

MINUTES
REGULAR CITY COUNCIL MEETING
MONDAY, FEBRUARY 12, 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 January 8, 2007 City Council meeting were approved as submitted subject to several wording changes by Vice Mayor Krolik. Vice Mayor Krolik stated that the last paragraph on page 4 should read "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."

Vice Mayor Krolik stated that the first sentence in the fourth paragraph on page 8 should read "Vice Mayor Krolik asked *how many* different collection days *there are per week*."

Vice Mayor Krolik stated that the fourth paragraph in Item 19 on page 11 should read "Ms. DeBry explained that the total cost of collection *annually* is estimated at \$2,067,000, with the largest cost being labor."

Vice Mayor Krolik stated that the fourth paragraph on page 14 should read "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."

PRESENTATION:

- Financial Advisory Committee, Certificate of Appreciation – Lawrence Onderdonk
- Code Enforcement Hearing Panel, Certificate of Appreciation – Tony Gschwend
- Marcus Beverly, Director of Risk Management, ABAG Plan, discussed ABAG's Risk Management Framework and Best Practices and presented the Town of Hillsborough with a Certificate of Appreciation recognizing the Town as a Best Practices Town and entitling the Town to \$10,000 to fund additional risk management activities.
- Distinguished Budget Presentation Award to the Town of Hillsborough: Government Finance Officers Association

CONSENT CALENDAR:

Item 2 from the Consent Calendar was removed from the agenda. Item 9 was removed for discussion. On motion of Councilmember Kasten, seconded by Vice Mayor Krolik, and unanimous on voice vote, Consent Calendar items 1, 3-8, 10 and 11 were adopted.

1. MONTHLY CLAIMS: JANUARY 1 THROUGH JANUARY 31, 2007

The monthly claims for January 2007 in the amount of \$2,874,539.36 were approved.

2. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE MEMORANDUM OF UNDERSTANDING BETWEEN THE TOWN OF HILLSBOROUGH AND THE TEAMSTERS UNION LOCAL #856 (PUBLIC WORKS/CLERICAL UNIT)

This item was removed from the agenda.

3. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE AN AGREEMENT FOR AN EMERGENCY PREPAREDNESS SERVICES COORDINATOR

The resolution authorizing the City Manager to execute an agreement with the San Mateo County Sheriff's Office of Emergency Services to provide the services of a part-time Emergency Preparedness Services Coordinator was adopted.

4. RESOLUTION TO ADOPT THE INTERIM POLICY FOR ADDITIONAL FRONT AND SIDE BUILDING SETBACKS FOR NEW HOMES OF 8,000 SQUARE FEET AND LARGER

The resolution for the interim policy for additional front and side building setbacks for new homes of 8,000 square feet and larger, which would be reviewed in one year, was adopted.

5. RESOLUTION AMENDING PAGE 8 OF THE RESIDENTIAL DESIGN GUIDELINES

The resolution amending page 8 of the Residential Design Guidelines was adopted.

6. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH PACIFIC TRENCHLESS, INC. FOR THE 3333 RALSTON AVENUE STORM DRAIN EASEMENT REPAIR PROJECT

The resolution accepting as complete the contract with Pacific Trenchless, Inc. for the 3333 Ralston Avenue Storm Drain Easement Repair Project in the amount of \$23,594 was adopted.

7. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH GELCO/MICHELS CORPORATION FOR THE 2005 SANITARY SEWER MAINS LINING PROJECT PHASE II

The resolution accepting as complete the contract with Gelco/Michels Corporation for the 2005 Sanitary Sewer Mains Lining Project Phase II and authorizing staff to file a notice of completion for the project was adopted.

8. RESOLUTION ALLOCATING \$15,000 FOR THE REPAIR OF THE PUBLIC WORKS DEPARTMENT'S ¾-SIZE BACKHOE/LOADER

The resolution allocating \$15,000 for the repair of the Public Works Department's ¾-size backhoe/loader was adopted.

9. ORDINANCE REGARDING PUBLIC PARKS - INTRODUCTION

Councilmember Regan asked about the wording "sunrise to sunset" in Section 9.54.030.B of the draft ordinance regarding hours of use in the Town's public parks. City Attorney Norm Book responded that "and for a reasonable time after sunset" would be added to the first sentence in Section 9.54.030.B.

Councilmember Kasten requested clarification on Section 9.54.050.H prohibiting the sale or offer for sale of any merchandise, article, thing, or service and Section 9.54.060 regarding use of the park for crafts fairs. Mayor Mullooly suggested removing "crafts fair" from Section 9.54.060. Councilmember Kasten recommended clarifying "crafts fair" or modifying Section 9.54.060, as to whether Girl Scout cookies could be sold at stands in the Town's parks. Councilmember Regan suggested adding the words "without a permit" to Section 9.54.050.H. Mayor Mullooly recommended that Public Works Director Martha DeBry work with the City Attorney to clarify this issue.

Councilmember Kasten asked about Section 9.54.050.N regarding use of motorized scooters in the Town's public parks. Mr. Book recommended adding "Use a motorized scooter or other motorized vehicle." under Section 9.54.050 (Prohibited conduct.).

Councilmember Regan asked if there should be a catchall sentence regarding any conduct deemed unsafe by the Hillsborough Police Department. Mr. Book recommended adding “Engage in any conduct deemed unsafe by the Hillsborough Police Department.” under Section 9.54.050 (Prohibited conduct.).

On motion of Vice Mayor Krolik, seconded by Councilmember Kasten, and unanimous on voice vote, the first reading of the ordinance was waived, and March 12, 2007, was set as the public hearing date to consider adoption of the amended ordinance.

10. RESOLUTION AUTHORIZING THE FINANCE DIRECTOR TO ENTER INTO AN AGREEMENT WITH INFOSEND, INC. TO PRINT AND MAIL THE TOWN’S WATER INVOICES

The resolution authorizing the Finance Director to enter into an agreement with INFOSEND, Inc. to print and mail the Town’s water invoices was adopted.

11. RESOLUTION SUPPORTING VIRGIN AMERICA IN ITS ATTEMPT TO RECEIVE REGULATORY APPROVAL FROM THE FEDERAL AVIATION ADMINISTRATION

The resolution supporting Virgin America in its attempt to receive regulatory approval from the Federal Aviation Administration was adopted.

PUBLIC HEARING:

12. ORDINANCE AMENDING SECTION 2.12.010 OF THE HILLSBOROUGH MUNICIPAL CODE REGARDING THE TERMS OF MEMBERS OF THE ARCHITECTURE AND DESIGN REVIEW BOARD – ADOPTION

Associate Planner Gina Tynan stated that this ordinance was introduced at the January 8, 2007 City Council meeting. The ordinance provides an opportunity for the Mayor to extend the term of a member of the Architecture and Design Review Board.

Mayor Mullooly opened the public hearing. There were no comments. The public hearing was closed. On motion of Councilmember Kasten, seconded by Councilmember Fannon, and unanimous on voice vote, the ordinance amending Section 2.12.010 of the Hillsborough Municipal Code regarding ADRB terms was adopted.

13. ORDINANCE AMENDING SECTIONS 13.34.030 AND 13.32.105 OF THE HILLSBOROUGH MUNICIPAL CODE TO ADOPT MAXIMUM SEWER SERVICE CHARGES FOR THE NEXT FOUR YEARS STARTING JULY 1, 2007, AND A FORMULA FOR THE CALCULATION OF THE SEWER CONNECTION FEE EFFECTIVE FEBRUARY 13, 2007 – ADOPTION

Finance Director Edna Masbad explained that the recommendation would be to pass an ordinance adopting maximum sewer service charges for the next four years starting July 1, 2007, and including a formula for the calculation of the sewer connection fee, which staff is recommending take effect on February 13, 2007.

Ms. Masbad stated that last fall, the Town, with the help of an independent firm, Bartle Wells, undertook an independent and comprehensive analysis of the sewer enterprise rates and finances. The main objective of the study was for Bartle Wells to recommend rate adjustments to support the sewer enterprise’s long-term financial health.

Ms. Masbad stated that in order to avoid the costs of sending out notices every single year, the Town will adopt an ordinance authorizing the maximum rates for the next four years, which are the recommended rates in the fourth year. The plan includes setting rates in the intervening years that do not exceed the maximum rates and adopting annual resolutions for each of the four years.

Ms. Masbad explained that the current residential rate is \$1,473 per year. The recommendation would be to increase it by 3% each year with the fourth year rate in 2010, planned at \$1,658 - the maximum rate reflected in the ordinance.

Ms. Masbad stated that the seven non-residential accounts in the Town will have rates based on their sewer discharge relative to that of a typical single-family residence and measured in terms of equivalent dwelling units (EDUs). The ordinance would adopt the maximum rate of \$1,658 per EDU for the next four years, and the formula to compute the EDUs for each of the seven non-residential accounts.

Ms. Masbad stated that the last part of the sewer rate changes refer to the connection fee. Connection fees are one-time charges levied to recover the costs of utility infrastructure needed to serve new development. The current rate is \$6,764. The recommendation would be to adopt the residential connection fee of \$9,919 and, thereafter, to annually change it based on the change in the Engineering News Record Construction Cost Index 20-City Average. Ms. Masbad stated that connection fees for non-residential accounts would be determined relative to the residential rate using the same formula in the computation of the equivalent EDUs. In lieu of usage history, wastewater flow would be estimated.

Ms. Masbad explained that the projected rate adjustments would enable the sewer enterprise to fund future costs of wastewater treatment from Burlingame and San Mateo projected to increase at the annual rate of 4% and fund debt service allocated to the sewer enterprise.

Ms. Masbad introduced Alex Handlers of Bartle Wells who was available to answer questions.

Ms. Masbad also introduced City Clerk Miyuki Yokoyama to present the protests received against the proposed changes. Ms. Yokoyama stated that pursuant to Proposition 218, the proposed sewer rates would not be adopted if more than 50% of the affected property owners submitted written requests protesting the proposed rates. Written requests could be mailed, faxed or hand-delivered through the conclusion of the public hearing. She added that since there were 4,011 property owners within the Town's sewer service area, 50% of this number plus 1, or 2,006 valid protests, would prevent the Town from adopting the proposed sewer rates. The Town received only 13 protests filed following the requirements of Proposition 218. Since only 13 protests were received, the Town would be able to adopt the proposed sewer rates.

Councilmember Regan stated that the Town needed reserves to ensure compliance with debt covenants. Without the rate increases, the Town would likely fall below certain measurement points.

Councilmember Kasten asked if the rate changes would cover increases in construction costs. Mr. Handlers stated that the 4% cost escalation should be an adequate level to cover increases in construction costs.

Mayor Mullooly opened the public hearing.

Josh Cooperman, a six-year Financial Advisory Committee member and resident of 15 Creekwood Way, stated that it would be prudent for the Town to adopt the proposed sewer and water rate increases. The AA+ Fitch and AA+ Standard and Poor's ratings allow the Town to borrow money at a lower rate. The rate changes would attempt to make the Town's revenues more foolproof and not affected by the weather. If the Town has a wet winter and residents use less water for irrigation, the Town would not have problems with cash flow. The changing components for financial security would not jeopardize the Town's debt rating. The rate increases would allow the Town to spend the money to repair the Town's infrastructure, diminish the need for the Town to borrow money, and provide financial security for the future.

The resident at 1450 Crystal Drive stated that raising the meter rates 217% was ludicrous and that there must be a better way to finance the funds needed. A \$50 meter charge on a fixed income was too expensive. Raising the sewer rates \$205, a 14-15% increase, was too high and she really protested this rate increase. She asked how much longer it would take to finish the sewer capital work. Public Works Director Martha DeBry replied that over half of the 80+ miles of sewer mains throughout the Town was deteriorating and the Town intends to spend \$1.5 million a year on an on-going basis into the future to repair the sewer mains.

The resident at 1450 Crystal Drive stated that she received a letter dated November 28, 2005, that reported that 30 streets in the Town have been completed and asked Ms. DeBry how many miles does that equate to. Ms. DeBry responded that the sewer mains are not always located in the street, but that 20% of the Town's sewer system has been repaired.

Mayor Mullooly asked if there was any further public comment. There were no additional comments. The public hearing was closed. On motion of Councilmember Regan, seconded by Councilmember Kasten, and unanimous on voice vote, the ordinance amending Sections 13.34.030 and 13.32.105 of the Hillsborough Municipal Code to adopt maximum sewer service charges for the next four years starting July 1, 2007, and a formula for the calculation of the sewer connection fee, effective February 13, 2007, was adopted.

14. ORDINANCE AMENDING SECTIONS 13.20.040, 13.20.020 AND 13.20.030 OF THE HILLSBOROUGH MUNICIPAL CODE TO ADOPT MAXIMUM WATER SERVICE RATES AND MAXIMUM METER SERVICE CHARGES FOR THE NEXT FOUR YEARS, AND A FORMULA FOR THE CALCULATION OF WATER CONNECTION FEES EFFECTIVE FEBRUARY 13, 2007 – ADOPTION

Finance Director Edna Masbad explained that the recommendation would be to pass an ordinance adopting maximum water service rates and maximum meter service charges for the next four years and a formula for the calculation of the water connection fee effective February 13, 2007.

Ms. Masbad stated that Bartle Wells undertook an independent and comprehensive analysis of the water enterprise rates and finances. The main objective of the study was for Bartle Wells to recommend rate adjustments to support the water enterprise's long-term financial health.

Ms. Masbad stated that in order to avoid the costs of sending out notices every single year, the Town will adopt an ordinance authorizing the maximum rates for the next four years, which are the recommended rates in the fourth year. The plan includes setting rates in the intervening years that do not exceed the maximum rates and adopting annual resolutions for each of the four years.

Ms. Masbad stated that the recommendation would be for the Town to gradually increase its bi-monthly fixed meter charge from \$12 to \$70 over the next six years. The recommendation would be to increase the 1" meter charge currently at \$12, by \$8 in the first year and \$10 for each of the three following years, up to \$50 on the fourth year for all residential accounts. This flat rate would be charged to all residential accounts regardless of meter size.

Ms. Masbad added that the fixed meter charges for the non-residential accounts would be aligned in proportion to the meter capacity based on the standards established by the American Water Works Association.

Ms. Masbad stated that the Town's tier structure would be revised to better distribute water sales among the various rate tiers to improve distribution of water sales among the tiers. The proposed tier revisions would result in a slightly lower rate impact on low water users, which could help to offset the impacts these customers face with the increase in fixed meter charges.

Ms. Masbad stated that except for public schools, the recommendation would be for all accounts to pay the same quantity charge. The quantity charge would go down for both monthly and bi-monthly billings in the first year, for some in the second year, and it would be only starting in the third year that some customers would see a slight increase in the quantity charge.

Ms. Masbad explained that connection fees are one-time charges levied to recover the costs of the utility infrastructure needed to serve a new development. The recommendation would be to adopt the residential connection fee of \$10,192, and, thereafter, to annually change it based on the Engineering News Record Construction Cost Index 20-City Average. Connection fees for non-residential accounts would be based on projected water demand in relation to the average residential use of 360 ccf per year, subject to a minimum fee equivalent to the current residential rate.

Ms. Masbad stated that the rate increase would vary from one account to another. However, the Town is projecting that overall revenues from water sales would increase by 6% in the next two years and 8% for the second two years.

Ms. Masbad stated that the projected rate adjustments would enable the Town to fund future wholesale water rates, which are projected to roughly triple over the next decade as the San Francisco Water Department embarks on a \$4.3 billion upgrade of the regional Hetch Hetchy water system; increase funding for a long-term, sustainable pay-as-you-go capital program to an annual level of \$1.25 million per year adjusted for future construction cost inflation after the bond proceeds are fully spent in the next two years; keep revenues aligned with annual operating cost inflation, projected at 4%; fund a \$200,000 increase in annual debt service payments over the next five years; and maintain a prudent level of fund reserves.

Ms. Masbad introduced the City Clerk to present the protests received against the proposed water changes. Ms. Yokoyama stated that pursuant to Proposition 218, the proposed water rates would not be adopted if more than 50% of the affected property owners submitted written requests protesting the proposed rate changes. Written requests could be mailed, faxed or hand-delivered through the conclusion of the public hearing. She added that since there were 4,120 property owners within the Town's water service area, 50% of this number plus 1, or 2,061 valid protests, would prevent the Town from adopting the proposed water rates. The Town received only 14 protests filed following the requirements of Proposition 218. Since only 14 protests were received, the Town would be able to adopt the proposed water rates.

Mayor Mullooly opened the public hearing.

Terry Meyer of 1101 San Raymundo Road stated that she was not protesting the water rates, but rather the meter rates. Her mother has three meters on her property and asked why there could not be just one water meter charge per property. Bebe Trinkner asked why some properties have more than one water meter. Public Works Director Martha DeBry responded that hundreds of properties in Town have more than one meter typically to separate domestic, landscaping, second unit water supplies, and meet fire sprinkler water pressure needs. Mayor Mullooly asked if the two meters could be changed to one meter. Ms. DeBry replied that the number of meters is determined by the property owner's design and typography. When there is a second unit on the property, a separate meter is sometimes desirable. Residents can contact the Public Works Department to determine if meters can be consolidated.

Mayor Mullooly asked if there was any further public comment. There were no additional comments. The public hearing was closed. On motion of Councilmember Fannon, seconded by Vice Mayor Krolik, and unanimous on voice vote, 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 and maximum meter service charges for the next four years, and a formula for the calculation of water connection fees, effective February 13, 2007, was adopted.

NEW BUSINESS:

15. RESOLUTION ADOPTING WATER SERVICE RATES AND METER SERVICE CHARGES FOR THE YEAR 2007 EFFECTIVE FEBRUARY 13, 2007

Finance Director Edna Masbad explained that the amendments to the water ordinance that were presented earlier in the meeting during the public hearing, adopted maximum service rates and meter service charges within the next four years based on the comprehensive rate study done with the help of an independent firm.

Ms. Masbad added that this resolution would authorize the service charges to be implemented for the year 2007. The changes presented are a combination of an increase in meter charge, change in tier breakdowns and a decrease in quantity charge for most of the users. The percentage of increase for each account would vary based on individual consumption; however, the changes would bring about approximately a 6% increase in water revenue based on the same level of consumption as in the prior year.

Mayor Mullooly thanked Ms. Masbad and stated that she appreciated the clear and concise presentation of the water service rate and meter service charge chart.

On motion of Councilmember Kasten, seconded by Councilmember Regan, and unanimous on voice vote, the resolution adopting water service rates and meter service charges for the year 2007, effective February 13, 2007, was adopted.

16. RESOLUTION AUTHORIZING THE DIRECTOR OF PUBLIC WORKS TO ENTER INTO THE SAN MATEO COUNTY PUBLIC WORKS MUTUAL AID AGREEMENT

Public Works Director Martha DeBry stated that last year, the San Mateo County Office of Emergency Services (OES) received grant funding to develop a plan to enhance the ability of agencies throughout the County to better prepare and react to natural disasters and emergency incidents. OES identified a need to create a mutual aid system between Public Works agencies in the County. The goals of the Public Works Mutual Aid Annex were to outline a strategy to prepare for, mitigate, respond to, and recover from an emergency or disaster that affects the Public Works agencies that serve the population within San Mateo County. Such mutual aid agreements are a necessary part of the emergency operations plan to effectively manage resources on a regional basis to protect life and property. OES is recommending that all cities in the County adopt the mutual aid plan.

Ms. DeBry asked the City Council if they had any questions. Councilmember Kasten asked what would happen if an earthquake of a magnitude greater than 5.0 and less than 6.0 was to hit San Mateo County. Section 4.4.a on page 11 of the San Mateo County/Operational Area Emergency Operations Plan Annex Public Works Mutual Aid Plan, Hazard Specific Activations, did not include earthquakes of that magnitude. Ms. DeBry stated that she would have that section on earthquakes clarified.

Mayor Mullooly asked if there were any further questions. There were no further questions. On motion of Councilmember Fannon, seconded by Councilmember Kasten, and unanimous on voice vote, the resolution authorizing the Director of Public Works to enter into the San Mateo County Public Works Mutual Aid Agreement, subject to City Attorney review, was adopted.

DISCUSSION:

17. COMMUNITY ALERT TECHNOLOGY UPDATE – DIAL-LOGIC/ROAM SECURE

Police Chief Matt O'Connor presented an update on the San Mateo County Office of Emergency Services Emergency Notification System. He explained that Dial-Logic (or TENS) was a pre-recorded computer-voiced messaging system, which allows for the mass dial-up of sequential landline telephone numbers, to notify residences of

emergency conditions. He explained that Roam Secure was an internet-based, wireless text notification system to pagers, cell phones, Treos, Blackberries, Nextel, and email.

Chief O'Connor explained that the San Mateo County Community Alert Network would provide residents with a community warning system to notify them through their digital devices of important information and emergency notifications, including hazmat conditions, utility outages, winter storm warnings, flash floods, tsunamis, seiches, road closures, earthquakes, Amber alerts, crime alerts, and safety alerts. Residents could register for the Community Alert System at www.smcalert.info. To increase community alert awareness, information would be provided in the Town's newsletter, website, cable channel, water bill flyers and school district home packets.

Mayor Mullooly thanked Chief O'Connor for the update on the Community Alert Technology.

PUBLIC COMMENT:

There were no public comments.

CITY COUNCIL ITEMS:

Mayor Mullooly recognized Code Enforcement Officer Linda Clark and her associates in the Police Department and Assistant Water Superintendent Dave Ballestrasse in the Public Works Department for receiving words of appreciation.

Councilmember Regan stated that the Financial Report for the quarter ending December 30, 2006, showed overtime salaries for the Police and Fire Departments were over budget. He asked if it would be more financially advantageous to hire additional staff. Ms. Masbad replied that the Fire Department was in the process of doing the analysis whether it would be cost effective to hire additional staff than paying overtime.

Ms. Masbad asked Deputy Fire Chief Mark Ladas to explain the situation with the Fire Department. Deputy Fire Chief Ladas stated that four cadets attended the Fire Academy, but two cadets went to work in other departments. Due to an academy session cancellation, the next academy session would not be held until August 2007.

Police Chief Matt O'Connor explained that the number representing the police overtime was not correct due to accounting software misdirections and that in fact the overtime number expended was actually much lower. Additionally, he updated the City Council regarding overtime reimbursement revenues, which the Police Department receives when they are engaged in regionalized law enforcement operations and mandatory training venues.

Mayor Mullooly stated that she voted at the City Selection Committee at the Council of Cities Dinner/Meeting held on January 26, 2007. She reported that the 11 required votes were not reached for SamTrans and that there would be a revote at the February 23, 2007 Council of Cities Dinner/Meeting in Redwood City, which she would attend.

Mayor Mullooly asked if any of the Councilmembers would be attending the San Mateo Elks Dinner on February 28, 2007. None of the Councilmembers stated that they would be attending.

Police Chief Matt O'Connor provided an update on the upgrade for the Council Chambers. He stated that the new dais would be ready between mid-March and mid-April 2007. The cable would be installed within the next couple of months.

ADJOURN:

Mayor Mullooly adjourned the meeting at 8:27 p.m.