

**MINUTES**  
**REGULAR CITY COUNCIL MEETING**  
**MONDAY, SEPTEMBER 12, 2011**

Mayor Kasten called the regular meeting to order at 6:08 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

**ROLL CALL:** Present: Kasten, Benton, Krolik, Chuang, May

**MINUTES:** The minutes of the August 8, 2011 City Council meeting were approved as submitted subject to a few minor changes by Councilmember Krolik to agenda item #13 on page 8 regarding the update on the 2011 Memorial Day Parade.

**PRESENTATIONS:**

- Police Chief Matt O'Connor recognized Police Captain Nicholas Gottuso for providing twenty-eight years of service to the Hillsborough Police Department and presented him with a badge plaque and a Congressional record from Congresswoman Jackie Speier. Mayor Kasten, the Police Department Commissioner, stated that Captain Gottuso has been highly respected throughout San Mateo County for his skills and contributions and presented Captain Gottuso with a Resolution of Appreciation. Mayor Kasten expressed his deep and sincere thanks for all that Captain Gottuso has done while working for the Hillsborough Police Department. Police Captain Caroline Serrato presented Captain Gottuso with a framed photo of him in his SWAT uniform which was signed by Councilmembers, staff, and friends and family. Captain Gottuso expressed that retirement has been a very emotional time for him as working for the Town of Hillsborough has been a blessing to him and his family. He stated that he was able to do what he loved with people he loved. He added that he looked forward to going to work in Hillsborough for the last twenty-eight years and that he wished he could still work for the Town. He thanked the City Council for the privilege of serving the Town. Captain Gottuso introduced his daughter Samantha.
- Mayor Kasten presented Hillsborough resident Haley Kong with a Certificate of Recognition for being a 2011 High School Sullivan Award finalist. He announced that the Sullivan Award honors the nation's top high school senior athletes for their outstanding leadership, character, sportsmanship, academics and accomplishments in sports. Miss Kong thanked everyone that supported her, especially her parents and grandparents, and she introduced her parents, grandparents, brother, and taekwondo coaches. Mayor Kasten stated that Miss Kong embodies what the Sullivan Award represents.
- Mayor Kasten presented the Hillsborough Little League with Certificates of Recognition for winning the 2011 District 52 Championship - All-Star Team: Michael Adams, Robert Dicioccio, Will Farr, Cole Friedlander, Dylan Goldman, Gray Goodman, Will Lambson, Peter Love, Blake Marcus, Ben Somorjai, Miles Todzo and Stephan Uecker. Coach Gary Goodman thanked the Town, the City Council, Coaches Brian Farr and Mark Todzo, and the All-Star team's parents.
- Vice Mayor Benton recognized 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 ninth time. He thanked Ms. Masbad and Assistant Finance Director Marie Bernardo for achieving the award as it is the highest form of recognition in the area of governmental accounting and financial reporting, and its attainment represents a significant accomplishment by a government and its management. Mayor Kasten thanked Ms. Masbad, Ms. Bernardo and the Finance Department staff for their great work.

**CONSENT CALENDAR:**

Items 2 and 7 of the Consent Calendar were removed for discussion. On motion of Councilmember Krolik, seconded by Vice Mayor Benton, and unanimous on voice vote, Consent Calendar items 1, 3-6 and 8-9 were approved.

1. MONTHLY CLAIMS: AUGUST 1 THROUGH AUGUST 31, 2011

The monthly claims for the month of August 2011, in the amount of \$3,285,473.91 were approved as submitted.

2. RESOLUTION AUTHORIZING RESCISSION OF THE RESTRICTIVE COVENANT AGREEMENT - 2010 GERI LANE

Councilmember May asked when the latest survey for 2010 Geri Lane was completed. Director of Building and Planning Liz Cullinan replied that the last survey was dated August 4, 2011. Councilmember May asked if Ms. Cullinan was comfortable with the surveyor's marks for the setbacks. Ms. Cullinan replied that the surveyor's marks for the setbacks were reviewed by the Engineering Department and that they were comfortable with the surveyor's marks for the setbacks.

Mayor Kasten asked how the existing patio that crosses the property line boundaries would be brought into compliance with current zoning and building code requirements. Ms. Cullinan replied that if the City Council adopts the resolution, the City Attorney and staff will work with the property owner on legalizing the existing patio before entering in the agreement to rescind the restrictive covenant.

The Councilmembers further discussed 2010 Geri Lane.

On motion of Councilmember Krolik, seconded by Councilmember May, and unanimous on voice vote, the resolution authorizing the City Manager to enter into an agreement with the current property owners of 2010 Geri Lane rescinding the restrictive covenant agreement in a form approved by the City Attorney was adopted.

3. RESOLUTION EXTENDING A CONTRACT TO PETERSON POWER SYSTEMS FOR GENERATOR MAINTENANCE SERVICE

The resolution extending the contract with Peterson Power Systems in the amount of \$38,110 for a term of one year with the possibility of extending the contract for two additional years was adopted.

4. RESOLUTION AWARDING THE EL CAMINO REAL SANITARY SEWER PROJECT TO FERMIN SIERRA CONSTRUCTION, INC.

The resolution awarding the contract for the El Camino Real Sanitary Sewer Project to Fermin Sierra Construction, Inc. in the amount of \$83,900 with a contingency in the amount of \$12,585 for a total construction budget of \$96,485, and allocating the same from the Sewer Fund, was adopted.

5. RESOLUTION AWARDING THE 2011 PREMIUM EFFICIENCY PUMP AND MOTOR REPLACEMENT PROJECT TO PUMP REPAIR SERVICE COMPANY

The resolution awarding the contract for the 2011 Premium Efficiency Pump and Motor Replacement Project to Pump Repair Service Company in the amount of \$197,425 with a contingency in the amount of \$19,742.50 for a total construction budget of \$217,167.50, and allocating the same from the Water Fund, was adopted.

6. RESOLUTION AUTHORIZING ADDITIONAL FUNDS FOR THE CULTURAL RESOURCES TEST EXCAVATIONS AND AGENCY CONSULTATION FOR PHASE II OF THE EL CERRITO / CRYSTAL SPRINGS TRUNK SEWER IMPROVEMENTS PROJECT TO HOLMAN & ASSOCIATES

The resolution authorizing the City Manager to enter into an amendment to the agreement with Holman & Associates for \$180,500 to provide the necessary cultural resources services for Phase II of the El Cerrito / Crystal Springs Trunk Sewer Improvements Project and allocating the same from the Sewer Fund was adopted.

7. RESOLUTION AWARDING THE SPENCER LAKE DAM SPILLWAY REPAIR PROJECT TO FARALLON COMPANY

Vice Mayor Benton stated that he was struck by the fact that the Town received two bids for the Spencer Lake Dam Spillway Repair Project and that one bid was three times the cost of the lower bid and wondered why there was a huge variance in cost. City Engineer Cyrus Kianpour replied that the engineer's estimate for the project was \$65,000. He explained that sometimes contractors bid high hoping that they are the only bidder and are then awarded the contract. He reported that Farallon Company has a lot of experience working on projects for the Town and that Farallon gave him the assurance that they are confident that they can do the project for this price. He added that a 25% contingency is recommended for this project due to the potential for unforeseen circumstances that may require changes or additional work during construction. He stated that the project consists of repairing the Spencer Lake dam concrete spillway which entails crack sealing, surface patching with repair mortar, and removing portions of the concrete spillway and replacing those portions with new concrete. He further stated that the Division of Safety of Dams has reviewed and approved the project.

Vice Mayor Benton asked how many bids were received for this project. Interim Public Works Director John Mullins replied that six contractors were contacted through the competitive bid process, but that only these two contractors responded with a bid.

Councilmember Krolik asked if any grant money was available for this project. Mr. Kianpour replied that the grant fund compliance process takes approximately two to four years, and that due to the need to repair the Spencer Lake dam spillway in a timely manner, staff did not pursue grant funding for this project.

On motion of Vice Mayor Benton, seconded by Councilmember Krolik, and unanimous on voice vote, the resolution awarding the contract for the Spencer Lake Dam Spillway Repair Project to Farallon Company in the amount of \$62,395 with a contingency in the amount of \$15,598.75 for a total construction budget of \$77,993.75, and allocating the same from the Sewer Fund, was adopted.

8. RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT A FINANCIAL ASSISTANCE APPLICATION AND NEGOTIATE A FINANCIAL ASSISTANCE AGREEMENT WITH THE STATE WATER RESOURCES CONTROL BOARD

The resolution authorizing the City Manager to submit a Financial Assistance Application, negotiate a Financial Assistance Agreement with the State Water Resources Control Board, and make recommendations to the City Council for further action on the final approval of the Financial Assistance Agreement at a future date was adopted.

9. RESOLUTION ACCEPTING AS COMPLETE THE 140 AND 150 WOODRIDGE ROAD SLOPE REPAIR PROJECT

The resolution accepting as complete the contract with Casey Construction, Inc. for the repair of the failed slope adjacent to 140 and 150 Woodridge Road in the amount of \$156,281, and a total project cost of \$237,247, was adopted.

**NEW BUSINESS:**

10. RESPONSE LETTER TO THE SAN MATEO COUNTY GRAND JURY REPORT TITLED "RUNNING ON EMPTY?"

Assistant Finance Director Marie Bernardo provided a Power Point presentation on the San Mateo County Grand Jury report titled "Running on Empty?" She reported that the Grand Jury was interested in understanding how cities coped with the recession and how cities are positioned for the future. She stated that the Grand Jury's report attempts

to find out whether the cities and San Mateo County are drawing from their General Fund Reserves to balance their budgets during the great financial crisis of 2007-2010.

Ms. Bernardo stated that the Grand Jury report was compiled primarily from Comprehensive Annual Financial Reports (CAFR), questionnaires sent to Finance Directors, and interviews of former senior County officials and two leading independent auditing firms responsible for a significant number of 2010 CAFRs in San Mateo. She added that the data collection was also taken from the cities' and County's approved annual budget and from official publications such as GASB Statements 34 and 54.

Ms. Bernardo stated that the scope of the Grand Jury investigation focused on the 20 incorporated cities and San Mateo County, explored the cities availability of financial information on their websites, suggested clarifications of General Fund Reserves and Unreserved Fund Balances as an indicator of the agencies' fiscal health, explored the applicable policies and standards of the agencies in San Mateo County to investigate if cities are complying with the minimum reserves policy as recommended by the Governmental Accounting Standards Board (GASB), and explored the possibility of countywide financial metrics or "scorecard" level of reserves and fiscal standing.

Ms. Bernardo stated that the Grand Jury investigated the availability of information and the amount of information posted on websites. She further stated that the Grand Jury conducted an examination of reserves as an indicator of fiscal health (GASB 54), net changes in the General Fund balance, running liquidity, Applicable Policies and Standards (GASB 34), and retiree pension and health care payments (OPEB). She added that caution must be exercised as the accuracy of the data is limited to a specific point in time, and does not tell the entire story to make a conclusion about the current fiscal health of the Town. She stated that as noted in the report, a more comprehensive examination of all relevant management discussions, including data not yet published or audited, is needed to really understand the fiscal health of the Town.

Ms. Bernardo provided slides showing the Grand Jury's charts on availability of information, use of reserves since 2007, revenues minus expenditures, running liquidity, Unreserved General Fund Balances as a percentage of General Fund Revenues, and Other Post-Employment Benefits for the twenty cities and San Mateo County.

Ms. Bernardo reviewed the eleven Grand Jury findings and recommended agreeing to all except for Grand Jury findings #3, 9 and 11 which were not applicable to the Town of Hillsborough. She also reviewed the three Grand Jury recommendations and her responses.

In conclusion, Ms. Bernardo stated that the Town of Hillsborough is not "running on empty" and recommended that the City Council either approve the draft response letter to the San Mateo Grand Jury report and authorize the Mayor to sign the letter on behalf of the Town, or provide direction to staff on the response that the City Council would like to see incorporated before submittal to the San Mateo County Superior Court.

The Councilmembers and Ms. Bernardo discussed the Grand Jury Report.

Vice Mayor Benton stated that governmental accounting can be very complicated, but Finance Director Edna Masbad and Ms. Bernardo do a very good job explaining the Town's budget.

Mayor Kasten thanked Ms. Bernardo.

On motion of Councilmember May, seconded by Councilmember Chuang, and unanimous on voice vote, the response letter to the San Mateo County Grand Jury report "Running on Empty" was approved and the Mayor was authorized to sign the letter on behalf of the Town.

11. RESPONSE LETTER TO THE SAN MATEO COUNTY GRAND JURY REPORT ON SAN FRANCISCO INTERNATIONAL AIRPORT NOISE IN SAN MATEO COUNTY

Director of Building and Planning Liz Cullinan provided a Power Point presentation on the San Mateo County Grand Jury report on San Francisco International Airport (SFO) noise in San Mateo County. She reported that on July 6, 2011, Judge Joseph Bergeron of the Superior Court sent a letter to agencies in San Mateo County requesting a formal response to the Civil Grand Jury's report on aircraft noise entitled "County Officials Need to Make Noise about Aircraft Noise". She further reported that the Grand Jury Report examined aircraft noise impacts and complaint resolution in San Mateo County and explored whether the San Francisco Airport Roundtable is effectively representing those San Mateo County residents being impacted by aircraft noise and vibration. Ms. Cullinan stated that the Roundtable is comprised of eighteen cities, the operator of San Francisco International Airport, the City and County of San Francisco and the County of San Mateo, and is a voluntary public forum established in 1981 for the discussion and implementation of noise mitigation strategies at SFO.

Ms. Cullinan reported that Mayor Kasten appointed a Subcommittee of the City Council consisting of Larry May and Christine Krolik who have now or have had representation on the SFO Airport Roundtable to provide direction on the response letter. She stated that the response letter is required to include comments on the ten findings and eleven recommendations contained in the report, approval is required by the City Council at a public meeting, and the response letter must be submitted to Judge Bergeron no later than October 4, 2011.

Ms. Cullinan reported that the Grand Jury findings included that data regarding noise exceedences is collected 24/7 by the SFO Noise Abatement Office, egregious and chronic offenders are contacted and the office works with the airline until improvement is shown, and that particular attention is paid to nighttime exceedences. She stated that findings also included that San Mateo County does not have the authority to penalize offending airlines, the public website and its information appear to be easily accessible, and attendance has been stable since the Roundtable meeting schedule was amended from monthly to quarterly.

Ms. Cullinan reported that the response to the Grand Jury recommendations included that placement of noise measuring and tracking equipment parallel to current departure flight paths has been implemented with the exception of areas where there are physical constraints such as extreme hillsides and rock; tracking is done by radar and, therefore, equipment does not necessarily need to be in specific locations to track flight paths; and that the deployment of equipment to measure vibration on departure flight paths has not been implemented because of the potential intrusive nature of the research, which would require going into people's homes, and the lack of information regarding substantial impacts. She stated that responses also included that SFO's aircraft noise monitoring system measures single event and average noise levels throughout the day including nighttime noise events, the averaging of noise readings is over a 24-hour period with additional weightings on evening and nighttime single events to account for the lower tolerance of people to noise during those periods, and that State law requires designated noise impact airports in California to measure aircraft noise with the Community Noise Equivalent Level (CNEL) metric.

Ms. Cullinan reported that the response to the Grand Jury recommendations also included that the "Fly Quiet" program's goals are to provide a venue for implementing "new noise abatement initiatives by praising and publicizing active participation rather than a system that admonishes violations from essentially voluntary procedures", and that Countywide participation in noise mitigation is most effective since actions of a select number of jurisdictions may impact others. She stated that the Subcommittee does not recommend a change to the SFO Roundtable bylaws as voting members currently have the option to select an elected official and that due to severe budget restrictions at the State level, utilizing the State of California, Division of Aeronautics noise liaison as a resource rather than a member would be appropriate.

Councilmember May reported that at the September 7, 2011 Airport Roundtable meeting it was voted down 19:1 not to require an elected official be Chair of the SFO Airport Roundtable.

Ms. Cullinan recommended approving the response letter to the San Mateo County Grand Jury report regarding San Francisco International Airport noise.

Councilmember Krolik reported that after 9/11 air traffic went down, but now air traffic is back to pre-9/11 levels. Councilmember May agreed that the SFO air traffic level is at the pre-9/11 level, but is still 20-35% lower at the Oakland and San Jose Airports.

Councilmember May reported that the City of Brisbane is more substantially impacted by airplane noise than other San Mateo County jurisdictions as Brisbane is part of the take-off route and the larger, heavier planes have trouble climbing rapidly.

Mayor Kasten recommended that the response letter should have the explanation that the deployment of equipment to measure vibration on departure flight paths has not been implemented because the potential intrusive nature of the research would require going into people's homes.

The Councilmembers and Ms. Cullinan further discussed the Grand Jury Report.

Mayor Kasten thanked Ms. Cullinan.

On motion of Councilmember Krolik, seconded by Councilmember May, and unanimous on voice vote, the response letter to the San Mateo County Grand Jury report regarding San Francisco International Airport noise with changes discussed was approved.

**PUBLIC COMMENT:**

There were no public comments.

**CITY COUNCIL ITEMS:**

Councilmember Krolik announced that the Second Annual Movie Night featuring "The Incredibles" was a great family outing with approximately 200-250 attendees. She thanked Police Department Executive Assistant LeAnn Thornton for her assistance.

Councilmember Krolik announced that she will be attending the Shoreway Recycling Center Grand Opening will be held on Tuesday, September 27, 2011. Mayor Kasten and Vice Mayor Benton announced that they would also attend.

Mayor Kasten announced that the Council of Cities Dinner Meeting will be held on Friday, September 23, 2011, in East Palo Alto and that he would be attending. Councilmembers Krolik and Chuang announced that they would also attend.

**ADJOURN:**

Mayor Kasten adjourned the meeting at 7:56 p.m. in memory of the victims of the September 9, 2010 San Bruno tragedy and also the victims of 9/11 which occurred ten years ago.