

MINUTES
REGULAR CITY COUNCIL MEETING
MONDAY, OCTOBER 10, 2011

Vice Mayor Benton called the regular meeting to order at 6:02 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California. He announced that Mayor Kasten was travelling and therefore could not attend the meeting.

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

MINUTES: The minutes of the September 12, 2011 City Council meeting were approved as submitted.

CONSENT CALENDAR:

Items 5 and 6 of the Consent Calendar were removed for discussion. On motion of Councilmember Krolik, seconded by Councilmember May, and unanimous on voice vote, Consent Calendar items 1 – 4 and 7 – 11 were approved.

1. MONTHLY CLAIMS: SEPTEMBER 1 THROUGH SEPTEMBER 30, 2011

The monthly claims for the month of September 2011 in the amount of \$3,674,644.11 were approved as submitted.

2. TREASURER'S REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2011

The Treasurer's Report for the quarter ending September 30, 2011, was approved.

3. QUARTERLY INTEREST RATE PRODUCTS (SWAP) REPORT

The Interest Rate Products Report for the quarter ending September 30, 2011, was accepted.

4. RESOLUTION AUTHORIZING THE PURCHASE OF THE REPLACEMENT OF FIVE COPIERS CITYWIDE

The resolution authorizing the purchase of five copiers from Sharp Business Systems for an amount not-to-exceed \$37,800 was adopted.

5. RESOLUTIONS AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MAY & ASSOCIATES, INC. AND ATKINS FOR CONTRACT ENVIRONMENTAL CONSULTING SERVICES

Councilmember May stated that the reason that he removed this agenda item for discussion was to declare that he has no relationship with someone else named May of May & Associates, Inc.

On motion of Councilmember May, seconded by Councilmember Krolik, and unanimous on voice vote, the resolutions authorizing the City Manager to enter into an agreement with May & Associates, Inc. and Atkins in an amount not-to-exceed \$25,000 each was adopted.

6. RESOLUTION AWARDDING A TWO-YEAR CONTRACT FOR SEWER MAIN CHEMICAL ROOT CONTROL SERVICES TO DUKE'S ROOT CONTROL, INC.

Vice Mayor Benton asked Interim Public Works Director John Mullins why there was a single bidder for the project. Mr. Mullins explained that the chemical specified for root control services is the only root control chemical allowed to be discharged into the Burlingame Wastewater Treatment Plant, and that the root control product is a proprietary product of Duke's Root Control. He added that the City of San Mateo also uses Duke's for their root control services.

Vice Mayor Benton thanked Mr. Mullins.

On motion of Councilmember Krolik, seconded by Councilmember Chuang, and unanimous on voice vote, the resolution awarding the two-year contract for sewer main chemical root control services to Duke's Root Control, Inc. in an amount not-to-exceed \$183,000, and authoring the City Manager to sign the contract on behalf of the Town was adopted.

7. RESOLUTION AWARDING THE STORM DRAIN MODIFICATIONS ON MANOR DRIVE AND NEWHALL ROAD TO HALF MOON BAY GRADING & PAVING, INC.

The resolution awarding the contract for the storm drain modifications on Manor Drive and Newhall Road to Half Moon Bay Grading & Paving, Inc. in the amount of \$19,026 with a contingency in the amount \$2,854 for a total construction budget of \$21,880, allocated from the Sewer Capital Improvement Program Fund – Storm Drain Repairs (Miscellaneous Locations), and authorizing the City Manager to sign the contract on behalf of the Town was adopted.

8. RESOLUTION AWARDING THE WATER TANK INSPECTION PROJECT TO HARPER & ASSOCIATES ENGINEERING, INC.

The resolution awarding the Water Tank Cleaning and Inspection Project to Harper & Associates Engineering, Inc. in the amount of \$32,100 with \$19,950 for Town consulting and material expenses, and a contingency of \$8,000 for a total project cost of \$60,050, funded by the Water Capital Improvement Plan Fund – Water Tank Inspection Project, and authorizing the City Manager to sign the agreement on behalf of the Town was adopted.

9. 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 \$100,000 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.

10. RESOLUTION APPROVING THE CONTRACT WITH FARALLON GEOGRAPHICS, INC. FOR SUPPORT SERVICES AND MAINTENANCE OF THE TOWN'S GIS SYSTEM

The resolution approving the contract with Farallon Geographics, Inc. for support services and maintenance of the Town's GIS system in an amount not-to-exceed \$40,000, which will be allocated equally from the Sewer and Water Funds, and authorizing the City Manager to sign the contract on behalf of the Town was adopted.

11. RESOLUTION APPROVING CSG WORK ORDERS FOR ENGINEERING SERVICES FOR THE CRYSTAL SPRINGS / EL CERRITO PHASE II TRUNK SEWER IMPROVEMENTS (ARCHAEOLOGICAL TEST EXCAVATIONS), SPENCER LAKE DAM SPILLWAY REPAIR, EL CAMINO REAL SANITARY SEWER PROJECT, PREMIUM EFFICIENCY PUMP & MOTOR REPLACEMENT PROJECT, SANITARY SEWER CLEANING AND INSPECTION PROJECTS, AND SEWER MASTER PLAN AND CAPITAL IMPROVEMENT PLAN

The resolution approving the CSG work orders in the amount of \$146,320, allocating \$7,200 from the Water Fund and \$139,120 from the Sewer Fund, and authorizing the City Manager to sign the CSG work orders on behalf of the Town was adopted.

DISCUSSION:

12. UPDATE ON THE 2011 CONCOURS D'ELEGANCE

Concours Chair Rob Fisher stated that he appreciated the opportunity to provide an update to the City Council on the 55th Concours d'Elegance which was held on Sunday, August 28, 2011, at the Crystal Springs Golf Course. He thanked the Town for the support he received two years ago to reestablish the Hillsborough Concours d'Elegance. He reported that the Hillsborough Concours d'Elegance was in dire straits two years ago, but that some very passionate people wanted Concours to live on to continue the Concours tradition. He stated that as of last year, Concours had a new beginning and now represents the Town of Hillsborough outside of the community at large.

Mr. Fisher reported that all net proceeds are divided equally among Autism Speaks, the 49ers Foundation and the Hillsborough Schools Foundation. He stated that the 2011 Concours had double last year's attendance with approximately 3,000 people attending this year's event raising approximately \$200,000. He further stated that this year's event had 225 cars on display and that when the event was last held at Crocker Middle School there were only 167 cars on display.

Mr. Fisher thanked the Town, the volunteers, Police Captain Mark O'Connor, and the sponsors.

Vice Mayor Benton thanked Mr. Fisher for stepping forward to Chair the new Concours.

Councilmember Krolik also thanked Mr. Fisher for keeping the Hillsborough Concours alive and stated that she looked forward to many more years of Concours. She added that it was phenomenal how the numbers increased from last year.

13. UPDATE ON THE SANITARY SEWER CAPITAL IMPROVEMENT PROGRAM

Public Works Engineering Consultant Dennis Diemer provided a Power Point presentation on the Sanitary Sewer Capital Improvement Program. He stated that at the September 12, 2011 Study Session on the Sewer System Improvement Program issues related to Sanitary Sewer Overflows (SSOs) caused by Infiltration/ Inflow (I/I) during wet weather were reviewed. He reported that these issues included regulatory mandates and settlement agreement provisions, projects required to attain compliance, long-term efforts needed to keep the sewer system in good condition, program expenditures, and private sewer lateral repair and funding options. He stated that his presentation would provide a brief review of the key conclusions and recommendations from the September 12, 2011 Study Session, and focus on obtaining City Council input on private sewer lateral repair and funding options.

Mr. Diemer reported that one of the required capital projects for the San Mateo Sewershed is the El Cerrito/Crystal Springs Phase II Project which will provide sufficient wet weather capacity in the San Mateo Sewer Shed for the foreseeable future. He stated that cost-sharing agreements and revenue guarantees need to be in place before construction begins and that securing a State Revolving Fund (SRF) loan for the project is a priority.

Mr. Diemer reported that the Sanchez Avenue sewer improvements will provide sufficient wet weather capacity in the Sanchez Avenue drainage portion of the Burlingame Sewershed for the foreseeable future. He stated that a cost-sharing agreement with Burlingame for the Town's share of the project needs to be completed and that the Town will need to coordinate with Burlingame to ensure that their design is optimized for the Town's flows. He further stated that specific localized hydraulic improvements are also needed within the Town and that these need to be coordinated with Burlingame's planned improvements.

Mr. Diemer reported that comprehensive rehabilitation of the sewer mains and laterals is needed in "priority basins" within the Floribunda/Oak Grove drainage of the Burlingame Sewershed. He explained that comprehensive rehabilitation is necessary since additional capacity improvements to the Oak Grove sewer are not feasible and that a

40% overall I/I reduction is required. He stated that limited capacity improvements are also likely necessary along Pepper Avenue between Ralston and Floribunda Avenues and that the extent of improvements depends on actual I/I removals achieved in priority basins.

Mr. Diemer stated that recommendations included not proceeding with the Crystal Springs/EI Cerrito Phase II Project until funding “guarantees” are secured from the Crystal Springs County Sanitation District, continuing to work with San Mateo Sewershed partners, and keeping the Regional Water Quality Control Board apprised of the Town’s Phase II Project and the Town’s relief sewer project schedules and funding status. He stated that recommendations also included developing a long-term plan and schedule for comprehensive I/I rehabilitation of all basins within the Town. He stated that it was also recommended to move forward with the Town’s lateral policy whereby the Town takes responsibility for repair of the lower lateral when the Town is rehabilitating the sewer line for I/I removal and for the homeowner to maintain responsibility for the upper lateral.

Mr. Diemer reported that the Capital Improvement Program Five-Year Plan has \$27.53 million total available funds and \$25.57 million in total project costs. He stated that the budgeted funds for the Crystal Springs/EI Cerrito Phase II Project are \$11.35 million, the Sewer Lateral Inspection \$1.83 million, Sewer Repair and Replacement/ Rehabilitation \$8.2 million, the EI Cerrito Relief Line \$800,000, and the Sanchez Avenue Sewer Improvements \$1.2 million. Mr. Diemer emphasized that these projects are driven by regulatory mandates and settlement agreements and require the participation of other agencies.

Mr. Diemer stated that past studies by CH2M Hill, Carollo Engineers, Brown and Caldwell, and RMC have not found inflow to be the major cause of SSOs. He reported that as part of previous Town investigations, smoke testing was performed on approximately 50% of the Town’s laterals in 2005. He stated that eight inflow sources were identified and corrected and thirty infiltration sources were identified and corrected, and that current closed circuit TV inspections are identifying significant infiltration sources. He further stated that although some inflow sources are likely to be identified during comprehensive basin rehabilitation, correction of inflow sources alone will not eliminate the need for wet weather relief sewers.

Mr. Diemer stated that the cost to replace both an upper and lower lateral, including permit fees, is approximately \$6,000 to \$8,000, and \$3,000 to \$5,000 for the upper lateral only. He further stated that if the contractor is already mobilized for the Town’s sewer main repair and replacement and permit fees are waived, the cost for upper lateral replacement can be reduced by 25%-50%.

Mr. Diemer stated that the responsibility for costs of lower lateral repairs is a Town policy decision and that the rehabilitation of upper laterals, while also a Town policy decision, is typically the responsibility of homeowner. He explained that in order to spend public funds on private property, the Town must determine that private benefits from the use of public funds are secondary to the benefit derived by the public in terms of public health and safety. He added that this issue would need further review if the Town was interested in paying for or taking responsibility for repair of the lower or upper laterals.

Mr. Diemer reported that if the Town assumed responsibility for the lower laterals, the lower lateral could be rehabilitated at the same time as the sewer main is rehabilitated, and cutting and repaving of streets would be minimized. He further reported that costs would be minimized as the contractor is mobilized and trenching is already being done, the encroachment permit by the homeowner would be eliminated, and the connection of the lateral to the sewer main would be more assured of being watertight. He stated that under this approach there would be more cost for the Town and less cost for the homeowner. He reported that if the homeowner retains responsibility that would be consistent with current ordinance and practice, but there would be less certainty

regarding water tightness of the connection to the main and street cutting and repaving would occur more frequently.

Mr. Diemer reported that if the Town assumed responsibility of the upper laterals, the use of public funds on private property would need to be reviewed. He stated that it would be inconsistent with industry standard practice and would be more costly for the Town, but if the homeowner retains responsibility for the upper lateral, there would be no issues regarding use of public funds on private property.

Mr. Diemer recommended moving forward with the Town lateral policy that has the Town taking responsibility for repair of the lower lateral when the Town is rehabilitating the sewer for I/I removal, and has the homeowner maintain responsibility for the upper lateral.

The Councilmembers and Mr. Diemer discussed the sewer lateral policy.

Vice Mayor Benton thanked Mr. Diemer for the very comprehensive review and stated that he would see him back at the November 14, 2011 meeting for the City Council's consideration of the draft ordinance.

NEW BUSINESS:

14. ISSUANCE OF NOTICE OF PROPOSED 2012 REFUSE RATES

Finance Director Edna Masbad provided a Power Point presentation on the 2012 garbage rate setting. She recognized Financial Advisory Committee member Josh Cooperman for his assistance and stated that he would be available to provide more information to the City Council, if the City Council so desired. She reviewed the major players for the rate setting which included the Town, South Bayside Waste Management Authority (SBWMA), South Bay Recycling (SBR), Recology and Allied Waste. She reported that the Town sets the annual rates and SBWMA, a Joint Powers Authority with 12-member agencies in San Mateo County, provides cost-effective waste reduction, recycling and solid waste programs to members through franchised services. She further reported that SBWMA owns the Shoreway Environmental Center (Shoreway), a regional and recycling facility which receives, handles and transfers refuse, recyclables and organic materials collected from the service area. She stated that SBWMA reviews annual compensation applications from Recology and SBR for recommendation to member agencies. She also stated that SBR operates Shoreway, Recology is the franchise hauler, and Allied was the previous hauler.

Ms. Masbad reviewed the difference between the Allied and Recology contracts. She reported that Allied had a "cost-plus operating percentage contract" and the balancing account will have to be settled with the contract that expired on December 30, 2010, with the final settlement due in October 2012. She reported that Recology is on a "fixed cost contract" (i.e., base cost plus index adjustments) which started on January 1, 2011. She stated that the 2011 fixed costs are based on assumptions duly approved by SBWMA, and thereafter annual adjustments will be made to certain expenses based on indices, except that labor contract costs will be allowed until expiration. She explained that there are three labor contracts to end on October 23, 2013, and one contract to expire on December 31, 2014. She stated that thereafter labor costs will be based on the Consumer Price Index and that revenue surplus or shortfall (Revenue Reconciliation) will be incorporated in future rates.

Ms. Masbad reviewed the Allied franchise to the Recology and SBR franchise. She stated that service has gone from bi-weekly to weekly pickup of recyclable materials and weekly pickup of organics. She reported that there has been an increase in diversion rates as residential recycling has increased by 30%, organic materials has increased by 30%, and solid waste generation is down 19%. She added that single-stream recycling is now more convenient for recyclable materials. She reported that the Shoreway facility is improved with enhanced onsite public recycling activities, greatly improved traffic circulation, single-stream processing, and a variety of recycling programs. She stated

that there are now automated services which reduced labor costs, but that there are costs associated with the newer vehicles.

Ms. Masbad explained the rate components which include Recology's collection costs, SBWMA's disposal costs, and the Town's 10% franchise fee charged for total revenues collected. She further explained that 2012 rate components also include the 2012 Recology compensation, 2012 SBWMA Operations (including SBR compensation for disposal and processing costs measured in tipping fees), the Town's franchise fees, the final 2010 Allied balancing account which is due in October 2012, discretionary items (such as the 2011 Recology revenue shortfall which contractually needs to be included in the 2013 garbage rates), and allowance for additional cart migration.

Ms. Masbad stated that there are two parts to the rate setting process. She explained that the first part includes tipping fees for SBR's compensation plus other pass-through costs for disposal (Ox Mountain fees, transportation costs, etc.), SBWMA management costs, debt service payments and franchise fees to the City of San Carlos, less commodity revenues (mainly from recyclables; minimal revenues from organics) which equals the revenue requirement to the SBWMA. She stated that the SBWMA sets tipping fees to meet revenue requirements. She explained that the second part includes collection costs for Recology's compensation plus disposal and processing costs paid at Shoreway plus the Town's franchise fees which equals the revenue requirement to Recology. She stated that the SBWMA reviews and approves the collection costs for recommendation to the SBWMA members and then the Town sets the garbage rates to meet the revenue requirement.

Ms. Masbad stated that there are three separate issues in 2012. The first issue she reported is that in 2012 the Town needs to generate sufficient revenues to cover the total cost of \$2,953,381 which includes \$1,933,444 for collection (Recology), \$769,536 for disposal (SBWMA) and \$250,401 for the franchise fee (Town). She stated that this is \$140,519 (4.6%) less than the 2011 charge. She explained that the total expense divided by the number of accounts (3,627) is equal to \$814 per year or \$68 per month. She reported that the second issue is that Allied is owed \$140,950 (net of \$200,000) from the prior contract. Ms. Masbad reported that the third issue is that 2011 revenues are estimated to fall short by an estimated \$637,108 despite the 25% rate increase on March 1, 2011, and must be paid to Recology in 2013.

Ms. Masbad stated that there are contributing and other possible factors to the revenue shortfall. She explained that there was a cart migration to the smaller 20 and 35-gallon cart size and a two-month lag in implementation of the new rates (March 1, 2011, instead of January 1, 2011). She further explained that possible additional factors (which are under review) are that 137 customers have an exemption from paying for backyard services, only 117 customers pay for backyard services, and some customers have stopped accounts (i.e. vacation, sale of property, etc.) resulting in only 3,639 subscriptions versus approximately 3,880 residential parcels. She added that Recology has identified 157 current stopped accounts.

Ms. Masbad reported that the pricing model for the carts is not working as the entire charge for collection is assessed against the black carts with no charge for the green carts, but the expense of collection and disposal is virtually the same as with the black cart. She explained that as residents reduce the need for a black cart (diverting more to blue and green carts) less revenues are collected. She stated that the Town currently diverts 68%; theoretically, even if diversion is 100%, entire collection costs and at least half of the disposal costs would still be needed.

Ms. Masbad reported that at their October 3, 2011 meeting, the FAC recommended that the Town should institute a flat charge ("pickup fee") to all service addresses regardless of the size of the cart with the garbage bill initially and with the property tax bill afterwards, institute an additional charge of \$20 for an organics cart (beyond the first cart), eliminate all exemptions from paying a backyard service charge, develop a policy to limit "stopped service" exemptions for vacation, and adjust the charge based on cart size to produce the required revenues and recover costs for each size. Ms. Masbad

further stated that in January 2012, the Town should charge a one-time fee to pay off Allied (approximately \$39 per account, exempt from the franchise fee) to be collected over a 24-month period at approximately \$7.50 per month per account (exempt from the franchise fee).

Ms. Masbad concluded her presentation by recommending that the City Council authorize staff to distribute a Proposition 218 notice indicating proposed rates as set forth in the draft Proposition 218 notice discussed at this meeting subject to amendments made by the City Council, and to schedule a public hearing on the proposed refuse rates at the City Council meeting to be held on December 12, 2011. She stated that the proposed new rates would be implemented on January 1, 2012.

Vice Mayor Benton thanked Ms. Masbad for the detailed information on the refuse rates. He stated that the average cost per household per month for collection is \$68, \$44 to Recology and \$24 to SBWMA. Some residents are only paying \$23 per month, which does not cover the collection and disposal costs. He also stated that the Town is not collecting enough money to pay for Recology's costs because residents are billed according to the size of the black carts only and are not billed for the blue or green carts.

The Councilmembers, former Councilmember Paul Regan, Ms. Masbad, Mr. Cooperman, City Manager Anthony Constantouros, and City Attorney Norm Book discussed the refuse rates and backyard service.

Mr. Constantouros suggested that the Town maintain the same policy on backyard service exemptions, provide an explanation of the current policy in the next month or so, proceed with the Proposition 218 notice after review by Mr. Book, and return next year with a more thorough analysis and with policy options before making any changes or adjusting rates for backyard service.

Councilmember Krolik recommended removing "designed to be environmentally good" from the last line on page 1 and specifying the \$25 flat charge ("pickup fee") in the first paragraph on page 2 of the Proposition 218 notice.

On motion of Councilmember Krolik, seconded by Councilmember May, and unanimous on voice vote, staff was authorized to distribute a Proposition 218 notice indicating proposed rates as set forth in the draft Proposition 218 notice discussed at the meeting subject to the two amendments made by the City Council. The public hearing on the proposed refuse rates was scheduled for the December 12, 2011 City Council meeting.

Vice Mayor Benton thanked Ms. Masbad.

Ms. Masbad thanked Mr. Regan and Mr. Cooperman for attending the meeting.

PUBLIC HEARING:

15. RESOLUTION ADOPTING THE TOWN OF HILLSBOROUGH'S 2010 URBAN WATER MANAGEMENT PLAN

CSG Consultant Ed Cooney provided a Power Point presentation on the 2010 Urban Water Management Plan (UWMP). He stated that the Plan must be updated every five years (per the Urban Water Management Act) which requires revision of the 2005 UWMP, interagency and public notification, a Public Hearing on urban water use targets and adoption of the UWMP. He reported that the Plan includes historical, current and projected water supply and use, SBX7-7 urban water use targets, water shortage contingency planning, and water conservation measures.

Mr. Cooney reported that the Town's 2010 water use was 277 gallons per capita per day (gpcd) and that the Town is below its 2014/2015 target of 301 gpcd. He added that the Town is nearly meeting its 2019/2020 target of 267 gpcd.

Mr. Cooney stated that the projected water supply and use shows sufficient water supply for normal year projections, and projects 20% or less drought related shortages can be met through voluntary conservation. He added that UWMP includes an Emergency Response Plan for catastrophic shortage events.

Mr. Cooney reported that Demand Management Measures (DMMs) are required in order to receive State funded grants and loans and that the report documents that the Town is implementing all cost-effective DMMs. He explained that DMMs include public outreach, conservation pricing, rebates, water waste prevention, indoor and outdoor water conservation, and evaluation of water usage. He stated that DMMs put Hillsborough on the path to meet urban water use targets.

Mr. Cooney recommended opening the public hearing, closing the public hearing, adopting the 2010 UWMP, and directing Public Works to submit the Plan to the Department of Water Resources, California State Library and San Mateo County within thirty days of adoption, and provide a copy on the Town's website and at Town Hall.

The Councilmembers, Mr. Cooney and Finance Director Edna Masbad discussed the Urban Water Management Plan.

Vice Mayor Benton opened the public hearing. There were no comments. The public hearing was closed.

On motion of Councilmember May, seconded by Councilmember Chuang, and unanimous on voice vote, the resolution adopting the Town's 2010 Urban Water Management Plan and directing Public Works staff to submit the Town's 2010 Urban Water Management Plan to the California Department of Water Resources within thirty days of adoption was adopted.

Vice Mayor Benton thanked Mr. Cooney.

PUBLIC COMMENT:

Jim Furgas of Teamsters Local 350 stated that he has been working with the Public Works Supervisors since February 2011. He reported that the Supervisors decided to be recognized as a union. He stated that since the negotiations began in February 2011, all proposals have been rejected by the Town and that the Town decided that the Supervisors' positions should be exempt positions with the main reason being that it would save the Town money. He further stated that the Town has not been negotiating in good faith and that the Town could have reached a settlement in May 2011. He stated that the Supervisors are not being treated fairly as the exempt status does not allow for overtime pay. He added that a State union mediator will be meeting with the Town and union members on Wednesday, October 12, 2011. Mr. Furgas concluded that he does not want the negotiations to be any more contentious and thanked the City Council for their time.

Vice Mayor Benton thanked Mr. Furgas.

Caren Sencer, an attorney representing the Teamsters, stated that she looked carefully at the Town's budget and noted that on April 12, 2011, the Town increased water rates and that in July new sewer rates went into effect. She further stated that the water and sewer rate increases should cover the Supervisors' salaries. She added that 4-1/2 out of the 6 Supervisors' wages are paid out of funds that can only be used for Public Works and that the Supervisors' salaries should come from those earmarked funds. She stated that overtime pay should still be available to the Public Works Supervisors for their on-call work to provide service to the Town's residents. She added that after years of performing their jobs, the exempt status would drastically reduce the employees' salaries. She thanked the City Council for their time.

Hillsborough resident and Financial Advisory Committee member Josh Cooperman reported that the South Bayside Waste Management Authority (SBWMA) has a surplus

of \$3.5 million which will be spent by SBWMA Executive Director Kevin McCarthy. He urged the City Council to take whatever action is required to get the surplus money back to the SBWMA member agencies to return to their rate payers.

Hillsborough Public Works Assistant Water Superintendent Dave Ballestrasse announced that he was speaking on behalf of the Public Works Supervisors and expressed that the union negotiations were not meant to go sideways. He stated that the six Public Works Supervisors have a total of 145 years of service with the Town and that they all like their jobs and like working for the Town. He explained that the Supervisors wanted union representation in order to have a voice on what happens for themselves and for their families. He apologized that he did not expect the negotiations to go this way. He thanked the City Council for their time.

Vice Mayor Benton thanked Mr. Ballestrasse for voicing his personal concerns.

CITY COUNCIL ITEMS:

Vice Mayor Benton announced that he spoke to a producer of an educational series on public TV about an upcoming show on the best places to retire. He stated that the producer explained that it would take a day to shoot the 3-5 minute video which would be aired and that the Town would receive a 5-8 minute video, if the Town contributes \$18,000 for the production of the video. He asked the City Council for their input. There was no interest from the City Council in spending \$18,000 for the video.

City Manager Anthony Constantouros announced that at the next four City Council meetings a departmental presentation will be made by the Police, Fire, Public Works and Police Departments on major accomplishments in 2011, major projects and budget issues for 2012.

Vice Mayor Benton announced that the Council of Cities Dinner/Meeting will be held in Portola Valley on Friday, October 28, 2011. Councilmembers Chuang and May announced that they would be attending.

Councilmember Krolik asked if any action was being taken to raise the Town's bond rating. Financial Advisory Committee member Josh Cooperman reported that the only way to raise the Town's bond rating would be to bring the Town's reserves back up and to continue compliance with the Town's covenants, and thus far the rating is not affecting the Town's bond cost.

Vice Mayor Benton announced that he would be attending the ADA (Americans with Disabilities Act) Accessibility Symposium on Tuesday, October 11, 2011.

ADJOURN:

Vice Mayor Benton adjourned the meeting at 9:21 p.m.