

**PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 968, MAY 23, 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 Mary Ann Moise Derwin, Jeff Aalfs, Craig Hughes; Vice Mayor Ann Wengert; Mayor John Richards

Absent: None

Others: Jeremy Dennis, Town Manager  
Arly Cassidy, Interim Planning Director  
Cara Silver, Town Attorney  
Starla Jerome-Robinson, Interim Finance Director  
Sharon Hanlon, Town Clerk

**ORAL COMMUNICATIONS**

None

(1) Presentation – Recognition of Service – Lorrie Duval, Neighborhood Watch Coordinator.

Mayor Richards described how Lorrie Duval led the Town's Neighborhood Watch efforts, establishing 38 Neighborhood Watches covering nearly a third of the residences in Town. She worked extensively with the San Mateo County Sheriffs and helped educate residents about how to deter crime and keep neighborhoods safe. Mayor Richards said Ms. Duval has been instrumental in inspiring neighbors to stay engaged, encouraging neighbors to wave to each other. Mayor Richards presented Ms. Duval with a certificate, a plaque, and flowers. Ms. Duval thanked the Town Council for the opportunity to serve, thanked staff for all their support, and thanked the San Mateo County Sheriff's Office for going above and beyond.

(2) Presentation – Cory Walbach, Outreach Manager – Get Us Moving San Mateo County

Mr. Walbach described the Get Us Moving partnership between San Mateo County and the SamTrans, an outreach effort to gather community input about transportation priorities and needs and to discuss the proposed half-cent sales tax that will be used exclusively for transportation. He described the progress and responses to the surveys thus far.

Councilmember Derwin said when Stuart Cohen of Transform spoke at the HLC Policy breakfast, he mentioned the SamTrans half-cent sales tax and alluded that TEAMC hoped to get more of their ideas into the expenditure plan. She asked if Mr. Walbach had been talking with them. Mr. Walbach said they work closely with TEAMC and most of the groups are on their Stakeholder Advisory Group. He said they are in the phase of drafting a proposed expenditure plan and they expect the SamTrans Board and the County Board of Supervisors to send something in July for the November ballot.

Vice Mayor Wengert said there is some confusion about what is being proposed on the transportation front between state and local. She asked Mr. Walbach about his view of the various initiatives currently being considered and, in some cases, moving forward. Mr. Walbach said the statewide gas tax, SB-1, will be challenged on the November ballot. He said RM-3 is for the region whereas this proposed half-cent sales tax is exclusively for San Mateo County, just like the 2016 Measure B in Santa Clara County.

Councilmember Aalfs asked if there were other mechanisms in place for matching state and federal funds. Mr. Walbach said anytime there is an available matching fund or public/private partnership, they will pursue it.

### **CONSENT AGENDA**

- (3) Approval of Minutes – Town Council Regular Meeting of May 9, 2018.
- (4) Approval of Warrant List – May 23, 2018, in the amount of \$363,341.28.
- (5) Recommendation by Finance Committee – Request for Charter Amendment.
- (6) Appointment by Mayor – Member to the Finance Committee
- (7) Recommendation by Interim Finance Director – 2018-2019 Salary Schedule.
  - (a) A Resolution of the Town Council of the Town of Portola Valley Modifying the Salary Schedule for Fiscal Year 2018-2019 (Resolution No. 2758-2018)

Councilmember Aalfs moved to approve the Consent Agenda. Seconded by Councilmember Hughes, the motion carried 5-0, by roll call vote.

### **REGULAR AGENDA**

#### **COMMITTEE REPORTS & REQUESTS**

- (8) Report by Trails & Paths Committee – Committee Annual Report

Joe Coleman, who has been on the Trails and Paths Committee for nine years, said he was honored to present the Spring 2018 update to the Council, as detailed in the staff report.

#### **STAFF REPORTS AND RECOMMENDATIONS**

#### **PUBLIC HEARING**

- (9) Report by Town Manager – Community Meeting on Second Units held May 5, 2018

Town Manager Dennis provided a summary of the second community conversation about housing and second units. He provided background information, what they heard, and outlined the next steps.

He said nearly 50 residents and a few employers attended the discussion. Staff provided information about the Town's regulatory scheme around second units and then had moderated table discussions. The goal was to hear what people wanted regarding second units and share ideas about expanding production.

Town Manager Dennis said for the most part people agreed or strongly agreed on the following: I learned information that was useful to me; I gained new perspectives about second units as a housing option in Portola Valley; I have a better understanding of how to get more information about resources for second units; and, the format of the meeting works well for me. He said the lowest score related to understanding the next steps that Town Council will be taking on second units and staff will do more work to push out information better.

Town Manager Dennis said it was very clear that residents want to see second units available in all residential zoning districts. He said there were comments from people who live in zoning districts of less than an acre who would like to see an opportunity to build. He said people with more acreage felt their neighbors should have the same opportunity. He said there was strong support across the board for the vision the Council laid out and adopted in 2016, promoting housing for those who grew up here and can't live here anymore, housing for people that wish to age in place, and housing for workers.

Town Manager Dennis said there were concerns about the impact on sewers and septic systems. He said staff will work to see if there is more opportunity to bring clarity or lower cost. He said there was a keen desire to hear from those who have already been through the process, to hold workshops with architects, and to have designs that have been preapproved by the Council. He said it was clear that people want to build and people were excited about it as an opportunity to address the issues within the Housing Strategic Plan.

Town Manager Dennis said they hope to bring back an opportunity to have the Council review parameters for expanding second unit production. He anticipated a study session type of discussion and then take that to the Planning Commission for more detailed work. A draft of the May 5 handout is being circulated amongst the team which should be completed in the next few days. He said they continue to promote the website and want more people to opine. He said they are also looking at dates to reconvene the Housing on Town-Owned Property Committee, hopefully in July.

Councilmember Hughes said he heard a lot of concern about the cost of construction, permitting, sewer connections, installing sprinklers, etc. He asked if that came through in the written responses collected. Town Manager Dennis said it did. He said there may be a perception that the permitting process in Town is complicated, the cost is onerous, issues around sewer/septic, construction costs, etc. He said where staff has the ability to control some of those costs, they will enable that conversation to occur at the Council level. He said the opportunity around prefab could result in significant savings and is a potential path where a set of prefab units with some sort of aesthetic allowances could be a checkbox process. He said the septic/sewer issue is a more difficult challenge. He said the Town's permitting process is not particularly complicated but there may be some areas that could be easier.

- (10) PUBLIC HEARING – Recommendation by Interim Planning Director – Adoption of a Resolution Amending the Town's Fee Schedule to Add a New Fee for the Cannabis Permit CUP
- (a) A Resolution of the Town Council of the Town of Portola Valley Amending the Town's Fee Schedule to Add a New Fee for the Cannabis Permit CUP (Resolution No. 2759-2018)

Town Manager Dennis described the background of the proposed resolution, the fee study conducted, and staff's recommendation to adopt the resolution adding a new fee for the Cannabis Permit CUP to the Town's fee schedule, as detailed in the staff report. The proposed new fees are \$750 flat fee and \$5,000 initial deposit for Cannabis Permit CUP.

Mayor Richards invited questions from the Council.

Councilmember Hughes asked regarding the fees for other CUP applications. Town Manager Dennis directed Councilmember Hughes to the Planning Fees & Permits list in the staff report, noting that the listed fees may be adjusted during the course of the current user fee study. He said staff used the best and most current information available to set the cannabis permit fee.

In response to Councilmember Hughes' question, Town Manager Dennis said the 30-hour estimate reflects the full staff time allotted for a complete process.

In response to Councilmember Derwin's question, Town Manager Dennis said the flat fee was a one-time only fee.

Councilmember Derwin asked Town Manager Dennis to describe staff's CUP process. Town Manager Dennis said this CUP is similar to other applications. He said they begin with verifying the accuracy of the application, conduct a site visit, and produce a staff report.

Councilmember Derwin asked if there is a specific Cannabis Permit application that is different from the others. Town Manager Dennis said it is not significantly different, but there is a specific application for cannabis.

Councilmember Derwin presented a hypothetical situation – A person wants to grow 12 cannabis plants to sell to a manufacturer, planted from seed outdoors, hoping to get two harvests per year, fitting them in three beds in their vegetable garden. There is existing irrigation. It is in a part of the yard where no one can see it and an odor problem is not anticipated. Town Manager Dennis said there would likely be a site visit. Councilmember Derwin asked what else would need to be done. She pointed out it was not like an ADU, which is very complicated process. She asked how a cannabis permit for the uncomplicated scenario she described could take 30 staff hours. Town Manager Dennis said it would probably go to the Planning Commission a couple of times, the production of the staff reports takes longer than it may seem, and there are components within the CUP ordinance that need to be confirmed through the process by staff. Councilmember Derwin said it seems like a lot of money to come in with, and then have to go to the State Licensing Board for Cultivation, which is also very expensive. Town Manager Dennis said preparation of the staff report is not a simple two-hour process. He said it may not take 30 hours but the Town typically asks for more in advance so they don't have to keep going back to get more money. He said it is possible it could take only 20 hours with a cooperative applicant and a simple project. He said the figures shown are somewhat average.

Councilmember Derwin asked if the applicants needed to come back to the Planning Commission yearly. Town Manager Dennis said the permit does not need to be applied for again, but there is a yearly review, which is substantially less expensive.

Town Manager Dennis said a considerable amount of time is put into staff reports to be sure they answer all of the questions and cover all of the issues. He said the time spent going out in the field, having multiple phone conversations to clarify information, working with the State, etc. adds up quickly.

Town Attorney Silver said the Planning Commission review is only required once; however, a second hearing could be required to address additional questions. Town Attorney Silver said staff generally looks at the worst-case scenario when setting fees – a lot of neighborhood protests, appeals to the Town Council – so staff wants to be sure the cost recovery level is at the maximum. She said the fee schedule in general is moving toward a more deposit-based, time-based process. She said this particular fee was based on the Conditional Use Permit process, which can vary. She said they won't know for sure how much time it actually takes until they actually go through the process.

Councilmember Derwin asked if next year's fees could be adjusted down if staff finds they're only spending 10 hours. Town Manager Dennis said it could. He said after the user fee study, they will come back to be sure they have everything correct. He said he could bring a report back next year indicating the amount of time it is taking to process these CUPs.

With no further questions, Mayor Richards invited public comment.

Allison Polkinhorne, Valley Oak. Ms. Polkinhorne said it seemed reasonable to make sure it is an equitable process, similar to other CUPs. She agreed that the estimates should be looked at after a year to make sure they are correct.

With no further public comment, Mayor Richards brought the item back to the Council for discussion.

Councilmember Hughes said there will be a learning curve, with the first application taking more staff time to process, but he did not think it should take 30 hours. He asked if it was fair for an applicant to be charged a fee to essentially train staff, something that subsequent applicants would not have to pay.

Vice Mayor Wengert said there is no history to reference. She said the key will be the systematic review. She said part of this CUP falls into the enforcement category, even in the beginning. She said given the variables the Town has not dealt with before, she supported the proposed fee as a valid place to start.

Councilmember Hughes said the fact that staff doesn't know how to do it yet is not in the applicant's control. Vice Mayor Wengert said no properties are alike and staff consistently deals with project-specific issues.

Councilmember Derwin asked if the Town always considered the worst-case scenario when collecting deposits. Town Manager Dennis said they tend to default to the worst-case scenario. He said it is the Planning Department's sense that it is better to ask for a little bit more and refund any overage than having to go back and ask for more, which is very frustrating for an applicant.

Town Manager Dennis offered to provide a report after two CUP applications had been received. Councilmember Hughes said it was not likely anyone would apply with such a high application fee. Councilmembers Derwin agreed and said people would just do it illegally. Mayor Richards said 30 hours seemed excessive but agreed with Vice Mayor Wengert about the different issues at different properties, especially given the subject matter. Councilmember Hughes said that's not the applicant's fault.

Councilmember Aalfs said he was supportive of the Town recouping the time spent, as long as that time is audited. He agreed that it is not likely someone will put down \$5,750 for a permit to sell 12 plants.

Councilmember Derwin said the ordinance itself is already very restrictive and now the Town is saying the fees will be \$750 and \$5,000. She said it sounds like a mixed message meant to discourage people.

Councilmember Aalfs said upon passing the ordinance it was decided to review it periodically. He agreed the ordinance is overly restrictive. He wants to see what happens regionally and locally with other places experimenting with it. He hoped the ordinance itself could be made less restrictive in the future.

Councilmember Hughes he does not have a problem with the \$750 piece of it. He said the \$5,000 piece is a large number and it's not under the control of the applicant. The Town is charging the applicant \$5,000 to go through a process the Town put in place that didn't need to be put in place. He said it doesn't feel right to charge the applicant for educating the public, the Town Staff, and the Planning Commission so they're comfortable with it. He understands discouraging complicated applications and making sure people are doing things right and as uncontroversial as possible. He said making the applications simpler and more easily reviewed is a good thing, but \$5,000 seems too steep.

Councilmember Aalfs asked about subsidizing the applications, charging for 20 hours of staff time, and absorbing the costs for any extra time involved for the first few applications. Councilmember Hughes said rather than having a limit, he might consider a multiplier – for the first ones part of it is about the complexity of the application and part is the Town's education process, so maybe they only get charged 50% of staff time or something like that.

Vice Mayor Wengert said that is not done for any other Conditional Use Permit in Town to incentivize any other use of any kind, whether it's open space or other agriculture. She said the Town has a rigorous history of reviewing individual projects. She said the basis under which they charge the Conditional Use permits fees is based on an estimate of staff time. She said she is very opposed to encouraging this new and pioneering ordinance differently by defining it differently or subsidizing it differently. She said it sets a

precedent that they really don't know what they're doing. She said she was not in favor of the ordinance to begin with and is not supportive of changing the existing rules, creating a whole different paradigm for how to analyze and charge fees for this one. She does not think the learning curve will be that complicated. She said if there is economic incentive to do it, and the staff time is less, that's better for the applicant. If the staff time is greater, then the Town absorbs it, as they do now with any other Conditional Use Permit. Mayor Richards said it is incumbent upon any Use Permit situation to have all the information out there as clear as possible to make it run through staff more smoothly and it's not totally one-sided. Councilmember Hughes said he understands the incentive and that the Town wants to make sure applicants come through with clear and complete plans. He said if an applicant comes forward with perfectly clear plans, presents it to staff, and then staff spends 30 hours on the phone with the State of California to try to figure out whatever they need to figure out, that neither side knows yet – that's the part that seems unfair. Vice Mayor Wengert said that same logic could be applied to every other Conditional Use Permit. She said that sounds like an underlying assumption the staff will be inefficient. Councilmember Hughes said initially the Town staff and the State staff will be inefficient because it hasn't been done before and they're learning. He said with the other permits, the staff has done hundreds of them and knows what to expect. Vice Mayor Wengert said if it were known that this process requires a whole new set of required steps, then she could see that point. She said the Town doesn't know that yet. She said her understanding is that because this is all being handled at the local jurisdiction level, that is not where there will be a lot of time spent. Councilmember Derwin said her understanding is that when you go to the State's licensing board, they ask for the local jurisdiction permit, so she doesn't know how much interaction the Town would be having with them before issuing the permit. Town Manager Dennis said interaction with the State is not the component that will take a significant amount of time. He said it has more to do with incomplete applications, neighbor complaints, etc.

Councilmember Derwin said she will support the resolution, but she thinks the cost is too high. She very much wants this tracked and reviewed and lowered.

Vice Mayor Wengert moved approval of a Resolution of the Town Council of the Town of Portola Valley Amending the Town's Fee Schedule to Add a New Fee for the Cannabis Permit CUP with a review after two permits or six months, whichever comes first. Seconded by Councilmember Hughes; the motion carried 5-0.

(11) Recommendation by Town Manager and Interim Finance Director – Not-for-Profit Agency Funding Requests

Starla Jerome-Robinson, Interim Finance Director, presented the staff report and recommended Council approval for funding for not-for-profit agencies providing services benefiting the Town, its residents, or the larger Peninsula community, in an amount not to exceed \$17,597.

Ms. Jerome-Robinson said staff received a late request for \$5,000 from Grass Roots Ecology/Acterra, who have traditionally been funded out of Operations rather than through the Not-For-Profit segment of the budget. Town Manager Dennis said their requests have historically come in related to specific projects. He would prefer to handle it as a Not-For-Profit request and included on this list. He said there is value for what they provide and it is not a significant amount of money for the amount of education, volunteer days, opportunities, consulting that they do around certain projects.

Councilmember Derwin suggested increasing the amount for the Peninsula Conflict Resolution. Town Manager Dennis said the fees they charge for the types of services they provide are very modest so the Town has been able to support it in other ways. He said this funding is a base level for some mediation services. He said the Town paid for their services in March through the grant. He decided it was better to do it ad hoc because of the uncertainty of how often the Town would use their services.

Councilmember Derwin said she was supportive of reducing the \$5,000 to \$2,500 for Sustainable San Mateo County but pointed out they were not doing that much except for the indicators. She also asked

why Sustainable Silicon Valley was included. Town Manager Dennis said Sustainable Silicon Valley has three programs throughout the Bay Area that have some impact on Portola Valley. He said the contribution is modest and the information they provide is useful.

In response to Councilmember Derwin's question, Town Manager Dennis said the budget will accommodate adding Grass Roots without decreasing others. Ms. Jerome-Robinson said Grass Roots has been paid in prior years from Operations and that money can be moved over.

Mayor Richards invited comments from Irving Pineda, Community Outreach Specialist from HIP Housing.

Mr. Pineda thanked the Town for supporting their organization and for this evening's funding recommendations. He said HIP Housing is currently on track to provide housing services for approximately 1,500 individuals throughout San Mateo County this year. He said they've already placed 200 individuals through their Home Sharing Program. He said they've discussed outreach opportunities in Portola Valley with the Town Manager and the Communications & Sustainability Management Analyst, working together to bring those outreach opportunities to fruition. He said they have also been very active on the Home For All campaign and are a referral source for renters of ADUs.

Councilmember Derwin asked Mr. Pineda to describe the Self Sufficiency and Property Development programs.

Mr. Pineda said the Self Sufficiency program is a scholarship provided for low income parents with clearly defined educational goals, subsidizing their rent while they're working toward their degrees, anywhere from one to five years depending on their career tracks. Through the Property Development program, they purchase affordable housing properties along with San Mateo County and other entities to increase the affordable housing stock.

Councilmember Aalfs moved to allocate \$22,597 for the non-profits as listed with the addition of Grass Roots Technology. Seconded by Councilmember Derwin; the motion carried 5-0.

Town Manager Dennis commended and thanked Ms. Jerome-Robinson for the extraordinary amount of work she put into the Town audit and budget.

#### (12) COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS

Councilmember Hughes – Attended Town Center Master Plan Committee meeting where they discussed prioritizing the list of projects.

Councilmember Derwin – Attended C/CAG retreat May 10, where they approved a project list for funding the shuttle program and approved a grant writing technical assistance program. The program included speakers about SB-1, Bill Higgins from California Association of Councils of Governments (CALCOG), RM-3, and SamTrans. She attended a HEART finance committee meeting where they looked at the audit, tax returns, and budget. She met with staff for a Home For All event recap and next steps. She attended the HLC policy breakfast with Mayor Richards. She attended the HIP Housing lunch where Wanda Durant was the keynote speaker. She attended the Council of Cities dinner in Woodside. She attended a Library JPA meeting. She and Vice Mayor Wengert attended a viewing of the movie "Miss Representation," organized by Catherine Carlton of Menlo Park. She attended the HEART meeting today where they gave Executive Director, Armando Sanchez, a raise in salary and bonus. They also applied for a grant from Air Quality Resource Board to create a template plan for ADUs.

Councilmember Aalfs – Attended ASCC meeting last week where they had a preliminary review of 9 Buck Meadow, the last undeveloped lot in Blue Oaks. He said they also reviewed 199 Mapache, at the intersection of Mapache and Zapata, where the applicant wants to put a creek in a culvert. He attended

the Trails and Paths Committee meeting last week. He said the Jasper Ridge open house attracted 3,000 visitors. He reported that the PCE continues to do well, with approximately \$60M in reserves.

Vice Mayor Wengert – She reported that May 10 was Bike To Work Day. She attended the ADU follow-up, the Finance Committee meeting, the Woodside Council of Cities meeting, the Town Center Master Plan meeting and the Miss Representation viewing. She met with Emma Shales and Shiloh Ballard, of the Silicon Valley Bicycle Coalition, along with Town Manager Dennis, where they discussed bike lanes. She attended the C/CAG Finance Committee meeting where they discussed the large reserves.

Mayor Richards – Attended the Woodside Council of Cities and the HLC Policy meeting. He met with Nancy Lund of the Friends of Portola Valley library to discuss a pilot project to digitize the historical information online. He attended the swearing in ceremony with the Sheriffs at the Fox Theater. He attended the Conservation Committee meeting where there was a conversation with neighbors on Golden Oak who are trying to get Cal Water to deal with 16 dying pine trees. They also discussed the Mapache project and the name recommendations for the frog pond.

(13) Town Manager Report – Town Manager Dennis reported that the Town has officially offered and received acceptance from Doug Radtke to be the new Finance Director, coming onboard at the end of June. He will be attending the two Council meetings regarding the budget. Town Manager Dennis said it has been put out to the community that in a life-threatening emergency the Escobar Lane gate would be opened by Jasper Ridge. He said the Sod Blitz was a success with 85 participants. He said the Parks and Recreation Committee has chosen September 8 for the Town Picnic/10<sup>th</sup> Anniversary, and the Library has indicated they want to be part of it. The final installation of the County's ALPR system will begin on June 26, followed by installation of the cameras and testing, with the system completed in July. He said there are currently a lot of snakes at the Town Center campus.

#### **WRITTEN COMMUNICATIONS**

(14) Town Council Digest – May 10, 2018

#5 – Email from Resident Sue Chaput re: Dixon Water Foundation Josey Pavilion/Lake Flato. Mayor Richards responded to the letter advising her there was no space to put it.

(15) Town Council Digest – May 17, 2018

None.

#### **ADJOURNMENT [9:59 p.m.]**

Mayor Richards adjourned the meeting.

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Mayor

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Town Clerk