

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 960, JANUARY 10, 2018

CALL TO ORDER AND ROLL CALL

Mayor Richards called the Town Council's Regular meeting to order at 7:00 p.m. and led the Pledge of Allegiance. Ms. Hanlon called the roll.

Present: Councilmembers Jeff Aalfs and Craig Hughes; Vice Mayor Ann Wengert; Mayor John Richards

Absent: Councilmember Maryann Derwin

Others: Jeremy Dennis, Town Manager
Cara Silver, Town Attorney
Sharon Hanlon, Town Clerk

ORAL COMMUNICATIONS

None.

(1) **PRESENTATION: Get Us Moving: San Mateo County**

San Mateo County Supervisor Don Horsley and Outreach Manager Cory Wolbach presented "Get Us Moving San Mateo County," a coalition of regional leaders, transportation experts, employers of all sizes, non-profit groups and volunteer community members that have come together to find a solution to San Mateo County's complex transportation issues.

In response to Vice Mayor Wengert's question, Mr. Wolbach said they would be closing the survey in February, then doing follow-up and digging deeper into the details.

Vice Mayor Wengert asked if there was a parallel effort underway to work with all of the organizations and institutions, the public-private partnerships. She said the most compelling arguments to be made for an increased sales tax would be matched funds coming in from the groups that have created a lot of the issues we are all facing. Mr. Horsley said it looks like they could conceivably get a half-cent sales tax, but it is not guaranteed, and they have discussed a business payroll tax for businesses over 100. April Chan, with the San Mateo County Transportation Authority, SamTrans, said they have been working with the private sector quite a bit, who have participated in a number of projects, such as the Dumbarton Corridor. She said they received a \$1 million grant from Facebook to complete a study. She said they are currently working on the 101 Managed Lane project, using a \$3 million grant through SAMCEDA to complete the environmental review. She said they are staying engaged and have been having good partnerships with the private employers in the area.

Councilmember Hughes asked if there was anything in particular Portola Valley could do to help. Mr. Wolbach suggested using whatever networks available – professional, personal, etc. – to advertise the survey affiliated with the program.

Town Manager Dennis said staff planned to advertise the links through the Town's sites after this meeting.

CONSENT AGENDA [7:32 p.m.]

(2) Approval of Minutes – Town Council Regular Meeting of December 13, 2017. [Removed from Consent Agenda.]

- (3) Ratification of Warrant List – December 27, 2017, in the amount of \$96,988.35.
- (4) Report by Planning Director and Associate Planner – Approval of Resolution to Accept the Dedication of Vehicle Access and Equestrian Trail Easements, Alpine Inn Beer Garden, 3915 Alpine Road [*Removed from Consent Agenda.*]
 - (a) A Resolution of the Town Council of the Town of Portola Valley Accepting Grant of Vehicle Access and Equestrian Trail Easements on Lands of Alpine Inn Beer Garden (Resolution No. 2748-2018)
- (5) Recommendation by Town Manager – Planning Director Title Change
 - (a) Adoption of a Resolution of the Town Council of the Town of Portola Valley Modifying the Salary Schedule for Fiscal Year 2017-2018 (Resolution No. 2749-2018)

Councilmember Aalfs moved to approve Items 3, and 5. Seconded by Councilmember Hughes, the motion carried 4-0, by roll call vote.

- (2) Approval of Minutes – Town Council Regular Meeting of December 13, 2017.

Vice Mayor Wengert moved to approve Item 2 as amended. Seconded by Councilmember Aalfs, the motion carried 4-0.

- (4) Report by Planning Director and Associate Planner – Approval of Resolution to Accept the Dedication of Vehicle Access and Equestrian Trail Easements, Alpine Inn Beer Garden, 3915 Alpine Road
 - (a) A Resolution of the Town Council of the Town of Portola Valley Accepting Grant of Vehicle Access and Equestrian Trail Easements on Lands of Alpine Inn Beer Garden (Resolution No. 2748-2018)

Town Manager Dennis explained that this item was intended to be on the regular agenda and was on the consent agenda in error.

Town Manager Dennis said that Associate Planner Cassidy will serve as the Town's interim Planning and Building Director effective Tuesday, January 16, 2018.

Associate Planner Cassidy presented the background regarding this item, explaining that the subject easements have existed in practice for decades, but have never been formally dedicated, and that their dedication is now required per the Conditional Use Permit renewal and update for the Alpine Inn Beer Garden, as detailed in the staff report.

Vice Mayor Wengert asked if there was a termination on the CUP or if it would be reviewed on a periodic basis. Associate Planner Cassidy said the CUP runs with the land and there is no termination; however, there is a one-year review scheduled. She said the Town is moving away from regularly-scheduled CUP reviews and instead relying on violations or complaints to trigger the need for a review.

Councilmember Hughes asked if a complaint that was not about a violation could trigger a review. Associate Planner Cassidy said a violation would be not following the conditions of approval, whereas a complaint would be, for example, someone complaining about hearing noise from a propped-open door.

Councilmember Aalfs asked if the Palo Alto University students were parking on the Rossotti's property, the Town's property, or both. Associate Planner Cassidy said the van was parking on the Alpine Inn parking lot side. She said that deal between the university and the Alpine Inn has been terminated and

will not resume because it was in violation of their lease of the Town's parking lot. She said the Rossotti Field parking lot is used as a field parking lot in normal afternoon or school hours and the Alpine Inn is open different hours so there is a complementary use of the lot. The lease is needed for the Alpine Inn because if they no longer leased the Town's lot, it would significantly lower their allowable occupancy level.

Councilmember Aalfs asked regarding the term of the lease. Town Manager Dennis said it is a long-term lease but did not know the exact termination date.

Vice Mayor Wengert said there's a long and deep history with this property and asked if staff had a sense of what the current plans are if the ownership does not change. Associate Planner Cassidy said she has received no official confirmation of an imminent or planned sale. Town Manager Dennis said the property is currently restricted in many ways. He said the main building is a California listed historic building and the historic resource general plan would create a compelling rationale for no changes to this property.

Councilmember Aalfs asked if a new entrance could be created from Alpine Road into either parking lot. Associate Planner Cassidy said that question was raised during the permit review. She said she believes and it was not recommended, but she would have to review to be sure.

Vice Mayor Wengert asked how the rear accessory building is used. Associate Planner Cassidy said it is used for storage and the manager's office. Councilmember Aalfs asked if that building could be deconstructed and rebuilt within the building envelope or if it would have to remain zoned residential. Associate Planner Cassidy said there was no recommendation for deconstruction and reconstruction of that building. She said the purpose of the language in the Use Permit Conditions of Approval was to very clearly preserve the allowed residential use on the property, but to discourage the use of that existing structure as residential. She said if a residential use is ever proposed, it would be a new building, built to code within all the setbacks, in a better location on the property. Councilmember Aalfs asked if the new building would have to be residential use or if it could be added commercial use. Associate Planner Cassidy said there was nothing in the Use Permit or Code that prohibited another type of accessory building. She said the property is zoned OA, open space.

Vice Mayor Wengert thanked the Planning Commission, Associate Planner Cassidy and the team for their work. She said the timing was right, the work was good, and it's a real win to finally have it codified.

Vice Mayor Wengert moved to approve Item #4 on the Consent Agenda. Seconded by Councilmember Hughes, the motion carried 4-0.

REGULAR AGENDA

STAFF REPORTS AND RECOMMENDATIONS

- (6) Recommendation by Town Manager – Reauthorization of the Town Treasurer as the Authority for Management of the Town's Investment Programs.

Town Manager Dennis provided background information about the Government Code and staff recommendations as detailed in the staff report.

Vice Mayor Wengert asked if there is a backup appointee in the event the Town Treasurer is not available. Town Manager Dennis said the Town's Investment Policy delegates the daily responsibility to the Finance Director. He said there is no specific designated backup for the Town Treasurer. Town Attorney Silver said if the Town Manager were incapacitated, there would be an Acting Town Manager who would also assume the Treasurer duties.

Councilmember Aalfs moved to approve the Reauthorization of the Town Treasurer as the Authority for Management of the Town's Investment Programs. Seconded by Vice Mayor Wengert, the motion carried 4-0.

(7) Report by Town Manager – Utility Users' Tax, 2018 Ballot Measure

Town Manager Dennis presented the background and summary of the UUT, a summary of the December 2017 meeting, a discussion of the ballot measure language requested by the Council, and the requested analysis findings regarding the past and present projections of the appropriations limits. Staff requested the Council provide guidance as to the language for a ballot measure concerning the tax rate for the general fund portion of the Utility Users' Tax (UUT), as detailed in the staff report.

Councilmember Hughes asked about the consequences of finding out after the fact that the appropriations limited had been exceeded. Town Manager Dennis said there is no penalty in the first year, but in the second year taxpayers would need to be refunded the excess amount. He said he is not aware of any city in recent years that has had an issue with this. He said he is not concerned that the town would face that challenge except under extraordinary circumstances. Town Attorney Silver said the Council, as part of the budget package, performs the calculation every year.

Vice Mayor Wengert thanked Town Manager Dennis, staff, and the Finance Committee. She said there were many pieces that were difficult to reconstruct and understand why it was being done a certain way, and they now understand that it had moved into this regular cycle to give the Council the flexibility to move at any given time to reset that number. She said the Council will now be reviewing this number annually and will have insight into how far apart it is relative to the limit and will have a much more robust budget planning process. She agreed the four items outlined in the staff report will have a major impact in terms of managing capital expenditures and developing a long-term capital spending program. She said the Finance Committee will work with the Council to establish appropriate reserve levels.

Councilmember Hughes asked if the appropriations limit applied to the special restricted funds. He asked, for example, if spending \$2 million of open space funds would count against that limit. Town Manager Dennis said it is a separate fund and is excluded.

Town Manager Dennis said they received a comment from a resident today who was in favor of reduction or abolishment of the UUT amount.

Mayor Richards invited public comment. Hearing none, Mayor Richards brought the item back to the Council for discussion.

The Council was in support of the permanent reduction to 4.5%.

Vice Mayor Wengert said the next level of planning will be to ask the Finance Committee's assistance in terms of the long-term balances, which will be critical to how they look at the UUT going forward.

Finance Committee Chair Bill Urban said more than two years ago the Finance Committee came forward with a detailed argument for eliminating the General Fund portion of the UUT down to zero percent, driven by the accumulation of excess cash levels within the account. He said as of the August 2017 report, there are unassigned General Fund amounts of just over \$2.5 million. He said in August 2016 it was \$1.6 million and in August 2015 it was \$842,000. He said the General Fund has grown essentially \$1.7 million in the last two years, approximately \$1 million from the existing UUT at approximately \$530,000 a year. He said what motivated the Finance Committee to make that recommendation two years ago was cash was being accumulated that could not be invested profitably or even in a way to lose replacement adjusted value and they needed a mechanism to turn it off. He said the Council didn't take that recommendation. He said the Committee came back thinking the Council would not approve a zero percent, but believed they were mindful of the continuing increase of the unassigned General Fund

reserves and would probably be open to give themselves the power to look at it on a regular basis to adjust it based on financial prudence. He said part of fiscal prudence is making sure they have the money needed to run the town but also not collecting tax money they have no use or plan for. The Committee wanted to provide the opportunity to reduce the UUT without having to go back to the voters. He said this was the most reasonable approach the Committee could put before the Council to give them total flexibility and not cramp in any way the ability to maintain whatever reserves needed now or in the future. He said it provided a way that would be more fiscally prudent with the rate at which the town is accumulating very large cash balances. He said any of the Council could have come to the Finance Committee at any time asking them to help them make better decisions. He said he will be disappointed if they cannot find some way for the Finance Committee to help the Council use the tools available in a productive way to manage the very high level of cash resources. He said there is not a single dollar invested in an investment fund.

Vice Mayor Wengert thanked Mr. Urban. She said there have been a number of cycles where the Town has needed quite significant reserves and there has been a very positive environment in terms of the dollars being spent by the community relative to the use of utilities. She said from the Council's perspective, in part, the UUT is also used to try to encourage people to limit energy usage. She said the Council looks very strongly to the Finance Committee to help create the five-year budget in terms of capital expenditures. She said the Town Center projects have taken longer than anticipated and some of those dollars are starting to be spent to get those projects going and more money should be spent by the end of this year with some of those earlier projects. She said there will be a draw down of some of those reserves in the General Fund and, as other needs come up (transportation, housing, etc.), the town can potentially help fund things. She said the Finance Committee's help will always be critical. She said she understands Mr. Urban's frustration, but from the Council's perspective, they do not see a reason to make the change now without having done that work. She said if the work is done and in a year the Council decides it could probably be dropped to 2%, they will be willing to do that and have a ballot initiative. She said if any part of the planning has been deficient, it's been the lack of a long-term capital plan.

Town Manager Dennis said he met with Mr. Urban a few weeks ago and they are enthusiastic about activating and utilizing the Finance Committee in a better way, within the next couple of months. He said he intends to have a five-year capital plan by the next budget. He said the emergency preparedness aspect is what has caused him to pause on some of this. He said three years ago the Council spent \$1 million on retirement so it makes sense and is appropriate to restore the General Fund reserves back to a particular level. He said, to the Finance Committee's point, it is not appropriate for it to be happening without planning and that's what they're about to begin.

Councilmember Hughes said that while the balances are growing, the longer-term things are big-ticket items and there needs to be an understanding of those projections.

Town Manager Dennis said some of the best five-year capital plans are program plans for those five years and then a list of those things that haven't been programmed. He said, for example, if tomorrow the board resets the CalPERS discount rate, the town will owe a lot more money than is currently set aside. He said five months ago the Council did not envision there would be the circulation and pedestrian issues and there may be significant projects around that that were unanticipated six months ago.

Town Manager Dennis said the calling of a special election to place the Utility Users' Tax ballot measure will be placed on the January 24, 2018, Council agenda.

(8) COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS

Councilmember Hughes – Attended the January 10 Special Bicycle, Pedestrian & Traffic Safety Committee meeting. They reported that the Sheriff's Department made 90 traffic stops and 63 citations in December, and there were three minor injury accidents. He said Public Works Director Young shared the

changes being made at the crosswalk near the Priory including the crosswalk paddle, bush and tree trimming on the side of the road, and a gravel sidewalk area.

Councilmember Aalfs -- Continues to work on the microgrid project to be presented at the January 24, 2018, Council meeting. He said they will be looking at a solar-powered microgrid at Fire Station 11 in Fremont next week.

Vice Mayor Wengert – Attended the December Council of Cities dinner meeting in Colma with Mayor Richards.

Mayor Richards – Attended the December Council of Cities dinner meeting in Colma with Vice Mayor Wengert. He also attended the Special ASCC meeting held on December 18, 2017, with a final approval of the Firethorn Street house, and a study session regarding lighting.

(9) Town Manager Report – Town Manager Dennis reported that the town is in the final stages of the ALPR installation with the cameras being installed on January 16. Councilmember Hughes volunteered to act as a liaison regarding the use of the ALPR data. Town Manager Dennis reported that Planning Director Debbie Pedro's last day is January 11, 2018. He reported that the town met the ongoing voluntary reduction in water usage goal. The ad-hoc Cannabis Subcommittee is scheduled to bring a report to the February 7 Planning Commission meeting and is expected to come before Council at its February 14 meeting.

WRITTEN COMMUNICATIONS [8:42 p.m.]

(10) Town Council Digest – December 15, 2017

None.

(11) Town Council Digest – December 22, 2017

None.

(12) Town Council Digest – January 5, 2018

None.

ADJOURNED TO CLOSED SESSION [8:45 p.m.]

(13) Public Employee Performance Evaluation
Government Code Section 54957; Title – Town Manager

REPORT OUT OF CLOSED SESSION

None to report.

ADJOURNMENT [10:10 p.m.]

Mayor Richards adjourned the meeting.

Mayor

Town Clerk