

MINUTES
REGULAR CITY COUNCIL MEETING
MONDAY, MAY 11, 2009

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

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

MINUTES: The minutes of the April 13, 2009 City Council meeting were approved as submitted subject to six wording changes. Mayor Krolik corrected the last paragraph of Item 14 on page 3 to read "*On motion of Mayor Krolik, seconded by Vice Mayor Kasten, and unanimous on voice vote, the Hillsborough Centennial Exploratory Committee's preliminary schedule of events was approved and the Committee was directed to advise the City Council if there are any changes to the schedule.*" Mayor Krolik corrected the third sentence in paragraph 4 on page 8 to read "She added that because of South Bay Recycling's five bid item errors and changes the proposal felt sloppy and she felt there were going to be headaches at a cost of a couple of pennies *per ratepayer* per week." Mayor Krolik corrected paragraph 6 on page 8 to read "Mayor Krolik stated that *SBWMA findings were that both agencies were qualified to do the job and that their recommendation was based on cost.*" Mayor Krolik correct paragraph 7 on page 8 to read "On motion of Councilmember Benton, seconded by Councilmember Fannon, and *with a 3-1 voice vote with Mayor Krolik voting no*, the resolution directing the Town's representative to vote in favor of South Bay Recycling receiving the award of the operations contract for the Shoreway Environmental Center was adopted with the condition that the South Bayside Waste Management Authority negotiate the guarantee with South Bay Recycling to bring the South Bay Recycling proposal into alignment with the proposal submitted by Hudson Baylor." Mayor Krolik corrected paragraph 5 on page 13 to read "Mayor Krolik announced that the Hillsborough City School District had their ribbon cutting and thanked Joshua Cooperman for *advising the district on how to best maximize the bond dollars.*" Councilmember Benton corrected the last sentence in paragraph 5 on page 8 to read "He stated that there were a lot of issues on both sides, but in the end the serious issues were answered, and *given the significant cost difference there was not enough reason to go against the Selection Committee's decision.*"

PRESENTATION:

- Superintendent Marilyn Loushin-Miller was recognized for 34 years of distinguished service with the Hillsborough City School District. Fire Chief Don Dornell, Police Chief Matt O'Connor, Public Works Director Martha DeBry, and City Manager Tony Constantouros made presentations and expressed their sincere appreciation for her work. Councilmember Regan thanked Ms. Miller for her significant achievements with the Hillsborough School District and presented her with a certificate declaring Friday, June 12, 2009, as Marilyn Loushin-Miller Day. Mayor Krolik made remarks of appreciation and gratitude for Ms. Miller's outstanding accomplishments and presented her with a Resolution of Appreciation for her retirement from the Hillsborough City School District.
- Councilmember Regan recognized the Town of Hillsborough, Finance Director Edna Masbad and the Finance Department for receiving the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Award for the seventh time.

PROCLAMATION:

- Mayor Krolik presented the proclamation for National Public Works Week May 17-23, 2009, to Dave Ballestrasse and John Paulino of the Public Works Department.

CONSENT CALENDAR:

On motion of Councilmember Fannon, seconded by Councilmember Benton, and unanimous on voice vote, Consent Calendar items 1-12 were approved with a roll call vote.

1. MONTHLY CLAIMS: APRIL 1 THROUGH APRIL 30, 2009

The monthly claims for the month of April 2009, in the amount of \$2,691,252.52 were approved as submitted.

2. RESOLUTION ALLOWING PRE-TAX PAYROLL PAYMENTS FOR CALIFORNIA PUBLIC RETIREMENT SYSTEM (CALPERS) SERVICE CREDIT PURCHASES

The resolution allowing payroll payments for service credit purchases to be made with pre-tax deductions was adopted.

3. REJECTION OF CLAIM: PAUL AND DONNA BARULICH, 371 EL PORTAL AVENUE, SAN MATEO

The claim filed by Paul and Donna Barulich against the Town for water damage to their property was rejected.

4. RESOLUTION ADOPTING THE IDENTITY THEFT PREVENTION PROGRAM

The resolution adopting the Town of Hillsborough's Identity Theft Prevention Program was adopted.

5. RESOLUTION SETTING THE AMOUNT OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION FOR FISCAL YEAR 2009/2010

The resolution setting the amount of the public safety tax for fiscal year 2009/2010 was adopted.

6. RESOLUTION PROVIDING FOR INTERIM MODIFICATIONS TO THE BUSINESS LICENSE TAX

The resolution providing for interim modifications to the business license tax for fiscal year 2009/2010 was adopted.

7. RESOLUTION AWARDING THE BID FOR THE 2009 WEED ABATEMENT PROJECT TO PESTMASTER SERVICES, INC.

The resolution awarding the contract for the 2009 Weed Abatement Project to Pestmaster Services, Inc. in the amount of \$10,485 with a contingency in the amount of \$2,000 for a total construction budget of \$12,485 to be funded by the General Fund was adopted.

8. RESOLUTION APPROVING THE CSG WORK ORDER FOR ENGINEERING SERVICES FOR THE LOOKOUT ROAD – SLOPE STABILIZATION / MITIGATION

The resolution approving the CSG work order in the total amount of \$43,900 and allocating \$13,900 from Measure A and Gas Tax, \$15,000 from the Sewer Fund and \$15,000 from the Water Fund was adopted.

9. RESOLUTION APPROVING THE CONTRACT TO BROWN AND CALDWELL FOR THE WASTE WATER COLLECTION SYSTEM MASTER PLAN (BURLINGAME PORTION)

The resolution awarding the contract to Brown and Caldwell for the remaining tasks of the Master Plan Study (Burlingame WWTP Tributary) in an amount not to exceed \$84,905 was adopted.

10. RESOLUTION AWARDING THE CONTRACT FOR CHEMICAL ROOT CONTROL SERVICES TO DUKE’S ROOT CONTROL, INC.

The resolution awarding the contract for the chemical root service to Duke’s Root Control, Inc. was adopted.

11. RESOLUTION ACCEPTING THE FINAL MAP FOR THE SUBDIVISION OF 851 SHARON AVENUE AND DEDICATION OF FIVE-FOOT PUBLIC UTILITY EASEMENTS

The resolution accepting the final map and dedication of the public utility easements for 851 Sharon Avenue was adopted.

12. RESOLUTION ASSIGNING THE CONTRACT FOR REROOFING OF 1640 FLORIBUNDA AVENUE TO GREG JONES ROOFING

The resolution assigning the contract for reroofing of 1640 Floribunda Avenue to Greg Jones Roofing was adopted.

OLD BUSINESS:

13. RESOLUTIONS ADOPTING FINDINGS FOR CEQA PURPOSES AND APPROVING THE WATER SUPPLY AGREEMENT AND SALES CONTRACT WITH THE SAN FRANCISCO PUBLIC UTILITIES COMMISSION (SFPUC)

Public Works Director Martha DeBry introduced Art Jensen, Executive Director of the Bay Area Water Supply & Conservation Agency (BAWSCA). Councilmember Fannon stated that Mr. Jensen has done a superb job in getting the Water Supply Agreement, which required two years of working head-to-head in tough negotiations resulting in major accomplishments.

Mr. Jensen provided a Power Point presentation on the Water Supply Agreement between the City and County of San Francisco and the wholesale customers in Alameda, Santa Clara and San Mateo Counties. He reviewed the new water supply agreement, including the purpose of the agreement, background, major provisions, and schedule for action.

Mr. Jensen explained that the purpose of the agreement is to provide the Town of Hillsborough with a reliable supply of high quality water at a fair price. He stated that each BAWSCA member has two contracts with San Francisco. He stated that the Water Supply Agreement contains provisions common to all wholesale customers, cites services that San Francisco is to provide, and allocates eligible costs between San Francisco’s retail and wholesale customers. He stated that the individual Water Sales Contract specifies water delivery locations, identifies the local water agency area and contains unique conditions of service.

Mr. Jensen stated that all of BAWSCA’s 27 member agencies are parties to the existing Master Contract. He added that the SFPUC serves 1.7 million people and 30,000 businesses. He stated that BAWSCA was authorized to negotiate the new Water Supply Agreement.

Mr. Jensen explained that major provisions of the agreement exceed the agency’s objectives, articulate services to be provided, protects financial interests, and has a term of 25 years.

Mr. Jensen stated that the new agreement meets the original agreement objectives to provide a reliable supply of water, which will complete the Water System Improvement Program by 2015, maintain the regional water system to utility standards, deliver water equitably in the event of a major system disruption, operate with a water supply to have priority over hydro power, allow BAWSCA agencies to transfer entitlements, and allow BAWSCA and agencies to “wheel” water during droughts. He stated that the

provisions for high quality water will require that the water meet the Safe Drinking Water Act standards and San Francisco will provide prompt notice of potential or actual violations. He stated that the agreement guarantees that a fair price be charged as the agreement retains the basic architecture of the 1984 contract and provides greater flexibility to prevent sharp rate fluctuations.

Mr. Jensen stated that additional water supply provisions continue the perpetual supply assurance and allocate drought shortages between San Francisco's retail and wholesale customers. He stated that SFPUC's self-imposed water supply limitation applies to both wholesale and retail customers, recognizes BAWSCA's role as an agency to implement the regional water supply and conservation projects, and requires San Francisco to use best efforts to identify and establish additional sources of a dry year water supply. He added that if San Francisco develops new supplies to increase the supply assurance, it will do so jointly with BAWSCA, and if San Francisco develops substitute supplies to meet the existing supply assurance, it will inform and collaborate with BAWSCA and wholesale customers.

Mr. Jensen explained the repayment of San Francisco's capital investments in the Regional Water System, including the change in the method from the existing agreement whereby wholesale customers will pay a proportionate share of debt for bond-revenue funded projects. He stated that the "Cash Method" is better than "Utility Method" as there will be the same average wholesale rate increase over the next seven years (under the existing rate structure), which saves \$270 million over 25 years, avoids saddling future generations with debt, and improves bond buyer outlook and interest rates.

Mr. Jensen also explained the schedule for action, water supply assurance, interim water supply limitation, and drought allocations.

Mayor Krolik thanked Mr. Jensen.

Vice Mayor Kasten thanked Mr. Jensen for negotiating the Water Supply Agreement and for his succinct presentation. Vice Mayor Kasten pointed out that there was an anomaly in the system whereby residents that save water during drought conditions have to pay a higher rate for water, and asked if there would be any changes to the dynamics in the future so that water users are not punished for their conservation measures. Mr. Jensen replied that the cost of providing water, which pays for the pipes and people, is the same whether for a dry or wet year and, therefore the same amount of money is always needed to provide water. He added that it gives the impression that residents are paying the same amount for less, but that water is a limited resource and if we do not conserve water, we will run out.

Vice Mayor Kasten stated that to protect the quality of water, the use of chloramine to disinfect the water requires flushing and he stated that it pains him to see a large amount of water rushing down the storm drain. He added that Ms. DeBry is working on recapturing the water to prevent waste. He asked Mr. Jensen if there was an alternate method to disinfect the water. Mr. Jensen replied that because water ages it needs to be flushed for health and safety. He added that the Environmental Protection Agency has been asked if there were any other ways to disinfect the water due to public health concerns.

Vice Mayor Kasten asked Mr. Jensen if he had a sense that the agreement with the SFPUC was as a partnership rather than as a participant. Mr. Jensen replied that a broad array of issues was brought up during the negotiation process. He explained that the relationship with San Francisco for the past 25 years was that if it was not written down, it did not exist. He stated that the new agreement defines the relationship with San Francisco and involved human interaction, individuals involved and willing to negotiate, and resulted in a good working relationship with San Francisco.

Councilmember Fannon stated that in the last two years or so, the relationship with the SFPUC has been dramatically different and that communication has been good and there is now an excellent relationship.

Vice Mayor Kasten thanked Mr. Jensen for representing the Town so well. Mr. Jensen replied that it has been an honor. He stated that when Councilmember Fannon testified he said that BAWSCA represented 1.7 million people, which was the first public expression of how large an agency BAWSCA is.

Councilmember Regan stated that because the cities of San Jose and Santa Clara were not able to have a guaranteed water supply, should that concern the Town and is there anything else we should be aware of. Mr. Jensen replied that the other disappointment is the issue of water supply. He explained that for five years, alternative water supplies for San Francisco and outlying communities have been considered. He stated that any alternative resulted in the dilemma that water would be needed from the Tuolumne to serve the Bay Area, but there was opposition to that water source. He stated that exposed uncertainties about the water supply for some communities as San Francisco wanted to impose limitations. He stated that it was a disappointment that it was not settled in the agreement. He added that the good news is that the Board is supporting the budget for next year.

City Attorney Norm Book stated that Section 9.07 of Article 9 of the Water Supply Agreement (page 220 of the agenda packet) refers to litigation in 1961 which conferred certain rights on Hillsborough. He stated that he requested a copy of the documents addressing those findings and judgment to review, as those documents may affect the Section 7 of the Water Sales Contract between the City and County of San Francisco and the Town of Hillsborough and may require modifications to the Water Supply Agreement and Water Sales Contract. He recommended that if the City Council approves the resolutions that they be adopted subject to the City Attorney receiving the appropriate documents and determining if any modifications are necessary to Section 7.

Mayor Krolik thanked Mr. Jensen and thanked the Councilmembers for their questions.

On motion of Vice Mayor Kasten, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution adopting findings for purposes of the California Environmental Quality Act in connection with approval of a Water Supply Agreement with the City and County of San Francisco was adopted.

On motion of Vice Mayor Kasten, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution approving the Water Supply Agreement with the City and County of San Francisco was adopted subject to the City Attorney receiving the appropriate documents and determining if any modifications are necessary to Section 7.

On motion of Vice Mayor Kasten, seconded by Councilmember Benton, and unanimous on voice vote, the resolution approving the individual Water Sales Contract with the City and County of San Francisco was adopted subject to the City Attorney receiving the appropriate documents and determining if any modifications are necessary to Section 7.

NEW BUSINESS:

14. RESOLUTION AWARDING A CONTRACT TO BOND BLACKTOP, INC. FOR THE 2009 PAVEMENT MAINTENANCE AND REHABILITATION PROJECT

Public Works Director Martha DeBry stated that the scope of the proposed project consists of the annual street resurfacing on various streets and the intersection widening at Hayne Road and Skyline Boulevard. She reported that funding levels were not as high as anticipated, so Additive Bid I and II will not be awarded.

On motion of Councilmember Benton, seconded by Councilmember Regan, and unanimous on voice vote, the resolution awarding the contract for the 2009 Pavement Maintenance and Rehabilitation Project to Bond Blacktop, Inc. in the amount of \$721,124 with a contingency of \$108,876 for a total project cost of \$830,000, allocating \$400,000 from the Construction Impact Fees, \$400,000 from Measure A and Gas Tax funds and \$30,000 from the Water Fund, and rejecting Additive Bids I and II was adopted.

PUBLIC HEARING:

15. RESOLUTION ADOPTING THE MITIGATED NEGATIVE DECLARATION AND MITIGATION MONITORING AND REPORTING PLAN AND APPROVING THE CONTRACT FOR MITIGATION OF HAZARDOUS MATERIALS AND DECONSTRUCTION AND RECYCLING OF THE EXISTING STRUCTURE - CAROLANDS GATEHOUSE

City Engineer Cyrus Kianpour stated that there were two contracts, one for the mitigation of hazardous materials and another for the deconstruction and recycling of the existing Carolands Gatehouse. He described the Carolands Gatehouse project as the reconstruction of the existing gatehouse, addition of 74 square feet, use of Sustainable building practices, and salvage of materials where feasible. He stated that landscaping and irrigation projects will follow the deconstruction and recycling.

Director of Building and Planning Liz Cullinan reviewed the environmental determination, which included a Draft Initial Study (IS) and Mitigated Negative Declaration (MND) that have been prepared for this project pursuant to the California Environmental Quality Act (CEQA). She stated that the primary potential environmental impacts are biological resources and water quality. She added that the issue of cultural resources has also been addressed. She stated that the draft environmental documents have been reviewed by the U.S. Fish and Wildlife Department, the California Department of Fish and Game, and the California State Historic Preservation Officer.

Ms. Cullinan reported that since the original publication of the Draft IS/MND, revisions have been made to the final IS and MND, including the determination that while the Carolands Gatehouse is an important community asset, it is not an “historic resource” as defined under the California Environmental Quality Act. She stated that the State Historic Preservation Officer (SHPO) originally wrote a letter to the Town outlining the procedures for demolition of an “historic resource”, and the SHPO subsequently questioned whether the structure was an “historic resource” and suggested further study. Ms. Cullinan stated that Dr. Laura Jones, Heritage Resource Consultant, conducted further study and noted her professional opinion that the Gatehouse is not an “historic resource”. The SHPO requested additional study to confirm that the structure is not an “historic resource” as defined by CEQA. Ms. Cullinan reported that Dr. Jones has provided a supplemental analysis indicating that further study would not be consistent with the small scope of the project and addressed additional SHPO comments. She stated that staff will evaluate any comments received by State agencies during the 30 day CEQA challenge period and will advise the City Council as appropriate. She stated that staff will not begin work on the project until the completion of the 30 day CEQA challenge period.

Ms. Cullinan explained that in order to approve the project, the City Council first needs to adopt the MND and Mitigation Monitoring and Reporting Plan (MMRP) on the finding that on the basis of the whole record there is no substantial evidence that the project will have a significant effect on the environment and the MND reflects the lead agency’s independent judgment and analysis. She added that with the proposed mitigation measures, the potential biological and water quality impacts would be reduced to a less than significant level.

Ms. Cullinan turned the presentation over to Dr. Jones and referred the City Council to Dr. Jones’ *curriculum vitae* attached to the environmental documents demonstrating

her expertise in historic resource consulting. Dr. Jones stated that she has two graduate degrees from Stanford University, 25 years of cultural resource management and local jurisdiction experience. She reviewed the history of the Gatehouse and the basis of her determination that the Carolands Gatehouse is not technically an historic resource. She stated that she conducted an intensive survey and evaluation of the Gatehouse and concluded that the Gatehouse was constructed in 1930. Dr. Jones stated that she reviewed the current configuration of the subdivision against its original features and found that the subdivision has lost integrity of setting and design due the removal of the native forest and addition of more than 300 homes. She stated that the Carolands subdivision does not appear to have significant landscape design or community planning as the houses have been altered and replaced on a widespread scale in the area. She stated that the Carolands subdivision does not appear to possess sufficient design importance and integrity to qualify for listing as historic resources. She stated that the Gatehouse, which suffered a serious loss of integrity of materials and workmanship, is not individually eligible for listing on the California Register. She stated that the architecture of the Gatehouse is that of a modest, typical gatehouse and does not represent the exemplary workmanship of the original architect, Harold G. Stoner.

Mayor Krolik asked the Councilmembers if they had any questions. There were no questions.

Mayor Krolik opened the public hearing. There were no comments. Mayor Krolik closed the public hearing. On motion of Councilmember Fannon, seconded by Vice Mayor Kasten, and unanimous on voice vote, the resolution adopting the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Plan was adopted.

On motion of Councilmember Fannon, seconded by Vice Mayor Kasten, and unanimous on voice vote, the award of the contract for hazardous mitigation, deconstruction and recycling services for the existing Carolands Gatehouse structure in an amount not to exceed \$12,250 to Blue Water Environmental Services, Inc. was adopted.

Mayor Krolik asked Mr. Kianpour if creek erosion will be addressed in this phase of the project. Mr. Kianpour replied that erosion would be addressed in a future phase.

16. RESOLUTION APPROVING THE GRADING PERMIT - CRYSTAL SPRINGS UPLANDS SCHOOL (CSUS) FOR THE ATHLETIC FIELD

City Engineer Cyrus Kianpour stated that the Grading Permit Application is for the replacement of the existing sod athletic field with new synthetic turf material and landscaping at CSUS. He explained that the adoption of the Mitigated Negative Declaration and Mitigated Monitoring and Reporting Plans were granted during the City Council meeting on March 9, 2009. He added that the Hillsborough Municipal Code requires City Council approval of a grading permit application when an excess of 1,500 cubic yards are to be hauled to or from the project site. He stated that public notices have been sent to homeowners located within a 500-foot radius of the property.

Mayor Krolik opened the public hearing.

Michael Pietro, a Hillsborough resident and Chair of the Uplands Homeowners Association, stated that he was concerned about the path of travel of the trucks. He explained that in the past when CSUS did work, trucks damaged the street in his area and caused traffic delays. He stated that the streets are in good condition now and he wanted to know what the path of the trucks would be for this project. Mr. Kianpour replied that the trucks would travel down Sierra Drive, Redwood Drive, and Uplands Drive towards El Camino Real. He added that he was also concerned about the impact of the trucks on the streets and that there would be a lot of control measures in place with the Police Department. Mr. Pietro asked if the trucks would be making a right or a left turn onto Sierra Drive. Mr. Kianpour replied that they would be turning

right. Mr. Pietro stated that the trucks would be traveling on his street again, and asked why the trucks were not turning left on Sierra Drive and making a right at El Cerrito Avenue to El Camino Real. Mr. Kianpour replied that he was trying to be mindful of the impact that traffic will have on the neighbors and was working with the Police Department. Mr. Pietro asked the Police Department if they were okay with the trucks travelling on El Cerrito Avenue. Police Chief Matt O'Connor replied that he would reassess that route to ensure that there would be no conflict with the speed of the loaded trucks and passing traffic, but that he would entertain Mr. Pietro's idea and would report back.

Dwight Long, the project architect, stated that there were 2,000 truckloads for the CSUS gym project and that the CSUS grading project would only require approximately 250 truckloads.

Mayor Krolik closed the public hearing.

Councilmember Regan recommended reviewing the traffic path, video taping the streets, assessing any damage, and making repairs, if needed.

On motion of Vice Mayor Kasten, seconded by Councilmember Benton, and unanimous on voice vote, the resolution approving the grading permit application for the athletic field at Crystal Springs Uplands School was adopted.

17. RESOLUTION ADOPTING THE 2009/2010 OPERATING AND CAPITAL BUDGET

Finance Director Edna Masbad stated that she was presenting the Town of Hillsborough's Proposed Budget for fiscal year 2009/2010, with preliminary budgets for fiscal year 2010/2011 and 2011/2012, for consideration. She explained that the Proposed Budget for FY 2009/2010 represents the Town's financial plan for all programs and services, and that it includes balanced operating budgets for all funds and adequate reserve levels and compliance to the Town's Budget and Fiscal Policies. She added that the plan also includes the FY 2009/2010 Capital Improvement Budget that uses a combination of funds from operations and the capital reserves and is consistent with the Town's General Plan because it contributes to the provision of high quality public services.

Ms. Masbad stated that the Proposed Budget recommends a 3% increase in sewer rates effective July 1, 2009, and adjustments to water rates to take effect on January 1, 2010, effecting approximately an 8% increase to the water revenues. She explained that both increases are pursuant to the comprehensive water and sewer rate study done in the fall of 2006, and approved for implementation by the City Council on December 11, 2006. She added that the January 1, 2010, water rate adjustment is the fourth of four adjustments covered by the study and approved by the City Council and that the sewer rates have one remaining change to take effect on July 1, 2010, and will be covered during the next budget cycle.

Ms. Masbad stated that the Proposed Budget was presented to the Financial Advisory Committee (FAC) at the meeting held on April 30, 2009, and that the FAC has approved and recommended the budget for the City Council's approval. She stated that the Proposed Budget includes some projects in the Public Works Department based on the recommendations from the Public Works Organizational and Management study, but does not include the changes in the Public Works staffing levels; the study will be presented to the FAC at their next meeting and then presented to the City Council for approval.

Councilmember Regan asked Ms. Masbad if the possibility of tiering of pensions and benefits has been explored with the labor groups. Ms. Masbad replied that Town management plans to formally discuss tiered pension plans and other benefits with employees and labor groups, and has made it clear that something needs to change with the current retirement plan.

City Manager Tony Constantouros stated that the PERS presentation held on Thursday, April 23, 2009, was well attended by Town staff and was also attended by other cities, and initiated discussion among the employees. He stated that the presentation was more positive than what he had expected.

Mayor Krolik opened the public hearing. There were no comments. Mayor Krolik closed the public hearing.

On motion of Councilmember Regan, seconded by Vice Mayor Kasten, and unanimous on voice vote, the resolution adopting the 2009/2010 Operating and Capital Budget was adopted.

18. RESOLUTION SETTING AND CONFIRMING THE FEES AND CHARGES FOR FISCAL YEAR 2009/2010

Finance Director Edna Masbad stated that annually, the City Council is required to adopt by resolution, the fees and charges for the following fiscal year. She explained that the schedule represents the Town's master schedule that includes all the fees and charges, including the water and sewer connection fees and services charges and the public safety special tax. She added that changes to the water and sewer rates and the public safety special tax are individually presented to the City Council for approval.

Ms. Masbad stated that changes to existing fees, as well as new fees being proposed this year, are outlined in the Schedule of Fees and Charges. She noted that there were corrections to the Equivalent Dwelling Units (EDUs) and proposed charges for the Hillsborough Racquet Club and CalTrans Rest Stop. She explained that the fees reflect the Town's goal towards total cost recovery in user fees where revenues do not exceed the cost of providing the service. She added that the proposed action has been noticed as required by Government Code Section 66018 following the publication requirement set forth in Government Code Section 6062.a.

Ms. Masbad stated that the new fees are to take effect on July 1, 2009.

Councilmember Regan asked Ms. Masbad about the Crystal Springs Golf Club's proposed annual sewer fee for 2009/2010 of \$21,574, which is lower than the 2008/2009 fee of \$28,916. Ms. Masbad replied that the sewer fees are based on the last three year's average winter water use, which was substantially lower for the Crystal Springs Golf Club.

Mayor Krolik opened the public hearing. There were no comments. Mayor Krolik closed the public hearing.

On motion of Councilmember Fannon, seconded by Councilmember Benton, and unanimous on voice vote, the resolution setting and confirming the fees and charges for fiscal year 2009/2010 was adopted.

19. RESOLUTION AUTHORIZING SEWER SERVICE CHARGES AND WATER AND SEWER CONNECTION FEES EFFECTIVE JULY 1, 2009

Finance Director Edna Masbad stated that the Town undertook a comprehensive water and sewer rate study during the fall of 2006 with the help of an independent firm. She added that the consultants presented their findings and recommendations to both the Financial Advisory Committee and the City Council and that the City Council approved the study and its implementation at the meeting of December 11, 2006.

Ms. Masbad stated that the Town adopted a maximum sewer service charge for the next four years to support the long-term financial health of the sewer enterprise operations and that the Town may charge rates at or below the maximum sewer service charge in the intervening years. She added that the ordinance adopting a maximum sewer service charge of \$1,658 per Equivalent Dwelling Unit (EDU) was

approved by the City Council on February 12, 2007, after a public hearing and following the noticing requirements of Proposition 218.

Ms. Masbad stated that the proposed action to change the sewer rates and the Town's other fees and charges has been noticed as required by Government Code Section 66018 following the publication requirement set forth in Government Code Section 6062.a. She explained that this resolution will authorize implementing a sewer service charge of \$1,610 per year per EDU for fiscal year 2009/2010 starting July 1, 2009, and represents a 3% increase from the \$1,563 current residential rate.

Ms. Masbad stated that non-residential accounts will be charged at their EDUs using the formula from the study and the average winter water use for the recent prior three years of 2006, 2007 and 2008, and the proposed rates will be effective July 1, 2009.

Ms. Masbad stated that the water and sewer connection fees are to be annually adjusted (calendar year basis) based on the Engineering News Record Construction Cost (ENR-CCI) 20-City Average Index, which as of December 2008 was 5.7%. Proposed connection fees, effective July 1, 2009, will be as outlined in the resolution. She noted that there were corrections in the resolution for the EDUs and proposed charges for the Hillsborough Racquet Club and CalTrans Rest Stop.

Mayor Krolik opened the public hearing. There were no comments. Mayor Krolik closed the public hearing.

On motion of Councilmember Regan, seconded by Councilmember Benton, and unanimous on voice vote, the resolution authorizing the sewer services charges and water and sewer connection fees for fiscal year 2009/2010, effective July 1, 2009, with corrections to the EDUs and proposed charges for the Hillsborough Racquet Club and CalTrans Rest Stop was adopted.

INFORMATIONAL ITEM:

20. UPDATE ON WATER CONSERVATION PLANNING

Public Works Director Martha DeBry introduced Senior Program Analyst Ed Cooney to present the update on water conservation and contingency planning. Mr. Cooney provided a Power Point presentation and reviewed the current condition. He explained that it was the third consecutive year of drought conditions and as of April 28 2009, the statewide snowpack was 68 percent of average/normal. He stated that the Hetch Hetchy watershed and reservoir are in better shape than most and that the San Francisco Public Utilities Commission (SFPUC) continues a 10% voluntary reduction.

Mr. Cooney presented a chart with a drought monitor for the Western states showing the intensity of drought conditions for the past year. He reviewed the water conservation report, including the water rationing ordinance implementation, the potential impact on water use, and the 2010 Urban Water Management Plan's "Water Shortage Contingency Planning." He explained the ordinance implementation recommendations and considerations, which include water banking by residents, water audits and auditors, meter reading, determination of the number of residents, and enforcement.

Mr. Cooney presented a chart showing the two-year analysis of 133 residential parcels comparing actual water use, budgeted water use, and rationed water use from January 2007 through December 2008. He stated that the analysis provided a look at the ordinance's potential impact on actual water use for parcels with relatively high water use.

Mr. Cooney stated that the Water Shortage Contingency Plan for the 2010 Urban Water Management Plan will use the California Department of Water Resource's 2008 Urban Drought Guidebook as the guiding document and should be submitted by

February 2010 for approval. He added that in April 2010, the SFPUC will determine if there is a water shortage.

Mr. Cooney presented a chart showing the purchased water and net irrigation requirements for 2000-2008. He stated that there is an ongoing need for conservation efforts and concluded that "Today's water conservation is tomorrow's drought preparation."

Vice Mayor Kasten stated that the tendency is to over water and residents need to know how much water is needed for their landscaping.

Mayor Krolik thanked Mr. Cooney.

21. H1N1 (SWINE) FLU UPDATE

Fire Chief Don Dornell reported that EMS Division Chief John Kammeyer has been in daily contact with San Mateo County Medical Services for current reports on the H1N1 flu. He stated that as of Friday, May 8, 2009, the San Mateo County Medical Office closed its Operations Center. He reported that requests for the antiviral drug was overwhelming, and that the antiviral drug was only to be used for hospitalized patients. He added that those suffering from flu-like symptoms were referred to their physicians to screen patients for the H1N1 virus. He stated that emergency personnel used precautionary measures to protect themselves with eye shields, gloves, and masks on the patients. He reported that there has been a dramatic decrease in calls for ambulance transport, but the next wave of the H1N1 flu is expected in the fall.

PUBLIC COMMENT:

Shaun Naidu, the field representative from Assemblyman Jerry Hill's local district office, introduced himself as the Town's liaison and stated that any concerns for the Assemblyman could be passed through him. Mayor Krolik thanked Mr. Naidu.

CITY COUNCIL ITEMS:

Mayor Krolik announced that the Community Emergency Response Team's first training session was held this morning at the Hillsborough School District Office.

Mayor Krolik announced that it was the Central County Fire Department's five-year anniversary.

Mayor Krolik wished Assistant City Manager Kathy Leroux a happy birthday.

Mayor Krolik announced that the Concours Family Fun Run and Carnival will be held on Sunday, May 31, 2009.

Mayor Krolik announced that the Hillsborough Beautification Foundation honored Public Works Supervisor Gary Francis with the 2009 Professional Volunteer Award at the Carolands on Thursday, April 30, 2009.

Mayor Krolik announced that there will be a roundtable discussion in San Jose with Governor Arnold Schwarzenegger regarding the budget on Tuesday, May 12, 2009, from 10:00 a.m. to 11:00 a.m.

Mayor Krolik announced that she and Councilmember Benton will be attending the HEART luncheon on Wednesday, May 13, 2009.

Mayor Krolik announced that she may possibly attend, with Vice Mayor Kasten, the League of California Cities Peninsula Division Dinner Meeting on Thursday, May 21, 2009.

Mayor Krolik announced that Vice Mayor Kasten will be attending the Housing Leadership Council Legislative breakfast on Friday, May 15, 2009.

Mayor Krolik announced that the “Greening Your Home” workshop will be held at Town Hall on Saturday, June 13, 2009, from 12:00 p.m. to 2:00 p.m. with a “Community Shred Document Destruction” from 9:00 a.m. to 1:00 p.m. and e-Scrap from 9:00 a.m. to 3:00 p.m.

Councilmember Regan announced that he will be attending the Sustainable Hillsborough Task Force Meeting on Wednesday, May 13, 2009, in the Town Hall Conference Room.

ADJOURN:

Mayor Krolik adjourned the meeting at 8:41 p.m.