END UP INCREASING YOUR RENT;**
- THE CITY HAS IGNORED THE RETIREE HEALTH CARE UNFUNDED LIABILITY AND ITS ANNUAL COSTS, THEREBY UNDERSTATING ITS OPERATING EXPENSES;**
  - SIMILARLY, THE CITY CONTINUES TO UNDERSTATE ITS PENSION OBLIGATIONS, PERFECTLY WITHIN THE CURRENT ACCOUNTING STANDARDS, BUT NOT A PRUDENT FINANCIAL MOVE;**
  - IN A PUBLISHED LETTER <sup>[see footnote 5]</sup>, A SENIOR CITY STAFFER ASSURED RESIDENTS THAT THE PENSION PROBLEM WAS UNDER CONTROL, STATING, AND I QUOTE, “AS OF JUNE 30, 2012, THE NET ASSETS OF THE CITY EXCEED ITS LIABILITIES BY OVER \$47 MILLION.” IF THAT IS THE CASE, WHY DOESN'T THE CITY USE THIS SURPLUS TO FUND THE SEWER REPAIRS INSTEAD OF TREATING THE RESIDENTS AS A BOTTOMLESS ATM?**

**WHAT DOES THIS ALL MEAN? AT \$6,000 PER HOUSEHOLD, SAUSALITO HAS THE HIGHEST REPORTED DEBT PER HOUSEHOLD OF ANY AREA IN MARIN COUNTY<sup>6</sup>. IF YOU ADD UNREPORTED DEBT, LIKE UNFUNDED PENSION AND RETIREE HEALTH CARE LIABILITIES AND THE PUBLIC SAFETY BUILDING BONDS, THE DEBT PER HOUSEHOLD GROWS TO OVER \$12,000, AGAIN THE HIGHEST IN THE COUNTY. THESE AMOUNTS DO NOT INCLUDE THE PROPOSED \$5 MILLION SEWER BOND. BY COMPARISON, MILL VALLEY'S DEBT IS \$10,600 PER HOUSEHOLD AND TIBURON'S IS A MERE \$2,500 PER HOUSEHOLD. SO THE CITY OF SAUSALITO DOES NOT APPEAR TO BE OPERATING WITHIN ITS MEANS AND SO IT FAILS THIS CRITERION AS WELL.**

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<sup>6</sup> Report by Citizens for Sustainable Pension Plans:  
[http://marincountypensions.com/uploads/2/9/0/9/2909492/cspp\\_report\\_100413.pdf](http://marincountypensions.com/uploads/2/9/0/9/2909492/cspp_report_100413.pdf)

**SO THERE YOU HAVE IT. BASED ON FACTS, THE SAUSALITO CITY COUNCIL FAILS EACH OF SPOTSWOOD'S PERTINENT CRITERIA. AS I SAID AT THE BEGINNING OF THE SHOW, IN MY OPINION IT IS NOT APPROPRIATE FOR ME TO ADDRESS THE CRITERION REGARDING THE CITY MANAGER AND SENIOR STAFF.**

**SO WHAT SHOULD YOU DO? FIRST, ASK THE CITY TO EXPLAIN ITSELF. LISTEN FOR FACTS IN THE RESPONSES. MOST OF THE COUNCILMEMBERS WILL RESPOND THAT IT DIDN'T HAPPEN ON THEIR WATCH. SO ASK THEM WHAT THEY ARE DOING TO ADDRESS THE PROBLEM. TO THIS OBSERVER THEY HAVE DONE NOTHING AND DOING NOTHING IS NOT AN OPTION.**

**SECOND, KEEP SPOTSWOOD'S CRITERIA IN MIND WHEN YOU VOTE NEXT NOVEMBER. I WILL INCLUDE IN THE BLOGPOST FOR THIS SHOW THE SCRIPT ANNOTATED WITH THE VARIOUS SOURCES FOR THE DATA REFERENCED.**

**WELL, THAT'S MY SHOW FOR TODAY.**

## **[ATTACHMENT 1 – NOT PART OF SHOW SCRIPT]**

The Grand Jury recommends that each Marin County local government, special district and school district:

- Negotiate caps on the amounts it commits to pay existing and new employees for retiree health care benefits.
- If not already doing so, initiate annual funding of this benefit over and above the pay-as-you-go amount.
- Negotiate a higher initial retirement age than the currently applicable age for the commencement of retiree health care benefits.
- Require active employees to make contributions towards the cost of their retiree health care benefits.
- Lower the amortization period for funding its retiree health care benefits liabilities from as much as the present 30 years, to approach (within 10 years) the commonly used 17-year amortization period for retiree pension funding.
- Provide a link on its website to information listing the values of critical actuarial assumptions that determine the liability for funding retiree health care benefits.
- Include on its website the latest values for unfunded retiree health care liabilities, and the percentage of total retiree health care liabilities that has been funded.