

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

Mayor Kasten called the regular meeting to order at 6:01 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 November 14, 2011 City Council meeting were approved as submitted.

**ELECTION OF MAYOR:** Mayor Kasten asked for nominations for Mayor. Councilmember May nominated Thomas M. Kasten for Mayor. The nomination was seconded by Vice Mayor Benton and was unanimous upon voice vote. Thomas M. Kasten was elected Mayor for a one-year term.

**ADMINISTRATION OF OATH OF OFFICE:** Mayor

The oath was administered to Thomas M. Kasten by Police Chief Matt O'Connor.

**ELECTION OF VICE MAYOR:** Mayor Kasten handed the gavel to Vice Mayor Benton. Vice Mayor Benton asked for nominations for Vice Mayor. Mayor Kasten nominated Jess E. Benton for Vice Mayor. The nomination was seconded by Councilmember Krolik and was unanimous upon voice vote. Jess E. Benton was elected Vice Mayor for a one-year term.

**ADMINISTRATION OF OATH OF OFFICE:** Vice Mayor

The oath was administered to Jess E. Benton by Police Chief Matt O'Connor.

**MAYOR'S COMMENTS:** Mayor Kasten stated that there were a lot of accomplishments in the past year during difficult economic times. He reported that the Police Department once again achieved the lowest crime rate for California cities with populations of 10,000 or more. He further reported that restructuring the Police Department and reclassifying positions resulted in savings to the Town while maintaining the same level of service. He stated that Police Captain Nicholas Gottuso retired this year and that Police Chief Matt O'Connor will be retiring at the end of the year. He commented that the Town has been extremely fortunate to have Matt O'Connor as Police Chief for all he has done for the Town. He remarked that there have been two momentous promotions in the Police Department with Caroline Serrato being promoted to Captain and Mark O'Connor recently being promoted to Police Chief. He stated that the Police Department vigorously pursues and prosecutes criminals for burglary, forgery, identification theft and murder.

Mayor Kasten reported that in the past year Central County Fire Department (CCFD) has saved costs with the shared training program with Foster City and Belmont and shared mechanical services program with San Bruno. He stated that CCFD continues to pursue grants to cover costs for training and equipment.

Mayor Kasten reported that in the past year the Building and Planning Department saved the Town \$50,000 by eliminating the need for a Recycling Coordinator and conducted in-house environmental review for an additional \$50,000 in revenues and \$100,000 for in-house plan checking. He added that the Building and Planning Department has also streamlined the permitting process.

Mayor Kasten stated that the Finance Department has balanced the Town's budget for the past two years which not every town or city has been able to do. He reported that in the past year a comprehensive water and sewer study was conducted. He also reported that the Public Works and Finance Departments were very proactive in pursuing lower water rates from the San Francisco Public Utilities Commission saving 10% or \$236,000 for Hillsborough. He stated that the South Bayside Waste Management Authority reported that solid waste recycling in Hillsborough has increased substantially. Mayor Kasten complimented Vice Mayor Benton and Finance Director Edna Masbad for receiving the Certificate of

Achievement for Excellence in Financial Reporting Award from the Government Finance Officers Association for the ninth year.

Mayor Kasten reported that the new Supervisory Control and Data Acquisition (SCADA) system in the Public Works Department will save 15% in energy costs. He stated that the Town's No-DES water flushing system is the first in the nation and saves 650,000 gallons of water over the previous method of flushing water. He also reported that the Town's level of water quality has improved over previous years. He stated that Phase 1 of the Water Master Plan has been completed and will decrease energy and water usage. He further stated that forty miles of the Town's sewer lines have been cleaned and that the Sewer Master Plan will reduce sewer overflows, claims and operating costs.

Mayor Kasten remarked that the Town accomplished a lot during the past year, but that none of the accomplishments could have been achieved without the dedication of Town staff and the City Council, and the cooperation of all employees through labor concessions and teamwork. He thanked City Manager Anthony Constantouros and the Town's staff and his colleagues on the City Council for their untiring dedication to the Town.

Councilmember Krolik thanked Mayor Kasten for his leadership.

### **CONSENT CALENDAR:**

Items 2 and 5 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, 3, 4 and 6-8 were approved.

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

The monthly claims for the month of November 2011, in the amount of \$3,188,943.26 were approved as submitted.

2. ACCEPTANCE OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) TOGETHER WITH THE INDEPENDENT PUBLIC ACCOUNTANT'S REPORT ON INTERNAL CONTROL FOR YEAR ENDED JUNE 30, 2011

Vice Mayor Benton commented that the Town received an unqualified opinion on the Town's financial statements from the independent Certified Public Accountants. He reported that the Town's Financial Advisory Committee (FAC) reviewed the financial statements and that the FAC met with the auditors who expressed great satisfaction with the professionalism of the Town's financial statements. Vice Mayor Benton thanked Finance Director Edna Masbad and her staff and remarked that Ms. Masbad is one of the finest Finance Directors in the County.

On motion of Vice Mayor Benton, seconded by Councilmember May, and unanimous on voice vote, the Comprehensive Annual Financial Report (CAFR) for fiscal year ended June 30, 2011, was accepted.

3. RESOLUTION AUTHORIZING WATER SERVICE RATES AND METER SERVICE CHARGES FOR THE YEAR 2012 EFFECTIVE JANUARY 1, 2012

The resolution authorizing water service rates and meter service charges for the year 2012 effective January 1, 2012, was adopted.

4. RESOLUTION AUTHORIZING COMPENSATION ADJUSTMENTS FOR UNREPRESENTED EMPLOYEES, TEAMSTERS LOCAL 856 POLICE UNIT AND TEAMSTERS LOCAL 350 PUBLIC WORKS SUPERVISORS UNIT

The resolution authorizing compensation adjustments for Unrepresented Employees, Teamsters Local 856 Police Unit and Teamsters Local 350 Public Works Supervisors Units was adopted.

5. ORDINANCE AMENDING SECTION 2.12.070 OF THE HILLSBOROUGH MUNICIPAL CODE REGARDING DESIGN REVIEW OF SECOND STORY ADDITIONS OF LESS THAN FIVE HUNDRED SQUARE FEET IN SIZE TO EXISTING DWELLINGS – INTRODUCTION

Mayor Kasten stated that he wanted to be sure that the amendment would require notification of adjacent property owners for purposes of their input on visual impacts. Director of Building and Planning Elizabeth Cullinan replied that the amendment would require notification of adjacent neighbors (including those across the street) and that second story additions larger than 500 square feet or with visibility from the public right-of-way would continue to be required to include notification of neighbors within a 500-foot radius.

Mayor Kasten thanked Ms. Cullinan.

On motion of Mayor Kasten, seconded by Councilmember May, and unanimous on voice vote, the ordinance amending Section 2.12.070 of the Hillsborough Municipal Code regarding design review of second story additions of less than five hundred square feet in size to existing dwellings was introduced and the first reading of the ordinance was waived. January 9, 2012, was set as the public hearing date to consider adoption of the ordinance.

6. RESOLUTION AWARDDING THE STORM DRAIN REPAIR AT 2044 GERI LANE TO FARALLON COMPANY

The resolution awarding the contract for the Storm Drain Repair at 2044 Geri Lane to Farallon Company in the amount of \$24,620 with a contingency in the amount of \$5,000 for a total construction budget of \$29,620, and allocating the same from the Capital Improvement Plan Fund – Storm Drain Repairs (Miscellaneous Locations) was adopted.

7. RESOLUTION APPROVING CSG WORK ORDERS FOR DESIGN SERVICES FOR THE SANDRA / HAYNE STORM DRAIN REPAIR, 3635 RALSTON AVENUE STORM DRAIN REPAIR, ROBINWOOD / DENISE STORM DRAIN, SLOPE REPAIR AND ROAD STABILIZATION, BLACK MOUNTAIN ROAD STABILIZATION AND WATER MASTER PLAN

The resolution approving the CSG work orders for design services for the Sandra/Hayne Storm Drain Repair, 3635 Ralston Avenue Storm Drain Repair, Robinwood/Denise Storm Drain, Slope Repair and Road Stabilization, Black Mountain Road Stabilization and Water Master Plan in the amount of \$156,550, and allocating \$67,510 from the Sewer Capital Improvement Fund, \$22,180 from the Street Capital Improvement Fund and \$66,860 from the Water Capital Improvement Fund was adopted.

8. RESOLUTION APPROVING ADDITIONAL CONSULTING SERVICES REQUIRED FOR THE COMPLETION OF THE SCADA SYSTEM UPGRADE PROJECT BY CYBERNET CONSULTING INC.

The resolution approving additional services by CyberNet Consulting Inc. in the amount of \$30,000 and allocating the same from the Water Enterprise Fund was adopted.

**INFORMATIONAL:**

9. HILLSBOROUGH SCHOOLS FOUNDATION REVIEW OF THE PAST YEAR AND OVERVIEW OF UPCOMING EVENTS AND AN UPDATE FROM THE HILLSBOROUGH CITY SCHOOL DISTRICT SUPERINTENDENT

Mayor Kasten introduced Hillsborough City School District Superintendent (HCSD) Anthony Ranii. Mr. Ranii thanked Mayor Kasten, HCSD Director of Student Services

Mary Maher, and the hardworking HCSD Board of Trustees including Steven Khoury, Lynne Esselstein and Greg Dannis in the audience. He introduced Hillsborough Schools Foundation's (HSF) Co-President Kaarin Hardy.

Ms. Hardy stated that HSF has been raising money for HCSD for the past 32 years. She reported that \$3.3 million was raised this past year with \$3.2 million going to HCSD for the 2011/2012 school year. She added that 16% of the school district budget was covered by funds from HSF.

Ms. Hardy reported that the "Actual Cost to Educate" (ACE) above property tax revenue and government funding is \$2,300 per child in the HCSD. She stated that 1,148 or 77% of all school district families contributed to HSF and she thanked the community for their support. She further stated that HSF's three events, the Hillsborough Classic Tennis Tournament, the Dinner Dance, and the Family Fun Run raised \$391,000. Ms. Hardy thanked Hillsborough Concours d'Elegance Chair Rob Fisher for the \$40,000 contribution this year.

Ms. Hardy thanked the City Council for their support. She reported that approximately 2,500 households in Hillsborough do not make contributions to HSF. She stated that there is a link on the HCSD's website for those wishing to make contributions to the Hillsborough Schools Foundation.

Mayor Kasten thanked Ms. Hardy for the update on HSF.

Mr. Ranii provided a Power Point presentation on the Hillsborough City School District update. He stated that the Grade K-8 report cards were created, Grade K-5 report cards fully deployed and report cards for Grade 6-8 to be deployed in Trimester 2. He also stated that in Grades 6-8 there have been student-led groups and a school-wide effort for Community Kindness and Respect. He further stated that in Grades K-5 the Social Emotional Handbook has been revised and is in the hands of the teachers.

Mr. Ranii reported that the District goals for differentiation is a multi-year goal for remedial and enrichment and is a part of every school's Action Plan. He added that differentiation was the District's focus last year, and will be the schools' focus this year for the individual teacher and individual student.

Mr. Ranii reported that the current enrollment is 1,525 and growing with 203 sixth graders which is the biggest class ever. He stated that the five-year outlook has growth at Crocker Middle School and a hold or slight decline at the elementary schools.

Mr. Ranii reviewed the HCSD's budget with a historical perspective. He reported that the State revenue was \$1,582,119 for fiscal year 2006-2007 and will drop to \$489,804 for fiscal year 2011-2012. He also reported that the property value growth for fiscal year 2006-2007 was 7.96% and will drop to 0.04% for fiscal year 2011-2012. Mr. Ranii reported that since 2008, HCSD has cut \$1,236,039 from the budget. He provided a chart showing the percentage of reductions made by each category.

Mr. Ranii reported that HCSD has been gathering input through a survey with parents, staff and administrators participating, and the survey and comments were shared with the HCSD Board of Trustees. He also reported that eight parent and or community meetings and six staff meetings were held to gather input which was also shared with the Board of Trustees.

Mr. Ranii stated that he will continue to gather input from the community on class sizes, K-5 Specialists, and Crocker electives. He requested input by January 17, 2012, by emailing him at [aranii@hcsd.k12.ca.us](mailto:aranii@hcsd.k12.ca.us), calling 342-5192, meeting with him, or by filling out a HCSD Community Comment Form.

Mayor Kasten thanked Mr. Ranii for the update.

**PUBLIC HEARING:**

10. RESOLUTION APPROVING THE PROPOSED RATES FOR SOLID WASTE / RECYCLING COLLECTION SERVICES EFFECTIVE JANUARY 1, 2012

Finance Director Edna Masbad provided a Power Point presentation on the solid waste / recycling collection rates for 2012. She reviewed the rate process whereby Recology submitted its rate application for the whole service area to the South Bayside Waste Management Authority (SBWMA) which reviewed it and subsequently forwarded it to each of the SBWMA member agencies for consideration. She reported that the Town's management and staff had several discussions with both Recology and the SBWMA regarding information about garbage collection and related costs, specifically expressing the questions and sentiments presented by the Town's residents. She further reported that to help analyze the issues, Recology's rate application was presented to the Financial Advisory Committee (FAC), who formally met on October 3, 2011, to review the application and develop its recommendations to the City Council. Ms. Masbad stated that at the October 10, 2011 City Council meeting, the City Council reviewed the rate options recommended by the FAC and approved sending out the required Proposition 218 notice for the rate changes. She further stated that a Town Hall meeting was held on November 17, 2011, to discuss the proposed rates, offer detailed information, and answer questions of the residents.

Ms. Masbad stated that from the comprehensive process it was found that Recology's fixed costs in 2012 actually declined by 8.5% or \$180,000, tipping fees paid to the SBWMA are projected to increase by 5% or \$40,000 resulting from an increase in tipping fees for organics, and costs in 2012 are projected to decrease by 5% or \$140,000; however, the problem that the Town faces is the fact that there are insufficient revenues to cover costs. She explained that this has been the problem with the Town's rate structure for several years as there were insufficient revenues to pay Allied Waste back in 2010. She stated that after the final review, approximately \$133,000 is owed Allied for the 2010 operations and because of insufficient revenues prior to 2010, an additional \$208,000 is due, resulting in a total of \$341,000 owed Allied as of December 31, 2010, due in 2012.

Ms. Masbad reported that there were insufficient revenues in the current year to pay Recology's costs with the expanded scope of services despite the 25% rate increase in March 2011. She provided a chart showing the revenues and costs history and stated that even with the 25% rate increase this year, the 2011 revenues would have only increased by 2% or \$40,000 over 2010. She further reported that revenues will again fall short by approximately \$434,000 in 2012, even after the 5% decrease in costs, if the rate model and the rates are not changed. She stated that the \$434,000 shortfall, in relation to the projected revenues of \$2.5 million before any rate change, is approximately 17%, and therefore the Town needs 17% more in revenues to pay for the 2012 projected costs.

Ms. Masbad explained that a major reason for the revenue shortfall is the cart migration to the smaller black cart and that the monthly revenues for all the solid waste and recycling services are based on the black cart size. She stated that residents are able to migrate to the smaller cart and pay a lower monthly rate after recycling more waste into the blue and green carts; however, the fixed cost to collect a small cart is basically the same cost as the cost to collect the largest cart and the only variable costs relate to the tipping fees paid to SBWMA, as these costs are based on tonnage.

Ms. Masbad provided a chart showing the projected costs for each cart size compared to what is currently charged noting that the smaller cart subscription is really subsidized by the larger cart subscribers. She stated that it was concluded that some changes are warranted towards reducing that subsidy while still keeping a progressive rate structure to encourage more recycling.

Ms. Masbad stated that after the lengthy process and consideration, the FAC recommended that the City Council consider a \$25 flat fee per month or \$300 per year

be charged to each service address, first through Recology's billing system, and subsequently after further review and approval of San Mateo County, collection of this component through the property tax roll. She explained that this approach is designed to stabilize rates in the future, eliminating some of the negative effects of migration to smaller carts. She clarified that this is not considered a tax, but a partial fee for garbage collection services and that the Town would only be utilizing the County as a collection agency.

Ms. Masbad provided a chart showing that the rate component to be charged based on cart size will then be reduced for each level. She reported that the analysis also revealed that costs attributable to the organic wastes were a cost-driver. She stated that the FAC recommended that a \$20 fee per cart per month be charged to additional organics carts beyond the first cart that is included in the basic rate.

Ms. Masbad reported that the Town has a contractual obligation to pay the shortfalls for the previous years. She stated that the Town owes Allied a total of \$341,000 and that the FAC recommended that the Town pay \$200,000 of this from the Ox Mountain Landfill settlement previously received and that the rest will be paid by the ratepayers through a one-time fee of \$39 per account to be charged on January 2012. She stated that to pay Recology's projected shortfall for 2011, the FAC recommended charging a fee of \$7.50 per account per month for 24 months starting in January 2012.

Ms. Masbad recommended opening the public hearing and receiving comments, closing the public hearing, accepting information from the City Clerk on protests received at the conclusion of the public hearing, and adopting the resolution approving the 2012 solid waste and recycling rates effective January 1, 2012. She noted that pursuant to Proposition 218, if a majority of the ratepayers protested the rate increases, the rate increases could not be implemented.

Ms. Masbad stated that before the public hearing is opened, she would like to invite Recology's General Manager Mario Puccinelli and SBWMA's Finance Manager Marshall Moran to answer some of the more often asked questions such as returning to bi-weekly rather than weekly service. Ms. Masbad also introduced FAC liaison and former Hillsborough Mayor Paul Regan and FAC members Richard Kuersteiner and Joshua Cooperman.

Mr. Puccinelli stated that there would be little cost savings by returning to bi-weekly service as cost efficiencies will be lost. He explained that Recology's state-of-the-art computer system chooses the most efficient routes for Hillsborough and that the Hillsborough routes also include bordering areas of Burlingame and San Mateo.

Mr. Moran stated that with bi-weekly service there may be a reduction of diverted tons which would result in reduced commodities from recycling and that residents would then have to pay higher garbage disposal fees and rates. He added that the Town has a ten-year contract with Recology. He explained that some of the issues regarding leaving the Joint Powers Agreement with Recology include approval from the twelve members of the SBWMA and also that the Town's share of the SBWMA's \$57 million bond would cost the Town \$1.5 million to pay off.

Ms. Masbad expanded on Mr. Puccinelli's response by stating that Recology invested in new vehicles and equipment based on weekly service; migrating back to bi-weekly service would be more expensive due to the reduced economies of scale.

Vice Mayor Benton stated that with garbage rates being raised 25% just ten months ago, one could easily assume garbage and recycling costs are out of control. He stated that he was initially angry when he heard there was a need to further raise rates January 1, notwithstanding that the Town's garbage rates are already the highest price in the County and in the Bay Area. He reported that he has been working with Mayor Kasten and Ms. Masbad on Recology's rate application and discovered cost was indeed not the problem; revenue was the problem with flat income, notwithstanding the 25% increase which became effective March 1, 2012. He explained that because a

large number of residents reduced the size of their black carts, residents did not pay more in 2011 than in 2010, as the entire price of collection is based on the black cart size. He further explained that the cost to process green material is almost the same cost to process the material in the black cart as the black cart must be picked up and the material hauled to Ox Mountain Landfill. He added that residents need to divert recyclables and green waste from Ox Mountain Landfill because once Ox Mountain is full there would be major expenses to transport the garbage to another landfill. He reported that it costs \$89 per ton to process the materials in the green carts and \$90 per ton for the material in the black carts. He explained that one of the reasons that Hillsborough's rates are higher than Burlingame's is because the volume of Hillsborough's green waste is greater than Burlingame's. He also explained that other cities have commercial accounts that help subsidize the residential rates, but that the Town has no commercial accounts.

Vice Mayor Benton thanked residents for embracing recycling and diverting materials out of the black carts, but that the actual cost to pick up and dispose of the black cart material is \$43 with the size of the black cart having no bearing.

Mayor Kasten opened the public hearing.

Hillsborough resident Lewis M. White thanked Vice Mayor Benton for the good explanation of the problem and asked about having garbage service every two weeks to reduce the garbage pickup service costs.

Hillsborough resident Al Schmidt stated that he has lived in Hillsborough for fifty years and that it was a privilege to attend the City Council meeting and to see the City Council at work. He remarked that he was very impressed with the City Council. He reviewed the costs for Allied Waste for 2010 and Recology for 2011 and 2012. He requested that the City Council investigate other alternatives and to ask questions about Recology's garbage services and rates.

Hillsborough resident Shaucut Salahutdin stated that he has a complaint about the proposed \$25 pickup fee and stated that it was an outright property tax increase which should require a referendum. He further stated that his gardener will pick up his garbage. He also stated that the rate increase from \$22 to \$60 is highway robbery and that the City Council should be ashamed of themselves.

Hillsborough resident Robert Marder questioned Recology's low bid for the contract. He stated that the increase is 85% for those with 20-gallon carts. He added that Burlingame's City Councilmember Terry Nagel has requested an independent audit of Recology and that the Town should join Councilmember Nagel in auditing Recology.

Vice Mayor Benton replied that SBWMA conducted the bid process for garbage services in 2008, and that Recology was the successful bidder and was awarded the contract. He stated that the selection process withstood a Grand Jury review. He reported that Recology is charging precisely what they said they would charge. He stated that the problem is not on the cost side, but that not enough revenue is being collected.

Hillsborough resident George F. Outland stated that he has lived in Hillsborough for 42 years and that he has his garbage picked up only five times a year. He respectfully requested that the \$25 fee be eliminated for him as he has no green waste.

FAC member Josh Cooperman explained that the \$25 charge is being implemented for a service and not a tax, and that a lot of other counties charge a garbage fee for collection purposes. He reported that several homeowners live out of town and do not pay for garbage services. He stated that he does not want to subsidize their garbage services as the Town has to pay the garbage trucks an hourly rate to drive through Hillsborough. He explained that every household pays a water meter charge even if the household does not use water. He added that residents have a certain obligation as citizens for services that need to be provided.

Hillsborough resident Martin Harband stated that he appreciated Vice Mayor Benton's comments, but he stated that it is not a 25% increase, but a 300% increase with the incidental charges. He questioned what the SBWMA does and what they charge the Town. He stated that it was time to shut down the SBWMA office. He asked where the revenue from the \$89 per ton in commodities goes.

FAC Member Richard Kuersteiner stated that he has lived in Hillsborough since 1972 and before that he lived in six different states and in Southeast Asia for five years. He commented that the quality of life is good in Hillsborough with the well-manned city, police and fire departments, school system, garbage removal services, and the City Council's countless hours of work. He suggested that those who are complaining should volunteer as the Town can always use more help. He stated that other cities have a lot of trash and financial problems. He added that San Francisco, Oakland, and Half Moon Bay are not on an even keel and do not keep things in balance. He reported that residents did not pay the actual cost for garbage services last year and that it was too good of a deal as the Town had to pay for some of the costs, but that the Town has figured out an equitable way to have the revenue match the expense and asked residents to be open-minded.

Hillsborough resident Sandra Papenhouse stated that she has been a Hillsborough resident for twenty years and that she is a small business person where she has had to figure out costs and make sure that she could pay those costs in order to run her business. She reported that she has a small black cart and not much green waste and only takes out her blue cart every other week. She commented that residents should not have to pay additional costs and should not have to pay the higher costs for less service. She stated that she is a bottom-line person and would be out of business a long time ago if she was not able to cover the costs to run her business. She explained that she pays as she goes, budgets, knows what she can afford, and takes the risk on the cost of new equipment by paying cash hoping to get the money back in revenue.

Hillsborough resident Suzie Blount stated that she moved to Hillsborough eight years ago and has four children ranging in age of thirteen to eight. She thanked Vice Mayor Benton for the information on garbage services. She commented that last year the Town did not delve into the problem of the black cart service costing as much as the green cart and that someone was asleep at the wheel. She added that the Town did not analyze the costs of the carts and that the Town should have known about the problem a year ago.

Vice Mayor Benton replied that the City Council approved a 25% increase on March 1, 2011, to raise \$3 million to cover the cost of services with the assumption of some cart migration, but that the cart migration was substantially greater than expected as half of the Town's population reduced their cart size.

Former Mayor Regan stated that he was surprised by a couple of things, first, that Allied Waste has been a fan favorite, but he reported that Allied's labor rate caused most of the cost increases and that Recology has had to take over the higher labor costs from Allied. He added that Recology is not the problem as the labor rates were previously established by Allied. He further reported that the cart rates were established way too low for the smaller carts. He stated that the 25% rate increase appealed to the FAC for the cost of picking up the garbage, taking it to San Carlos and disposing of it at the Ox Mountain Landfill. He further stated that fixed costs need to be in place and that everybody needs to pay for garbage service.

Hillsborough resident Gerry Weiner stated that regarding Mr. Regan's statements, if the Town knew that that the \$500,000 would be a revenue problem, someone should have said something and questioned it earlier.

Vice Mayor Benton replied that the Town had a five-year agreement with Allied, so there was no surprise.

Hillsborough resident Samira Guccione asked for clarification on the bi-weekly rates compared to Burlingame's rates as she felt it was not calculated correctly and there was a discrepancy in the logic.

Councilmember Krolik replied that the general overall reason that rates are higher in Hillsborough than in Burlingame is that Hillsborough has the same number of miles of roads, sewer and water pipes, and garbage routes as Burlingame, but with only one-third of the number of residents, and no commercial accounts to shoulder the costs. She thanked residents for their feedback on the garbage rate increases. She explained that the City Council does not like raising the garbage rates, but that the contract with Allied was a cost-plus contract and that the Town could not predict the actual costs and was always trying to catch up. She reported that the City Council spent a lot of time reviewing the agreement for garbage service and decided on the weekly service as diverting recyclables and green waste from the landfill will extend the life of the Ox Mountain Landfill by 10-15 years. She explained that once Ox Mountain closes, garbage costs will soar as garbage would need to be transported to another landfill. She stated that those residents with 20-gallon carts are being subsidized by those paying for larger carts and that those with 20-gallon carts are now being asked to pay for the actual costs of service.

The public hearing was closed.

Mayor Kasten asked City Clerk Miyuki Yokoyama to present the information on the protests received. Ms. Yokoyama stated that pursuant to Proposition 218, the proposed refuse rates will not be adopted if more than 50% of the affected property owners submit written requests protesting the proposed rates. She further stated that written requests could be mailed, faxed or hand-delivered through the conclusion of tonight's public hearing. She reported that there are 3,801 property owners within the Town's refuse collection service area and that 50% of this number plus 1, or 1,902 valid protests, will prevent the Town from adopting the proposed refuse rates. Ms. Yokoyama stated that the Town has received 177 protests filed following the requirements of Proposition 218, but that 41 of those protests did not include the Assessor's Parcel Number, address or signature. She further stated that since 136 valid protests were received, the Town will be able to adopt the proposed refuse rates.

The Councilmembers, Ms. Masbad and Mr. Puccinelli further discussed the proposed rates for solid waste and recycling collection services.

Councilmember May thanked Vice Mayor Benton for all the work he has done in answering the residents' questions and educating the Town about the revenue problem.

Mayor Kasten thanked Vice Mayor Benton, FAC members and Ms. Masbad for the many hours spent on the subject.

On motion of Vice Mayor Benton, seconded by Councilmember May, and unanimous on voice vote, the resolution approving the 2012 solid waste and recycling rates effective January 1, 2012, and allocating \$200,000 from the Ox Mountain Landfill settlement to partially pay the balance of Allied Waste Services "Balancing Account" was adopted.

Mayor Kasten announced that there would be a two minute break to allow the public time to leave the Council Chambers. Mayor Kasten called the meeting back to order at 9:00 p.m.

## **DISCUSSION:**

### **11. BUILDING AND PLANNING DEPARTMENT UPDATE**

Director of Building and Planning Liz Cullinan provided a Power Point presentation on the Building and Planning Department update. She reported that the department

processed 1,460 building permits and 356 planning applications, brought in approximately \$1,295,073 in revenue, conducted 3,659 inspections, conducted eight environmental reviews, and processed 60 Architecture and Design Review Board (ADRB) and 212 Administrative Review items. She reported that other major accomplishments included commencement of the 2014 Housing Element and Sustainable Communities Strategy, continued enhanced staff accessibility, adoption of a records retention program, facilitation of a subdivision ordinance update, preparation of a streamlining ordinance, assistance with sewer lateral policies, facilitation of the adoption of the International Fire Code and Wildland Urban Interface Code updates and implementation of the water efficiency landscape ordinance.

Ms. Cullinan reviewed current programs including continued integration with other departments, Sustainable Communities Strategy, improved organizational and fiscal efficiency, 2014 Housing Element, and the update to design guidelines for roofing materials and multi-family housing on private school property.

Ms. Cullinan reviewed departmental goals including accessibility for all members of the public, enhanced specialization and cross training of administrative staff, integration with other departments for project processing, cost recovery, fluent and on-line use of the electronic processing system, a more streamlined application submittal process, frontloading of projects, and more innovative and proactive practices.

Ms. Cullinan reported that the department facilitated a substantial reduction in code enforcement cases through mediation, absorbed encroachment permit inspections associated with building permits, absorbed State-mandated annual stormwater pollution prevention inspections, conducted in-house environmental reviews resulting in an additional revenue of over \$50,000, absorbed the Recycling Coordinator position responsibilities saving \$50,000 annually, and offered green building audits in-house. She also reported that the department saved approximately \$150,000 on outside consulting costs through increased in-house plan checks, inspections and landscape review, shared training and regional sharing.

Ms. Cullinan stated that while the Town of Hillsborough is staffed at a higher per capita ratio than larger jurisdictions, it is staffed at the lowest per capita ratio of the smaller single family residential communities in San Mateo County (Woodside, Atherton and Portola Valley). She explained that Hillsborough projects are larger and more complex than other San Mateo County jurisdictions and merit a greater number of inspections.

The City Council, Ms. Cullinan and former Chief Building Official John Mullins further discussed the Building and Planning Department's accomplishments and programs.

Mayor Kasten thanked Ms. Cullinan for the excellent report on the Building and Planning Department.

## 12. SAN MATEO COUNTY CITY SELECTION COMMITTEE ELECTION

Mayor Kasten reported that he would be attending the San Mateo County City Selection Committee election at the Council of Cities Dinner/Meeting to be held on Friday, December 16, 2011. The City Council discussed the regional seats that are up for election on the San Mateo County Transportation Authority (SMCTA) Board representing Cities-At-Large and Cities Northern, and Chairperson for the 2012 City Selection Committee. Mayor Kasten thanked the Councilmembers for their input and urged them to participate on some of the regional committees.

### **PUBLIC COMMENT:**

There were no public comments.

### **CITY COUNCIL ITEMS:**

Mayor Kasten announced that the Volunteer Recognition Event will be held on Tuesday, December 13, 2011, and that the Employee Appreciation Event will be held on Thursday, December 15, 2011.

Mayor Kasten announced that he would be attending the Council of Cities Dinner/Meeting on Friday, December 16, 2011, in the City of Colma. Councilmember Chuang announced that she would also be attending.

Councilmember Krolik reported that the Hillsborough Concours d'Elegance donated \$40,000 to the Hillsborough Schools Foundation this year. She stated that Concours donated \$120,000 this year and that proceeds also benefited the 49ers Foundation and Autism Speaks. She added that the 2012 Concours will be held on the last Sunday in August.

**ADJOURN:**

Mayor Kasten adjourned the meeting at 9:34 p.m.