

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 971, JUNE 12, 2019

CALL TO ORDER AND ROLL CALL

Vice Mayor Aalfs 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 Maryann Derwin, Craig Hughes, John Richards; Vice Mayor Jeff Aalfs

Absent: Mayor Ann Wengert

Others: Jeremy Dennis, Town Manager
Howard Young, Public Works Director
Laura Russell, Planning & Building Director
Cindy Rodas, Interim Finance Director
Cara Silver, Town Attorney
Sharon Hanlon, Town Clerk

ORAL COMMUNICATIONS

None

CONSENT AGENDA

- (1) Approval of Minutes – Town Council Regular Meeting of May 22, 2019. *[Removed from Consent Agenda.]*
- (2) Approval of Warrant List – June 12, 2019, in the amount of \$190,313.07.
- (3) Recommendation by Interim Finance Director – Adoption of a Resolution Approving a Fourth Amendment to Agreement with Maze & Associates Accountancy Corporation
 - (a) Adoption of a Resolution of the Town Council of the Town of Portola Valley Approving and Authorizing Execution of the Fourth Amendment to Agreement for Audit Services Between the Town of Portola Valley and Maze & Associates Accountancy Corporation (Resolution No. 2799-2019)
- (4) Recommendation by Assistant to the Town Manager – Adoption of Resolution Allowing a Rate Increase under the Franchise Agreement for Collection of Garbage, Recyclables and Compostable Materials Between the Town of Portola Valley and GreenWaste Recovery, Inc.
 - (a) A Resolution of the Town Council of the Town of Portola Valley Allowing a Rate Increase Under the Franchise Agreement for Collection of Garbage, Recyclables and Compostable Materials Between the Town of Portola Valley and GreenWaste Recovery, Inc. (Resolution No. 2800-2019)
- (5) Recommendation by Planning & Building Director - Amendment to Agreement between Town of Portola Valley and Richardson Consulting for Contract Planning Services

Councilmember Hughes moved to approve Items 2 through 5 on the Consent Agenda. Seconded by Councilmember Derwin, the motion carried 4-0, by roll call vote.

(1) Approval of Minutes – Town Council Regular Meeting of May 22, 2019. Councilmember Hughes moved to approve Item 1 as amended. Seconded by Councilmember Richards, the motion carried 4-0, by roll call vote.

REGULAR AGENDA

STAFF REPORTS AND RECOMMENDATIONS

(6) Recommendation by Town Manager – Review Proposed Budget for FY 2019-20 and Set Public Hearing

Cindy Rodas, the Interim Finance Director, presented the proposed 2019-2020 Budget for the Town of Portola Valley, as detailed in the staff report.

Town Manager Dennis briefly discussed some items that were not included in the proposed budget such as some open space expenditures, crossing guard, new truck, and green infrastructure plan. He described the Year Two CIP items moved into out years. He said the General Plan consultant amount and the Grass Roots Ecology contributions were reduced.

In response to Vice Mayor Aalfs' question, Town Manager Dennis explained that the Green Infrastructure Plan is a requirement that all municipalities handle issues around stormwater management. He said Portola Valley does not have a stormwater system and the requirements may not necessarily apply here.

Town Manager Dennis said the capital improvement program includes an amount across two funds for the rapid flashing beacon program, including signage at 13 locations. He said C/CAG has indicated that the program may be eligible for some funding grants; however, for the purposes of this budget, most of the money is deducted from the General Fund.

Town Manager Dennis said two items may change on the revenue side related to investments and credit card charges. He said the investments put into LAIF and the Schwab accounts have done extremely well this year because of the market. That is not expected to change radically very quickly and the Finance Committee felt comfortable with an anticipated 2.25% return next year. Staff would like to discuss the possibility of transferring additional money, in the range of \$3 to \$4 million, to the Schwab account because it has done particularly well.

Town Manager Dennis said the town has been absorbing the costs for the credit card charges for the Community Pass program for Parks and Rec, totally approximately \$10,000. This amount has not been previously budgeted and came directly out of the General Fund. Staff suggests those fees be passed on to those using credit cards.

Councilmember Derwin said the Governor wants to tie production of affordable housing to all SB-1 money. She said it will be very difficult if that happens because it will be tied directly to how much affordable housing is being produced, not just planned.

Town Manager Dennis said the costs associated with the continued high level of property maintenance should be discussed.

Town Manager Dennis said the budget was supported by the Finance Committee with no changes.

Vice Mayor Aalfs invited questions from the Council.

Councilmember Richards asked how the hiring of a full-time Assistant Planner position will fit in with the Town's goals and desires. He said he is disappointed that the Town cannot hire a part-time Building Official, because that presents a very important interface with the Townspeople and is one of the most

visible positions. He said unless they can get someone who is able to adapt quickly from a consulting firm, there will be something missing.

Planning & Building Director Russell said her assessment in the time she's been here is that recruiting for a part-time Building Inspector position would be very challenging. She said CSG's services have met a baseline of customer service expectation. She said it's a good conversation to have about whether they're providing the level of relationship building, flexibility, and adaptability that the Town would be looking for if hiring a permanent person. She said CSG provides building inspection services, building official services, and assists with code enforcement. She said having access to their entire line has been very useful. She said staying with contract services is not necessarily a permanent solution and should be continuously evaluated. She said it should be evaluated at the middle of this upcoming fiscal year to see if there should be a different proposal for the following fiscal year.

Councilmember Derwin asked regarding the cost differential of having someone fulltime versus a consultant. Town Manager Dennis said the previous Deputy Building Official spent a portion of his time on building and approximately 30 percent of his time on other issues. He said staff does not believe there is a need for a full-time Building Inspector and they would have to come up with additional duties and responsibilities. He said there is not a particularly good fit unless the Town goes the code enforcement route. He said for the purposes of this budget, it is essentially the same amount of money. He said it is difficult to recruit for a part-time person and those candidates would likely be semi-retired. Planning & Building Director Russell has been researching whether they can distribute the work differently within Planning and Building, which may also be a future option.

Councilmember Richards asked about the very large increase in software and licensing. Town Manager Dennis said part of this is driven by moving monies from different line items. He said the trend is subscription software and that will continue. He said they would like more guidance from the Council regarding software.

Councilmember Hughes asked about the large increase for Administration/Finance under Permanent Full-time Staff. Town Manager Dennis said the number has been driven by vacancy, interim, and temporary positions.

Councilmember Derwin asked why Recycle was budgeted at \$5,000 and came in at \$15,000. Interim Finance Director Rodas explained this was a grant that was not expended in the allotted time so it needed to be returned.

In response to Councilmember Derwin's question, Town Manager Dennis and Public Works Director Young explained the work being done on Spring Down and the Vernal Pond.

Councilmember Derwin asked if there was any way to get funds to pay for the implementation of the Town Center Lighting Retrofit. Town Manager Dennis said staff does plan to pursue grants. Councilmember Derwin said she will discuss it with Kim Springer.

In response to Councilmember Derwin's question, Town Manager Dennis said Mayor Wengert intends to speak to the issues she noted in her letter when she returns. He said staff is looking for ways to save money and it is helpful to hear from the Council on where those efforts should be focused.

Vice Mayor Aalfs asked about the one-time contribution to Open Space. Town Manager Dennis said it was a bequest from John Boyce.

Town Manager Dennis pointed out corrections to the budget as follows: The rapid flashing beacon project includes signage; the DG replacement is not the infield but is the backstop; Item #5 under Public Works should read "Public Right of Way Litter Clean-up Program (Measure M)."

With no further questions, Vice Mayor Aalfs invited public comment.

Helen Quinn, 10 Bear Paw. She said no funds are being provided to the Conservation Committee for maintenance other than the already-committed maintenance to Spring Down. She lives opposite the Frog Pond which is wildly infested with tall harding grass that dries out in the summer becoming a huge fire risk. She said there are other open space properties in town that need maintenance work for similar reasons. She said it is unrealistic to think this can come out of the open space acquisition fund because that money is specifically designated for acquisition. She said there needs to be consideration by the Town of the need to maintain its open space properties.

Judith Murphy, 8 Portola Green Circle. Ms. Murphy appealed to the Council to be more generous than the staff recommendation in funding restoration of several important Town-owned properties. She said last year the Town appropriated a generous amount of money for a three-year improvement cycle at Spring Down and a one-year effort at Town Center. She said Spring Down has paid off with the wildflowers coming back, important tree work completed, etc., and they appreciate that that funding will continue for the next two years. She anticipates they will need to request much less in the future because the bank of invasives will be down. She said the amount for Town Center was a rollover of what didn't get spent last year. She said the other important properties need attention because they deteriorate every year that goes by that they don't get attention, with plants dying, invasives moving in, crowding, etc. She said the high level of care goes to the fields, which are meticulously maintained and is appreciated, but she is talking about the edges of those properties where the thistles grow and things get wild. She said the conservation of the natural environment was a primary founding principle of the Town. She said she understands money is tight this year and asked the Council to not lose sight of the basic Town priorities. She said she understands that the big number Conservation requested could not be approved but pointed out that it is cost-effective spending. She asked that the Council budget at least a token amount of perhaps \$5,000 each to Frog Pond, Triangle Park, Rossotti Field, and Ford Field, and with that they could at least get started on the lowest cost, highest priority issues.

Councilmember Derwin asked if the Conservation Committee submitted a list of the work needed. Ms. Murphy said their presentation had all the details including a general view and a list of the items needed. She said Public Works Director Young totaled up the entire wish list which came to approximately \$110,000. Town Manager Dennis said \$46,000 is in the budget for Spring Down and Vernal Pond vegetation management and \$20,000 for Town Center landscape maintenance. Ms. Murphy said their wish list included Triangle Park, Frog Pond, Rossotti Field, and Ford Field. She said the fields don't need as much but the Frog Pond and Triangle Park need a lot of attention. In response to Councilmember Derwin's question, Ms. Murphy said if they could have what they needed for those four additional properties, it would be approximately \$50,000.

Councilmember Richards asked if Public Works Director Young and the Conservation Committee could put together a report showing the critical elements for each of those properties that should be done this next year without fail.

Councilmember Hughes asked why staff decided to not include Conservation's request in the budget. Town Manager Dennis said there were a number of items that could potentially be moved from Year 2 to Year 1 and they scrubbed approximately 80 percent of them. He said they knew how much they had starting as a base from operational and wanted to limit the impact on the General Fund. He said the road costs are significant. The next major expenditure is the rapid flashing beacon. At that point the expenditures dropped to a different level. He said there is no trail work budgeted for this year. Town Manager Dennis went through some of the other budgeted items that were included. Town Manager Dennis said he did not have information about prioritizing the expenditures in the list provided by Conservation to Public Works Director Young. He was looking to limit the hit on the General Fund reserves.

Ms. Murphy said it is not right to characterize this work as capital improvement because much of it is owned property that the Town has a responsibility to take care of. She said aside from some of the major

tree work, it is more rational to consider it an increased level of maintenance. Town Manager Dennis said staff would need much more information in order to move that expense into operational.

Mary Hufty, 257 Mapache. Ms. Hufty said she served on the Conservation Committee and Trails Committee for many years off and on and loves her town. She said it is amazing to see how much the town has grown and changed and how much the Town Government has grown. She said because we live in paradise, we forget what made it this way. She said what made it this way was the commitment to conservation and the environment. She said the Town's stance and number one priority has always been open space, larger lots, and more space for people, green connections, huge vistas, and a sense of connection with nature. She said when she looks at the list of Town's Council's priorities, she doesn't even know what a lot of them are. She asked what "continuation of resident resilience" meant. She said there are people in Town who could do some of these jobs without bringing in other people, if they knew what they were and could be engaged. She said the Council priorities should be synced with the citizenship. She is pleased with the extraordinary long-term budget for the trails. She said they raised the money for Shady Trail but she hasn't heard it mentioned as something that will be maintained. Town Manager Dennis said the Wildfire Prep Committee will be meeting July 2nd and will be looking at the issue of Shady Trail. Town Manager Dennis explained the continuation of resident resiliency item.

Danna Breen, 4680 Alpine Road. Ms. Breen said the restoration of the Frog Pond should be in the budget. She read a letter written by Joe Whelen, the developer of Portola Valley Ranch, in February 1993 regarding his vision for Portola Valley Ranch, preserving the harmonious balance of the natural setting, including saving the Frog Pond as a natural preserve. She said the harding grass is a very difficult invasive perennial to be managed. She said it should have been mowed in April and in May but hasn't been mowed yet. She said Ford Field is also covered. She said if this is put back into the budget it will take more than mowing. She said it needs restoration which will take years. She said Frog Pond has been neglected and she asked the Council to get serious about protecting this important asset.

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

Councilmember Hughes said he is supportive of the general direction of the budget. He said in the last few years, between the Finance Committee and Council discussions, they've seen that revenues have exceeded expenditures and fund reserves have grown. He said they have directed staff to spend down some of the accumulated money and this budget generally does that. He said the deficit shown in the budget is acceptable given the situation over the last few years. He said there will be longer-term issues to grapple with later in the year. He agreed there is value in spending more now to save more later.

Town Manager Dennis said direction from the Council on what level of expenditure related to these kinds of things is helpful. He said the Finance Committee has indicated interest on multiple occasions of spending down reserves.

Councilmember Richards said the Finance Committee's recommendations regarding General Fund reserve levels is a basic place to start. Town Manager Dennis said it is time to revisit that. Town Manager Dennis said there is a difference of opinion between the Finance Committee collectively and staff on the issue of whether or not the fund levels, particularly emergency capital replacement, are appropriate. He said that conversation hasn't happened in some time.

Vice Mayor Aalfs said the emergency reserve requirement is 90 days of operations; however, the difference between 90, 120, or even 180 days of operating probably won't make a difference when something comes along that will be \$10 million. He said it is not likely that the Town can possibly accumulate enough reserve to prepare for certain disasters. He said it is prudent to keep the reserves at a certain level but not a huge level.

Town Manager Dennis said this is an important conversation to have. He said the point of reserves isn't to replace Upper Alpine Road should it wash out. It is for short-term situations where there isn't another

source of funds available. He said once past 90, 120, or 180 days, other funds are made available. He said there should be analysis of the different ways to approach this.

Councilmember Richards said he would be interested in allocating more funds to the Open Space maintenance, as long as the reserves do not drop to a danger point. He said some of the expenditures in the budget may be covered partially by grants, particularly the roadwork issues. Town Manager Dennis said there is a significant amount of work to do in the very short term to meet application deadlines for this particular fund. He said he and Public Works Director Young will talk through that tomorrow.

Vice Mayor Aalfs said the point is coming where expenses will grow faster than revenues. He said reducing costs is important, as is finding other revenue sources. Town Manager Dennis said one of the reasons road expenditures has been such a hit on the General Fund is because of the loss of the funding source. He said that fact, coupled with a high PCI, ensures that the Town will be spending General Fund dollars in the foreseeable future.

The Council was in agreement to provide more funding to open space maintenance as described by Ms. Murphy. Town Manager Dennis will bring something back to the Council for the next meeting.

Councilmember Derwin asked for the Council's comments regarding Mayor Wengert's commentary regarding expenditure issues, as detailed in her letter included with the staff report. Councilmember Hughes said he was hesitant to look at any particular category in isolation. He said, for example, the reason more money is being spent on software is to save money elsewhere. Town Manager Dennis said at some point staff may recommend software that is a luxury and not a necessity. Councilmember Hughes said the residents and Council have expressed concern about what they may view as increasing size of the Town government and are generally reluctant to hire additional employees, but at some point the amount of software is essentially additional employees. Town Manager Dennis said staff has been very smart about their software purchases and most have been purchases that drastically reduce staff time in performing certain tasks and/or get public engagement in a way other than having to physically visit the Town Center.

Councilmember Derwin asked for feedback regarding Mayor Wengert's suggestion to consider all aspects of creating a new full-time position in the Planning Department. Vice Mayor Aalfs said "all aspects" likely refers to things like pension, health insurance, etc. Town Manager Dennis said staff believes the position will be fully covered by applicant charges including the fully-loaded portion, which is approximately \$13,000 a year for the new position. He said the benefit is also that someone is here five days a week to do a significant amount of planning work in conjunction with the General Plan. Councilmember Richards said there is a common reaction by Townspeople that more staff means bigger Town government and we did better with a small government. He said it is difficult to quantify. Town Manager Dennis said they are always reluctant to add staff. He appreciates Planning & Building Director Russell's critical assessment of how the Department works and what is necessary to continue performing at high levels. He said given the considerable amount of time that will be spent on the General Plan update, it will require someone to churn out the day-to-day tasks. He said 30 to 40 years ago government was smaller because the State was asking for a lot fewer things and there were many more residents able to volunteer their time. Councilmember Hughes said the amount of expenditure is nearly the same for the consultant as a full-time employee and it makes sense to have an employee instead of a consultant. The Council agreed with staff's recommendation for a full-time Planning Department position.

Councilmember Derwin asked if it was possible to include an offsetting grant award in the 2019/20 budget for the bike/ped improvements. Town Manager Dennis said he is uncomfortable putting a line item for an uncertain award. Town Manager Dennis said the \$285,000 is split between two funding sources, which will cover all 13 locations. Councilmember Hughes said they could split it into two stages. Town Manager Dennis said the primary reason the full amount was included in next year's budget was his sense that the Council's desire was to get moving on this sooner rather than later. He said staff was open to splitting it if the Council so desires. The Council agreed to include the \$285,000 in this year's budget and revisit if the

grants are not received. Town Manager Dennis said he can come back once they know if they get the grant or not.

Town Manager Dennis asked for direction on increasing the amount in the Schwab account and if they'd like staff to come back with an amendment to the budget for credit cards.

The Council was supportive of the credit card charges. The Council agreed to transfer \$4 million of reserve funds to the better-performing Schwab account.

Town Manager Dennis said he and the Mayor discussed staff providing quarterly updates to the Council regarding the budget.

Vice Mayor Aalfs suggested revisiting the Town's unusually low Planning fees in a future discussion. Town Manager Dennis said in the user fee study the consultant looked at hourly fees for Planning. When Planning & Building Director Russell came onboard, that was put aside so she could do an assessment of the Department. Town Manager Dennis said they have discussed splitting the fee part from the hourly rate part and bringing it forward fairly soon, within this calendar year.

Councilmember Hughes moved to have staff bring back the budget with tonight's recommended changes for approval at the next Council meeting. Seconded by Councilmember Derwin; the motion carried 4-0.

Town Manager Dennis thanked Cindy Rodas for all of the work she has done on this budget. He said four months ago she was the Accounting Technician and has since been operating as the Interim Finance Director. He said this budget could not have happened without all of her time and effort.

(7) Recommendation by Town Manager – Update on Bank Transition

Town Manager Dennis provided the update on moving the Town's banking activities from Bank of America to Tech Credit Union. He said that has not been done yet due to other priorities and waiting for the Tech Credit Union to provide a positive pay control. He said they are still excited about moving to the credit union with excellent customer service and vehicles that provide a level of interest for the operational funds.

(8) **COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS**

Councilmember Richards – Attended Emergency Preparedness Committee meeting where they discussed the new doctor, the reorganization of CERP, training, and the Cal Water rate case.

Councilmember Hughes – None to report.

Councilmember Derwin – Attended C/CAG Admin meeting where they set the agenda for the next meeting, which will be June 13. She attended an excellent water conference – Rains to Bay, a Deep Water Shed Dive. She attended the Council of Cities dinner in Millbrae and toured the Millbrae Historical Society. The new Director of SFO was the speaker. She attended the June 1 continued conversation about housing in Portola Valley. She attended Climate Ready San Mateo County Collaborative – Turning the Tide, Connecting for Resiliency, where they discussed things such as sea level rise, flooding, groundwater, the shoreline, environmental justice inequity. She attended the Library board meeting where they approved the budget, discussed director's announcement, and reelected the governing board officers. She attended the Foundation for San Mateo County Libraries meeting where they added another member and approved adding another. They discussed budget, fundraising, and the summer events.

Vice Mayor Aalfs – Attended the ASCC meeting where they reviewed the Priory project. They revisited 199 Mapache, the property with a ditch running through it. WASC has asked the property owners to plant 17 live oaks around the edges of the property for screening. ASCC disagreed and said it was too much

planting. Vice Mayor Aalfs said this is another situation where there is conflict between WASC and ASCC. Town Manager Dennis said the HOA cannot allow something that the Town does not allow, but the HOA can deny permission for something the Town does allow. Vice Mayor Aalfs said the ASCC approved it with a condition that an ASCC subcommittee would review the planting in the field in coordination with WASC.

(9) Town Manager Report – Town Manager Dennis reported on the third convening on housing. He said there were approximately 80 residents in attendance. He said the meeting was televised and is also online. He received summaries of the meetings a couple of days ago, which will be released soon. He said there were about twice as many people who liked the format than did not like the format, with a number of people who were neutral. He said people were clearly concerned about change. He said the general thematic substance in the summary forms was that people know that change is happening and they are reacting to it in different ways. He had lunch with the County Manager and said this County Manager's accessibility and desire to work with his colleagues in other cities is unmatched. He had lunch with the Director of OES, Kevin Rose, discussing how to get him more connected. He had lunch with Kevin Bryant and the new Chief Rob Lindner. He will have lunch next week with Jim Porter, the Director of Public Works for the County. Town Manager Dennis said he is now chair of the Library Operations Committee. He was at the Friends of the Library meeting yesterday.

WRITTEN COMMUNICATIONS

(10) Town Council Digest – May 24, 2019

None.

(11) Town Council Digest – May 30, 2019

None.

(12) Town Council Digest – June 6, 2019

None.

ADJOURNED TO CLOSED SESSION [9:20 p.m.]

(13) Conference with Legal Counsel – Initiation of Litigation

Government Code §54956.9(c): One Case

REPORT OUT OF CLOSED SESSION: None to Report

ADJOURNMENT

Vice Mayor Aalfs adjourned the meeting.

Vice Mayor

Town Clerk