

MINUTES

REGULAR CITY COUNCIL MEETING

MONDAY, JUNE 8, 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: Krolik, Kasten, Fannon, Benton
Absent: Regan

MINUTES: The minutes of the May 11, 2009 City Council meeting were approved as submitted subject to one wording change. Vice Mayor Kasten corrected the second sentence in the fifth paragraph on page 4 to read "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."

INTRODUCTION:

- Mayor Krolik introduced Anthony Ranii, Hillsborough City School District's new Superintendent.

CONSENT CALENDAR:

On motion of Councilmember Fannon, seconded by Councilmember Benton, and unanimous on voice vote, Consent Calendar items 1-8 were approved with a roll call vote.

1. MONTHLY CLAIMS: MAY 1 THROUGH MAY 31, 2009

The monthly claims for the month of May 2009 in the amount of \$2,626,839.10 were approved as submitted.

2. RESOLUTION ESTABLISHING THE TOWN OF HILLSBOROUGH'S APPROPRIATIONS LIMIT FOR FISCAL YEAR 2009/2010

The resolution establishing the appropriations limit for fiscal year 2009/2010 was adopted with a roll call vote.

3. RESOLUTION CONTINUING MEMBERSHIP IN THE SAN MATEO COUNTY PRE-HOSPITAL EMERGENCY MEDICAL SERVICES GROUP

The resolution continuing membership in the San Mateo County Pre-Hospital Emergency Medical Services Group was adopted.

4. RESOLUTION AUTHORIZING THE TOWN TO ENTER INTO THE AGREEMENT FOR THE EXCHANGE OF EMERGENCY MEDICAL, RESCUE, AND FIRE PROTECTION SERVICES AUTOMATIC AID AND FIRST RESPONSE

Mayor Krolik announced that the resolution was revised to read "Now, therefore, be it resolved, that the City Council of the Town of Hillsborough does hereby *approve the Central County Fire Department entering* into the Agreement for Exchange of Emergency Medical, Rescue, and Fire Protection Services Automatic Aid and First Response as part of the San Mateo County Pre-Hospital Emergency Services Group JPA participation."

The resolution approving the Central County Fire Department entering into the agreement for the exchange of emergency medical, rescue and fire protection services automatic aid and first response was adopted.

5. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH RICHARD WOGISCH FOR PROFESSIONAL CONTRACT LANDSCAPE ARCHITECTURAL SERVICES

The resolution authorizing the City Manager to enter into an agreement with Richard Wogisch for professional contract landscape architectural services in an amount not to exceed \$25,000 was adopted.

6. RESOLUTION AUTHORIZING HILLSBOROUGH TO COMMIT TO THE FINANCIAL AND LEGAL OBLIGATIONS ASSOCIATED WITH RECEIVING A CHALLENGE GRANT FOR THE TOWN'S SCADA SYSTEM UPGRADE PROJECT

The resolution authorizing Hillsborough to commit to the financial and legal obligations associated with receiving a Challenge Grant for the Town's SCADA System Upgrade Project was adopted.

7. RESOLUTION APPROVING THE CSG WORK ORDER FOR ENGINEERING CONSTRUCTION MANAGEMENT SERVICES FOR THE 2009 STREET REHABILITATION PROJECT

The resolution approving the CSG work order for engineering construction management services for the 2009 Street Rehabilitation Project in the amount of \$70,300 and allocating the same from Measure A funds was adopted.

8. RESOLUTION APPROVING \$9,887.13 FOR THE PURCHASE OF A 2008 ALLMAND PRO EMERGENCY LIGHT TOWER FOR THE PUBLIC WORKS DEPARTMENT

The resolution approving \$9,887.13 for the purchase of a used 2008 Allmand Pro Emergency Light Tower for the Public Works Department to United Rentals Northwest Company was adopted.

PUBLIC HEARING:

9. RESOLUTION APPROVING A REVOCABLE ENCROACHMENT PERMIT APPLICATION FOR 1540 BLACK MOUNTAIN ROAD

City Engineer Cyrus Kianpour stated that the owner of 1540 Black Mountain Road proposes to install a 5.5-foot high wall with wrought iron fence and 6-foot high gate posts approximately 10 feet into the 80-foot wide public right-of-way along Black Mountain Road. He added that encroachment permits related to outdoor fixtures over 18 inches tall require City Council approval. He stated that the owner wishes to improve the appearance of the public right-of-way with the outdoor fixtures and new landscaping.

City Attorney Norm Book announced that the resolution before the City Council for review was revised to read "Now, therefore, be it resolved, that the City Council of the Town of Hillsborough hereby approves the revocable encroachment permit application for 1540 Black Mountain Road for outdoor fixtures in the public right-of-way as shown in Exhibit A, *subject to the owner signing the Agreement in the form of Exhibit B.*" He stated that the agreement was revised to read "This Agreement is entered into between the Town of Hillsborough ("Town") and John Minaidis ("Owner") of that certain real property commonly known as 1540 Black Mountain Road, Hillsborough, California, APN #038-013-120, *and more particularly described in Exhibit A.*"

Mayor Krolik thanked Mr. Kianpour.

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

On motion of Councilmember Benton, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution approving the revocable encroachment permit application for 1540 Black Mountain Road was adopted.

10. RESOLUTION ADOPTING THE NEGATIVE DECLARATION AND GENERAL PLAN AMENDMENT FOR PURPOSES OF ADOPTING THE 2009 HILLSBOROUGH HOUSING ELEMENT AND AMENDING THE LAND USE ELEMENT FOR INTERNAL GENERAL PLAN CONSISTENCY

Director of Building and Planning Liz Cullinan thanked Vice Mayor Kasten, Councilmember Fannon, members of the Housing Element Steering Committee, and Naphtali Knox for their dedication. She provided a Power Point presentation and reviewed the background on the 2009 Draft Housing Element and Land Use Element, which included participation in the San Mateo County sub-regional process, Housing Element Steering Committee work since March 2008, invitations to over fifteen housing advocacy organizations to participate in the Housing Element update process, publication of Housing Element efforts in three community newsletters, two community-wide meetings, direct mailing to all property owners in Hillsborough, direct working relationship with the California Department of Housing and Community Development (HCD), and a letter of support and compliance with State regulations from the HCD received on May 29, 2009.

Ms. Cullinan reviewed the State requirements, which includes a State law that requires that all Bay Area jurisdictions adopt and forward a Housing Element to the HCD by June 30, 2009. She added that a key part of every Housing Element cycle is the development of the Regional Housing Needs Allocation (RHNA), which is the number and affordability levels of housing units to be provided by each jurisdiction. She stated that the Town's housing allocation requires that the Town plan for the creation of 86 new housing units between 2007 and 2014, and of these units, 34 units would need to be affordable to lower income households. She stated that the 2009 Housing Element demonstrates that the Town can meet the RHNA requirements by providing lower income units within second units and on institutional properties and the remaining units on vacant and subdividable properties.

Ms. Cullinan stated that there are four key differences from the 2002 Housing Element. She stated that based on a recent study prepared through the San Mateo County sub-regional process, Hillsborough is estimating that 85% of second units provide housing for lower income households. She added that the 2009 Housing Element proposes to collect information on future second units regarding their use and affordability.

Ms. Cullinan stated that although there are no current reports of homelessness in Hillsborough, all communities must provide zoning to accommodate a shelter within one year of the adoption of their 2009 Housing Elements. She added that State law allows jurisdictions to develop standards to control hours of operation, maximum number of beds, lighting, security, and general management. She reported that the Housing Element Steering Committee is recommending that the Town zone the former fire station within the Civic Center/Town Hall area to allow an emergency shelter for the homeless.

Ms. Cullinan stated that in regards to transitional and supportive housing (assisted living for lower income persons to improve their health status and long term self-sufficiency), State law supersedes local law and requires that all California jurisdictions allow these facilities as permitted uses in the same manner as single-family residential uses.

Ms. Cullinan stated that another key difference pertained to affordable housing for households with five or more individuals and that the State has recommended that the Town specifically promote affordable housing opportunities for larger families. She added that a program to relax development standards such as parking requirements for second units with three or more bedrooms is being proposed.

Ms. Cullinan stated that seven letters of public comment on the Housing Element were received.

Ms. Cullinan explained that the 2009 Housing Element is a policy level document which results in no direct physical impacts to the environment. She stated that since the Housing Element presents development potential, the Town has prepared an Initial Study to analyze potential environmental impacts to traffic, air quality, public services, biological and cultural resources, and climate change. She stated that the total program objectives within the 2009 Housing Element result in the potential for 206 new units or a 5% increase over a seven year period; however, the growth in primary residences is approximately 2% (or 115) and projects are speculative. She stated that in order to adopt the 2009 Housing Element, the City Council first needs to adopt the Negative Declaration. She explained that in order to adopt the Negative Declaration, the City Council must consider the environmental documents together with any comments received during the public review process and may adopt the Negative Declaration on the basis that there is no substantial evidence that the project will have a significant effect on the environment and the Negative Declaration reflects the lead agency's independent judgment and analysis. She added that the Initial Study (IS) and Negative Declaration (ND) acknowledge that project and cumulative environmental impacts are less than significant.

Ms. Cullinan stated that since the original publication of the Draft IS/ND, the projection percentages within the Housing Element have been corrected/clarified for purposes of potential growth impacts and that an enhanced analysis of global warming has been incorporated. She added that the draft environmental documents have been reviewed by thirteen State agencies, the public comment period on the environmental documents closed on May 14, 2009, and that no public/agency comments were received on the environmental documents.

Ms. Cullinan introduced Naphtali Knox, consultant for the 2009 Housing Element. Mr. Knox thanked the City Council for the privilege of working again with the Town of Hillsborough. He added that working with the Housing Element Steering Committee was very productive and hoped that the Housing Element gets certified.

Ms. Cullinan introduced Housing Element Steering Committee member Richard Reisman. Mr. Reisman stated that he appreciated participating in the Housing Element process. He added that there was a lot of representation for the Town of Hillsborough and its essential character as a single family residential community. He stated that the Housing Element is a result of hard work and everyone did an excellent job. He stated that the letter of support from the California Department of Housing and Community Development is significant.

Vice Mayor Kasten thanked Ms. Cullinan for her outstanding support and stated that it was a pleasure to work with her and Associate City Planner Serena Ponzo, a top notch Planning Department. He stated that the Town was fortunate to have 2009 Housing Element Consultant, Naphtali Knox, who assisted the Town with the 2002 Housing Element. He stated that former Mayor Kitty Mullooly put together the Housing Element Steering Committee, which was an excellent mix of old and new members. He added that the Committee had intense discussions and all-in-all it was a great experience. He explained that receiving the letter of support from the California Department of Housing and Community Development gives the Town a good chance for certification. He added that Hillsborough is the only city in San Mateo County that received the letter, which is a testament to the hard work.

Councilmember Fannon stated that the Housing Element Steering Committee did a great job.

Mayor Krolik asked for clarification on the rental guidelines for main units and second units. Ms. Cullinan stated that a future enabling ordinance will propose an allowance for both a primary residence and second unit to be rented simultaneously.

Mayor Krolik thanked Ms. Cullinan, Mr. Knox, and the Housing Element Steering Committee members.

On motion of Councilmember Fannon, seconded by Vice Mayor Kasten, and unanimous on voice vote, the resolution adopting the Negative Declaration and General Plan Amendment for purposes of adopting the 2009 Hillsborough Housing Element and amending the Land Use Element for internal consistency was adopted.

City Attorney Norm Book announced that because it was a public hearing, it must be opened for public comment. Mayor Krolik opened the public hearing. There were no comments. Mayor Krolik closed the public hearing.

On re-motion of Councilmember Fannon, seconded by Vice Mayor Kasten, and unanimous on voice vote, the resolution adopting the Negative Declaration and General Plan Amendment for purposes of adopting the 2009 Hillsborough Housing Element and amending the Land Use Element for internal consistency was adopted.

OLD BUSINESS:

11. SPECIAL MEETING TO APPROVE CAROLANDS GATEHOUSE CONSTRUCTION

Public Works Director Martha DeBry stated that the project for the reconstruction of the Carolands Gatehouse is being advertised for public bid with a bid opening date of June 16, 2009. She explained that the bidding process was delayed for several months by the environmental review process, and, therefore, staff is recommending that the City Council conduct a special meeting to approve the bid on either June 19, 22, 23, 24, or 25, 2009, so that construction is not delayed late into summer.

The City Council Special Meeting to award the contract for the reconstruction of the Carolands Gatehouse was set for Friday, June 19, 2009, at 9:00 a.m.

Ms. DeBry stated that there has been a lot of interest in this project with 30 plan holders so far.

12. REVIEW OF THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY'S PROPOSAL TO FINANCE THE SHOREWAY MASTERPLAN IMPROVEMENTS

Public Works Director Martha DeBry provided a Power Point presentation on the South Bayside Waste Management Authority (SBWMA) bonds. She stated that in March 2009, the City Council offered approval of indebtedness subject to approval of the final plan of finance. She stated that the \$17,367,000 bid by SJ Amoroso came in favorably for Phase 2 of the Shoreway Master Plan Improvements, Material Recycling Facility (MRF)/Transfer Station Project. She added that South Bay Recycling was selected as the operator of the facility with a lower operation cost and lower sorting equipment costs.

Ms. DeBry stated that the Shoreway Master Plan is scheduled for approval on July 23, 2009. She added that it will be necessary for a new scope of services in 2011 to implement single stream recycling and wet/dry recycling. She explained that the cost/benefit occurs when recycling increases by 15% or more with the anticipated benefit of a higher commodity volume, avoided trash tipping fees, and improved operations that will outweigh the cost of the bond.

Ms. DeBry stated that the debt amount of the \$56,060,000 bond is proposed to build the new Materials Recycling Facility, to remodel/expand the Transfer Station, to acquire single stream sorting equipment and is needed for the \$5 million working capital for 2009 and 2010, for capitalized interest for 2009 and 2010, for the \$4 million debt service reserve fund, and for refunding the \$14 million 2000 bond.

Ms. DeBry stated that the SBWMA looked at financing options, including a variable rate public offering, fixed rate public offering, and private placement. She stated that the variable rate was very attractive. She stated that the historic interest rate is 3.5%, the current interest rate is 0.2%, a full letter of credit is available at 1.75%, and

remarketing is estimated at 0.12%. She stated that the SBWMA voted against it as being too risky.

Ms. DeBry stated that the fixed rate is estimated at 5.6% and that variations were looked at, including a hybrid with a variable rate for 30% of debt, private placement of equipment, and member agency loans. She stated that the SBWMA recommended a fixed rate with member agency loans of up to \$10 million, repaid without a prepayment penalty. She added that Burlingame offered to loan the SBWMA money.

Ms. DeBry stated that the City Council Subcommittee reviewed the SBWMA financial plan finding that the deal was not tightly packaged. She stated that there were excessive costs to borrow as the underwriting fees were overstated. She stated that the borrowing would be too much, too soon, and for too long. She explained that staggering the timing of the \$17 million for equipment could save \$800,000, refunding of the 2000 bond would be premature, the existing reserves are not well used, and there would be substantial reserves after 2011.

Ms. DeBry stated that East Palo Alto, Foster City, Redwood City, San Carlos and San Mateo have approved the bond indebtedness and will not be providing further consideration. She stated that Atherton and Burlingame voted no, Belmont, Menlo Park, and San Mateo County are scheduled to vote, and West Bay Sanitary District has not yet set a date to vote.

Ms. DeBry recommended withdrawing support for the bond sale with the current fixed rate and member agency structure and recommended supporting the construction of the Shoreway Master Plan Improvements.

Councilmember Benton stated that he met for four and a half hours with Board member and Financing Manager, Brian Ponty, Financial Advisory Committee member, Financial Advisor, and private citizen, Josh Cooperman, Councilmember Regan, Ms. DeBry, and City Manager Tony Constantouros and had a full discussion on the financing (which Ms. DeBry highlighted in her presentation tonight), but that he came away very frustrated. He stated that there was a lack of interest in solid financing suggestions and he could not support what the SBWMA was proposing.

The City Council discussed with the SBWMA's Financial Advisor, Bill Euphrat, the various financing options and the SBWMA Executive Director's, SBWMA staffs' and member agencies' lack of interest in the cost-effective variable rate bond proposal.

Councilmember Fannon asked how many agencies were members of the SBWMA. Ms. DeBry replied that there were twelve agencies in the SBWMA and so far five have approved the fixed rate bond proposal.

Vice Mayor Kasten asked Ms. DeBry how many votes are needed for the bond proposal to be approved. Ms. DeBry replied that a two-thirds vote, or eight yes votes, would be needed for the bond proposal to pass.

Councilmember Benton stated that alternate financing ideas should be delivered to the member agencies so that they can make an informed decision on the most cost-effective financing of the recycling facility.

Councilmember Fannon stated the member agencies need to understand the cost savings benefit of the variable rate bond. He added that the Executive Director of the SBWMA should be on the forefront and be educated on the facts of the alternate financing options. Ms. DeBry stated that the Executive Director of the SBWMA, Kevin McCarthy, gave direction on the fixed rate proposal.

Vice Mayor Kasten asked how long the bond would be a cost to the residents. Ms. DeBry replied that the bond would be a cost to the residents for twenty-five years.

Mayor Krolik thanked Ms. DeBry.

On motion of Councilmember Benton, seconded by Vice Mayor Kasten, and unanimous on voice vote, the City Council opposed the issuance of fixed rate bonds to finance the Shoreway Environmental Center and requested that the SBWMA give further consideration to more cost-effective alternatives to finance the construction.

The City Council directed staff to work with the investments subcommittee to get a recommendation on whether the Town will be interested in participating with the member agency loans in the interest of getting additional interest revenue earnings.

NEW BUSINESS:

13. RESOLUTION AWARDING A BID FOR VEGETATION REMOVAL FROM PRIVATE VACANT LOTS

Fire Chief Don Dornell stated that as part of the Town of Hillsborough Private Vacant Lot Vegetation Abatement Program, property owners who do not abate a fire hazard of high weeds, grasses, and low lying trees on their property are placed on an enforcement case list for abatement by a Town-hired contractor. He explained that abatement costs and administrative and reinspection fees are then assessed on the County tax records for reimbursement. He added that the new regulations require “limbing” of trees within six feet of the ground to prevent ground fires from climbing into higher vegetation, which is called removing ladder fuels.

Councilmember Fannon asked Fire Chief Dornell how many properties required vegetation removal by the Town-hired contractor last year. Fire Chief Dornell replied that 20 properties required vegetation removal last year.

Councilmember Kasten asked about the one bid that had a varied rate. Chief Dornell stated that the varied rate was reflective of the added tree work and the charges would vary dependant upon the amount of tree work required. He also stated that this would put the Fire Department staff in a position of having to negotiate pricing based upon the amount of tree work.

Mayor Krolik thanked Fire Chief Dornell.

On motion of Councilmember Benton, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution awarding the contract to Robert Canadas Custom Tractor Work for vegetation abatement work on the enforcement cases for the 2009 program was adopted.

PUBLIC COMMENT:

There were no public comments.

CITY COUNCIL ITEMS:

Councilmember Fannon stated that the February 2, 2009, and June 1, 2009 Architecture and Design Review Board meetings were cancelled, zero new house applications have been received in May 2009, remodeling is down 50%, which shows that the economy has impacted the Town.

Vice Mayor Kasten announced that he attended the National Pollutant Discharge Elimination System (NPDES) Permit Hearing in Oakland on May 13, 2009, and that San Mateo County was well represented. He thanked Public Works Director Martha DeBry for providing comments to present to the Water Board.

Mayor Krolik recognized Police Officers Peter Gould and Dave Young for receiving words of appreciation from Barbara Regan of Saint Bartholomew Parish.

Mayor Krolik thanked Police Officers Peter Gould, Dave Young, and Pete Scatena for coordinating the Teen Safety meeting.

Mayor Krolik wished City Manager Tony Constantouros a happy birthday.

Mayor Krolik thanked Barbara Backer for all her efforts with the quarterly newsletter.

Mayor Krolik recognized the City Clerk, Police, and staff for receiving words of appreciation from Ron Vick of the San Mateo Arboretum Society.

Mayor Krolik thanked the Central County Fire Department and Police Department for their participation in the Hillsborough Family Fun Day at North School on Sunday, May 31, 2009.

Mayor Krolik announced that the Central County Fire Department Annual Pancake Breakfast will be held on Saturday, June 20, 2009, from 8:00 a.m. through noon at Fire Station 34.

Mayor Krolik announced that the PG&E undergrounding project on Ralston Avenue has been completed.

Mayor Krolik announced that the Grand Jury report on post-employment benefits was released and is the topic of the Friday, June 26, 2009 Council of Cities meeting, which she will be attending.

City Manager Tony Constantouros indicated that there will be another Grand Jury report out soon on the South Bayside Waste Management Authority. He referred to the recently released Grand Jury Report on “Reversing the Upward Trajectory of Employee Costs” and stated that each city will need to discuss a response at a public meeting and respond to the Grand Jury report by September 3, 2009. He stated that the report left out the role of the State government, which increased retirement benefits to a 90% benefit level and effectively endorsed high pension benefits with binding arbitration.

Mr. Constantouros stated that there were errors and omissions in the report. He explained that the total number of Hillsborough full-time employees does include firefighters and that the firefighters have a 3% @ 55 formula for retirement. He stated that Hillsborough is one of two cities with a 3% @ 60 plan. He stated that the cities of Daly City, San Carlos, San Mateo, and Burlingame have pension obligation bonds. He stated that three out of the five Hillsborough labor groups negotiated limited retiree health benefits, resulting in a savings of over \$200,000 per year. He added that over one-quarter of the Town’s employees receive limited retiree health benefits.

Mr. Constantouros stated that the Town does agree that benefit costs are rising, and the Town has begun the process of negotiating out of the retiree health benefits for the two remaining labor groups, pursuing negotiations for a tiered retirement program, reviewing merged functions with other cities, and maintaining positive relations with the labor groups. He stated that Mayor Krolik has invited the labor unions to the Council of Cities meeting this month. Mayor Krolik stated that she is the Vice Chair of the Council of Cities and public pensions was the number one topic of interest.

Mayor Krolik announced that a yoga class has been scheduled in the Community Room at Town Hall on Tuesday mornings and that a bridge class will be piloted this Wednesday, June 10, 2009.

Mayor Krolik announced that the Community Emergency Response Team (CERT) class just graduated and that there was some interest in developing a Disaster Preparedness Committee.

Councilmember Fannon announced that the Bay Area Water Supply and Conservation Agency (BAWSCA) will be conducting a Hetch Hetchy Tour on July 22-24, 2009, and that there are still some openings, if the other Councilmembers are interested in attending. Mayor Krolik stated that she was interested in attending.

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 Benton asked Ms. DeBry if a press release about the Town’s more cost-effective ideas to finance the Shoreway Master Plan Improvements would put pressure on the SBWMA staff and member agencies in the SBWMA. He added that the proposed financing would be another incremental cost to the residents during a time when the Town is trying to cut costs for residents. Ms. DeBry stated that a press release may help get the attention of Councilmembers from other cities. Vice Mayor Kasten stated that it was worthwhile to look at SBWMA member agencies lending money to help pay for the project. Councilmember Benton stated that the City Council subcommittee will look at it again.

Mayor Krolik announced that she received a memo from the Hillsborough Schools Foundation last week about their concern that the Concours d'Elegance was not meeting their goals and that they could not continue to hold the fundraising event. She stated that City Manager Tony Constantouros and she met with resident Ted Dobos who was interested in seeing Concours continue. She stated that Barbara Backer will include an article in the August 2009 Town quarterly newsletter to see if other citizens are interested in becoming involved and keeping Concours going.

ADJOURN:

Mayor Krolik adjourned the meeting at 8:07 p.m.