

MINUTES

REGULAR CITY COUNCIL MEETING

MONDAY, JANUARY 8, 2007

Mayor Mullooly called the regular meeting to order at 6:02 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

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

MINUTES: The minutes of the December 11, 2006 City Council meeting were approved as submitted subject to two wording changes. Vice Mayor Krolik stated that the first paragraph on Page 7 should read "Vice Mayor Krolik asked that if a homeowner needed to do substantial maintenance on an existing structure that abutted the creek, such as a deck or a tennis court, would the homeowner be affected by the new Creek Protection ordinance." Councilmember Regan stated that the second sentence in Paragraph 3 on Page 6 should read "Councilmember Regan replied that the low water users are assessed a very low fee and their rates would remain low, but the increase in the fixed fee, which applies to all users, does cause a high percentage increase because the low users dollar amount base is so low."

ADMINISTRATION OF OATH OF OFFICE:

The oath was administered to Councilmember-Elect John Fannon by Police Chief Matt O'Connor.

PRESENTATION:

- Resolution of Appreciation – Retirement of Assistant City Attorney Penny Greenberg

The meeting was recessed for a reception.

CONSENT CALENDAR:

On motion of Councilmember Kasten, seconded by Councilmember Regan, and unanimous on voice vote, Consent Calendar items 1-10 were approved with the revised resolution for Item 10.

1. MONTHLY CLAIMS: DECEMBER 1 THROUGH DECEMBER 31, 2006

The monthly claims for December 2006 in the amount of \$2,445,968.70 were approved.

2. QUARTERLY TREASURER'S REPORT

The Treasurer's Report for the quarter ending December 31, 2006, was approved.

3. QUARTERLY INTEREST RATE PRODUCTS (SWAP) REPORT

The Interest Rate Products Report for the quarter ending December 31, 2006, was accepted.

4. ORDINANCE AMENDING SECTIONS 13.20.040, 13.20.020 AND 13.20.030 OF THE HILLSBOROUGH MUNICIPAL CODE TO ADOPT MAXIMUM WATER SERVICE RATES, MAXIMUM METER SERVICE CHARGES, AND A FORMULA FOR THE CALCULATION OF WATER CONNECTION FEES EFFECTIVE FOR BILLINGS AFTER FEBRUARY 12, 2007 - INTRODUCTION

The ordinance amending Sections 13.20.040, 13.20.020 and 13.20.030 of the Hillsborough Municipal Code to adopt maximum water service rates, maximum meter service charges, and a formula for the calculation of water connection fees effective for billings after February 12, 2007, was introduced and set for public hearing on February 12, 2007, to consider adoption of the ordinance amendment.

5. ORDINANCE AMENDING SECTIONS 13.34.030 AND 13.32.105 OF THE HILLSBOROUGH MUNICIPAL CODE TO ADOPT MAXIMUM SEWER SERVICE CHARGES AND A FORMULA FOR THE CALCULATION OF THE SEWER CONNECTION FEE EFFECTIVE FEBRUARY 12, 2007 - INTRODUCTION

The ordinance amending Sections 13.34.030 AND 13.32.105 of the Hillsborough Municipal Code to adopt maximum sewer service charges and a formula for the calculation of the sewer connection fee effective February 12, 2007, was introduced and set for public hearing on February 12, 2007, to consider adoption of the ordinance amendment.

6. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH NEAL MARTIN & ASSOCIATES FOR INTERIM PLANNING SERVICES AND AUTHORIZING AN ADDITIONAL APPROPRIATION OF FUNDS TOWARD THE SALARY EXPENSE

The resolution authorizing the City Manager to enter into an agreement with Neal Martin & Associates for interim planning services and authorizing an appropriation of \$70,000 from the General Fund Reserves for the salary expense was adopted.

7. ORDINANCE AMENDING SECTION 2.12.010 OF THE HILLSBOROUGH MUNICIPAL CODE REGARDING THE TERMS OF MEMBERS OF THE ARCHITECTURE AND DESIGN REVIEW BOARD - INTRODUCTION

The ordinance amending Section 2.12.010 of the Hillsborough Municipal Code regarding the terms of members of the Architecture and Design Review Board was introduced and set for public hearing on February 12, 2007, to consider adoption of the ordinance amendment.

8. RESOLUTION APPROVING THE CSG SERVICE ORDERS FOR DESIGN SERVICES FOR THE 2007 STREET MAINTENANCE AND REHABILITATION PROJECT, THE SANITARY SEWER CLEANING AND VIDEO INSPECTION PROJECT – PHASE 6, AND THE FIRE MAINS LATERAL PROJECT

The resolution approving the CSG service orders for design services for the 2007 Street Maintenance and Rehabilitation Project, the Sanitary Sewer Cleaning and Video Inspection Project – Phase 6, and the Fire Mains Lateral Project, in the total amount of \$103,300, and allocating \$45,600 in Measure A and General Fund revenues and \$57,700 in funds from the 2006 Bond revenues, was adopted.

9. RESOLUTION AUTHORIZING \$60,000 TO FUND THE BACKFLOW DEVICE REIMBURSEMENT PROGRAM

The resolution authorizing \$60,000 from the Sewer Enterprise Fund for the backflow device reimbursement program was adopted.

10. RESOLUTION AUTHORIZING COMPENSATION ADJUSTMENTS FOR TEAMSTERS LOCAL 856 POLICE UNIT

The resolution authorizing compensation adjustments for Teamsters Local 856 Police Unit was adopted.

OLD BUSINESS:

11. ITEMS TO IMPLEMENT THE RECOMMENDATIONS OF THE ZONING STUDY COMMITTEE

Associate Planner Gina Tynan presented an update on the progress to implement the recommendations of the Zoning Study Committee (Committee). She reported that at its meeting of September 11, 2006, the City Council adopted the Plan to Implement the Committee Recommendations (Implementation Plan) to address the Town's regulation of large houses on small lots. The Implementation Plan identified the three

categories of tasks related to the Committee's recommendations and a timeline to reflect the City Council's priorities and allocate staff's resources accordingly for the review, adoption and/or implementation of the tasks by the end of March 2007. She stated that several attachments were included in the City Council agenda packets and copies were provided to all members of the Zoning Study Committee.

Ms. Tynan reported that staff worked with the Citizens Communication Advisory Committee (CCAC) to develop a Preliminary Review Neighbor Bulletin and associated revisions to the Architecture and Design Review Board's (ADRB) Preliminary Review application packet. The Neighbor Bulletin would provide information about the Town's design review process and would identify how and when neighbors may comment on a proposed project throughout this process.

Ms. Tynan reported that staff revised the language on Page 8 of the Town's Residential Design Guidelines to clarify the Town's expectation that new development projects would demonstrate compliance with the guidelines. Staff is currently working with two members of the ADRB to develop the Design Guidelines Checklist. The checklist would be completed by project applicants to help assure that they review and employ the principles and standards of the Design Guidelines before applications are submitted to the Planning Office.

Councilmember Kasten asked Ms. Tynan about the proposed revision to page 8 of the Design Guidelines clarification relative to the use of "shall" and "must." Ms. Tynan replied that the draft in the attachment had not gone to the ADRB for final review of the proposed wording, but that the ADRB would discuss the draft revisions at their regular meeting on January 22, 2007, and provide direction to staff. After ADRB review and comment, the proposed revisions would be presented to the City Council for adoption by resolution at the February 12, 2007 meeting in accordance with the adopted schedule. The language change is intended to stress that compliance with the guidelines is important to the community and the Town and to give "teeth" to the guidelines. Councilmember Regan added that the use of "should" highly encourages that conformance would be strongly encouraged by the Town through the Design Review process. Ms. Tynan added that "shall" means that conformance is mandatory and is used in the Design Guidelines for requirements of the Municipal Code.

Ms. Tynan reported that staff worked with the firm Design Community and Environment (DC&E) to prepare a study of possible modifications to the Zoning Ordinance to increase required front and side setbacks for larger homes. Input from three architect members of the Zoning Study Committee was solicited in developing the analysis.

Ms. Tynan introduced David Early of DC&E to give a brief presentation and answer any questions about the Front and Side Setback Study. She stated that, based upon direction of the City Council at this meeting, staff could prepare an amendment to the Zoning Ordinance to increase front and side setbacks for large homes, as needed, for introduction at the February 12, 2007 City Council meeting in accordance with the adopted schedule.

Mr. Early explained that the setback study used an 8,000 square foot house on a 32,000 square foot lot as the constant to which different setbacks were applied. The dimensions of the home and lot were chosen because 8,000 square feet is the threshold at which houses must be approved by the City Council after they have been reviewed by the ADRB. The lot size is the smallest on which a home of this size could be built while meeting all of the current setback, Floor Area Ratio (FAR), and lot coverage requirements of the Zoning Ordinance.

Mr. Early discussed the three categories of setbacks evaluated in the study, including retaining the required front and side setbacks as currently established in the Zoning Ordinance, increasing the required front setback by a standard amount based on the width of the right-of-way with a standard increase of the side setback, and a combined increase in the front and side setbacks of up to 10 feet on a 50-foot right-of-way and of up to 15 feet on a 40-foot right-of-way. He provided a Power Point presentation

showing 14 setback scenarios and a table comparing the right-of-way widths, front and side setbacks, and the lot depth and width of the 14 scenarios. He stated that the scenarios differ from one another only in their front and side setbacks, allowing a comparison of visual impact from the street.

Mr. Early stated that the front setback made the most difference and was most important to staff and the ADRB. He recommended increasing setbacks a total of 15 feet with at least 5 additional feet in front and the remaining 10 feet in front or on the sides. He asked if the Councilmembers had any questions.

Councilmember Fannon asked why more emphasis was placed on the front, but the homeowner is given the option of using the additional 10 feet on the sides. Mr. Early replied that an additional 5 feet would be added to the front setback, but the homeowner would be given the flexibility of adding the additional 10 feet to the front or side setbacks, as the additional side setback distance does also help reduce visual impacts.

Councilmember Kasten asked Mr. Early if upsloping lots would have a problem with more than an additional 5-foot front setback. Mr. Early replied that most of the well-designed upsloping lots would not have a problem with the additional 5-foot front setback.

Mr. Early apologized for the confusion about Table 1 that was provided in Attachment B and provided a corrected table with changes in the right-of-way widths.

Councilmember Kasten asked about properties that are sloping or irregularly shaped. Mr. Early replied that the setback modifications would give the ADRB some flexibility and would allow for discussion between the homeowner and neighbors. He suggested that the recommendations could be a pilot program and then the ideas could be codified at a later date if successful.

Councilmember Fannon asked Ms. Tynan if the ADRB reviewed the setback study. Ms. Tynan replied that the setback study was not on the ADRB agenda, but that ADRB and Zoning Study Committee members who were consulted felt the recommendations were reasonable and preferred the flexible alternative choice.

Councilmember Regan stated that he would prefer “must” instead of “could” in the last sentence on Page 6 of the DC&E Front and Side Setback Study recommendation.

Mr. Early stated that the recommended setbacks allow the ADRB to provide guidance to the homeowner and allow a great deal of latitude through the Design Guidelines. Councilmember Kasten stated that any home that is 8,000 square feet and larger would be reviewed by the City Council and that he felt comfortable with the proposed increase to the front and side setbacks as recommended by DC&E. Ms. Tynan stated that she also felt comfortable with the recommendations for the 8,000 square foot homes to make these homes better fit into neighborhoods. An 8,000 square foot home is a large home and the recommendations ensure that there would be enforcement of increased setbacks for large homes.

Vice Mayor Krolik asked how many 8,000 square foot homes are built each year. Ms. Tynan replied that generally no more than two 8,000 square foot homes are approved each year. Vice Mayor Krolik stated that an 8,000 square foot home would be a significant size home and asked if a 10-foot increase to the front setback could be required, unless the home is on an upsloping lot and would loom over a neighbor. Ms. Tynan replied that the intent of the front and side setback recommendations allows the ADRB to work with the homeowner in determining the most appropriate front and side setbacks for each site. Mr. Book asked if the side setbacks needed to be equal. Councilmember Kasten stated that the side setbacks need not be equal and that DC&E’s recommendations give flexibility to the ADRB. Councilmember Fannon agreed that the ADRB should be given the flexibility in determining the best side setback for the 8,000 square foot homes. Vice Mayor Krolik stated that a larger front setback makes a difference and that she would encourage larger front setbacks.

Mr. Early stated that Ms. Tynan or City Planner Maureen Morton would draft the guidelines for the front and side setbacks as directed by the City Council. Mr. Book asked Ms. Tynan if the new setbacks would still be minimum setbacks. Ms. Tynan confirmed that the new setbacks would still be the minimum setbacks.

Mayor Mullooly asked the City Council to give direction to the Planning Department. Councilmember Kasten directed staff to work with the second recommendation in the DC&E proposal for up to an additional 15 feet in front and side setbacks, with a minimum of 5 feet in front and the remaining 10 feet in the front or side setbacks, using the language in the DC&E study in regards to preference for “flexibility”. The policy is a pilot program for the next year and the City Council would revisit the Zoning Ordinance to add the language to the Hillsborough Municipal Code to make the amendment if deemed appropriate.

City Manager Tony Constantouros stated that the Town must be sensitive to the setback issue. He suggested that the Town should have a public information plan for the changes being considered and should provide an opportunity for the public to comment. Mayor Mullooly stated that the changes would be included in the Town’s newsletter.

Mayor Mullooly recommended two changes on Page 2 of the Neighbor Bulletin: Preliminary Review. The word “finalized” should be changed to “completed” in the first sentence in the first paragraph and the words “two-story” should be highlighted in the fourth paragraph.

Vice Mayor Krolik asked if a paragraph should be included on the Neighbor Bulletin Preliminary Review that neighbors should be notified of a proposed construction project and a sign-off sheet could be initialed by the neighbors. Ms. Tynan replied that adjacent property owners do not always live in the neighborhood, which could make it difficult for applicants to get sign-offs from all neighbors. Ms. Tynan explained that the homeowner is encouraged to discuss the plans with the neighbors who would be most impacted by the project and that the plans should be revised to address the concerns of the neighbors. Mayor Mullooly stated that the Neighbor Bulletin Preliminary Review appeared to address neighbor concerns.

Mayor Mullooly thanked Ms. Tynan and Mr. Early.

PUBLIC HEARING:

12. FUNDRAISING EVENT PERMIT APPLICATION 07-02 FOR THE COMMUNITY SERVICE LEAGUE’S KITCHEN TOUR

City Clerk Miyuki Yokoyama stated that the Community Service League submitted a fundraising application to conduct their annual Kitchen Tour on Friday, May 18, 2007, from 10:00 a.m. to 3:00 p.m. at 20 Bridle Court, 530 West Santa Inez Avenue, 30 Annescourt Place, 25 Marialinda Court and 745 Chiltern Road.

Ms. Yokoyama stated that public notices have been sent to homeowners located within a 500-foot radius of the properties 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.

Mayor Mullooly opened the public hearing. There were no comments. The public hearing was closed. On motion of Vice Mayor Krolik, seconded by Councilmember Regan, and unanimous on voice vote, the Fundraising Event Permit Application 07-02 for the Community Service League’s Kitchen Tour on Friday, May 18, 2007, subject to the conditions recommended by staff, was approved.

13. ORDINANCE AMENDING HMC SECTION 2.12.070 REGARDING TEARDOWNS - ADOPTION

City Planner Maureen Morton stated that this ordinance provides a definition for a “teardown”. There have been different interpretations of what constitutes a teardown and there have been cases where the Architecture and Design Review Board has approved, in a public hearing, an application for a remodel and addition to a house. However, once the job has been initiated, the entire house has been torn down.

Mayor Mullooly stated that the amendment clarifies the ordinance. She opened the public hearing. There were no comments. The public hearing was closed. On motion of Councilmember Fannon, seconded by Councilmember Kasten, and unanimous on voice vote, the ordinance amending HMC Section 2.12.070 regarding teardowns was adopted.

Agenda item 18 was discussed after agenda item 13.

14. ORDINANCE ADDING CHAPTER 16.18 PARK-IN-LIEU FEES TO TITLE 16 OF THE HILLSBOROUGH MUNICIPAL CODE – ADOPTION

City Planner Maureen Morton stated that as a result of comments from Councilmember Regan at the December 11, 2006 City Council meeting, changes were made to the formula in the ordinance for the park-in-lieu fees before it was introduced and that those changes are included in the ordinance. The ordinance provides for the collection of park-in-lieu fees for new subdivisions to help mitigate the costs of providing parks to meet the needs of new residents.

Vice Mayor Krolik asked if the average number of persons of 2.9 per household in Hillsborough would change. Ms. Morton replied that the number of persons per household would be based on the federal census figures.

Councilmember Regan commented that the ordinance looked great.

Mayor Mullooly opened the public hearing. There were no comments. The public hearing was closed. On motion of Vice Mayor Krolik, seconded by Councilmember Regan, and unanimous on voice vote, the ordinance adding Chapter 16.18 to the Hillsborough Municipal Code regarding park-in-lieu fees was adopted.

NEW BUSINESS:

15. REPLACEMENT OF DAIS AND ACCESSORY DESK UNITS FOR THE COUNCIL CHAMBERS

Police Chief Matt O'Connor stated that at the December 11, 2006 City Council meeting, staff was authorized by the City Council to proceed with upgrades to the Audio Visual (AV) equipment in the Council Chambers. During the presentation, the City Council was advised that staff would make every effort to utilize the existing dais furniture. As the AV upgrade project unfolded, it became very apparent that the existing dais furniture was not suited to be retrofitted for this technical transition.

Chief O'Connor reported that Mission Bell Manufacturing, Marshall Furniture, and One Workplace were contacted to submit project proposals for the construction of three pieces of Council Chamber furniture, including a new five-seat dais, a movable four-seat staff desk, and a movable/expandable document table. Of the three vendors that submitted project proposals, Mission Bell was the most responsive to the Town's needs.

Chief O'Connor added that Mission Bell has been commissioned to construct custom furniture for meeting and conference rooms at the San Jose Civic Center, Stanford University, UCSF, Genentech, University of Santa Clara, as well as many other professional offices in the SF Bay Area.

Chief O'Connor stated that the new dais would be stained a honey maple color to match the existing doors and railings to keep a uniform wood color in the Council Chambers.

Mayor Mullooly thanked Chief O'Connor and asked if there were any questions. Vice Mayor Krolik asked if the new dais would have a shelf in front. Chief O'Connor stated that the new dais would have a shelf, which would be an integral part for the lighting and speakers for the dais. Councilmember Kasten asked about the height of the dais shelf. Chief O'Connor stated that he would take the shelf height into consideration.

On motion of Councilmember Fannon, seconded by Councilmember Kasten, and unanimous on voice vote, the resolution accepting the proposal from Mission Bell Manufacturing for the amount of \$41,114 for the custom construction of an upgraded five-seat dais, an upgraded four-seat staff desk and an expandable document table, with a contingency amount of \$3,886, for a total project amount not to exceed \$45,000, was adopted.

16. RESOLUTION APPROVING MAILING OF THE NOTICE REGARDING THE PROPOSED 15.5% RATE INCREASES FOR RESIDENTIAL AND COMMERCIAL REFUSE COLLECTION

Public Works Director Martha DeBry stated that Allied Waste Systems (Allied) has submitted its annual rate application for municipal waste collection services. The Town is in the seventh of a ten-year franchise agreement with Allied (previously BFI). Under the franchise agreement with Allied, costs for the coming year are projected and rate increases are proposed to bridge any funding gaps. The refuse rate is based on actual costs to provide service, including labor, equipment, and disposal/processing with a 9% profit cap. Many costs are not subject to profit, including tipping fees. Ms. DeBry reviewed the rate history from 1997 to 2006.

Ms. DeBry stated that the 2006 rate application prepared by Allied reviewed the years 2005, 2006, and 2007. At the end of this year, Allied is projecting deficits for calendar years 2006 and 2007. The Town's rate consultant, Hilton, Farnkopf and Hobson (HFH), reviewed Allied's 2006 rate application for accuracy, reasonableness, and disputes costs. In 2005 there was a deficit of \$160,000 offset by a surplus of \$191,000. 2006 was based on projection using partial year data and the revenue increased 6.2%. The \$183,000 projected deficit was due to the fact that the original labor and equipment projections were low, the route change increased costs, and the one-time charge of \$95,000 for 2003, 2004 and 2005 consultant expense was not included. A \$201,000 deficit is projected for 2007 and includes increases in labor rates and a new management team.

Ms. DeBry reported that HFH recommended a 19.5% rate increase to collect enough revenue to eliminate the deficits by the end of 2007. This rate is a combination of the additional 9.8% of revenue needed for 2006 and 10.9% needed for 2007. The rate increase would in theory set the balancing account to zero by December 31, 2007.

Ms. DeBry stated that staff recommended a 15.5% rate increase, which includes 5.5% for 2006, spreading the one time cost over two years, and 10% for the on-going structural deficit. She recommended anticipating increasing costs 5-10% next year and introducing an alternative rate structure based on distance. The Town has the discretion to carryover a deficit from year to year during the term of the franchise, which will expire on December 31, 2010.

Ms. DeBry stated that refuse rates are subject to Proposition 218 protest procedures. The Bighorn decision requires at least a 45-day advance notice to property owners of the public hearing. If the City Council approves the mailing of notices regarding the 15.5% rate increase, a hearing date of March 12, 2007, could be established. Should a majority of ratepayers object to the increase, implementation could be halted.

Councilmember Fannon asked if the 15.5% rate increase would amount to an increase of \$2.56 per month. Ms. DeBry replied that for the average homeowner who uses a 32-gallon can, the proposed 15.5% rate increase would equal \$2.56 per month. Councilmember Fannon recommended including the dollar amount and not just the percentage in the notice to residents.

Councilmember Regan stated that it is outrageous that \$95,000 for consultant expenses was not adequately accounted for and asked if there was any reason for it. Ms. DeBry replied that there was no adequate explanation given by SBWMA's treasurer.

Councilmember Kasten asked Ms. DeBry if the SBWMA agrees with the rate increases recommended by HFH and Allied. Ms. DeBry responded that the SBWMA entered into the negotiations with Allied Waste to determine which costs are reasonable.

Vice Mayor Krolik asked how many different collection days there are per week. Ms. DeBry replied that currently, garbage is picked up four days a week. Mayor Mullooly asked if the garbage could be collected in one day. Ms. DeBry replied that a one or two-day pick up service could be requested as part of the new franchise. Mayor Mullooly asked if that would be more expensive. Ms. DeBry replied that it would be more expensive. Vice Mayor Krolik asked if a one or two-day pick up service would require more trucks and more workers. Ms. DeBry replied that it would require more trucks and staff as half of the Town would need to be serviced on one day, and the other half of the Town on the next day for a two-day service.

Vice Mayor Krolik stated that it was puzzling how there could be a \$200,000 deficit for 2007 and the Town could be charged without the Town's input. Ms. DeBry replied that this was possible due to the collective bargaining process and labor rates.

Mayor Mullooly thanked Ms. DeBry. On motion of Vice Mayor Krolik, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution approving mailing of the notice regarding the proposed 15.5% rate increases for residential and commercial refuse customers was adopted and the public hearing date was set for March 12, 2007.

DISCUSSION:

17. DISCUSSION OF THE MAYOR'S APPOINTMENTS TO COMMISSIONS

Mayor Mullooly discussed the appointment of Councilmembers to commissions and other inter-agency organizations. She stated that she would review the policy for commissioners and would distribute a revised commissioner's policy.

18. DISCUSSION OF SFPUC'S PROPOSED CAPITAL IMPROVEMENT PROJECTS TO BE CONSTRUCTED IN AND NEAR HILLSBOROUGH

Public Works Director Martha DeBry stated that the San Francisco Public Utilities Commission (SFPUC) has a series of capital improvement projects that would affect the Town. She introduced Roy Fedotoff, Susan Hou, and Maureen Barry of the SFPUC.

Mr. Fedotoff stated that he was the Senior Project Manager for the Peninsula Region of the Water System Improvement Program (WSIP). Previously, he met with Ms. DeBry, then-Mayor Tom Kasten, as well as key engineers to review the program and improvement projects in and around Hillsborough.

Mr. Fedotoff briefly reviewed the SFPUC's service area and overall system. He stated that the SFPUC delivers approximately 1/3 of the water to retail customers in San Francisco, while wholesale deliveries to 28 suburban agencies outside San Francisco account for the remaining 2/3. 18 of their 28 wholesale customers are located in San Mateo County. The San Francisco Regional Water System, often referred to as the

Hetch Hetchy System, represents the sole supply for 13 of these 18 agencies. Virtually all San Mateo County residents receive potable water from the San Francisco Regional Water System.

Mr. Fedotoff explained that the Water System Improvement Program was approved by San Francisco voters in November 2002. The \$4.3 billion capital improvement program would be completed in mid-2014 and includes over 70 projects in seven counties. 39 of the projects are regional projects that would benefit San Mateo County residents and would cost about \$900 million in construction. The goal of the project is to ensure a reliable source of high quality drinking water to the Bay Area for the future.

Mr. Fedotoff added that the regional water system delivers water to 2.4 million people in the Bay Area, serves an average of 260 million gallons of water daily, and consists of 11 reservoirs, 280 miles of pipelines, 60-plus miles of tunnels, 5 pump stations, and 2 water treatment plants, including many components that were built more than 70 years ago. The regional water system crosses 3 major earthquake faults.

Mr. Fedotoff explained that the major projects scheduled in and near Hillsborough are the New Crystal Springs Bypass Tunnel, the Lower Crystal Springs Dam Improvements, the Crystal Springs-San Andreas Transmission Upgrade, and the Crystal Springs Pipeline No. 2 Replacement.

Mr. Fedotoff stated that the first major project to go into construction is the New Crystal Springs Bypass Tunnel that is currently scheduled to begin construction in the Summer of 2008 and would be completed in the Fall of 2011. He explained that the scope of the New Crystal Springs Bypass Tunnel Project would be 4,200 feet long with a 9-foot diameter tunnel to be built adjacent to Polhemus Road between Crystal Springs Road and Bunker Hill Road in very close proximity to the Town of Hillsborough. The goal of this project would be to provide redundancy to the seismically vulnerable Crystal Springs Bypass Pipeline. The challenge of the project is that the close proximity to homeowners may require special mitigation. The five items of concern for the Highlands and Baywood Park communities would be the noise, vibration, dust, lighting for night work, and the disposal of muck from the tunnel. The construction cost would be \$66 million.

Councilmember Kasten asked if any Hillsborough residents would be affected. Mr. Fedotoff replied that the project would affect residents in the unincorporated section of San Mateo County.

Mayor Mullooly asked about the depth of the tunnel that would be built below the surface on Polhemus Road. Mr. Fedotoff replied that the new tunnel would be built 60-200 feet below the surface close to the alignment of Polhemus Road and would not be affected by landslides or seismic activity.

Councilmember Regan asked Mr. Fedotoff what type of work would be done at night. Mr. Fedotoff replied that most of the work would be done Monday through Friday from 7:00 a.m. to 7:00 p.m., depending on the activity, but that tunneling would occur 24 hours a day for about 5 days and would affect the residents near the canyon. He added that noise barriers similar to those used on the Caldecott Tunnel would be installed to attenuate the sound.

Mr. Fedotoff stated that the Lower Crystal Springs Dam is located in unincorporated San Mateo County near the Town of Hillsborough. Built in the 1880's, the Lower Crystal Springs Dam withstood the 1906 and 1989 earthquakes without any damage. In 1980, the State Division of Safety of Dams determined that the dam spillway was inadequate and mandated lowering the water level behind the dam by 8 feet, thereby reducing the capacity of the Crystal Springs Reservoir by nearly 16%.

Mr. Fedotoff explained that the scope of the Lower Crystal Springs Dam Improvements Project would be improvements to the overflow weir and spillway. The goal of this project would be to restore an additional storage capacity of 2.6 billion gallons. The challenge of the project would be that San Mateo County must rebuild the bridge

above the dam before SFPUC could commence work. The construction cost would be \$19 million. Mr. Fedotoff added that an environmental scoping meeting would be held on January 18, 2007 at 6:30 p.m. at South Hillsborough School. The construction schedule would be Winter 2010 to Winter 2011.

Mr. Fedotoff explained that the scope of the Crystal Springs/San Andreas Transmission Upgrades would be hydraulic/seismic improvements to multiple facilities. The goal of this project would be to increase seismic and delivery reliability of facilities located in the vicinity of the San Andreas fault. The challenge of the project would be environmentally sensitive areas of the watershed and the exact location of the San Andreas fault. The construction cost would be \$116 million. The schedule would be Summer 2011 to Fall 2013.

Mr. Fedotoff introduced Susan Hou, Project Manager for the Crystal Springs Pipeline No. 2 Replacement Project (CSPL2). Ms. Hou explained that the CSPL2 is a 19-mile pipeline, which starts from Crystal Springs Road in the unincorporated area of San Mateo County and ends in San Francisco. It is one of the major transmission lines supplying water to customers along the Peninsula as well as San Francisco. It currently supplies an average of approximately 2 million gallons of water every day to the Town of Hillsborough through five customer service turnouts. The objective of this project is to ensure that delivery of water from this pipeline would be maintained after the next major earthquake event. The project consists of the repairs and/or replacement of various pipeline sections. During construction, delivery of water would be maintained through other water transmission lines. Construction time would be limited to between 8:00 a.m. to 5:00 p.m. on weekdays. There would be traffic control and noise and vibration measures would be implemented as much as possible. The construction cost would be \$75 million and would be scheduled for October 2009 to November 2011.

Ms. Hou further explained that the Crystal Springs Pipeline No. 2 Replacement would include several types of work in Hillsborough, including replacing existing 60-inch pipeline with thicker walled pipe at 5 locations (approximately 1,200 feet), slip-lining existing 54-inch pipeline (approximately 1,000 feet), retrofitting pipe support piers at two creek crossing locations, painting the exterior of the pipe, and installing cathodic protection. She provided brief overviews on the project locations near Tartan Trail and Crystal Springs Road, Crystal Springs Road and Woodridge Road, Crystal Springs Road and Crystal Springs Terrace, Crystal Springs Road and Buckeye Court, El Cerrito Road and Rockridge Road, along West Santa Inez Avenue, and along El Camino Real. Two public meetings would be held in late Winter 2007 to present the project and to provide an update. One meeting would be held in Hillsborough and the other held on the Northern Peninsula. Construction is scheduled for Fall 2009.

Ms. Hou stated that public outreach would be conducted during various phases of the projects, including environmental review, design, and construction. Types of regional outreach efforts would include contact with elected officials, technical agency staff, and members of the community. She stated that more information on the Water System Improvement Program is available on the SPPUC's website, www.sfwater.org. The SFPUC could also be contacted at info@sfwater.org or 415-554-3289. She added that an upcoming meeting is scheduled for January 18, 2007 at 6:30 p.m. at South Hillsborough School for the Lower Crystal Springs Dam Environmental Scoping. A meeting is also scheduled for January 23, 2007 at 1:30 p.m. at San Francisco City Hall for the Right-of-Way Policy hearing.

Councilmember Fannon asked if Crystal Springs Road would be closed during the construction of the Crystal Springs Pipeline No. 2 Project. Ms. Hou replied that Crystal Springs Road would need to be closed during construction of the Crystal Springs Pipeline No. 2 Project and that residents would be notified about the shut down. Currently, the project is in its early planning stage, but she would be working with San Francisco's Department of Parking and Transportation and an environmental consultant on the project. The SFPUC would strive to shorten the shut down period to lessen the traffic impact on Crystal Springs Road.

Councilmember Regan asked what the \$75 million Crystal Springs Pipeline No. 2 Project would replace. Ms. Hou replied that the \$75 million would replace approximately 2,000 feet of pipeline in Hillsborough.

Mayor Mullooly asked if El Camino Real would be closed during construction. Ms. Hou replied that El Camino Real would not need to be closed completely during construction as the pipeline would be slip-lined for approximately 30 feet and that would require shutting down only two lanes on El Camino Real. The SFPUC would work with CalTrans during the shut down on El Camino Real.

Councilmember Kasten stated that residents would need sufficient notice of SFPUC meetings, road closures, and traffic slow downs as Crystal Springs Road is a major east/west thoroughfare through Hillsborough with many residents using it to go to school and work. Ms. Hou replied that the SFPUC would notify the public about any traffic issues that may affect drivers.

Councilmember Kasten asked if any water would be released during the SFPUC's projects. Mr. Fedotoff replied that ground water would need to be discharged into the creeks or sewer system. Councilmember Kasten stated that residents get nervous when the creek level rises. Mr. Fedotoff replied that the rising creek level was an excellent point. Mayor Mullooly stated that information about the SFPUC's projects could be included in the Town's quarterly newsletter to keep residents informed.

Mayor Mullooly thanked Mr. Fedotoff, Ms. Hou, and Ms. DeBry for the information on the SFPUC's Water System Improvement Program.

19. DISCUSSION OF THE REFUSE CONTRACTOR SELECTION PROCESS

Public Works Director Martha DeBry presented an update on the refuse and recycling contractor selection process. Since the September 11, 2006 City Council meeting, Atherton has decided to become a bid option to the SBWMA RFP and Kathleen Gallagher was retained to assist with evaluating the contractor options.

Ms. DeBry explained that the request for proposals (RFP) would be issued in Spring 2007 and responses would be requested in August 2007. Based on the responses, the Town could negotiate the best deal or the Town could go out to bid on its own.

Ms. DeBry presented an updated summary of expected increases in collection costs for the SBWMA and for Hillsborough, not including the alternative fuel vehicles and equipment financing, and exploring wet/dry collection services, which could result in an increase in cost for Hillsborough.

Ms. DeBry explained that the total cost of collection annually is estimated at \$2,067,000, with the largest cost being labor. There would be a need for three separate trucks to collect garbage, recyclables, and yard waste. Tipping fees, processing, and transfer costs would also be included in the total cost of collection.

Ms. DeBry added that fewer personnel would be needed if automated and semiautomated collection is introduced. An equivalent of a 25-person workforce would be required for 16 route days of service per month. Route days would increase with weekly service. The estimated labor rates as of 2008 are floor for SBWMA bid reasonableness. The labor peace is not in the RFP, but employee retention is included in the RFP.

Ms. DeBry explained that automated trucks would be the most efficient method of collection as an automated truck requires only one person, decreases pick-up time, but requires curbside collection. Semiautomated trucks typically require two persons, a driver and a helper, and require personnel to exit the vehicle, which increases the amount of time at each residence for the time to the curb and time to the rear yard. The split body "one pass" trucks are automated or semiautomated, reduce traffic and damage to the streets, but are not practical if materials go to different drop-off sites.

The smaller pup trucks would be required for special routes and add significantly to the collection cost, but are less likely to damage driveways.

Ms. DeBry explained that a tipping fee is paid at the gate of the collection sites, including Ox Mountain for refuse, Newby Island for green waste and organics, Shoreway Recycling Facility for recyclables, and Zanker Road for construction and demolition recycling. The cost to transfer materials from Shoreway to other sites varies. Commodity prices would affect rates for recycling.

Ms. DeBry stated that if staff recommendations for the RFP are approved by the City Council, they would be added to the RFP. She would request that the cost of items be presented as options. The City Council would be able to negotiate the items after the responses are received.

Ms. DeBry explained that with semiautomated/automated collection, single stream recyclables would be taken to San Carlos and the other materials hauled elsewhere. The SBWMA Joint Powers Authority technically requires transfer station use. The contractor would have the option of using new or used trucks, determine the fleet configuration and automate where feasible.

Ms. DeBry stated that three carts would be preferred for flexibility and capacity. The carts are approximately \$70 each (\$1.66 per month). The use of crates would be more labor intensive.

Ms. DeBry explained that the Town's diversion goal would increase from 54% to 70%. Residents prefer weekly collection, which would increase diversion as residents reported that capacity has been a barrier to recycling. The diversion would increase possibly to 77% with wet/dry collection. The incentive for exceeding the diversion goal would be that the recycled tons are less costly to process than disposed tons of waste. The consultant's estimate of an incentive of up to \$30 could be paid without affecting rates. The shared savings proposed would be \$20/ton for 75-79% and \$25/ton for 80% or more. The penalties for failure to meet the goal would only be imposed due to poor collection practices such as contamination and \$30/ton below 65%.

Ms. DeBry stated that dedicated customer service would be provided through a partnership between the Town and the provider. There would be a relatively low call volume, better monitoring of complaints and issues, and an increase in liquidated damages. Recently, residents reported frequent negative experiences. A new concept would be to install cameras on the trucks to monitor and document the workers and would add approximately \$10,000 per vehicle. The Town's 17 commercial accounts would be contacted twice a year for technical assistance.

Ms. DeBry stated that food waste, which accounts for 20% of residential waste, could be composted, but there would be an additional cost associated with the management of organics, and the residents did not express a strong interest in the program. A wet/dry system would not require a change in the residents' habits.

Ms. DeBry added that the Town could assist with the coordination of local recycling events to encourage recycle/reuse of materials. The twice-yearly compost/mulch giveaway has been a successful and low cost event in the past.

Ms. DeBry stated that the two on-call pickups would be continued and would include an expanded list of discardable items.

Ms. DeBry explained that the next step in the refuse and recycling contractor selection process would be to assist with the RFP writing, issue the RFP in the Spring of 2007, and evaluate the responses in August 2007.

Mayor Mullooly asked Ms. DeBry if collection could be arranged by sections or blocks of the Town, so that the entire Town would not look so messy all week long. Ms. DeBry replied that the contractor determines the route and that the Town could specify one-day service with the SBWMA, but if the Town went with its own contractor, the Town may not have that option.

Vice Mayor Krolik asked Ms. DeBry if recycling food items would be beneficial to the pipes and sewage systems. Ms. DeBry responded that recycling food items would be beneficial to the sewage system as food waste clogs the Town's sewage system.

Councilmember Kasten asked Ms. DeBry if residents would be able to keep the green waste carts they currently use. Ms. DeBry stated that if the contract with Allied Waste is terminated, the Town may purchase the carts from Allied, or new carts may need to be purchased, and they amortize in 7-10 years. Vice Mayor Krolik asked what size the carts would be. Ms. DeBry replied that the green waste carts would be 96 gallons.

Mayor Mullooly thanked Ms. DeBry for the update on the refuse and recycling contractor selection process.

20. DISCUSSION OF THE PROPOSED ORDINANCE REGARDING PUBLIC PARKS

Public Works Director Martha DeBry stated that during public meetings regarding the design of Vista Park, many comments were received regarding the need to regulate the use of Town parks. The Municipal Code has a very limited definition of parks and does not provide guidance for special events in parks and prohibits many activities, some of which require updating. A draft ordinance has been developed to address some of the issues that have come about at Vista Park, including establishing a definition of a park; setting hours for use; authorizing the Director of Public Works to establish rules for the parks; establishing special use permits; requiring use of safety equipment when using skateboards, skates or scooters; and designating parks as "drug-free" zones.

Councilmember Regan asked Ms. DeBry if the draft ordinance was adopted from another city. Ms. DeBry replied that she included sections from the ordinances of the City of Foster City and the City of San Mateo.

Councilmember Kasten asked about the section regarding use of the park for crafts fairs. Ms. DeBry replied that the type of crafts fair that Assistant City Attorney Penny Greenberg was considering when drafting the ordinance was a Girls or Boys Scout type of craft fair. Mayor Mullooly added that Section 9.54.050 regarding prohibited conduct states that nothing could be sold at the parks.

Mayor Mullooly asked about the hours of use for the parks and was concerned that 6:00 a.m. to 10:00 p.m. may pose a problem. Ms. DeBry replied that she would change the hours from sunrise to one hour after sunset.

Councilmember Regan asked if overuse of the parks would be limited. Ms. DeBry replied that permits would control the use of the parks. She added that the Hillsborough Recreation Department would help schedule use of the parks.

Mayor Mullooly thanked Ms. DeBry.

PUBLIC COMMENT:

Mayor Mullooly asked if anyone wished to make a public comment. City Planner Maureen Morton stated that a resident on Downey Way was interested in the teardown ordinance, but that he had to leave tonight's City Council meeting. Ms. Morton stated that she suggested that he attend future meetings regarding teardowns.

CITY COUNCIL ITEMS:

Mayor Mullooly stated that the Town of Hillsborough and Finance Director Edna Masbad were recognized for receiving the Government Finance Officers Association's Distinguished Budget Presentation Award.

Councilmember Kasten recognized Building Inspector Tim Anderson, the Public Works Department, and Public Works Director Martha DeBry for receiving words of appreciation.

Mayor Mullooly announced that she would be voting at the January 26, 2007 Council of Cities Dinner/Meeting, but would not be attending the dinner at the El Rancho Inn in Millbrae. Councilmember Regan stated that he would not be able to attend. Councilmember Kasten stated that he would attend the dinner/meeting.

Mayor Mullooly asked Ms. DeBry if the traffic island on Forest View Avenue has been replaced. Ms. DeBry responded that the Forest View Avenue traffic island is scheduled to be replaced and that the neighbors would be notified.

Ms. DeBry reported that approximately 80 residents attended the Walnut Avenue Public Meeting on November 15, 2006, and that a few attendees were in support of the project. She stated that she would like to send out a letter to residents in the area affected by the closure and that she would report back at the February 2007 City Council meeting. Vice Mayor Krolik stated that she would like to form a subcommittee with Councilmember Kasten to discuss the long-term use of Walnut Avenue. At the first subcommittee meeting she would like to formulate communication with the residents before making any physical changes to the area.

Vice Mayor Krolik reported that San Mateo High School students would be collecting used electronics from Hillsborough residents on January 20, 2007. Anyone interested should contact Vice Mayor Krolik for more information.

ADJOURN:

Mayor Mullooly adjourned the meeting at 9:47 p.m. in memory of Fred Clifton. Mr. Clifton served on the Hillsborough City Council from 1960 through 1979.