MINUTES
REGULAR CITY COUNCIL MEETING
MONDAY, JULY 10, 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: Krolik, Regan, Fannon, Mullooly, Kasten

MINUTES: The minutes of the June 12, 2006, City Council meeting were approved as submitted with two corrections. The first correction was to the last paragraph in Item 12 which should read "On motion of Councilmember Fannon, seconded by Councilmember Regan, and unanimous on voice vote (4-0, Vice Mayor Mullooly not participating or voting)…" The second correction was to page 7, City Council Items, first paragraph, third line, which should be changed from "at Crocker Middle School" to "related to Crocker Middle School."

PRESENTATION: Division Chief Mark Ladas of Central County Fire Department and Brian Zamora, Director of Public Health, County of San Mateo, presented an update on the San Mateo County Operational Area Plan to deal with a potential pandemic.

CONSENT CALENDAR:

On motion of Vice Mayor Mullooly, seconded by Councilmember Fannon, unanimous on voice vote, Consent Calendar Items 1 through 15 were approved.

1. MONTHLY CLAIMS: JUNE 1 THROUGH JUNE 30, 2006

   The monthly claims for the month of June 2006 in the amount of $3,280,024.18 were approved as submitted.

2. QUARTERLY TREASURER'S REPORT

   The Treasurer's Report for the quarter ending June 30, 2006, was approved.

3. QUARTERLY INTEREST RATE PRODUCTS (SWAP) REPORT

   The Interest Rate Products Report for the quarter ending June 30, 2006, was accepted.

4. RESOLUTION LISTING PROJECTS FUNDED BY THE 2003 WATER AND SEWER BOND REIMBURSEMENT

   The resolution listing all projects funded by the 2003 Water and Sewer Bond reimbursement was adopted.

5. RESOLUTION AWARDING THE BID TO SUNNYVALE FORD FOR THE PURCHASE OF FIVE NEW VEHICLES FOR THE PUBLIC WORKS DEPARTMENT

   The resolution awarding the bid for the purchase of five new vehicles for the Public Works Department to Sunnyvale Ford in the amount of $112,866.68 was adopted.

6. RESOLUTION AWARDING THE BID TO SCELZI ENTERPRISES, INC. FOR THE PURCHASE OF TRUCK BODIES AND EQUIPMENT FOR THE FIVE PUBLIC WORKS VEHICLES

   The resolution awarding the bid to Scelzi Enterprises, Inc. for the purchase of three truck bodies and accessory equipment for five Public Works vehicles in the amount of $45,908.83 was adopted.

7. RESOLUTION AWARDING THE BID TO PETERSON TRACTOR CO. FOR THE PURCHASE OF A 2006 CATERPILLAR 420E TRACTOR (BACKHOE/LOADER) FOR THE PUBLIC WORKS DEPARTMENT

The resolution awarding the bid for the purchase of one new Caterpillar 420E backhoe/loader to Peterson Tractor Co. in the amount of $89,804.20 was adopted.

8. RESOLUTION APPROVING THE PURCHASE OF A PUSH CAMERA AND LINE LOCATOR FOR THE PUBLIC WORKS DEPARTMENT (SEWER)

The resolution authorizing the purchase of the Insight Vision 1200 Series push camera and SeekTech SR20 receiver and transmitter for $14,847 was adopted.

9. RESOLUTION AWARDING THE BID TO PETERSON POWER SYSTEMS, INC. FOR THE PURCHASE OF ONE NEW SULLAIR 185 CFM/100 PSI PORTABLE AIR COMPRESSOR FOR THE PUBLIC WORKS DEPARTMENT

The resolution awarding the bid for the purchase of one Sullair 185 cfm/100 psi portable air compressor with two ¾" x 50' air hoses to Peterson Power Systems, Inc. in the amount of $12,212.51 was adopted.

10. RESOLUTION APPROVING THE CSG CONSULTANTS, INC. WORK ORDER FOR DESIGN SERVICES AND GEOTECHNICAL INVESTIGATION OF THE CROCKER LAKE EASEMENT ROAD LANDSLIDE REPAIR

The resolution approving the CSG work order in the total amount of $22,431, which includes $10,177 for Lowney and Associates, and allocating $22,431 in funds from the 2003 and 2006 Bonds, was adopted.

11. RESOLUTION APPROPRIATING AN AMOUNT NOT TO EXCEED $40,000 FOR EQUIPMENT AND FABRICATION SERVICES TO IMPROVE WATER QUALITY AT THE DARRELL TANK SITE

The resolution appropriating an amount not to exceed $40,000 for equipment and fabrication services to improve water quality at the Darrell Tank Site was adopted.

12. RESOLUTION MEMORIALIZING THE DECISION TO HOLD IN RESERVE THE PARCEL AT 115 RESERVOIR ROAD AS AN ASSET OF THE TOWN

The resolution memorializing the decision to hold in reserve the parcel at 115 Reservoir Road as an asset of the Town was adopted.

13. RESOLUTION CALLING THE GENERAL MUNICIPAL ELECTION OF THE TOWN OF HILLSBOROUGH AND DIRECTING THE CITY CLERK TO PERFORM ALL ACTIONS REQUIRED OF THE CITY ELECTIONS OFFICIAL OTHER THAN THOSE TO BE PERFORMED BY THE COUNTY

The resolution calling the general municipal election of the Town of Hillsborough and directing the City Clerk to perform all actions required of the City Elections Official other than those to be performed by the County was adopted.

14. RESOLUTION REQUESTING THE CONSOLIDATION OF THE CITY ELECTION WITH THE STATEWIDE GENERAL ELECTION

The resolution requesting the consolidation of the City election with the statewide election was adopted.

15. RESOLUTION REQUESTING THE COUNTY TO CANVASS THE RETURNS OF THE TOWN OF HILLSBOROUGH GENERAL MUNICIPAL ELECTION AND AUTHORIZING THE EXECUTION OF THE NECESSARY SERVICE AGREEMENT WITH THE COUNTY

The resolution requesting the County to canvass the returns of the Town of Hillsborough general municipal election and authorizing the execution of the necessary service agreement with the County was adopted.

NEW BUSINESS:

16. RESOLUTION IN SUPPORT OF PARKS FOR THE FUTURE BALLOT INITIATIVE

Public Works Director Martha DeBry explained that Parks for the Future is an effort to secure dedicated tax-based revenues to support the parks and recreation related activities of San Mateo County, the cities located within the County, the Ladera and Highlands recreation districts and Mid-Peninsula Regional Open Space District. This would be accomplished through voter approval of a measure to increase the sales tax by 1/8th of a cent for a period of 25 years.

Ms. DeBry added that the projected revenue of approximately $16 million per year would be allocated to jurisdictions per a formula. Funds could be spent on maintenance, operations, activities and programs, capital improvements or acquisitions. The San Mateo County Board of Supervisors is expected to take final action on August 1, 2006, to place this on the November 2006 ballot.

Ms. DeBry introduced San Mateo County Supervisor Jerry Hill. Mr. Hill thanked the City Council for their previous support. He stated that the thoughts and ideas that were received from the cities in San Mateo County were discussed with the campaign committee and a consensus view was reached as to the 1/8th of a cent sales tax. The estimated annual cost per person would be $18.00. Mr. Hill asked the City Council to endorse the item tonight. The ballot language will be prepared on July 18, 2006, for the November 7, 2006, election.

Vice Mayor Mullooly asked why the Town's baseline would be relatively low. Ms. DeBry explained that the Town's baseline would be relatively low as funds are only allocated for the Hillsborough Recreation District and the Water Conservation Park at this time. No funds are allocated for Vista Park, which is currently under construction. The baseline will be adjusted every five years.

On motion of Councilmember Fannon, seconded by Councilmember Krolik, and unanimous on voice vote, the resolution in support of the Parks for the Future ballot initiative was adopted.

17. RESOLUTION AUTHORIZING JOINING A COUNTYWIDE SUBREGION FOR THE PURPOSE OF ADMINISTRATION OF THE HOUSING ELEMENT REGIONAL HOUSING NEEDS ALLOCATION (RHNA)

City Planner Maureen Morton introduced Mr. Duane Bay, Director of the San Mateo County Department of Housing. Ms. Morton explained that Housing Elements are required, by law, to show that the agency's share of the regional housing need can be met. The Regional Housing Needs Allocation (RHNA) for each agency is determined by the Association of Bay Area Governments (ABAG) after the state provides the allocation for the entire region.

Ms. Morton stated that a change in state law allows cities within a county to join together to form a subregion, or a consortium, that would administer the state-mandated RHNA. A subregion would consist of the County plus any two or more contiguous jurisdictions. A subregion must be approved by ABAG. If a subregion is formed within San Mateo County, the subregion would determine the way in which the subregion's RHNA would be allocated. Negotiation, including swaps and credits, among the member jurisdictions will occur.

Ms. Morton stated that the advantages of joining a subregion include the possibility for cost-savings in Housing Element preparation, the opportunity to work cooperatively to provide housing opportunities within the County, consistency with programs in Hillsborough's Housing Element, the ability to opt out of the subregion and receive the RHNA from ABAG in the traditional manner, and the opportunity for more local control.

Ms. Morton reviewed the critical dates for joining a countywide subregion. Resolutions must be submitted to ABAG by August 31, 2006. The subregion's methodology must be developed and ready for public comment by December 31, 2006, and the final methodology must be adopted by March 2007. ABAG must determine the RHNA for the subregion by May 1, 2007. The subregion must distribute the draft RHNA to member jurisdictions and must hold a hearing by June 30, 2007. The subregion must issue the final RHNA by April 2008, and the State Department of Housing and Community Development (HCD) must complete a review of the RHNA by August 2008. The Town's adopted Housing Element must be submitted to HCD by June 30, 2009.

Mayor Kasten thanked Ms. Morton. He stated that San Mateo County could become a model for the state if our countywide subregion is formed.

Mayor Kasten asked if City Attorney Norm Book will be able to review the subregion related agreement. Mr. Bay replied that the City Manager and City Attorney will be able to review the document. Assistant City Attorney Penny Greenberg stated that local City Attorneys generally meet monthly, and will have the opportunity to discuss any subregional related agreement.

Mr. Constantouros stated that the complexity of the delegation agreement is reminiscent of the paramedic program. Some cities may fear that they will be forced to accept the RHNA, so there may be some reluctance or apprehension to joining a subregion.

Mayor Kasten stated that C/CAG supports the concept of a countywide subregion and has pledged assistance for the administration of the RHNA. Mayor Kasten asked if the Town of Hillsborough would be the first city to adopt a resolution authorizing joining a countywide subregion. Mr. Bay stated yes, Hillsborough would be the first city to adopt a resolution authorizing joining a countywide subregion.

On motion of Councilmember Krolik, seconded by Vice Mayor Mullooly, and unanimous on voice vote, the resolution authorizing joining a countywide subregion for the purpose of administration of the Housing Element Regional Housing Needs Allocation was adopted.

18. PRESENTATION OF THE ZONING STUDY COMMITTEE'S REPORT ON ZONING STANDARDS AND RESIDENTIAL DESIGN GUIDELINES FOR NEW HOMES

City Planner Maureen Morton stated that Associate Planner Gina Tynan was scheduled to present this item to the City Council, but was out ill. Ms. Morton introduced Mr. Jay Benton, Chair of the Zoning Study Committee.

Mr. Benton stated that the Hillsborough Zoning Study Committee was formed under the direction of the City Council to examine concerns raised by Hillsborough citizens about the regulation of the size of new homes in the Town. The Mayor appointed the Committee's members, a group that represented the diversity of Hillsborough's residents. The group included three members of the Architecture Design Review Board (ADRB), two representatives of the Hillsborough Citizens Trust, Council-members Regan and Fannon, several builders and architects, as well as eight or nine concerned citizens. He reported that there was excellent participation by the committee members with an 80% attendance record during the committee's four meetings. There was interaction among committee members that was passionate, but done in a highly respectful way. The committee was not afraid to ask for additional information in order to study the process.

Mr. Benton stated that the Committee met a total of four times. The Chair opened each meeting with an overview of the agenda. As a consultant to the Committee, Mr. David Early of Design Community and Environment (DC&E) facilitated portions of the meetings during Committee discussion, as well as provided expert information related to planning in Hillsborough. Throughout the meetings, the Committee received public comment from a total of eight Hillsborough residents.

Mr. Benton stated that at the first meeting, the participants received an introduction by Mayor Kasten and an overview of the background information provided to them by the Planning Department staff. Mayor Kasten stated that the Committee's charge was to determine if there is a problem with house size and floor area ratio (FAR) in Hillsborough; if there is a problem, what is the problem; and how should the problem be solved. He asked the members to make decisions on a consensus basis, but to put their recommendations to a vote, requiring a simple majority to pass.

Mr. Benton added that at the second and third meetings there was a general discussion of a range of topics related to the Committee's charge. Because of the unique character of individual lots in the Town, Committee sentiment was that the current design review process, which gives substantial subjective authority to the Architecture Design Review Board (ADRB), was preferred over highly objective criteria that limit subjectivity. Several key topics arose out of those discussions, including setback requirements and the potential for developing a checklist as part of the design review application. As such, the Committee wished to further discuss these and other issues as a basis for developing recommendations to the City Council and so decided to have a fourth meeting.

Mr. Benton stated that by the fourth meeting, the Committee settled on five topics which led to motions, discussions and a vote. The Committee ultimately passed four motions, including recommending that the City Council 1) retain the current FAR with a vote of 14 in favor and 2 opposed; 2) consider increasing front and side setbacks for large houses with a vote of 16 in favor and 0 opposed; 3) clarify "should" and "shall" on page 8 of the Design Guidelines and develop a checklist for applicants to indicate compliance with the Design Guidelines with vote of 15 in favor, 0 opposed and 1 abstained; and 4) retain the current Preliminary Review process with a vote of 14 in favor, 0 opposed and 2 abstained.

Mr. Benton added that the Committee would like the City Council to further direct staff on the size of the house for which setbacks might be increased and the implementation of a checklist for applicants to ensure that they have met the requirements of the Design Guidelines.

Mayor Kasten thanked Mr. Benton and stated that the Hillsborough Zoning Study Committee was an extraordinary group of residents who covered important and sensitive issues. Mayor Kasten thanked Associate City Planner Gina Tynan for her extraordinary work and information, and he thanked members of the Zoning Study Committee.

Councilmember Regan stated that he shared Mayor Kasten's thoughts and thanked Mr. Benton.

Councilmember Fannon added that Mr. Benton kept the Hillsborough Zoning Study Committee meetings focused and that was why he was able to accomplish what was done in the four meetings. He thanked Mr. Benton on a job well done.

Councilmember Regan stated that he would like to see an increase in the front and side setbacks. The term "large homes" is subjective and undefined and there is not a lot of unanimity. As the Town moves forward he believes that "large" should be defined as a home more than 7,000-8,000 square feet. Mr. Benton added that any home over 8,000 square feet already requires City Council approval.

Vice Mayor Mullooly stated that she had been anxiously awaiting this report and is very much in favor of accepting this report and likes the idea of a checklist. She appreciated all the work that was done by the Hillsborough Zoning Study Committee.

Councilmember Regan stated that the votes by the Committee were very important as there was very strong support for the four items.

Councilmember Krolik thanked Mr. Benton. She stated that the ten day public notice for the Preliminary Review may not allow enough time for a neighboring homeowner to be informed about a project which may ultimately impact the neighboring homeowner. She stated that she would like to see more structured assistance, such as instituting quarterly meetings with residents, so that questions can be answered by the homeowner and so that neighboring residents could become educated about the process. Mr. Benton stated that the Preliminary Review process was given serious consideration by the Committee. For example, the Committee believed that allowing the public to speak at Preliminary Review could have unintended consequences. Residents have a chance to speak later in the process during the public hearing. During the ADRB Preliminary Review process there have been instances when the ADRB has had to rethink the design review process.

ADRB Chair Walter Heyman stated that the Preliminary Review process has two objectives: 1) to stop projects which have no chance of success before too many resources are allocated; and 2) to steer the applicant in the right direction for a successful design. He clarified that the Preliminary Review process is for the benefit of the designer and homeowner, by giving the ADRB the opportunity to provide early feedback on a preliminary design. The public is not heard until the public hearing when the design has been finalized and the story poles have been installed.

Mr. Benton stated that the Committee believed that a checklist will help the design review process. It seems that homeowners have not been following the process correctly by not contacting neighbors early in the design process. Mr. Heyman added that the ADRB encourages the homeowner to contact neighbors before the formal ADRB application is submitted.

Mayor Kasten stated that the Town should educate the applicant and that sufficient notice must be given to the neighboring properties. The Town should do what it can to help people understand the design review process. Ms. Morton stated that Ms. Diana Witzel, Chair of the Citizens Communication Advisory Committee (CCAC), has offered to help improve communication about the Preliminary Review process and will also follow-up with information in the Town newsletter.

Councilmember Regan asked if the information will be available on the Town's website. Mayor Kasten asked Ms. Masbad if she has the number of hits the Town's website receives. Ms. Masbad stated that she will provide that information to him.

Mayor Kasten again thanked Mr. Benton.

On motion of Councilmember Fannon, seconded by Councilmember Regan, and unanimous on voice vote, the four recommendations made by the Zoning Study Committee were accepted and staff was directed to present an implementation plan at the September 11, 2006, City Council meeting.

City Manager Tony Constantouros clarified that Ms. Morton and Ms. Tynan may seek assistance from outside sources and that any plan should be considered by the City Council first, and later be referred to the ADRB if necessary. Councilmember Regan suggested involving Mr. Early, the consultant with DC&E, in the implementation of some of the recommendations.

19. RESOLUTION ADOPTING THE GENERAL PLAN IMPLEMENTATION STRATEGY

City Planner Maureen Morton stated that on March 14, 2005, the City Council adopted the revised General Plan. The General Plan was the result of input from the General Plan Steering Committee and the Town departments. The General Plan includes goals, policies and actions related to each of the General Plan Elements. The General Plan Implementation Strategy lists all of the actions contained in the General Plan, identifies the responsible party and provides a

timeframe for implementing the action. By adopting the Implementation Strategy, the City Council will reflect its policies and priorities and guide the staff in developing appropriate work programs and budgets. All cities and counties must submit an annual report on the status of the General Plan and the progress in its implementation.

Ms. Morton stated that the draft Strategy, in which all Town departments have had input, includes some suggested responsibilities and timeframes for the implementation of all the General Plan actions. Many of the actions reflect ongoing responsibilities and require no new City Council direction or change in current policy or procedures.

Councilmember Fannon stated that he believed that the Strategy was a good way to ensure that the Town's policies were implemented.

Mayor Kasten thanked Ms. Morton and stated that the General Plan Implementation Stategy was really well done. He said that it was a good reminder of the quality work that the General Plan represents.

On motion of Councilmember Fannon, seconded by Councilmember Krolik, and unanimous on voice vote, the resolution adopting the General Plan Implementation Strategy was adopted.

20. DISCUSSION OF RESULTS OF THE SURVEY OF RESIDENT ATTITUDES TOWARDS REFUSE AND RECYCLING SERVICES

Public Works Director Martha DeBry stated that a survey was mailed to Hillsborough residents in order to gather public input early in the contractor selection process to determine appropriate service levels. Q&A Research developed the surveys which were distributed by mail in May 2006. The primary objective of the study was to uncover residents' likes and dislikes about current services offered, assess residents' met and unmet needs, understand current recycling attitudes and behavior, determine residents' recycling and trash collection preferences, and determine ways to increase recycling among residents.

Ms. DeBry added that residents responded to questions about current service levels and proposed service levels. Approximately 3,200 surveys were mailed and 670 surveys were returned, which was a 21% response.

Ms. DeBry reviewed the summary of findings. Six in ten (58%) expressed high levels of satisfaction with their current recycling and trash program and a few were dissatisfied with their current program. Only 38% of residents are satisfied with the current recycling containers or the ease of bringing containers to the curb. Six in ten (60%) were highly satisfied with the overall recycling program, 63% agreed with the ease of sorting recyclable materials, and 63% found a value in the recycling services provided. The ease of taking recycling materials to the curb and the current recycling containers received the lowest satisfaction scores. About one-quarter of all residents frequently have negative experiences. Litter around the containers (24%) and containers not returned to the proper location (21%) are negative experiences that occur most often. Nearly all residents (95%) set out their recycling to be picked up every two weeks.

Ms. DeBry added that the shortage of space in the containers (41%), not being able to recycle certain materials (37%), and the inconvenience of taking recyclable materials to the curb (29%) were the top factors preventing residents from recycling more at home. Six in ten (63%) would be more likely to recycle if they were provided with a new bigger container with wheels that doesn't require sorting of

recycling materials. Approximately half (53%) would be likely to recycle more if bigger containers with wheels that require the separation of paper from bottles/cans were provided, or if pick-up was offered every week (46%).

Ms. DeBry stated that 57% of residents currently place their recyclables and yard clippings on the curb for pick-up. Just over half prefer to have their recyclables (54%) and yard clippings (52%) picked up curbside. Six in ten (62%) prefer to have their trash picked up from the back/side yard.

Ms. DeBry reported that over six in ten (63%) residents expressed a high willingness to bring all materials to the curb if their rates are lowered. Over half (55%) do not want to change the current system and few are willing to pay a premium for back/side yard pick-up. Less than one-third (31%) were willing to pay for back/side yard collection of recyclable materials and yard trimmings. Over half (52%) would need to save $10 or more per quarter in order to bring all of their materials to the curb; few would need to save $10 or less (13%). One-third would not need to save anything (35%). Over one-quarter (27%) were highly likely to use a food scraps recycling service.

Ms. DeBry added that over eight in ten (83%) residents reported that they are likely to use the on-call service if it continues to be offered. At least seven in ten residents would be highly likely to recycle household batteries (70%); non-beverage container plastics (66%) and aluminum foil (60%) if the service were available. Almost half (47%) were highly likely to recycle scrap metal.

Ms. DeBry stated that over half of the residents (55%) have not dropped off hazardous waste materials at the South Bay Waste Management Authority (SBWMA) Transfer Station in San Carlos in the past year. However, over eight in ten (83%) residents would be highly likely to participate in a hazardous waste collection event at a more convenient local site. Over one-quarter of residents (29%) used the SBWMA transfer station once in the past year. The vast majority of residents (93%) agreed that recycling helps to conserve natural resources. Eight in ten (83%) knew what items they can recycle. Half (50%) agreed that recycling helps keep their trash bill down.

Ms. DeBry reported that the top suggested ways to increase recycling were offering larger or wheeled containers, collecting more often/weekly, back/side yard pick-up, and collecting plastic/plastic bags/black plastic or batteries.

Ms. DeBry stated that the key lessons learned from the survey was that 57% of residents place their trash at the curb; if a savings of $10-30 can be achieved, placing trash at the curb may be a preferred option; most residents are satisfied with recycling services as they exist, but would prefer larger containers, and would be receptive to wheeled carts; residents are unwilling to pay a premium for back/side yard collection of recyclables, even though it is a preferred placement alternative; the Town should host Household Hazardous Waste (HHW) events periodically; and the Town should consider offering one on-call pick-up or charging a copay.

Ms. DeBry added that the SBWMA Committee recommends a single service area; a mandatory curbside collection, an automated collection system, a single stream collection of recyclables which is expected to increase diversion by 10-25%, and providing optional HHW collection events.

Mayor Kasten thanked Ms. DeBry and asked the City Council if there were any questions. Vice Mayor Mullooly asked if the Town went to curbside pick-up could some residents still request side yard pick-up. Ms. DeBry responded that there would be a price associated with having side yard pick-up. Rates for side yard pick-up would need to be determined and the driveways serviced would need to be examined to set up the rates.

Councilmember Regan stated that having front yard pick-up will create more clutter for street pick-up, especially on narrow, windy streets, and will create a significant problem to some residents.

Councilmember Fannon recommended that Ms. DeBry return to the September 11, 2006, City Council meeting with a recommendation for refuse and recycling services. Ms. DeBry stated that she is working with Joan Edwards and Associates, recycling consultants, to evaluate collection alternatives. Ms. Edwards will contact other garbage collection agencies to discuss the level of service that the Town of Hillsborough requires. Ms. DeBry added that at the September 11, 2006, City Council meeting, she will present the garbage collection plan and whether there will be a cost savings to the Town with alternate garbage collection agencies.

Mayor Kasten again thanked Ms. DeBry. This item was for information only; no action was required.

21. RESOLUTION SETTING RATES FOR CITY ENGINEER SERVICES (CSG ENGINEERING)

Public Works Director Martha DeBry stated that the Town entered into a five-year contract with CSG Engineering to provide all City Engineer services in April 2003. The CSG contract has been amended twice by resolution (May 2004 and July 2005). The term of the contract expires on December 31, 2008 with automatic one-year renewals, and a 30-day termination without cause. The scope of services includes all day-to-day engineering tasks such as reviewing maps, answering technical questions and assisting with developing the capital improvement program. Additionally, the contract provides that CSG designs and manages all capital projects.

Ms. DeBry explained that prior to 2003, the Town had a City Engineer on staff, and utilized several open-ended contracts with engineering firms like CSG, Carollo and Cavanaugh to accomplish the design of projects. These contracts did not provide the Town with rate discounts or capitate fees, nor did they define the relationships for construction management. These open-ended contracts were terminated in 2003. The Public Works Director was the City Engineer until October 2002.

Ms. DeBry explained that the City Engineer contract provides for two types of services. The first is for City Engineer services which appoints Cyrus Kianpour as City Engineer and provides general support to all departments at discounted rates. The second type of service is for the Capital Program which caps the CSG design services at 9%, and caps construction management at 9%. CSG charges regular billing rates and bills on a time and material basis. There is no exclusivity in the contract.

Ms. DeBry stated that CSG is a firm with 80 employees, who have expertise in most civil engineering fields including water, sewer, storm drain, and street design. Additionally, CSG has professional architects, plan checkers, construction inspectors, draftsmen and information system technicians who have provided assistance to the Town. In July 2004, the Public Works Department implemented a work order approval process which results in all engineering contracts over $10,000 being presented to the City Council for approval.

Ms. DeBry stated that there is no legal requirement for bidding or selecting the lowest price for professional services provided by engineers, attorneys, etc. Traditionally there has been no bidding for engineering services.

Ms. DeBry stated that the current process with CSG reduces administrative costs; expedites the engineering design phase; eases transition including scope, design, and construction management, based on time and materials; and CSG has the sole responsibility for all engineer services.

Ms. DeBry added that the promise of capital program design and management allows CSG to offer discounted day-to-day City Engineer costs. There would also be the expense to bring a new firm up to speed if different engineers were selected to handle projects, i.e. engineering and staff time.

Ms. DeBry explained that the proposed amendment to the City Engineering services would raise the Principal Engineer's current rate of $140/hr to the proposed $150/hr, the Associate Engineer's current rate of $95/hr to the proposed $100/hr, and the Assistant Engineer's current rate of $71/hr to the proposed $79/hr. The estimated increase is $27,000 annually. CSG's proposed rates are less than those of other engineering consultants such as BKF, Carollo, Wilsey Ham, Korve Engineering and Mark Thomas. The rates of the engineering firms for the Principal Engineer ranged from $181-215, the Associate Engineer from $118-170, and the Assistant Engineer from $101-175.

Ms. DeBry reported that CSG is an extension of the staff, has knowledge of the Town's infrastructure and staff, has no significant billing disputes, and delivers projects in a timely manner with minimal change orders.

Ms. DeBry summarized that the City Engineer contract with CSG provides discounted rates, the long-term relationship decreases the administrative costs, the separation of capital program/bidding by project would likely increase overall engineering costs, and that regular City Council approvals provide the opportunity to evaluate engineering services. Ms. DeBry recommended that the Town continue the contract with CSG and adopt the resolution to amend the City Engineer's contract.

On motion of Councilmember Fannon, seconded by Councilmember Krolik, and unanimous on voice vote, the resolution setting the rates for City Engineer services (CSG Engineering) was adopted.

PUBLIC HEARING:

22. GRADING PERMIT APPLICATION AND NEGATIVE DECLARATION; 4, 8 AND 10 FARM LANE; Mr. Kevin Whitman, Applicant

City Engineer Cyrus Kianpour stated that this agenda item includes the environmental assessment, which is a Mitigated Negative Declaration prepared by the Planning Department, and a Grading Permit Application. Both the Mitigated Negative Declaration and Grading Permit Application were given a full 21-day public notice period.

Mr. Kianpour explained that the Hillsborough Municipal Code requires City Council approval of a Grading Permit Application when more than 1,500 cubic yards are to be hauled. This application is to grade three adjoining lots on Farm Lane. The most significant transfer of materials is 4,640 cubic yards imported to 10 Farm Lane. Most of the material (4,340 cubic yards) will be exported from 4 Farm Lane, and the remaining 300 cubic yards will be exported from 8 Farm Lane. To transfer materials to 10 Farm Lane, approximately 464 round trips will be made by a 10-yard dump truck. However, since the lots are contiguous most of the transferred material will not be conveyed on a public street.

Mr. Kianpour added that the Municipal Code specifies that building height is measured from "existing grade". When a site is graded, the Code indicates that the "existing grade" for the purposes of determining building height is the grade that

existed five years prior to the date the building permit is submitted. If permits for new houses on these lots are submitted within the next five years, the building heights will be measured from the grade before this grading application is implemented. In addition, although the grading for the eventual driveways is included in the environmental assessment, it is not expected that the driveways will be graded and installed until the plans for the new houses are approved. Before the permits are issued, staff will verify that the mitigation measures, as specified in the Negative Declaration, are included.

Councilmember Regan asked for an explanation for item 5.d. on page 12 of the Draft Initial Study/Mitigated Negative Declaration regarding disturbing human remains. Ms. Jennifer Cutler, an environmental consultant with MHA Environmental Consulting, Inc., the firm which prepared the Draft Initial Study/Mitigated Negative Declaration for the Town, replied that there is always a risk of finding human remains. This mitigation measure is standard, although she believes that there are no human remains at this location.

Vice Mayor Mullooly asked whether retaining walls are proposed for the cut slopes on the Farm Lane properties. Mr. Kianpour replied that there are no retaining walls proposed for the cut slopes.

Vice Mayor Mullooly asked if there are plans to make the three properties all one level. Mr. Kianpour replied that the site will not be one level, and that the three properties would have cut slopes.

Mayor Kasten asked if the trucks will be driven on the Town's public streets. Mr. Kianpour replied that the trucks will not haul the dirt on the Town's streets, and instead will be driven on the three lots hauling the dirt from one lot to the other, and therefore will not impact the Town's streets.

Vice Mayor Mullooly asked if the property owner was creating building pads for future development. Mr. Kianpour replied that the property owners were grading for future development, but that the details of the sites will be determined when the sites are sold and house plans are developed.

Councilmember Fannon asked if there was any neighbor reaction to the grading plans. Mr. Kianpour replied that the neighbors have been notified. City Planner Morton added that she has just received one call.

Councilmember Krolik asked if the building height would be determined in five years by the original grade or from the new grade. Mr. Kianpour replied that the maximum building height of 32 feet would be measured from the new grade after five years.

Mr. Scott Sommer, attorney for the applicant, stated that he drafted the original plan in 1998 for the 17 lot Farm Lane subdivision, where only half of the lots have been built out. The properties are unique and the subdivision plan takes advantage of the natural topography. The Farm Lane project has a set of architectural controls, and there is a committee for design review. Neighborhood meetings have been held to solicit input. The lots are large with open space and generous setbacks. The grading plan makes sense as Lots 4 and 8 are higher than Lot 10, and grading will better balance the sites so that no property will be out of scale and it will help resolve privacy issues. Only now, while the properties are under a single ownership, can the grading project be accomplished by moving the dirt from one lot to the other. In the future, individual owners would have to haul off the dirt on the city streets and it would not be a sensible situation. He suggested that it is logical to approve the grading permit. The draft initial study showed no environmental issues and most of the original trees will be preserved.

Mr. John Stewart, AIA, stated that he was the architect who built the original house on Farm Lane in 1990. He stated that the grading plan will allow Lot 10 to be filled in to prevent future privacy concerns. The lots will require ADRB approval when the individual homes are designed.

Mr. Clifford Bechtel, civil engineer and project engineer, stated that he prepared the plans for the grading project. The grading plan makes the lots more manageable, addresses the privacy issues for Lot 10, and allows the opportunity to grade the properties appropriately. By having the opportunity to grade the lots simultaneously, environmental impacts and water quality issues will be reduced because there will be no need to haul the dirt off-site on freeways in covered trucks. Environmentally, it will be a win-win situation if the grading is accomplished now.

Mayor Kasten asked if there would be erosion control measures in place. Mr. Kianpour replied that the lot would be hydroseeded and the Best Management Practice required by the National Pollutant Discharge Elimination System (NPDES) would be employed.

Mayor Kasten asked if trees will be planted to replace those that are removed. Mr. Bechtel replied that the grading project will not remove any trees, but that trees may be removed when the homes are built.

Councilmember Krolik asked what the size of the lots will be and how large a house could be built if the floor area ratio (FAR) is 25%. Mr. Kianpour replied that Lot 4 is approximately 36,000 square feet and that the FAR would allow a 9,000 square feet home, Lot 8 is approximately 44,000 square feet and the FAR would allow an 11,000 square foot home, and Lot 10 is approximately 48,000 square feet and the FAR would allow a 12,000 square foot home.

Councilmember Krolik asked if there would still be a hill after the grading project is completed. Mr. Kianpour stated that there would still be a hill.

Mayor Kasten opened the two public hearings. Mr. Kinsey Carpenter of 12 Farm Lane stated that he lives next to 10 Farm Lane and feels overwhelmed by the grading project. He is concerned that if the elevation is brought up 14 feet and the pad is extended 64 feet that the lot would dwarf his house pad and impact his view. Mr. Bechtel replied that the pad will be 80 feet back from the property line. The building will start at the same spot where Mr. Carpenter's house starts. The homes will be on the same elevation and side-by-side.

Councilmember Regan asked how much higher the home will be after the grading. Mr. Bechtel replied 14 feet higher. Councilmember Krolik asked if the lot is 14 feet higher after the grading project would the home only be 18 feet high within five years and after five years could be 32 feet high. Mr. Sommer stated that in five years the house could be 32 feet high, but that the Farm Lane Subdivision has a strict architecture board with an enormous process for the design review. This grading project is a small fraction of the overall Farm Lane project. He stated that his client would like to get this grading project done before the rain starts.

Councilmember Krolik asked the City Council if they needed another site visit. Vice Mayor Mullooly stated that she felt comfortable making a decision on the grading application.

Mayor Kasten closed the public hearings. On motion of Vice Mayor Mullooly, seconded by Councilmember Fannon, and unanimous on voice vote, the Mitigated Negative Declaration, based on the findings as listed on page 5 of the document, was adopted. On motion of Vice Mayor Mullooly, seconded by Councilmember Fannon, and by a 4-1 vote (Councilmember Krolik dissenting), the City Council approved the Grading Permit Application, subject to incorporating the mitigation measures as listed on pages 3 - 5 of the Mitigated Negative Declaration, and staff was authorized to issue a grading permit upon completion of the plans.

23. RESOLUTION AUTHORIZING THE PLACEMENT OF SEWER SERVICE AND STORM DRAINAGE CHARGES AND OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION ON THE 2006-2007 COUNTY TAX ROLL AND AUTHORIZING THE COUNTY TAX COLLECTOR TO COLLECT SUCH CHARGES

Finance Director Edna Masbad stated that the Hillsborough Municipal Code requires the Town to annually adopt a resolution authorizing the County Tax Collector to collect sewer service charges, storm drainage charges and the public safety special tax. The sewer charges will be increased 12% and the storm drainage and the public safety special tax remain unchanged.

Mayor Kasten thanked Ms. Masbad and opened the public hearing. There were no comments. The public hearing was closed. On motion of Vice Mayor Mullooly, seconded by Councilmember Regan, and unanimous on voice vote, the resolution authorizing the placement of sewer service and storm drainage charges and of the special tax for police protection and fire protection and prevention on the 2006-2007 county tax roll and authorizing the County Tax Collector to collect such charges was adopted.

24. ORDINANCE AMENDING SECTION 2.12.070 OF THE HILLSBOROUGH MUNICIPAL CODE REGARDING SOLAR ENERGY SYSTEMS

City Planner Maureen Morton stated that this item was discussed at the May 8, 2006, City Council meeting and introduced at the June 12, 2006, meeting. Currently, the installation of solar panels is subject to the design review process. A new state law, AB 2473, specifies that cities may no longer conduct design review on solar systems; systems must be approved only through an administrative building permit process.

Ms. Morton added that the proposed ordinance complies with state law by eliminating the requirement for the formal design review of solar installations. However, in response to comments from the City Council and the City Attorney, a provision has been added to the ordinance that before a homeowner submits an application to the Building Department, a meeting must take place with a planner to review the applicable design guidelines.

Mayor Kasten thanked Ms. Morton and opened the public hearing. There were no comments. The public hearing was closed. On motion of Councilmember Krolik, seconded by Vice Mayor Mullooly, and unanimous on voice vote, the ordinance amending Chapter 2.12 of the Hillsborough Municipal Code regarding solar panels was adopted.

25. ORDINANCE AMENDING CHAPTER 15.08 (ELECTRICAL CODE) OF THE HILLSBOROUGH MUNICIPAL CODE

Chief Building Official John Mullins stated that the ordinance amending Chapter 15.08 of the Municipal Code was discussed at the May 8, 2006, City Council meeting and was introduced at the June 12, 2006, City Council meeting. This amendment will update and make the Town's electrical requirements more consistent with the codes of other communities. The proposed changes will allow the use of more modern materials and technologies currently not permitted in the Town of Hillsborough, while still maintaining a high level of safeguards to health, life safety and property. The proposed changes would delete sections that are no longer in use and remove sections that have limitations and restrictions on other materials and installation practices. Romex is less expensive and easier to install, while still maintaining a quality that is equal to pipe and flex.

Mr. Mullins added that staff surveys have shown that by adopting this proposed model Electrical Code that costs could ultimately be cut for electrical installation by approximately 25%.

Mayor Kasten thanked Mr. Mullins and opened the public hearing. There were no comments. The public hearing was closed. On motion of Councilmember Fannon, seconded by Councilmember Krolik, and unanimous on voice vote, the ordinance amending Chapter 15.08, as amended, to the Hillsborough Municipal Code was adopted.

26. ORDINANCE AMENDING CHAPTER 15.16 (PLUMBING CODE) OF THE HILLSBOROUGH MUNICIPAL CODE

Chief Building Official John Mullins stated that the ordinance amending Chapter 15.16 of the Municipal Code was discussed at the May 8, 2006, City Council

meeting and was introduced at the June 12, 2006, City Council meeting. This amendment will update and make the Town's plumbing requirements more consistent with the codes of other communities. The proposed changes will allow the use of more modern materials and technologies currently not permitted in the Town of Hillsborough, while still maintaining a high level of safeguards to health, life safety and property.

Mr. Mullins added that staff's research indicates that the Town of Hillsborough is the only community (of over 30 Bay Area communities surveyed) that excludes the use of plastic and polyethylene pipes. These materials are less expensive and easier to install while still maintaining a quality that is equal to cast iron, copper, and galvanized steel.

Mr. Mullins stated that staff's survey indicates by bringing Hillsborough's codes up to current standards, the potential savings to the individual homeowner is approximately 25% on plumbing construction projects.

Mayor Kasten thanked Mr. Mullins and opened the public hearing. There were no comments. The public hearing was closed. On motion of Councilmember Regan, seconded by Vice Mayor Mullooly, and unanimous on voice vote, the ordinance amending Chapter 15.16, as amended, to the Hillsborough Municipal Code was adopted.

27. FUNDRAISING EVENT PERMIT APPLICATION 06-06 FOR THE DICKENS HOUSE DESIGNER SHOWCASE AND HOLIDAY BOUTIQUE

City Clerk Miyuki Yokoyama stated that St. Matthews Episcopal Day School submitted an application for their annual fundraising event. The Dickens House Designer Showcase and Holiday Boutique is proposed to take place from October 20, 2006, to November 5, 2006, at 91 Crystal Springs Road in Hillsborough.

Ms. Yokoyama stated that Public Notices have been sent to homeowners located within a 500-foot radius of the property and no comments have been received. Staff recommends approval of the application subject to the restrictions and conditions of the Police, Fire and Building Departments.

Ms. Linda Handalian of St. Matthews Episcopal Day School stated that the Dickens House Designer Showcase and Holiday Boutique supports their financial aid program. In order to alleviate parking problems, a shuttle bus will run every fifteen minutes from St. Bartholomew's Church to the Dickens House. A full-time security guard will be hired to patrol the 200-year old historical home.

Mayor Kasten thanked Ms. Handalian and opened the public hearing. There were no comments. The public hearing was closed. On motion of Vice Mayor Mullooly, seconded by Councilmember Krolik, and unanimous on voice vote, the Fundraising Event Permit Application 06-06 for the Dickens House Designer Showcase and Holiday Boutique on October 20th through November 5th, 2006, subject to the conditions recommended by staff, was approved.

PUBLIC COMMENT:

There were no comments.

CITY COUNCIL ITEMS:

Mayor Kasten recognized City Planner Maureen Morton, Associate City Planner Gina Tynan, Planning Department staff, Police Sergeant Mike Dearborn, and Chief Building Official John Mullins for receiving notes and words of appreciation.

Mayor Kasten and Councilmember Regan announced that they would be attending the Council of Cities Dinner/Meeting on Friday, July 28, 2006, in San Mateo.

ADJOURN:

Mayor Kasten adjourned the meeting at 9:54 p.m.