

MINUTES
REGULAR CITY COUNCIL MEETING
MONDAY, MARCH 13, 2006

Mayor Kasten called the regular meeting to order at 6:05 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

ROLL CALL: Present: Regan, Fannon, Mullooly, Kasten
 Absent: Krolik

MINUTES: The minutes of the February 13, 2006 City Council meeting were approved as submitted.

PRESENTATIONS:

- Doran Memorial Bridge Sign Unveiling Ceremony
- Architecture and Design Review Board, Certificate of Appreciation – Kathleen Benoit

CONSENT CALENDAR:

On motion of Vice Mayor Mullooly, seconded by Councilmember Regan, and unanimous on voice vote, Consent Calendar Items 1 through 12 were approved.

1. MONTHLY CLAIMS: FEBRUARY 1 THROUGH FEBRUARY 28, 2006

The monthly claims for the month of February 2006 in the amount of \$2,065,027.00 were approved.

2. RESOLUTION DESIGNATING THE CITY MANAGER OR THE FINANCE DIRECTOR TO ACT AS THE TOWN'S AGENT FOR THE PURPOSE OF OBTAINING FEDERAL FINANCIAL ASSISTANCE UNDER THE NATURAL DISASTER ASSISTANCE ACT

The resolution designating the City Manager or Finance Director to act as the Town's agent for the purpose of obtaining federal financial assistance under the Natural Disaster Assistance Act was adopted.

3. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF HILLSBOROUGH AND THE TEAMSTERS UNION LOCAL #856 (POLICE UNIT)

The resolution authorizing the City Manager to execute the Memorandum of Understanding between the Teamsters Union Local #856 (Police Unit) and the Town of Hillsborough was adopted.

4. RESOLUTION AUTHORIZING THE DESTRUCTION OF OBSOLETE POLICE RECORDS

The resolution authorizing the destruction of obsolete police records according to the Town of Hillsborough Resolution #01-40 dated August 13, 2001, per Exhibit A, was adopted.

5. RESOLUTION CONFIRMING THE REVISED ANNEXATION POLICY

The resolution confirming the revised annexation policy was adopted.

6. RESOLUTION ACCEPTING AS COMPLETE THE EMERGENCY REPAIR OF THE SPENCER/MACADAMIA SLIDE

The resolution accepting as complete the Emergency Repair of the Spencer/Macadamia Slide, and authorizing staff to file a Notice of Completion for the project, was adopted.

7. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH PACIFIC LINERS FOR THE 2005 SANITARY SEWER CLEANING AND INSPECTION PROJECT PHASE III

The resolution accepting as complete the contract with Pacific Liners for the 2005 Sanitary Sewer Cleaning and Inspection Project Phase III in the amount of \$485,460 was adopted.

8. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH PACIFIC LINERS FOR THE 2005 SANITARY SEWER CLEANING AND INSPECTION PROJECT PHASE IV, CHERRY CREEK

The resolution accepting as complete the contract with Pacific Liners for the 2005 Sanitary Sewer Cleaning and Inspection Project Phase IV, Cherry Creek in the amount of \$395,404 was adopted.

9. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH GELCO SERVICES FOR THE 2005 SANITARY SEWER SMOKE TESTING PROJECT

The resolution accepting as complete the contract with Gelco Services for the 2005 Sanitary Sewer Smoke Testing Project in the amount of \$102,155 was adopted.

10. RESOLUTION APPROVING THE CONTRACT WITH SEWER RAT PLUMBING FOR THE SANITARY SEWER REPAIR AT 60 LOOKOUT ROAD

The resolution approving the contract with Sewer Rat Plumbing for the Sanitary Sewer Repair at 60 Lookout Road in the amount of \$13,750 was adopted.

11. RESOLUTION APPROVING THE CONTRACT WITH PACIFIC TRENCHLESS, INC. FOR THE STORM DRAIN REPAIR AT 710 BOWHILL ROAD

The resolution awarding the contract for the 710 Bowhill Road Storm Drain Repair to Pacific Trenchless, Inc. in the amount of \$22,549, with a 15% contingency in the amount of \$5,637 for a total construction budget of \$28,186 to be funded by the 2003 Water and Sewer Bond, was adopted.

12. RESOLUTION ACCEPTING AS COMPLETE THE EL CERRITO HEADWALL REPLACEMENT PROJECT

The resolution accepting as complete the El Cerrito Headwall Replacement Project and the emergency repair of the second headwall, and authorizing staff to file a Notice of Completion for the project, was adopted.

NEW BUSINESS:

13. RESOLUTION ADOPTING POLICY 205B ETHICS TRAINING AND 303B CITY COUNCIL COMPENSATION; CITY COUNCIL EXPENSE REIMBURSEMENT, AS REQUIRED BY AB 1234 (CALIFORNIA 2005-06 REGULAR SESSION) AND RENUMBERING EXISTING POLICY 205 AND RENUMBERING AND REVISING EXISTING POLICY 303

Assistant City Manager Kathy Leroux stated that this resolution updates the Town's policies in accordance with the requirements of Assembly Bill 1234 (AB 1234). AB 1234 was passed by the legislature during the California 2005-06 Regular Session, approved by the Governor on October 7, 2005 and became law on January 1, 2006.

Ms. Leroux explained that if a local agency provides reimbursement for expenses to members of its legislative body, AB 1234 requires that the local agency adopt a written policy regarding such reimbursement, including what occurrences qualify a member to receive reimbursement of expenses for travel, meals, lodging and other actual and necessary expenses.

Ms. Leroux added that the bill also mandates ethics training by the end of the year for all local agency officials that receive reimbursement for actual and necessary expenses incurred during the performance of official duties. She stated that staff is currently exploring options for the mandatory ethics training for all officials that receive reimbursement for expenses.

Vice Mayor Mullooly stated that Policy 205A Section E should be changed from “his” to “his/her”. Assistant City Attorney Penny Greenberg added that “prudent man” should be changed to “prudent person” in the second paragraph of Policy 205A.

Councilmember Regan requested that the Ethics Training sessions be held locally on weekends or evenings. Mayor Kasten asked that the dates and times of Ethics Training sessions be provided to Council, and that more than one training session be offered.

Councilmember Regan requested that the Reimbursement Request for Travel Costs Paid by City Councilmember form be downloadable from the Town’s website.

On motion of Vice Mayor Mullooly, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution adopting Policy 205B Ethics Training and 303B City Council Compensation; City Council Expense Reimbursement, as required by AB 1234 (California 2005-06 Regular Session) and renumbering existing Policy 205 and renumbering and revising existing Policy 303 was adopted with the wording changes discussed.

14. RESOLUTION AUTHORIZING THE INSTALLMENT PURCHASE FINANCING OF WATER AND SEWER SYSTEM IMPROVEMENTS AND THE EXECUTION AND DELIVERY OF CERTAIN DOCUMENTS AND OTHER ACTIONS IN CONNECTION THEREWITH

Finance Director Edna Masbad explained that this agenda item is the end of the very long process of securing financing to pay for the Town’s water and sewer capital improvement program. Ms. Masbad stated that staff started the process in September 2005 when it presented to the Financial Advisory Committee (FAC) a needs assessment prepared by the Public Works Department. The FAC voted to recommend issuing bonds in the amount of \$12 million.

Ms. Masbad added that during the deliberation for these bonds, the FAC and staff wanted to make sure that the cost of issuance remained cost effective and went through the process of developing requests for proposals and secured bids for the underwriter, bond counsel, liquidity facility provider and trustee.

Ms. Masbad stated that the selected underwriter presented various financing options. She explained that the usual method of borrowing at a fixed rate is traditionally more expensive. Historically, the Town has been issuing variable bonds which comparatively costs much less than borrowing at the fixed rate. However, since these are long-term bonds – the normal life is 30 years – the Town mitigates exposure to the volatility of the variable rates by swapping these variable rates to a synthetic fixed rate.

Ms. Masbad added that the FAC then recommended that Council should again issue a variable debt, but further recommended locking in the rates at that time since the variable rates were going up. This recommendation was approved by Council at the December 12, 2005 City Council meeting and Council also gave the Finance Director the authority to enter into agreements with the various consultants.

Ms. Masbad stated that on December 27, 2005, in order to lock in a rate, the Town executed a forward swap transaction and obtained a synthetic fixed rate of 3.507%.

With this issue the Town also utilized the services of a swap advisor that lent more transparency to the transaction, allowing the Town to make a determination that the rate was about the middle of the market.

Ms. Masbad explained that with the help of the Town's underwriter, a presentation to the two rating agencies was developed to present the Town in its best light. The Town was assigned AA+ from Fitch and AA from Standard & Poor's. These high ratings will save the Town approximately \$1 M over the life of the bonds.

Ms. Masbad recommended adoption of the resolution authorizing the installment purchase financing of water and sewer system improvements and the execution and delivery of certain documents and other actions in connection therewith. She added that this resolution will require adoption by the Council and the Board of Directors of the Hillsborough Public Improvement Corporation (HPIC). The HPIC was created to help the Town issue tax-exempt financing for capital projects.

Ms. Masbad added that Mr. Joshua Cooperman volunteered his services as financial advisor at no cost to the Town.

Mr. Joshua Cooperman, a resident of 15 Creekwood and a member of the FAC since 1999, stated that this process provides true transparency of the bond issuance request for bid process. The Town now has a set of procedures and policies in place for future bond issuances. He added that the AA rating is significant as the Town can sell bonds on the Town's ratings alone. The FAC is reviewing other alternatives for water and sewer improvements as the Town has unfunded needs.

Councilmember Regan thanked Mr. Cooperman for providing his services and time. Mayor Kasten also thanked Councilmember Regan for his assistance.

On motion of Councilmember Fannon, seconded by Councilmember Regan, and unanimous on voice vote, the resolution authorizing the installment purchase financing of water and sewer system improvements and the execution and delivery of certain documents and other actions in connection therewith was adopted.

The Hillsborough City Council recessed the regular meeting and convened a meeting of the Hillsborough Public Improvement Corporation (HPIC), after which, the meeting of the City Council was reconvened.

OLD BUSINESS:

15. PRESENTATION REGARDING PROPERTIES WITH PARCELS IN BOTH THE TOWN OF HILLSBOROUGH AND CITY OF SAN MATEO

Public Works Director Martha DeBry stated that there are 25 addresses bisected within the jurisdictions of the Town of Hillsborough and the City of San Mateo. Sixteen of the properties currently have San Mateo addresses and pay property taxes to the City of San Mateo and contribute towards the San Mateo/Foster City Elementary School District. Nine of the properties currently have Hillsborough addresses and pay property taxes to the Town and contribute towards the Hillsborough City School District bonds. Of the nine Hillsborough lots, only four meet the Town's minimum lot size. Ms. DeBry added that 40 Baywood Avenue (Hillsborough) is a large square lot with the house on the Hillsborough side and a shed on the San Mateo side.

Vice Mayor Mullooly asked why Chester Way was not included on the list. Ms. DeBry replied that the Local Agency Formation Commission (LAFCO) provided the list. Vice Mayor Mullooly asked why 777 Bromfield was issued a Hillsborough building permit. Ms. DeBry replied that the records in the Building Department show that the homeowners were issued a building permit from Hillsborough on only one occasion.

Mr. Mark Korody of 911 Parrott Drive stated that his property is located in San Mateo and Hillsborough. He stated that he is in the biggest quandary as he deals with a cracked gutter. He requested that City Planner Maureen Morton find a solution to his problem as no jurisdiction will take the responsibility to repair the gutter. Councilmember Regan asked where the gutter was located. Mr. Korody replied that the gutter is between 911 and 915 Parrott Drive. Ms. DeBry stated that Hillsborough residents are responsible for maintaining their own gutters.

PUBLIC HEARING:

16. CONSIDERATION OF THE FINAL ARCHITECTURE AND DESIGN REVIEW OF PLANS FOR ADDITIONS AND REMODEL OF AN EXISTING HOME OVER 8,000 SQUARE FEET IN SIZE AT 880 HILLSBOROUGH BLVD; Mr. and Mrs. John Marren, Applicants

Assistant City Planner Gina Tynan stated that this application, which includes exterior remodel, ground-floor and second-floor additions, an additional garage bay for one vehicle, and associated landscaping, requires final design approval by the City Council because the total square footage of the resulting house exceeds 8,000 square feet. The application conforms to all Town requirements and standards. She added that the Architecture Design Review Board (ADRB) considered the project on January 23, 2006 and unanimously commented that the design and materials were excellent and that the project is appropriate for the site. She stated that the ADRB voted 5-0 to recommend approval, subject to the Standard Conditions and addressing the comments of the Town's Consulting Landscape Architect. The landscape plan has been revised to fully address the comments of the Town's Consulting Landscape Architect. There were no public comments on this project at the ADRB meeting. No appeal has been filed.

Ms. Tynan explained that the proposal is to remodel the exterior of the house and to construct ground floor additions of approximately 2,258 sq. ft., second floor additions of approximately 1,527 sq. ft., and a landscape plan including a new pool and spa and tree removals along the street. The area of the existing 9,450 sq. ft. home would be increased to approximately 13,731 sq. ft. with the proposed additions. The resulting FAR (Floor Area Ratio) on this 1.38 acre (60,145 sq. ft.) lot would be 21.6%. There are eight bedrooms and four garage spaces with six additional unenclosed parking spaces on the lot.

Ms. Tynan stated that the project complies with height, setback and FAR requirements. The architectural style of the house is English Country with integral color stucco walls, a slate roof, and a detailed façade including mahogany frame leaded windows with cast stone surrounds, cast stone cornices, brick and stone chimneys, custom light fixtures, and assorted ornamental copper features. This project would remodel the home to return it to its original architectural style.

Councilmember Regan asked Ms. Tynan what types of trees will be planted. The landscape architect replied that 36" box Crape Myrtle trees will be planted.

Mayor Kasten opened the public hearing. City Planner Maureen Morton stated that the ADRB spoke very highly of the set of plans that were designed by Architect Charlie Barnett, a Hillsborough resident. Mayor Kasten closed the public hearing. On motion of Councilmember Mullooly, seconded by Councilmember Fannon, and unanimous on voice vote, the ADRB's recommendation was accepted and the project as submitted was approved, subject to compliance with the Standard Conditions.

PUBLIC COMMENT:

There were no comments.

CITY COUNCIL ITEMS:

Mayor Kasten recognized Sergeant Mike Dearborn, the Hillsborough Police Department, Central County Paramedics, Police Captain Nick Gottuso, Police Officers Rob Chinca and Pat Aherne, Code Enforcement Officer Linda Clark, Police Department Executive Assistant LeAnn Thornton, Police Officer Steve Gonzalez, Police Services Technicians Julie Dollosso and Kari Pechetti, and Police Captain Mark O'Connor for receiving notes and words of appreciation.

City Manager Tony Constantouros presented a progress report on questions that were brought up during the joint meeting between the Town of Hillsborough City Council and the Hillsborough City School District.

Mr. Constantouros stated that the first question asked was what the Town's authority is regarding removal of trees, and could the Town compel someone to remove a tree. Mr. Constantouros stated that Mr. Ralph Osterling prepared a report on the hazardous trees located on the Hillsborough City School District property and the Town's property. Assistant City Attorney Penny Greenberg stated that under the Streets and Highways Code, the owner of a property is responsible for maintaining the sidewalk, including removal of trees. The Town can provide written notice of a dangerous condition and can remove the dangerous tree and place a lien on a property. Councilmember Regan asked if this policy could be communicated to the School District as Tree #28 on Mr. Osterling's report is considered dangerous. Mr. Constantouros stated that Mayor Kasten is planning to notify the School District of their responsibility for the dangerous tree.

Mr. Constantouros stated that the second question asked why the School District is spending bond funds on the tree removal and not education. Mr. Constantouros stated that the tree removal project is a School District project and not a Town project.

Mr. Constantouros stated that the third question asked why the fire trucks had changed to a three-man crew from the usual four-man crew. Central County Fire Chief Bill Reilly responded that a four-man team is the standard for a Central County Fire truck company, as it allows for two two-man teams. Recently several Central County firefighters have experienced long-term disabilities. By not having a fourth firefighter working overtime and by using the three-man crew the department will stay within budget. San Mateo is also facing a similar situation. If there is an emergency, additional truck companies will be called out to respond.

Mr. Constantouros stated that the fourth question asked if the Town regulates Bridge School's expansion project to add three additional classrooms. Mr. Constantouros explained that the Town regulates private schools; however, Bridge School is located on the Hillsborough City School District (HCSD) property. Assistant City Attorney Penny Greenberg stated that the HCSD has exempted itself from the Town's zoning laws. Ms. Greenberg stated that she is not prepared at the moment to give a legal answer regarding the HCSD's exemption from zoning and building codes. She explained that the State has comprehensive regulations that must be followed and that the HCSD may deal with the State agency instead of the Town.

Mr. Constantouros reported that Town staff will be attending a Team Building Workshop on March 15-17, 2006.

ADJOURN:

Mayor Kasten adjourned the meeting at 7:59 p.m. in memory of Mr. Patrick Kelly, who served as Mayor from 1984-1986 and Councilmember for 21 years. He helped form the City/County Association of Governments (C/CAG) and served as Chair of the Airport Roundtable.