MINUTES
CITY COUNCIL MEETING
MONDAY, MAY 13, 2013

SPECIAL MEETING:

Mayor Benton called the special meeting to order at 5:32 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

ROLL CALL: Present: Benton, May, Chuang, Christianson, Royse

PUBLIC COMMENT:

There were no public comments.

PUBLIC ANNOUNCEMENT OF CLOSED SESSION ITEMS

ADJOURN TO CLOSED SESSION

CLOSED SESSION:

A. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Government Code Section 54956.9(d)(1)

Name of case: Jerrold Rosenblatt vs. City of Hillsborough, et al, United States District Court for the District of California Civil Action No. C 12 5210

B. CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION
Government Code Section 54956.9(d)(1)

Name of case: Newpath Networks, LLC; Crown Castle NG West Inc. v. Town of Hillsborough, San Mateo Superior Court Action. No CIV518695

ADJOURN CLOSED SESSION

REGULAR MEETING:

Mayor For A Day Alex Brubaker called the regular meeting to order at 6:08 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

ROLL CALL: Present: Benton, May, Chuang, Christianson, Royse

Mayor Benton introduced Alex Brubaker, Mayor For A Day. Mayor Benton reported that as part of the Hillsborough Schools Foundation's Mayor For A Day auction item, Alex was able to ride in a police car from North School and was able to take a tour of a fire station. Mayor Benton invited Alex to join the Councilmembers at the dais and to lead the pledge of allegiance.

PLEDGE OF ALLEGIANCE

REPORT FROM CLOSED SESSION: Mayor Benton reported out that there was nothing to report from the Closed Session.

MINUTES: The minutes of the April 8, 2013 City Council meeting were approved as submitted.

RECOGNITION:

- Mayor Benton announced that Mayor For A Day Alex Brubaker is eight years old and is in second grade at North School and that his favorite subjects are math, reading and recess. He reported that at North, Alex is part of the Student Council as a class representative. He stated that outside of school Alex plays the piano and is learning to play golf, and is looking forward to being on the swim team in the summer. He added

that Alex enjoys riding his bike, playing with friends and his brother, and walking with his dog Andreas.

PRESENTATIONS:

- Vice Mayor May presented Richard Reisman, who served as a member of the Code Enforcement Hearing Panel from May 2007 through April 2013, with a Certificate of Appreciation. Mr. Reisman thanked the City Council for the great opportunity to serve on the Code Enforcement Hearing Panel. Mayor Benton thanked Mr. Reisman for his thirteen years of combined service on the Code Enforcement Hearing Panel and Architecture and Design Review Board.

- Councilmember Royse recognized Finance Director Edna Masbad for the Government Finance Officers Association's Distinguished Budget Presentation Award to the Town of Hillsborough for the twelfth year in a row. He stated that the award is the highest form of recognition in governmental budgeting and represents a significant achievement by the Finance Department led by Ms. Masbad.

PROCLAMATION:

- Mayor Benton proclaimed May 19 - 25, 2013, as National Public Works Week. Director of Public Works Paul Willis introduced Tom Barry, Lead Maintenance Worker of the Sewer Division, who graciously accepted the proclamation on behalf of his coworkers in the Public Works Department.

PRESENTATION:

- Mayor Benton presented Alex Brubaker with a proclamation recognizing Alex as Mayor For A Day.

CONSENT CALENDAR:

On motion of Vice Mayor May, seconded by Councilmember Christianson, and unanimous on voice vote, Consent Calendar items 2 - 9 were approved.

1. MONTHLY CLAIMS: APRIL 1 THROUGH APRIL 30, 2013

   Councilmember Royse asked if a trend analysis could be included with the monthly claims listing to compare costs a year ago and a month ago. Finance Director Edna Masbad replied that she would provide a trend analysis with future monthly claims listings.

   Councilmember Royse asked about line 118 of the Report of Goods and Services Purchased on page 26 of the City Council agenda packet regarding the payment to Catalyst Environmental, Inc. for mercury decontamination. Public Works Superintendent John Mullins explained that Catalyst Environmental, Inc. removed mercury and lead paint that was found in the Public Works Corporation Yard.

   Councilmember Royse asked if the $62,000 cost for sewer root control from Duke's Root Control, Inc. on line 139 was an ongoing cost or one-time cost. Mr. Mullins explained that the sewer root control project is an ongoing cost as part of a three-year rotation plan for sewer root cleaning. Councilmember Royse asked if the project is within the budgeted amount. Mr. Mullins replied that the project is within the budgeted amount.

   On motion of Councilmember Royse, seconded by Councilmember Chuang, and unanimous on voice vote, the monthly claims for April 2013 in the amount of $3,231,664.20 were approved as submitted.

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

The resolution providing for interim modifications to the business license tax for fiscal year 2013-2014 was adopted.

3. RESOLUTION SETTING THE AMOUNT OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION FOR FISCAL YEAR 2013-2014

   The resolution setting the amount of Public Safety Tax for fiscal year 2013-2014 was adopted.

4. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE THE AGREEMENT WITH THE DEPARTMENT OF JUSTICE FOR THE USE OF LIVESCAN FINGERPRINTING IN PRE-EMPLOYMENT BACKGROUND CHECKS

   The resolution authorizing the City Manager to execute the agreement with the Department of Justice for the use of Livescan fingerprinting in pre-employment background checks was adopted.

5. RESPONSE TO THE SAN MATEO COUNTY GRAND JURY REPORT “CAN WE TALK? LAW ENFORCEMENT AND OUR MULTILINGUAL COUNTY”

   The Town’s response to the San Mateo County Grand Jury Report “Can We Talk? Law Enforcement and Our Multilingual County” was approved.

6. RESPONSE TO THE SAN MATEO COUNTY GRAND JURY REPORT “WATER RECYCLING – AN IMPORTANT COMPONENT OF WISE WATER MANAGEMENT”

   The Town’s response to the San Mateo County Grand Jury Report “Water Recycling – An Important Component of Wise Water Management” was approved.

7. RESOLUTION AWARDING THE CONTRACT FOR THE ROBINWOOD / DENISE STORM DRAIN AND SLOPE REPAIR PROJECT TO FARALLON COMPANY IN THE AMOUNT OF $142,160

   The resolution awarding the contract for the Robinwood / Denise Storm Drain and Slope Repair Project to Farallon Company in the amount of $142,160, allocating funds from the Robinwood / Denise Storm Drain and Slope Repair Project, CIP #804.47, and authorizing the City Manager to execute the contract on behalf of the Town and to approve a 10% contingency, if needed, was adopted.

8. RESOLUTION AUTHORIZING THE PUBLIC WORKS DIRECTOR TO EXECUTE A $457,000 GRANT AGREEMENT WITH THE DEPARTMENT OF TRANSPORTATION FOR THE HILLSBOROUGH 2013 STREET RESURFACING PROJECT

   The resolution authorizing the Public Works Director to execute a $457,000 Street Resurfacing Grant Agreement with the Department of Transportation was adopted.

9. RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A COOPERATIVE PURCHASING CONTRACT WITH THE NATIONAL JOINT POWERS ALLIANCE’S (NJPA) PURCHASING PROGRAM

   The resolution authorizing the City Manager to enter into a membership agreement with NJPA was adopted.

10. RESOLUTION ACCEPTING AS COMPLETE THE SCADA SYSTEM UPGRADE PROJECT

    Councilmember Chuang expressed her appreciation for the completion of the SCADA (Supervisory Control and Data Acquisition) System Upgrade Project. She stated that the project involved a lot of work, but will be beneficial to Public Works operations.

Public Works Superintendent John Mullins stated that the SCADA system will be helpful for water quality control and for pumping during PG&E's off-hours.

On motion of Councilmember Chuang, seconded by Councilmember Christianson, and unanimous on voice vote, the resolution authorizing acceptance of the Supervisory Control and Data Acquisition (SCADA) System Upgrade Project and accepting as complete the contract with Wunderlich-Malec Engineering for the SCADA System Upgrade Project for the total amount of $1,437,229.81 was adopted.

NEW BUSINESS:

11. CONSIDERATION OF A NO SMOKING ORDINANCE DURING TOWN EVENTS AND WITHIN TOWN RECREATIONAL AREAS

City Manager Randy Schwartz reported that on March 21, 2013, he and Councilmember Royse met with representatives of the American Lung Association and a public health educator from the San Mateo County Health Department regarding smoking in Hillsborough.

Councilmember Royse stated that he is asking the City Council to consider updating the Town's ordinance regulating smoking. He reported that six months ago, the American Lung Association rated San Mateo County cities with an "A" through "F" grade on smoking in public areas and housing units, and reducing sales of tobacco products, and that the Town received an "F" grade. He explained that several categories in the scoring system were not applicable to Hillsborough, but that there were a few areas where the Town could improve, such as restricting smoking at public events and recreational areas.

City Manager Randy Schwartz reported that the Town was marked down because the Town's ordinance did not regulate smoking in grocery stores, movie theaters, and other places that the Town, as a purely residential community, does not have. He stated that most cities have banned smoking in parks and that this proposed change to the Town's ordinance would be in keeping with ordinances of other jurisdictions.

Councilmember Christianson asked if the revised ordinance would affect private clubs and schools or events held at those properties. Councilmember Royse replied that smoking would be regulated only at indoor and outdoor public areas, and not private areas.

Councilmember Royse stated that there are very legitimate reasons for regulating smoking in public areas. He explained that tobacco smoke has been found to be correlated to cancer, heart disease and other diseases, and that treating those diseases results in rising healthcare costs.

The Councilmembers and Mr. Schwartz further discussed other areas that could be regulated for smoking. Mr. Schwartz stated that he would check to see whether the CalTrans rest stop on Highway 280 is on Town-owned property.

The Councilmembers unanimously expressed their interest in revising the Town's smoking ordinance to prohibit smoking during Town events and within Town recreational areas.

Mr. Schwartz stated that in the next month or so, staff will introduce a draft No Smoking Ordinance for City Council review.

12. RESOLUTION AWARDING THE CONTRACT FOR THE 2013 STREET RESURFACING PROJECT TO G. BORTOLOTTO & COMPANY INC. IN THE AMOUNT OF $1,786,593.37

Director of Public Works Paul Willis provided a Power Point presentation on the 2013 Street Resurfacing Project. He included a slide showing the new cover sheet for construction plans. He reported that there will be a new web interface for public bids

and requests for proposals that can be viewed on the Town's website by contractors and bidders. He provided the list of streets for the AC (asphalt concrete) overlay, cape seal and crack seal resurfacing work. He also provided an overview map of the streets involved in the work, and stated that a high resolution overview map is also available on the Town's website.

Mr. Willis reviewed the bid opening summary and recommended awarding the base bid schedules A through D for the project, and he added that the bids received were excellent.

Councilmember Chuang asked if information about the project will be posted on the Town's website for residents to see. Mr. Willis replied that information about the project will be posted on the Town's website and on sign boards. He added that the contractor will work through the summer to complete the project before the start of the school year.

Councilmember Chuang asked Mr. Willis if he could pass on the information about the project to Hillsborough Neighborhood Network (HNN). Mr. Willis replied that he will pass on the information to HNN.

On motion of Vice Mayor May, seconded by Councilmember Christianson, and unanimous on voice vote, the resolution awarding the contract for the 2013 Street Resurfacing Project to G. Bortolotto & Company, Inc. in the amount of $1,786,593.37, allocating funds from the Street Resurfacing Program Project, CIP #401.47, and authorizing the City Manager to execute the contract on behalf of the Town and to approve a 10% contingency, if needed, was adopted.

PRESENTATION:

- Mayor Benton presented Hillsborough Girl Scout Troop 31175 with a Certificate of Recognition for earning the Silver Award, the highest award for Girl Scout cadets. The Girl Scout cadets provided a brief presentation on their Silver Award Project, the Hillsborough Neighborhood Network (HNN) Emergency Prep Matrix Videos, which can be viewed on the HNN webpage or YouTube, or available on disc from HNN leads. Mayor Benton thanked the Girl Scouts for their presentation and he congratulated them on their award.

Mayor Benton announced that Mayor For A Day Alex Brubaker would be leaving the meeting because he has homework to do. Mayor Benton thanked Alex's mother, Ana, and brother, Nicholas, for attending the meeting.

PUBLIC HEARING:

13. RESOLUTION ADOPTING THE 2013-2014 OPERATING AND CAPITAL BUDGET

Finance Director Edna Masbad provided a Power Point presentation on the fiscal year 2013-2014 proposed budget. She reported that the Town has an overall budget of $51.8 million and has a balanced operating budget of $35 million. She stated that the remainder includes a $15.7 million capital budget for Water and Sewer, funded by a combination of loans, capital reserves and current rates, and $1.1 million capital budget for all other infrastructure. She further stated that operating reserves exceed policy levels at 30% of operations in the General Fund, 20% of gross capital assets in the Asset Replacement Fund, and 20% of operations for the Water and Sewer Funds.

Ms. Masbad reviewed the funding sources, which include water and sewer service charges, taxes, proceeds from borrowing from the State, prior years' reserves, other governments, fees and permits, and franchises, interest and rents. She also reviewed the expenditures by function, which include water and sewer operations, police and fire, streets and infrastructure, library and other community services, building and planning, and general government.

Ms. Masbad reviewed the budget comparison by funds for fiscal year 2012-2013 and fiscal year 2013-2014 for general, capital projects, internal service, water, sewer, and all

other funds, and stated that there will be an overall 26% budget increase attributable mainly to the water and sewer capital projects. She also reviewed the fiscal year 2013-2014 proposed budget for the General Fund with an extended outlook to fiscal year 2015-2016. She provided charts showing the 2014 General Fund revenue sources and expenditures by function. Ms. Masbad also provided a chart showing the changes in the General Fund expenditures for fiscal year 2012-2013 through 2015-2016.

Ms. Masbad reviewed assumptions, personnel changes, significant projects, and ongoing goals achieved. She reported on the Water and Sewer Funds, their cash flow, and selected projects for fiscal year 2013-2014.

Ms. Masbad reported on the Town's fiscal outlook and stated that labor concessions in the past years had helped the Town address sustainability of personnel costs. She stated that the concessions included capping health insurance coverage, successfully negotiating away retiree benefits with all labor groups, cost sharing of medical premiums and employer retirement costs, eliminating some specialty pays, and reducing holiday, vacation and sick leave. She stated that there is pension reform both at the local and state level, and that new retirement programs will significantly cut costs in the future. She added that the Town will continue to explore merged operations, for example, Central County Fire possibly merging with two other cities.

Ms. Masbad reported that there are many fiscal challenges that the Town faces, such as CalPERS' recent adoption to change actuarial policy assumptions with initial projections showing payroll rates will increase another 5% for miscellaneous and 8.5% for safety over the next five years. She stated that CalPERS is also considering discount rate changes and mortality assumptions contributing further to increasing employer rates. She reported that for June 30, 2013, the Vehicle Equipment Replacement Fund for Water will be underfunded by $280,000 and Sewer by $600,000. She stated that the Town needs to consider a dedicated funding source for the storm drain infrastructure because storm drain maintenance has been deferred for a long time. She reported that the only specific funding source for storm drain maintenance is the $7.34 charge per parcel per year, which is only approximately $29,500 a year.

Ms. Masbad stated that because the State of California continues to struggle with ongoing budget deficits, it is unknown how the State's actions will affect funds for the local governments and that the most vulnerable are the excess ERAF (Educational Revenue Augmentation Fund) and the in-lieu of VLF (Vehicle License Fee).

Ms. Masbad reported that the proposed budget for fiscal year 2013-2014 was presented to the Financial Advisory Committee (FAC) on April 29, 2013. She stated that the FAC recommended approval of the fiscal year 2013-2014 budget by the City Council, subject to the considerations that the FAC approves funding of one additional Police Officer, and that the FAC appreciates the concept of the Communications Coordinator position, but viewed it as a lower priority than funding a second Police Officer.

Ms. Masbad stated that the FAC plans to meet in June 2013 to review long-term revenue sources for capital improvements for the water, sewer and storm drain infrastructure and restructuring fees for the residential burglar alarms.

Councilmember Royse stated that he attended the FAC meeting on April 29, 2013, and he reported that the Town is in good shape for fiscal year 2013-2014, but for the longer term there will be issues as there will not be enough leeway to fund everything. He reported that the FAC takes a conservative approach and voted unanimously to recommend the concept of funding one additional Police Officer before adding a Communications Coordinator, as the Town is currently down five positions in the Police Department. He added that the FAC members have all read about the increase in burglaries and crime in Hillsborough. He stated that the balanced budget is a reasonable budget, and that he is personally comfortable with the budget presented and would vote to approve it.

Councilmember Christianson asked Ms. Masbad for her view on the sustainability of one additional Police Officer. Ms. Masbad replied that the Town's budget could sustain one

additional Police Officer. Councilmember Christianson asked if there was some capacity with existing staff and the Communications Intern to assist with the Town's communications efforts. Mr. Schwartz replied that the Communications Intern will start in mid-June and will work through mid-September assisting with Town communications. Ms. Masbad replied that Assistant Finance Director Marie Bernardo will continue to provide communication support on the Town's website.

Vice Mayor May stated that he approved the budget and the funding of one additional Police Officer rather than adding a Communications Coordinator. He also stated that before spending a lot of money on the Town's telephone system, the Town needs a comprehensive technology plan to ensure that the new telephone system works with the Town's other technological systems. He added that he was willing to serve on a technology planning committee and also knows people that could assist the Town with a plan.

The Councilmembers, Ms. Masbad and City Manager Randy Schwartz further discussed the 2013-2014 Operating and Capital Budget.

Mayor Benton opened the public hearing.

Laura Fanucchi thanked the City Council for their commitment to consider the increase in funding request for HIP (Human Investment Project) Housing. She reported that there has been a 15% increase in housing applications since last year. She stated that just recently, HIP Housing assisted an 80-year-old homeowner by matching her with a retired teacher who will provide support in lieu of rent.

The public hearing was closed.

On motion of Councilmember Royse, seconded by Vice Mayor May, and unanimous on voice vote, the resolution adopting the 2013-2014 Operating and Capital Budget was adopted with the funding of one Police Officer and not approving the creation of the Communications Coordinator position for fiscal year 2013-2014, and funding for a second Police Officer will be revisited mid-year in the next fiscal year.

14. RESOLUTION AUTHORIZING SEWER SERVICE CHARGES AND WATER AND SEWER CONNECTION FEES EFFECTIVE JULY 1, 2013

Finance Director Edna Masbad reported that this resolution will authorize implementing a sewer service charge of $2,031 per equivalent dwelling unit for fiscal year 2013-2014 starting July 1, 2013, which represents a 7% increase from the $1,898 current residential rate. She stated that non-residential accounts will be charged at their equivalent dwelling units using the formula from the study and the average water use from the recent prior three years. She added that proposed rates as of July 1, 2013, will be as outlined in the resolution.

Ms. Masbad reported that similarly, water and sewer connection fees are to be annually adjusted based on the Engineering News Record Construction Cost 20-City Average Index which was 2.3% for April 2013. She stated that as outlined in the resolution, proposed connection fees as of July 1, 2013, will increase from $11,725 to $11,995 for residential sewer connections and $12,049 to $12,326 for one-inch water connections.

Ms. Masbad recommended adopting the resolution authorizing sewer service charges and water and sewer connection fees for fiscal year 2013-2014, effective July 1, 2013, following the public hearing.

The Councilmembers and Ms. Masbad discussed the sewer service charges and water and sewer connection fees.

Mayor Benton asked if non-residential accounts will be notified of the increase in sewer services charges. Ms. Masbad replied that she will be sending out a letter to the non-residential accounts notifying them of the increase.

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

On motion of Councilmember Chuang, seconded by Councilmember Christianson, and unanimous on voice vote, the resolution authorizing sewer service charges and water and sewer connection fees for fiscal year 2013-2014, effective July 1, 2013, was adopted.

15. RESOLUTION SETTING AND CONFIRMING THE FEES AND CHARGES FOR FISCAL YEAR 2013-2014

Finance Director Edna Masbad reported that annually, the City Council is required to adopt by resolution the fees and charges for the year. She stated that the proposed action has been noticed as required by Government Code Section 66018 following publication requirements set forth in Government Code Section 6062a.

Ms. Masbad recommended adopting the resolution setting and confirming the fees and charges for fiscal year 2013-2014.

The Councilmembers and Ms. Masbad discussed the fees and charges for fiscal year 2013-2014.

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

On motion of Councilmember Christianson, seconded by Councilmember Chuang, and unanimous on voice vote, the resolution setting and confirming the fees and charges for fiscal year 2013-2014 was adopted.

PUBLIC COMMENT:

There were no comments.

CITY COUNCIL ITEMS:

Mayor Benton announced that he attended the C/CAG (City/County Association of Governments of San Mateo County) Finance Committee meeting on Monday, April 22, 2013, and that one of the topics of discussion was PG&E's three-year rate increase application. He reported that PG&E will be taking public comment on the proposed 6% increase in electricity cost and 16-18% increase in gas cost. He stated that C/CAG's membership fee will not be increased for fiscal year 2013-2014, but will increase 5% in the next fiscal year. He also reported that there was a lot of discussion on storm water mitigation, which is expected to be fairly expensive, and that C/CAG may place a bond initiative on the ballot to raise money, but C/CAG will first survey voters to see if they would be supportive of a bond initiative.

Mayor Benton announced that the Council of Cities Dinner/Meeting will be held on Friday, May 17, 2013, in the City of East Palo Alto. Vice Mayor May announced that he will be attending.

Councilmember Christianson reported that she has been meeting with Hillsborough City School District Board President Lynne Esselstein, Hillsborough City School District Superintendent Anthony Ranii and City Manager Randy Schwartz to discuss space in the Town's and the School District's respective communications and that communications guidelines have been drawn up.

Councilmember Royse reported that he attended the ABAG (Association of Bay Area Governments) Spring General Assembly on Thursday, April 18, 2013, and that urban planning and ABAG's budget was discussed.

Vice Mayor May announced that the Hillsborough Concours d'Elegance will be held on Sunday, July 21, 2013, at the Crystal Springs Golf Course.

Vice Mayor May announced that he attended the HEART (Housing Endowment and Regional Trust) Luncheon on Monday, May 6, 2013, where there were numerous presentations on how public and private partnerships created affordable housing in San Mateo County.

Mayor Benton reported that he provided a flyer to City Manager Randy Schwartz from HEART on their down payment loan and mortgage program to help first-time homebuyers in San Mateo County buy a home with as little as 5% down.

Councilmember Christianson reported that she and Councilmember Chuang attended the Housing Leadership Council's Legislative Policy Breakfast on Friday, May 10, 2013.

Mayor Benton announced that the Hillsborough's Fourth Annual Memorial Day Parade will be held on Monday, May 27, 2013.

ADJOURNMENT:

Mayor Benton adjourned the meeting at 8:20 p.m.