

TOWN COUNCIL MEETING NO. 793, JUNE 9, 2010

ROLL CALL

Mayor Toben called the meeting to order at 7:30 p.m. and led the Pledge of Allegiance. Ms. Howard called the roll.

Present: Councilmembers Maryann Derwin and John Richards, Vice Mayor Ted Driscoll and Mayor Steve Toben

Absent: Councilmember Ann Wengert

Staff: Angela Howard, Town Manager
Stacie Nerdahl, Administrative Services Officer
Sandy Sloan, Town Attorney
Sharon Hanlon, Town Clerk
George Mader, Town Planner

Others: Kenneth Lavine, Chair, Cable & Utilities Undergrounding Committee
Cort Van Rensselaer, Cable & Utilities Undergrounding Committee
Jean Van Rensselaer
Paul Melnychuck, Cable & Utilities Undergrounding Committee
Ting Pun, Cable & Utilities Undergrounding Committee
Paul Heiple, Vice Chair, Conservation Committee
Bill Urban, Finance Committee

ORAL COMMUNICATIONS

None

CONSENT AGENDA [7:33 p.m.]

By motion of Vice Mayor Driscoll, seconded by Councilmember Derwin, Item 2 was approved with the following roll call vote:

Aye: Councilmembers Derwin and Richards, Vice Mayor Driscoll and Mayor Toben

No: None

(2) Warrant List of June 9, 2010 in the amount of \$317,019.30

REGULAR AGENDA [7:34 p.m.]

(1) Minutes of Town Council Meeting of May 26, 2010 (Removed from Consent Agenda)

Councilmembers Derwin, Richards and Mayor Toben submitted changes to the minutes of the May 26, 2010 Town Council meeting. By motion of Councilmember Derwin, seconded by Vice Mayor Driscoll, Item 1 from the Consent Agenda was approved as amended by a vote of 4-0.

(3) Request by Cable & Utilities Undergrounding Committee – Discussion of Formation of a Utility District to Underground Utilities in Portola Valley using PG&E Rule 20A Funds [7:41 p.m.]

Mayor Toben welcomed members of the Cable & Utilities Undergrounding Committee, thanking them for their valuable service and the time and attention they give the undergrounding issue, which presents an array of complexities and opportunities. He then introduced Mr. Lavine to present the item.

- (4) Request by Cable & Utilities Undergrounding Committee – Discussion of Formation of a Utility District to Underground Utilities in Portola Valley using PG&E Rule 20A Funds [7:41 p.m.]

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Mr. Lavine introduced Mr. Van Rensselaer and the committee's newest members, Paul Melnychuck and Ting Pun. Co-chair Merijane (M.J.) Lee could not attend, but she spent considerable time helping prepare maps for the Council. With information provided by Public Works Director Howard Young, Mr. Lavine and Ms. Lee walked the corridors along Alpine and Portola Roads to map transformers, poles and cell phone towers indicated as Undergrounding District #1 in the General Plan. They then drew the location of wires along the two roads. If granted approval to use PG&E Rule 20A funds to underground cables and wires in either area, they now have a good idea of what the job will entail. Mr. Lavine noted that PG&E has not seen these maps; nor has Comcast or AT&T. In response to a question from Mayor Toben, he said that it is not a matter of PG&E having any problem with these maps, but they are not "official." He described the maps as "pretty accurate but not absolute." In fact, he noted that one wire indicated on the map has been removed since they walked the routes.

Mr. Lavine pointed out that undergrounding utilities is an expensive proposition, with per-linear-foot costs varying on several factors, including the number of poles and transformers replaced, the number of individual customers' service lines impacted, the extent of trenching below roads versus next to roads and the existence of abandoned substructures. Despite the expense, according to the General Plan, undergrounding is what the town has decided it wants to do in the long run. The General Plan states that undergrounding should begin with the Alpine Road and Portola Road corridors, and establish them as Undergrounding District #1. Three areas undergrounded previously using Rule 20A funds include:

- Portola Road between Stonegate Road and The Sequoias, in front of Windy Hill.
- On Alpine Road, a section around the Nathhorst Triangle area that extends onto Portola Road, and goes all the way down to Nathhorst Avenue.
- On Alpine Road on the other side of town, adjacent to Ladera Shopping Center about halfway to Westridge Drive.

Rule 20A funds come from PG&E via the small amounts the utility is required to collect from each ratepayer. Portola Valley gets credited with about \$32,000 annually, which has accumulated to nearly \$350,000. The accumulated funds do not earn interest. Communities that undertake undergrounding projects may borrow up to five years' worth of credits going forward. Given the length of time it takes to even start such a project, PG&E expects Portola Valley to have about \$700,000 available to spend on undergrounding by the time construction begins.

Mr. Lavine drew the Council's attention to Exhibit I, prepared by PG&E and included with Mr. Lavine's May 20, 2010 memorandum to the Town Council. It shows the \$32,000 accruing annually from 2010 through 2020. PG&E estimates that even if Portola Valley initiates a project soon, design wouldn't begin until 2014. First, however, the town must get into PG&E's four- to five-year queue. Mr. Lavine indicated that the Cable & Utilities Undergrounding Committee discussed whether to determine exactly what to underground or get in the queue for a more ambitious program that could be scaled back when the time comes. The Committee decided on the latter course, which PG&E endorsed. Exhibit II from Mr. Lavine's

May 20, 2010 memorandum to the Town Council compares the three areas for which designs may be developed for undergrounding (depending on funds available at the time). They are:

- All of Alpine Road between the two areas that are currently undergrounded; this excludes the portion of Alpine above Portola Road, which was not mapped. These include:

Area "A" – between Westridge to Arastradero Road, just east of Golden Oak Drive; with spans of PG&E-only wires, no need for aerial drops and no residential properties that would be affected by

undergrounding along the streets, this would be among the least-costly areas to put the wires underground.

Area "B" – an 1,800-foot stretch along Alpine Road, from just east of Nathorst Avenue to the Alpine Hills Tennis & Swimming Club (Golden Oak Drive). This area is rather congested (business fronts, foot traffic, other utilities attached to poles, etc.) and would require negotiating three aerial drops with the individual owners. Another issue is whether property owners will have to pay to underground wires and panel conversions on existing properties. Although town policy now requires undergrounding utilities when building a new structure, older homes and businesses will need cables and wires undergrounded from the street. For a single residential property, panel conversions can range from \$1 500 to \$3,000 and underground service lines even more.

Mr. Lavine pointed out that according to Mr. Young, Alpine Road carries twice the traffic that Portola Road does. It is also the major entrance into town. Those are among the reasons the Cable & Utilities Undergrounding Committee recommends undergrounding all of Alpine Road.

- On Portola Road, the section from Westridge Drive to the Town Center – a good candidate for undergrounding because poles are relatively far apart, there are few transformers and not many homes are serviced from the road.

Mr. Lavine again pointed out that according to Mr. Young, Alpine Road carries twice the traffic that Portola Road does. It is also the major entrance into town. Those are among the reasons the Cable & Utilities Undergrounding Committee unanimously approved a recommendation that the Town Council create a Rule 20A District there at its March 11, 2010 meeting. In reply to Mayor Toben's question about whether safety issues factored into the decision about locations as well as aesthetics and traffic volume, Mr. Lavine said that underground wires are certainly safer, but safety was not considered. Still, as he pointed out, twice the traffic obviously creates twice the opportunity for safety problems.

Vice Mayor Driscoll noted that FY2010-2011 budget includes extensive C-1 trail improvements in Area "A," which Stanford is paying for. He said it seems unfortunate to dig up the area for the trail work and then dig it up again a few years later for undergrounding. He suggested finding a way to get PG&E to take advantage of the trail construction and bump Portola Valley up the queue. Mayor Toben thought that was a good idea, because the cost savings could be significant. When Vice Mayor Driscoll recalled that the wires are on the uphill side – the west side of the road, whereas the trail is on the east side – Mr. Lavine pointed out that it wouldn't be the determining factor as to where to put wires underground. He explained that is more a matter of where existing underground wires are located than where the overhead wires are. Either way, he said that as Mr. Young had explained to him, it's much cheaper to dig along the side of the road rather than under the road. Getting a good answer from PG&E before they know the engineering would be very difficult.

Vice Mayor Driscoll said if we can find the right PG&E contact, we could point out that we're about to do \$2.8 million worth of construction along a mile of that road, that there will be excavation and even some bank improvement where the creek comes close to the road. He asked, "Is there a way we can get bumped up the queue?" Mayor Toben wondered whether the town could engage someone who makes a living talking to PG&E to facilitate the type of discussion Vice Mayor Driscoll described. Vice Mayor Driscoll suggested that Stanford, as a major PG&E customer, may have leverage with PG&E. He recalled Stanford President John Hennessy saying that Stanford is Santa Clara County's largest employer. Mayor Toben followed up, saying that since Portola Valley has "goodwill in the bank with Stanford," perhaps the

town could approach Stanford to intercede to stimulate a conversation with PG&E about merging these projects.

Mr. Lavine asked when construction on the C-1 trail is expected to begin. Mayor Toben said that it's conceivable, if necessary, to slow down the C-1 trail a bit and speed undergrounding up. Ms. Howard and Vice Mayor Driscoll pointed out that Stanford has a deadline of meeting obligations to the Santa Clara County Board of Supervisors. Mayor Toben asked, assuming there's a possibility of at least exploring the notion of combining these projects, what the next step would be. Vice Mayor Driscoll said it wouldn't affect any decision at this meeting. Mayor Toben agreed that creating the district would be the next order of business.

Councilmember Derwin said that she doesn't understand borrowing out five years' from completion of design. Mr. Lavine said that PG&E would issue five future years' worth of Rule 20A credits in advance.

Mayor Toben said he is unclear about the relationship between Mr. Lavine's memorandum, which endorses PG&E's recommendation of Areas "A" and "B" as the Undergrounding District, and Exhibit II, which also references Area C. Acknowledging the heavier traffic volume on Alpine Road (versus Portola Road), he said that the relative expense of undergrounding Area "C" versus Area "A," the increasing pace of activity at Town Center and views to the western hills, he said he wanted to understand the Committee's decision to favor Areas "A" and "B" versus Areas "B" and "C".

Mr. Lavine said that in general, because Alpine has more traffic it affects more people and therefore it's also making more people safer. Also, of all three options, Area "A" gives the most bang for the buck, while Areas "B" and "C" are similar. Mayor Toben called that "not an overwhelmingly compelling argument...but not a bad argument either." He said that utilities create a lot of visual clutter around Town Center, and traffic there will increase as the site's popularity continues to grow. In the end, he said that he wouldn't take a strong stand about getting a good value per linear foot doing Area "A."

Councilmember Richards, having attended several Committee meetings, said that he understands enough of the nitty-gritty aspects to consider it sensible to get started. He said he favors the Committee's recommendation and going with Areas "A" and "B" because they would give the town a longer continuous stretch of undergrounded utilities since part of it has been done already. Mayor Toben said it was a good point.

Councilmember Derwin said she appreciates the very thoughtful and comprehensive work the Committee has done. She also favors the Committee's recommendation.

Vice Mayor Driscoll said undergrounding is the sensible thing to do and he appreciates the fact that they suggested the conversion of Alpine Road which benefits most of the town and avoids the appearance of being a huge area, that somehow the Town Center or the Town Council is tending to its own front yard.

He agrees that Alpine Road is certainly the trunk that feeds the majority of the town, and that's also the place where we have some of the more extreme cases of topiaries or sculpted trees.

Mayor Toben said, "I'm fine with that direction." He asked for a motion to the effect that the Town Council direct staff to prepare a resolution establishing Alpine Road as a designated Rule 20A Underground District. Councilmember Richards made the motion, Vice Mayor Driscoll seconded, and the motion carried 4-0.

Vice Mayor Driscoll asked if the town has a contact person at PG&E. We should ask them about the aspects of the Stanford C-1 trail work, which goes along most of Area "A." It would be great to find a way to share costs and economize. Mr. Lavine said that Mr. Young would be the person in the best-position to speak to someone at PG&E about minimizing disruptions and achieving potential cost savings.

- (4) Report from Town Planner and Discussion – Stanford University Habitat Conservation Plan [8:02 p.m.]
- (a) Regarding a Draft Environmental Impact Statement (DEIS) for Authorization for Incidental Take and Implementation of the Stanford University Habitat Conservation Plan

Vice Mayor Driscoll recused himself. His wife is a Stanford employee.

Mr. Mader distributed some materials and introduced Mr. Heiple, who held up for display a “massive tome” that Stanford has been working on for several years. As pointed out in Mr. Mader’s memorandum of June 2, 2010 to the Town Council, Stanford’s Community Plan (CP) and the implementing General Use Permit (GUP) required preparing this Habitat Conservation Plan (HCP). The work was done in-house with some consultant help. Thomas Reed Associates did the HCP’s Environmental Impact Statement (EIS). The Draft EIS (DEIS) comment period remains open until July 15, 2010. Mr. Mader noted that the Town Council is not required to do anything, but may want to be involved in some way.

Mr. Mader said that he would highlight some of the things from the imposing HCP/DEIS volume that are particularly relevant to Portola Valley. Stanford’s CP, which Santa Clara County approved in 2000, goes to about 2025 or whenever the University reaches capacity. Its GUP covers a 10-years period (to 2010), but since development is slower than anticipated, its life will be extended

The DEIS states, “Future development is estimated to include development of 30 acres of land under an approved General Use Permit from Santa Clara County and up to an additional 150 acres of yet undefined development that could occur at Stanford over the next 50 years...” This future development will occur in locations that are not all identified; the HCP would provide the basis for incidental take permits (ITPs) to be issued as needed over those 50 years, as Stanford disturbs habitat for five species as it carries out development included in the CP.

Under Federal regulations, harming or disturbing an endangered species is considered an “incidental take” and requires an Incidental Take Permit (ITP) as well as implementation of certain mitigation measures to offset the damage. The five species involved are California red-legged frog, California tiger salamander (CTS), San Francisco garter snake, Central California Coast steelhead and western pond turtle. As Mr. Mader pointed out, this list does not assume that the Council is not interested in other species. And he said that as Mr. Heiple will point out, the HCP doesn’t address conservation of vegetation, except as it relates to these five species. Mayor Toben asked if those might be things to comment on before the July 15 deadline. Mr. Mader said yes, and that that as an expert in the area, Mr. Heiple will address some of those points further with the Town Council. Mr. Mader also said that

Mr. Heiple and the Conservation Committee would make comments in response to the DEIS and would urge residents to weigh in as well.

Mr. Mader distributed his first handout, Figure 4-2, a color-coded Management Zones Map of the 8,188 acres that Stanford owns. Zone 1 (dark green) is the most sensitive and of greatest concern and Zone 4 (orange) is the least sensitive and of very little concern. Zone 1 areas run along San Francisquito Creek, Los Trancos Creek, Deer Creek, Lake Lagunita and some areas along Matadero Creek. Zone 1 also includes the lower part of the foothills going toward Lake Lagunita and along Junipero Serra Boulevard, which is the habitat of the red-legged frog.

- Zone 1 (1,295 acres) supports the covered species; development will be avoided to the maximum extent possible.
- Zone 2 (1,260 acres) is occasionally occupied by covered species; development will be avoided when feasible.
- Zone 3 (2,446 acres) contains generally undeveloped land that has biological value but provides limited and indirect value to the covered species.

- Zone 4 (3,187 acres) does not support covered species.

Mr. Mader noted that a large part of Dish Hill, the area between I-280 and Junipero Serra, is particularly important to Portola Valley. Many residents have views of the ridge (partly in Zone 1) and the southwestern slope (partly in Zone 2) – habitat for the CTS. Some of Dish Hill also falls into Zone 3 on the Management Zones Map. He said that while Felt Lake is in Zone 3, the land along Los Trancos Creek is in Zone 1 and Zone 2.

Although it is in Zone 3, Mr. Mader explained that the Stanford Wedge's distance from the campus core would not appear to make it attractive for development. Parcels on West Campus Drive north of the driving range, as well as the lower hills along Junipero Serra northwest of Page Mill Road, seem more conducive to future development.

To obtain ITPs, Stanford must accumulate credits in ways such as those described in Mr. Mader's second handout, Table 4-2. For each acre in Zone 1, the University must preserve three acres elsewhere as habitat for displaced or disturbed species. By and large, one credit accrues for 1) each acre of land placed in the CTS Reserve and 2) each acre put into conservation easements. To his knowledge, Mr. Mader said, Stanford has never before granted conservation easements, and these are in perpetuity easements.

Other items on Table 4-2 illustrate other preservation or enhancement activities that earn credits. For each 200 feet of fixed bank, a credit goes into either the Matadero/Deer or San Francisquito/Los Trancos Riparian Accounts (the latter of which also includes Corte Madera, Sausal and Bear Creeks). Similarly, those accounts get one credit for each additional water quality monitoring station constructed along an affected creek and operated for five years. Other mitigation measures that earn credits include improving creeks for better habitat by increasing minimum bypass flow rates, expanding riparian areas, removing in-stream barriers, stabilizing creek banks and so on.

Mayor Toben asked whether the Santa Clara County would be the approving agency. Mr. Mader said that as he understands it, the federal agencies will have to approve the plan, and over time, the ITPs will be issued within the context of the overall CP/HCP. Mr. Heiple said that the U.S. Fish & Wildlife Service would be the governing federal agency.

Mayor Toben said he supposes that those who feel the HCP isn't stringent enough could claim too much credit is being given for one element or another and therefore the approving agency should raise the requirement. That would be the mitigation/negotiation. Mr. Mader agreed, adding that part of the hearing process is evaluating the plan. He said that Matt Stoecker has written highly critical comments, and others will share his feelings. In addition, parts of the HCP are quite technical.

Mr. Mader said that as the DEIS explains, Stanford proposes establishing a tax-exempt nonprofit land trust to manage conservation easements, with the USFWS and National Marine Fisheries Service (NMFS) as third-party beneficiaries to the easements. In response to Mayor Toben's inquiry whether that would be a 501(c)(3) independent of Stanford, Councilmember Attorney Sloan said she thought it would be.

Of major significance to Portola Valley, the 360 acres along creeks in conservation easements includes 7 miles on San Francisquito Creek, 2.5 miles on Los Trancos Creek, 2 miles on Matadero Creek and 1.5 miles on Deer Creek. Easement widths range from 75 to 600 feet, averaging about 225 feet, Mr. Mader explained, but the precise boundaries won't be described legally until the easements are granted. He considers it very significant in the long run to establish easements over those riparian areas. Mr. Mader indicated that the easement along the portion of Los Trancos Creek within the town boundary – as well as the opposing bank in Santa Clara County – will help protect the natural environment of the eastern side of the Alpine Scenic Corridor. In addition to easements, the HCP includes a number of other habitat conservation activities, such as water management, creek maintenance, academic programs,

utility installation and maintenance, general infrastructure, recreation and athletics, grounds and vegetation, agricultural and equestrian leaseholds, commercial and institutional leaseholds and future development. The HCP also proposes establishment of a Conservation Program Manager function.

Furthermore, Mr. Mader said, the HCP reflects some of Stanford's institutional goals, which include: 1) maintaining land use flexibility; 2) maintaining and enhancing biological resources so that lands will be available for future generations of students and faculty; 3) incorporating sustainable land use policies and practices; 4) using cost-effective conservation measures that efficiently invest University assets; 5) defining legal responsibilities regarding biological resources so the University can develop and operate lands in an environmentally and fiscally responsible manner over the next 50 years; and 6) utilizing Stanford's water resources to benefit research, education and operational activities.

Figure 5-1, another color-coded map that Mr. Mader distributed, shows possible locations of development assumed by the HCP over the next 50 years, along with a diagram indicating relative acreage size. Zone 1 (again, in dark green) contains 20 to 30 acres of assumed development; Zone 2 has 25 to 45 acres; and Zone 3 has 35 to 105 acres. This map also shows the conservation easements as well as no-build areas for the CTS Reserve. The CTS Reserve extends from the ridge down to Junipero Serra and takes in Lake Lagunita, so the HCP pretty much locks in preservation of the lake.

Mr. Mader pointed out that although the southern portion of Dish Hill as it comes down to I-280 lies within Zone 3's boundaries, Stanford is unlikely to develop anything there except maybe low-density field research operations. Another Zone 3 area along Junipero Serra Boulevard, southeast of the CTS Reserve, is much closer to campus. Dish Hill, Felt Lake Reservoir and Jasper Ridge Biological Preserve are also in Zone 3 but all rather remote from the Stanford campus. It is ironic and unfortunate, Mr. Mader pointed out, that Jasper Ridge Biological Preserve doesn't fall into the protected area; by concentrating so specifically on the five endangered species with respect to ITPs, the plan overlooks other opportunities. It would be good if it addressed more than just the five species.

Mr. Mader distributed a map extracted from Portola Valley's General Plan to illustrate the areas of most interest to the town. He pointed out the incorporated area, spheres of influence (established by San Mateo County's Local Agency Formation Commission, LAFCo) – the area from Ladera and Jasper Ridge up to I-280 and the Los Trancos Woods area up to Page Mill Road. He also identified areas of direct concern, including land along Los Trancos and San Francisquito Creeks, as well as areas of secondary concern, such as the Dish Hill vicinity above I-280.

The DEIS looked at the HCP, as environmental studies and reports typically do, and presented alternatives:

- 1) No action: Do not approve the HCP, analyze future development on a case-by-case basis; approve ITPs as necessary.
- 2) Approve the HCP for the CTS only; handle other four species on a case-by-case basis.
- 3) Proposed action; approve the HCP: The preferred alternative, according to the DEIS, would result in the least damage to the environment while providing benefits related to geology and soils, biological resources and water quality. This alternative has the advantage of a comprehensive conservation program that has broad environmental benefits.

In response to Mayor Toben, Mr. Mader said that of the three alternatives he supports the comprehensive plan. Each ITP issued would have to be reviewed, but it's wise to take a comprehensive look at the Stanford campus environment.

Figure 2-2, is a Land Use Designations diagram excerpted from the Stanford University Community Plan that Santa Clara County adopted in 2000. It delineates a sizeable low-density campus residential area, three small moderate-density residential areas, the academic campus, one public school, several so-called "special conservation" areas and several other areas designated as campus open space. Finally,

Stanford could distribute up to 15,000 square feet of building space over time in a large area marked "open space and field research."

Mr. Mader introduced Mr. Heiple, Vice Chair of Conservation Committee, to comment on the HCP based on his reading of the DEIS and considerations of particular importance to Portola Valley. Mr. Heiple began by noting the acreage in Zones 1 and 3 of the HCP map, which indicates these areas are designated as academic reserve. One of the designated uses was meant to be greenway, Mr. Heiple said, presumably along Alpine Road, but that is not reflected in the HCP part of the plan.

Mr. Heiple said this needs to be fixed so that both are covered; it would be more appropriately defined as either "open space" or "recreation" rather than "academic reserve". He reiterated what Mr. Mader said about the HCP focusing solely on the five endangered species and saying nothing about rare plants to conserve. If any development were to disturb many of these plants reported or found only on Jasper Ridge, he said, it would have to go through CEQA first. But since Stanford does not seem to look at Jasper Ridge as anything more, even though it's a mapped area that could be developed.

Also of possible concern to Portola Valley, Mr. Heiple said, is that as Stanford develops, nothing in the HCP ensures that Stanford won't plant invasive species, which would affect not only the environment of the area being developed but undeveloped areas as those invasive species spread. Stanford's plans for development typically include landscaping – such as on Sand Hill Road. In that case, the Conservation Committee wrote to say that Canary Island palms should not be planted there because they are invasive and will show up in the creeks. Mr. Heiple reported that these palms were planted anyway. He would like to see landscaping plans taken into account in the HCP, because invasive species also degrade habitats. In fact, Mayor Toben added, the invasive species, while initially under Stanford's control, would easily spread beyond its boundaries.

Mr. Heiple did not see anything in the HCP about enhancing the environment with respect to native plants, because one of the major risks to the survival of many native species – whether flora or fauna. He recalled an example from Jasper Ridge, where invasive species are threatening the rare orchid there, the *Piperia michaelii*. Mayor Toben asked whether Mr. Heiple would endorse a mechanism that grants credits for aggressive abatement of invasive species. Mr. Heiple replied with an emphatic, "Yes", and that's something they should look at. They have a tremendous invasive weed problem already and doing very little about it.

According to Mr. Heiple, Stanford has also heard many times (and disregarded) something that Herb Dengler always said, that invertebrates are always ignored. He acknowledged seeing some species noted in the HCP, but for the most part Stanford seems to have no idea what species they have on their land because they don't inventory the insects and invertebrates out there. Indicating that he works at Jasper Ridge, Mr. Heiple said he knows a bee survey is coming up soon. They don't seem to realize that it's the invertebrates that deliver most of the food from the plants up to the animals in the environment.

Thanking Mr. Heiple and the Conservation Committee, Mayor Toben declared, "The knowledge that you all bring to our local environment is just indispensable and we're most grateful." He invited Councilmember comments and questions on the item.

In regard to Stanford's development agenda, Councilmember Richards asked whether the University has shared any of its expansion plans for the future, housing, commercial endeavors and so on. Mr. Mader said that although no details have been provided, the CP adopted in 2000 indicates a current building area of 12.3 million square feet, and an annual growth rate of 200,000 square feet annually for 40 years. In response to a query from Councilmember Derwin, Mr. Mader said those figures apply to only the unincorporated area, excluding, for instance, the new Stanford Hospital in Palo Alto.

Councilmember Richards remarked that Mr. Mader's comments regarding the remoteness of some of the places where development is possible but unlikely made good sense. However, he said that one area that

jumps out is along Sand Hill Road, near the horse park. At one point, he said, Stanford wanted to dump a lot of dirt on the tree farm there. To access many of the properties that might be developed would entail crossing the Zone 1 line, but he said he is concerned about the Sand Hill Road property more than anything else.

Councilmember Derwin asked where the Town Council's comments would go. Mayor Toben said that one reason for tonight's discussion is that it's not been even decided yet whether to submit any comments. He added that the idea is to move toward an action that would give Mr. Mader and Mr. Heiple some direction on the nature of submittal that the Town Council would like to offer in response to the HCP and DEIS. Mr. Mader said that the Conservation Committee, or any other committees, could review and comment on these documents as well as the Town Council. With the mid-July deadline, he said, there is some time. "But not a lot," Mayor Toben added.

Councilmember Derwin said that she appreciated Mr. Heiple's observation that the Conservation Committee communicated with Stanford about the Rosewood Sand Hill Hotel project and the landscaping. "I'm not going to be completely cynical," she said, "but I don't think they listened, so what is the likelihood that they're going to listen to our comments?" Mayor Toben said it probably depends in part on how loud the protest is. In the case of Rosewood, he said that Mr. Mader wrote a polite, very thoughtful letter. No one from Portola Valley showed up banging on the table at the public hearing on that project. We didn't mobilize residents to do so. So there's a balance between registering substantive comments and figuring out how much muscle to put behind it.

Also responding to Councilmember Derwin's remarks, Mr. Mader acknowledged that Stanford indeed did not respond to all our concerns, particularly about the redwoods lining I-280, and said it was discouraging. It was really Menlo Park that had a say on that particular project. He added that a big question going forward involves what "future hold the town has over Stanford and to what extent they want to play ball."

Councilmember Derwin noted that Portola Valley will be working on the C-1 Trail with Stanford.

Mayor Toben, remarking that the town has less than five weeks to prepare comments for submission, summarized several themes that emerged in the Council's discussion. He said that he could support each of them if a letter were to be drafted:

- At a fairly high level of generality, this HCP is too species-focused and not community-focused. It seems odd, given today's level of understanding about interrelationships among flora and fauna, that the HCP and DEIS lack more comprehensive treatment of plant-animal communities and those interrelationships. "This notion of five species, to my mind, is really outdated," Mayor Toben said. However, he acknowledged that requesting a more comprehensive treatment would be tantamount to a request for Stanford to start the HCP all over.
- A second theme concerns the danger of introducing more invasive species via landscaping. Portola Valley would certainly have "an oar in the water" in that context, Mayor Toben said, because these invasive plants could spread to the town.
- A third and related theme goes back to a point Mr. Heiple articulated about abatement of existing invasive species in places such as Jasper Ridge, which is not addressed adequately in the HCP. As Mayor Toben sees it, a more inclusive approach actually could give Stanford an opportunity to enhance its toolkit of ITP credit-earning devices.
- Fourth, getting back to the theme pertaining to the whole community of species, is the notion of paying some attention to avians.

Mayor Toben indicated a need to be sensitive to costs in preparing a response. Given sufficient resources, we could research Councilmember Richards' suggestion regarding areas of potential development that might cross Zone 1, and be more specific about future building along Sand Hill Road as a special area of concern. But because the town did not budget for a major HCP dissection, Mayor Toben proposed having Mr. Mader, in concert with the Conservation Committee, draft a letter that highlights

these specific points of concern, covers the general themes, expresses the view that in the past the town has been disappointed by Stanford's inattention to Portola Valley's legitimate concerns – and write a letter with “some oomph.” Mayor Toben said this would be something the Councilmembers could endorse formally and happily put their names on to register these comments.

Councilmember Derwin suggested that the HCP seems more designed to meet legal requirements than protect the environment. Mr. Mader agreed that it is a reactive and unfortunately short-sighted document. Councilmember Richards said that the HCP tries to respond to the Endangered Species Act. Mr. Mader said that going back to reference Stanford's GUP as a direction for habitat conservation, the HCP “doesn't really fill that bill.” One provision in the GUP reads, “Maintain and update inventories and maps of important biological resources on Stanford lands, including protected species, species considered at risk of local extinction, and habitat types (biotic communities), for use in conservation efforts, land use decision making, and monitoring of resource status.”

Town Planner and Conservation Committee will draft a letter expressing the Town's strong desire to remain involved in the project. Letter will come back to the Council for endorsement at the July 14 Council meeting. Beyond that, Mayor Toben said it is appropriate to think about whether Portola Valley should show up at the hearing and try to impress the approving agency about the seriousness about these concerns.

(5) Presentation by Town Manager – Review Proposed 2010/11 Budget and set Public Hearing [8:43 p.m.]

Ms. Howard introduced Portola Valley's Proposed Operating & Capital Budgets for FY2010-2011 as a “leaner and meaner,” with title pages eliminated to reduce paper consumption. It is a balanced budget, with some “wiggle room” for changes that the Town Council might determine. She also has some changes proposed since Councilmembers received their copies.

Mayor Toben said that Councilmembers probably have reviewed the document, and he himself already has had some discussions with staff about it. He invited Councilmembers to interject questions and comments as Ms. Howard goes through it. He welcomed Mr. Urban.

Ms. Howard pointed out that the revenue from FY2009-2010 will be 8% less than budgeted, partly due to decreased sales tax revenues and primarily due to the State borrowing \$137,000.

Although expenses for the next fiscal year appear to be higher, Stanford will refund the \$590,800 budgeted for C-1 Trail, which is a one-time pass-through transaction. Once that \$590,800 is removed, expenses actually go .07% over FY2009-2010 – just a small increase in the town's expenses. Referring to the FY2010-2011 Revenues and Expenses by Governmental Fund chart (Page 1), Ms. Howard noted that to balance this budget, the town will use special reserves: \$42,000 of Fund 10 (Public Safety); \$501,000 of Fund 65 (Road Fees), which has been suspended, and \$75,000 from Fund 15 (Open Space) for some preliminary enhancements at Spring Down.

Vice Mayor Driscoll asked where to find offsetting revenues – the \$590,800 reimbursement from Stanford – for capital improvements to the C-1 Trail. Ms. Howard explained that it's a pass-through transaction, part of Fund 96 (Case Reviews). \$501,410 is included in the \$1,000,800 (in the Service Charges line). Vice Mayor Driscoll suggested breaking out the \$1,000,800 so that the \$590,800 appears as a separate line item on Page 1. Mayor Toben also said that the “Service Charge” terminology seems inaccurate and should be clarified in a useful way. Ms. Howard explained that the chart shows only revenues versus expenses, but the \$133,000 (Storm Drain Capital Improvements) is Proposition 1B money already on hand. This was a one-time \$400,000 transaction from FY2007-2008, with \$130,000 used each year.

Ms. Howard indicated that revenue in the FY2010-2011 budget totals \$5,694,480. She confirmed Mayor Toben's observation referencing the FY2010-2011 Fund Activity Summary chart (Page 2), that 1) the net

fund balance decreases by almost \$400,000 (specifically, \$394,564) from the end of FY2009-2010 to the end of FY2010-2011 and 2) draw-downs on some of our special reserves make up for it.

Turning to the Government Agency worksheet (Pages 7-8), Ms. Howard pointed out that California predicts a 6% increase under Measure A and all other sales taxes lead to a 6% increase in Portola Valley's revenue (from \$187,348 projected for FY2009-2010 to \$198,590 projected for FY2010-2011).

Based on utilities, Franchise Fees (Page 9) are expected to increase revenues by 3%. Permits & Fees (Page 10) reflect what Ms. Howard described as "an enormous amount" of activity in the last two or three months in building permits. While \$290,000 was projected, those fees total about \$280,000 for FY2009-2010 already. She said she hopes to see that trend continue. Mayor Toben said that most of the permit fee revenue flows right back out the door to consultants. She said no, this is town money.

In the Other Revenues category (Page 11), Ms. Howard said that one final \$20,000 Portola Valley Community Fund pledge is due in December 2010. Two other pledges totaling \$45,000 due this year have not been collected.

Parks & Recreation (Page 12) revenue is fairly modest; mostly from Blues and Barbecue, which is coming up soon. With fee increases adopted in FY2009-2010, the Sports League Field Use Fees line reflects a significant increase for the coming fiscal year.

Nominal amounts appear in Service Charges (Pages 13-14), where pass-through accounts show up, where money comes in and goes right back out. The Service Charges offset appears in corresponding Expenses on Pages 26-27.

Revenue from Taxes (Page 15) includes the big-ticket item. Ms. Howard's observation that FY2010-2011 revenue growth from property taxes is projected at 2% prompted Vice Mayor Driscoll to emphasize that property taxes were not increased. Actually, Ms. Howard said, San Mateo County is projecting no increase county-wide, but Portola Valley historically does a little bit better than the county average. Ms. Howard said that property taxes budgeted for FY2009-2010 would have been right on target had it not been for diverting \$137,000 to the State. Responding to Vice Mayor Driscoll, she confirmed that no diversion is planned for FY2010-2011.

With Town Center Facilities (Page 16), Ms. Howard reported that the item bringing up revenues significantly is class fees (up 85% over the prior year). After payout to teachers, though, Portola Valley nets \$37,000 of that \$188,000 in revenue. At 0.5%, Revenue from Interest (Page 17) is projected at \$60,000. Ms. Howard indicated that the Utility Users Tax (Page 18) once again has been a "real lifesaver." Projected revenue for FY2010-2011 is up 3%, which she considers conservative.

Before moving on to expenditures, Mayor Toben said that he was impressed by Ms. Howard's projections. Comparing the adopted budget's revenue to projected year-end for FY2009-2010, she came in just about 3% under on projected revenue. He called it "a pretty impressive piece of projection" that was "right on" in light of the State withdrawal. Considering the volatility in the town's various revenue streams, it's impressive, but it also underscores the critical importance of diversifying revenue streams, so that a down cycle in one area, such as permit fees, is balanced by pretty steady revenue in another area e.g., from the utility users' tax. Mayor Toben said that this is a real credit to the way in which the town has managed to pull all of this together over the years. He commended the staff for having done a very able job with their sharp pencils and also credited this Council and those that have come before in managing to structure the budget in such a way that Portola Valley has a nice, diversified set of revenue sources.

Following up on Mayor Toben's remarks, Ms. Howard agreed that it's essential to keep these different revenue streams, particularly because Portola Valley lacks some sources to tap that many other communities have – no hotels to tax, no transfer tax, no occupancy tax. That makes the property and utility taxes the town's "saving grace". Mayor Toben agreed that Portola Valley doesn't have the "benefit"

of big-box retail to generate sales tax, but it does have "little exotic bits," from Town Center facilities, such as the solar panel installation rebate from PG&E to franchise fees, that produce meaningful contributions to the revenue stream.

Shifting to Expenditures, Ms. Howard indicated a total of \$6,089,044 for FY2010-2011. She highlighted a few items in Administration and Operations (Page 23). Vacation sellback is down dramatically because she does not anticipate any retirements that will affect it in FY2010-2011. PERS has increased a bit (\$231,260 from \$222,739). Medical care continues to rise.

The overall budget does include some funds for raises, particularly for employees who have gone without an increase in some time. Mayor Toben remarked that there were no salary increases at all in FY2009-2010. Ms. Howard agreed, adding that most municipalities and most private industry have step systems, to give employees small increases after the first six months and then another increase after 12 months. Because Portola Valley doesn't do that, some town employees have been on the payroll for almost two years with no increase. She emphasized that she is not envisioning any across-the-board increase. In response to a question from Mayor Toben, she said the town gives only merit increases, and no cost-of-living adjustments.

Since distributing the proposed budget, Ms. Howard explained that Mr. Mader informed her that the ASCC and Planning Department budgets are increasing by 3%. That change increases proposed Committees and Commissions expenditures (Pages 24-25) by \$2,000.

Mayor Toben pointed out that legal fees – in Consultant Services (Pages 26-28) – were 37% greater than budgeted. He corresponded with Ms. Howard about it and understands the reasons, he said, adding that the amount will drop back down in FY2010-2011 to about the same level as projected for FY2009-2010. Asked whether there's reason for confidence in that number, Ms. Sloan said it is rather unpredictable. Significant litigation last year with the Douglas lawsuit drove those expenses higher than anticipated. The town has enjoyed a fairly good history of no lawsuits.

Ms. Howard went on to say that the good news with the Douglas lawsuit is that the town has now met its \$25,000 deductible, so insurance will cover further expenses. Ms. Sloan clarified; that's for the federal case. The state case remains pending. If Mr. Douglas loses in federal court (which she expects), he might go back to try to pursue the State case. Ms. Sloan explained that ABAG wouldn't be covering the State case. Asked why, she said ABAG doesn't cover just a normal writ of mandate if it's challenging a decision. She believes the reason for coverage in the federal case is that Mr. Douglas claimed a civil rights violation. Mayor Toben asked whether the town would tap its \$100,000 special fund for excess legal expenses. Ms. Howard said that a transfer from that fund could be made at year-end, but she does not consider it necessary at this time.

Councilmember Derwin asked if the cell tower issue might turn into a costly legal expense. Ms. Sloan said that so far, T-Mobile has paid for her time on that because it's T-Mobile's application. That said, an eventual lawsuit could be costly. She attended a Planning Commission meeting about it to outline the parameters, and then expanded on her thoughts and put them into a memorandum that will go to the Planning Commission, which will hear the item at a special meeting on Tuesday, June 22, 2010.

Ms. Sloan pointed out that she tries to minimize legal expenses by controlling her weekly hours, and she said that everybody in Town Hall is pretty disciplined about not calling constantly. Nevertheless, she admitted that the unpredictable does happen. Mayor Toben said that he does not have a sense of whether this year's overrun in legal expenses was anomalous in some way. Interestingly enough, Ms. Sloan said, she hadn't realized until she looked at Ms. Howard's budget that legal expenditures in FY2006-2007 were quite high (\$109,499), particularly considering that was four years ago. She indicated those costs probably related to some Nathorst Triangle litigation.

Continuing with Consultant Services (Page 28), the contract with a new IT consultant (City of Redwood City) will increase costs. Ms. Howard recommends increasing the Miscellaneous Consultants budget beyond what the proposal that she distributed indicates. In addition to the Septic vs. Sewer Study, the town has received a proposal for the SFO Air Traffic Noise Impact Study, which came in at a fairly expensive \$22,000. She proposes a \$15,000 increase, bringing the total to \$35,000. She said the Septic vs. Sewer Study should not run as high as \$20,000. She pointed out the proposed budget includes about \$26,000 worth of wiggle room; to date, she has increased expenditures by \$17,000 from the version she distributed, so a \$9,000 cushion remains.

Councilmember Richards asked about the Building Permit & Related Fees Study. Ms. Howard said it was planned for FY2009-2010, but did not happen, and it's important to examine fees. When results come in, the Council can decide a course of action – whether and how much to increase the fees. It's been 10 years since the fees were raised. When Mayor Toben asked if the study would involve comparing Portola Valley to other jurisdictions, Ms. Howard said no, the fees must relate to the actual cost of providing the service.

The Community Services line in Miscellaneous Expenses (Page 29) reflects the addition of \$4,300 to help fund two nonprofit organizations. The Parks Operations title (Page 30), as Mayor Toben suggested, will change to Park & Recreation Operations because some of the activities take place indoors.

Public Works Operations (Page 31), funded primarily by the town's share of the State Gas Tax (Fund 20), has proposed expenditures of \$198,942 for FY2010-2011. Some sizeable expenses came in during FY2009-2010 as a result of storm damage and culvert failures. (The Capital Improvement Programs (CIP) for FY2010-2011 also reflects studies addressing those factors.) Sudden Oak Death Spraying in Right of Way, although listed separately in the projections, is small enough (\$750 proposed for FY2010-2011) that it does not warrant a separate line item and will be consolidated with Right-of-Way Tree Trimming and Mowing. Mayor Toben commented that some of the vulnerable oak trees in Portola Valley aren't necessarily in rights-of-way, but that doesn't mean we won't treat them. Some of the Heritage Oaks at the Town Center, for example, are set back a fair distance from the road.

Ms. Howard described Service Agreements (Page 32) as obviously a big-ticket item. The agreement with the San Mateo County Sheriff's Office, in the second year of a three-year contract, is up another 10% for FY2010-2011 to \$546,189. This is the last year of Portola Valley's Animal Control services contract with the Peninsula Humane Society. Through the Manager's Association, Ms. Howard said that the town is beginning to negotiate the next contract and she predicts an increase. However, she added that if Peninsula Humane Society can be persuaded to distribute the total cost differently, Portola Valley actually might end up paying less.

Councilmember Derwin asked if it's similar to the contract with the Sheriff's Department, where San Mateo County conducts the negotiations versus Portola Valley negotiating directly. Ms. Howard said that the town negotiates directly with the Sheriff's Department, but it is to the town's advantage to negotiate with all municipalities that are using the Animal Control service.

As for the mounting cost of Additional Traffic Patrols, Ms. Howard referenced the Finance Committee's minutes, reporting serious concerns among Committee members over the fact that it has become a \$218,000 budget item. This year \$53,000 of that expense came out of the Special Fund, but the General Fund still took a \$65,000 hit. Mayor Toben wondered, "What are we getting for that?" Ms. Howard said one officer in a patrol car in either Portola Valley or Woodside at all times. That is in addition to the base.

Mayor Toben wanted Mr. Urban's comments as well. Mr. Urban said the Finance Committee talked about this item recently, expressing both concern and frustration, and also had discussed it last year. He said he assumes this expenditure gives us 50% of a full-time cruiser and patrol officer shared with Woodside. Ms. Howard said Portola Valley (with fewer residents) gets less than 50%, but pays a prorated share based on population. Doing the math, Mr. Urban concluded that \$218,000 for less than half a full-time

patrol is a “pretty expensive service.” If it’s limited to traffic patrol, it isn’t producing enough ticket revenue – maybe \$11,800 this year – to justify the cost. He said we don’t know whether the service brings an additional safety element. There may be some records, but on the surface, the service strikes the Finance

Committee as exorbitantly expensive. Committee members do understand that because the town is starting in on the second year of a contract, there’s little that can be done about the cost near-term.

However, after the Finance Committee met, Mr. Urban said spoke with Ms. Howard, and suggested that a couple of people might investigate the basis of the costs, somewhat along the lines of the consultant being engaged for the Building Permit & Related Fees Study. This team could explore safety issues and safety improvements, seeking information that would be helpful when the contract ends and we’re looking for alternatives. Ms. Howard said she welcomes that investigation; she agrees we need to better understand why this service is so costly. She said it’s easy to attribute to salary and benefits, but it warrants a deeper look. She and Police Commissioner Ed Davis had a brief conversation about what kind of information might be available and/or exploring other options, such as perhaps a package that provides \$100,000 worth of services, for example.

Mayor Toben suggested that Mr. Davis, Mr. Urban and another member of the Finance Committee join forces to undertake some analysis and engage in some dialog with the Sheriff’s Department. He said this could be a constructive conversation even if it doesn’t yield a short-term resolution. It makes sense to take some thoughtful steps now, with a view to restructuring the arrangement when the time comes. It’s important as town fiduciaries to ensure value to the town for this service.

Vice Mayor Driscoll pointed out that at its May 26, 2010, the Town Council talked about adding patrols to discourage speeders in the context of Safe Routes to School Program. Thus, we’re in a bit of a push-pull situation. Vice Mayor Driscoll said that as a percentage of the total budget, police expenditures are substantially less in Portola Valley than in communities with their own police departments.

In response to Councilmember Derwin’s question about the Emergency Services Council JPA, Ms Howard explained that it is a county-wide group that handles hazmat and other special services. The \$13,250 budgeted for FY2010-2011 is Portola Valley’s dues. Vice Mayor Driscoll said that he would be attending his first meeting as Portola Valley liaison to the Emergency Services Council JPA next week.

Councilmember Derwin asked whether the \$5,000 NPDES Stormwater Program expense (federal National Pollutant Discharge Elimination System) represents the cost of the permit or the staff time or both. Ms. Howard replied that it covered only Portola Valley’s share of the permit charges.

Turning to Services & Supplies (Pages 33-34), Ms. Howard reported upping postcard frequency from six to eight times a year in Town Publications, but budgeted only one paper newsletter. The second newsletter will be “electronic only,” with postcard notices to residents when it is available online.

Expenses in Office Equipment/Maintenance & Repairs are up, Ms. Howard said, primarily due to requests on hand. The account also is budgeted for going paperless, with provisions for laptops, software, peripherals and so forth. The budget also covers the cost of a new projector.

Ms. Howard said there has been considerable discussion about Fire Prevention/Wood Chipping. In the particular budget she has included Portola Valley’s cost of the 2010 chipping and two extra days, plus about \$2,000 for a fire workshop and \$5,000 for the Los Trancos Project. The allocation represents an increase of more than 30% from FY2009-2010 to FY2010-2011. Mayor Toben said that he circulated ideas from Woodside Mayor Dave Burow. Mayor Toben said that demonstrating the town’s seriousness about its commitment to fire prevention may prompt the Fire District to beef up its allocation in that regard as well. On the bandwagon to step up fire prevention activities for some years, he said that he pushed for extra resources and Ms. Howard pushed right back, saying the town didn’t have a lot of room to maneuver financially.

Ms. Howard said she is willing to spend another \$10,000 on Fire Prevention/Wood Chipping, most of which she expects would be used to remove eucalyptus along the ROW. Mayor Toben said there may be a better use for those funds. Mayor Toben said that so far Ms. Howard has added \$15,000 to the Miscellaneous Consultants, and \$2,000 to Committees and Commissions for ASCC and the Planning Department.

In Town Center Facilities (Pages 35-36), the Building Maintenance Equipment & Supplies budget needs to increase to treat the remaining windows. Mr. Young asked for \$27,000 for that to prevent warping. Vice Mayor Driscoll said he also heard about this from the architects. The Community Hall budget is a new account requested by the KPMG auditors (who do the grant budget) for Community Hall upkeep. The funds would pay for deep cleaning, painting and general maintenance.

The Landscape Supplies and Services includes Town Center trees and native plantings. A \$20,000 allocation for FY2010-2011. Councilmember Derwin asked whether that money is dedicated to a contractor or represents staff time. Ms. Howard said the funds are used for supplies, outside consultants such as arborists or landscape consultants – everything on the Town Center site except fields, performance lawn, playground, tennis courts. Just the landscaping. Councilmember Derwin said \$20,000 seems low, and indicated that the plantings have not been well-maintained this year. She referred to a letter from Ron Lutsko, and she has heard from a lot of others in town. There was a bid from Actera for \$25,000, which she thought was low. It isn't just a matter of weeding. It's also recognizing which weeds to remove, knowing when, what, how and where to prune, dividing plants. She asked if Mr. Heiple could shed any light on this.

Mr. Heiple said that he Mr. Young went out and talked about the number of hours it would take and whether staff could identify what specifically needed to be done. It's expensive, time-consuming and difficult. Mr. Heiple proposed that if the sum were \$20,000, it could handle partial maintenance, dealing with the most pressing problems first and establishing priorities.

Councilmember Derwin is concerned that we tell people to consider planting natives in their gardens because they are drought-resistant, require less water and no fertilizers – but in our own facility, we don't maintain them properly. We can think of our native gardens as demonstration gardens and as an educational facet of the Town Center. We'll spend \$17,000 on laptops, but won't spend enough to maintain the native gardens properly.

Mr. Heiple said, too, that when the natives were planted, it disturbed the land in the area. Disturbance coupled with freshly turned earth is a recipe for weeds. If you put money in ahead of time, you can get control on the weeds and let the natives fill in, without the bare ground, and spend less on maintenance in the long run. If we eradicate some of these weeds now, he said, they won't return because the natives won't leave them room. Blue-eyed grass and other native grasses are already seeding from the plants put in. As they fill in, it's harder for the weeds to take hold.

Mayor Toben said that he's getting information that he hadn't heard before. Councilmember Derwin seems to give a "C" grade to the town's native plantings. He said that he'd had the impression that we were doing a diligent job of maintaining at maybe a "B" level. He admitted that he doesn't have a good fix on whether \$18,000 projected through June 30, 2010, or \$20,000 or \$22,000 would improve that grade. Staff indicates that Portola Valley has certain capabilities in-house, which can be enhanced within this budget by going outside on an as-needed basis. Vice Mayor Driscoll asked what that number should be. Ms. Howard said that this year we had a \$12,000 agreement with Shelterbelt.

Councilmember Derwin said that Planning Commissioner Alexandra Von Feldt had been unaware that the original budget held as much as it did (\$35,000), because Shelterbelt was told to stop when there was

still more work to do. Had Ms. Von Feldt known there was more to spend, the native gardens would have looked better. Councilmember Derwin said that \$20,000 to \$25,000 for Actera doing the work, with staff doing other things, probably would be enough for the native gardens. She asked how much time is spent on trees.

Vice Mayor Driscoll said that the tree work is being done in the back of the playing fields. Ms. Nerdahl said that she and Mr. Young went over this line item to update the FY2009-2010 projection. They calculated coming out at about \$30,000 because \$6,000 remains on the Shelterbelt contract, and Mr. Young said he's planning on using and paying for it by the end of the fiscal year.

Mayor Toben said except for the fact that the tree job may be a one-time affair. Ms. Howard said it was not in the original budget to take all those trees down. Vice Mayor Driscoll said he isn't sure he understands the dialog about Shelterbelt. Are we giving the native plants a "C" but realize that the work stopped short? Ms. Howard said staff did not stop the work. We had a \$12,000 contract with Shelterbelt, but for some reason Shelterbelt came to the conclusion that no more money was left in that contract. Vice Mayor Driscoll summarized that one way or the other, they didn't spend it all and we got an inferior job. Ms Howard said that when we have an agreement, it's important for staff to direct the work, to avoid this sort of confusion. Whatever it was, Vice Mayor Driscoll concluded, we didn't spend what we intended because we had \$6,000 left over. We don't want to short it again next year.

Mayor Toben confirmed that Councilmember Derwin said she'd be happier with \$25,000 versus \$20,000. Yes, she said, but if we spent \$30,000 last year... Ms. Howard interjected the \$30,000 includes taking all those trees down. Vice Mayor Driscoll said that he understands her point, but last year we also apparently under-spent – which led to that "C" grade.

Mr. Heiple added that volunteers have been weeding on the road. Yvonne goes around the building to take out noxious weeds she knows. A lot of people don't even realize that some of the plants coming in by the creek aren't natives. When Mr. Heiple pointed rabbit's foot grass out to Mr. Young, Mr. Young said it was pretty. But it's a weed that will take over. Mr. Heiple said he worries about the some noxious species being missed as well as desirable natives mistaken for weeds. Mr. Heiple pointed out another related issue that does not involve the budget, the creek is starting to be "loved to death." Kids are down there forming paths all over, and he's not sure if the Council wants to think about whether to restrict access to certain paths (which would cost money) or let free access continue. He's happy that the kids love to go down there to play, but wonders if it might be wise to control it "just a little bit," maybe with a few "Try Not to Step on the Plants" signs.

Mayor Toben said that he senses \$30,000 is a better number for this budget, particularly in the early years of the native plantings. Councilmember Derwin said absolutely. Vice Mayor Driscoll agreed, with the emphasis on getting it done right in the early years. Ms Howard said we'll raise it to \$30,000. Mr. Young and Mr. Heiple will meet periodically to see what needs to be done where and how.

Ms. Howard said that the final budget piece is the Capital Improvement Program. Except for the C-1 Trail previously discussed, it includes only the annual street resurfacing program, totally funded by Fund 60 (Measure A) and 65 (Road Fees). (\$700,000). Mr. Young is not happy about the amount budgeted for Storm Drain Inventory/Repairs, but Ms. Howard said it's what the town can afford (\$70,000 for inventory and reporting and \$100,000 for replacement and repairs). He sees this as a five-year project but it may end up taking longer.

Vice Mayor Driscoll inquired whether it's really likely to cost \$40,000 on lighting issue at the Town Center.. He said that he doesn't mind allocating that sum, but hope it is well below that.

Mayor Toben summarized: The budget as presented generally met with the Council's approval. Proposals came forth for a few modifications (including an additional \$15,000 allocation for consultants, \$2,000 for Spangle, \$10,000 more for native plantings. That adds up to \$27,000 confirmed as strong desires or requirements, which doesn't leave anything for additional fire prevention activity. Ms. Howard said she might be able to find \$5,000 more. Vice Mayor Driscoll said that the quantity of material taken out to reduce fire hazards in the last five years has been amazing, one of the town's big successes.

Mr. Urban said that the Finance Committee had been asked to review the Grand Jury report on escalating employee costs. Nothing in the report specifically required Portola Valley to do anything, but looking at the benefits of staff here, the Committee wanted to share a couple of thoughts. They looked at the line item for health insurance and asked a couple of questions about the coverage. As they understand it, staff members make no contribution toward either their own health insurance premiums or for covered dependents. That may be common practice among local and state agencies, but rare in the private sector, given the escalating costs of healthcare and the fact that some free-coverage dependents could be covered through their own employer's low-cost insurance but stay with the plan that costs nothing. In those instances, a plan such as Portola Valley's tends to attract higher-than-appropriate healthcare costs. A suggestion from a couple members of the Committee – one member thought we're okay the way we are – would be 1) consider asking for at least a modest annual contribution for dependents, either a dollar amount or a percentage. Private industry practice tends to charge up to 50% of the total premium cost for dependents – probably more than Portola Valley wants to do. And also even some contribution for employees may be worth considering, just to reset expectations for the future that individuals must bear some modest amount themselves. A third item probably won't be popular, but probably two out of three enterprises in the private sector conduct periodic audits to ensure that people listed as dependents are in fact legal dependents. Councilmembers reacted favorably to what Mr. Urban proposed.

In response to Vice Mayor Driscoll, Ms. Howard said that the town covers 14 employees and 20 spouses and/or dependents. She said 14 employees and 20 dependents; Ms. Nerdahl says it's pretty much divided by thirds – single coverage, single plus dependent, single plus family. Vice Mayor Driscoll judged then that free coverage does potentially double the town's healthcare costs. Mayor Toben inquired about the total annual premium. Ms. Nerdahl said it comes to about \$13,000 a month. Of that, Ms. Howard said, some employees opt to upgrade their coverage. They choose a PPOs rather than Kaiser, and pay the difference themselves. Ms. Howard said that with the total costs for medical insurance projected at \$185,290 for FY2010-2011, a "down and dirty" savings figure to cover employees only would save about \$85,000 annually. Carrying that a step further, Vice Mayor Driscoll said that if employees paid half of the cost of covered dependents we'd save \$42,000.

Councilmember Derwin asked how costly that would be for employees. Mayor Toben said that we have a duty to investigate this and research what neighboring comparable communities are doing. We owe that to the town and its citizens.. The Finance Committee has appropriately called to our attention the situation. From Mayor Toben's personal experience, this tracks exactly what he has encountered in his own career. The days of employer-only health programs are fast fading. It may be that the town's overall benefits package is leaner than in other municipalities. If you were to reach a point where it seems appropriate to have employees contribute for themselves and/or their dependents, it could squeeze the "balloon tire" and result in pressure to add benefits elsewhere.

Vice Mayor Driscoll agrees it's worth further examination, but given the fact that employees received no raises last year and are not likely to get much of a raise this year (if any), it's not necessarily a good idea to at the same time effectively increase their out-of-pocket costs. He's said he isn't sure he wants to implement a change before the economy and the town budget improve, but said it's fine to study it.

Councilmember Derwin called the Council's attention to a "fantastic" 33-page 2009-10 Santa Clara County Civil Grand Jury Report, "Cities Must Rein In Unsustainable Employee Costs." She said it's the best she has seen. The report says, "Cities should expand the comparison of salaries and benefits beyond other nearby cities to include the private sector," which is what Mr. Urban suggested. She said the report is a particularly good thing for elected officials to read.

<http://www.sccsuperiorcourt.org/jury/GJreports/2010/CitiesMustReinInUnsustainableEmployeeCosts.pdf>

Vice Mayor Driscoll has done the mental calculation, comparing his own employees in the private sector to the salaries he's seen in Portola Valley. This may have been influenced by bubble numbers and so forth, but Portola Valley was underpaying as a municipality relative to the private sector. Our benefits might have been sweeter; for example, there is no PERS in the private sector. He's not sure what an investigation will reveal. Councilmember Derwin said the situation is changing rapidly, even within the last six months.

Mayor Toben said we can do some of this work in-house, with capable people on staff who could do some analysis. Depending on how complex the investigation gets, if it goes well beyond what we could expect staff to do, then we would need consultants. And staff may have a certain conflict of interest. He said that we may begin by inviting staff to take an initial pass at some possible modifications with respect to how other comparable communities handle employee contributions to health plans. We don't want to raise anxieties; we're not going to be precipitous. Anything would come in true Portola Valley fashion and an enormous amount of deliberation. Mr. Urban agreed, and Mayor Toben thanked him for his excellent input on the Finance Committee's behalf.

Mayor Toben asked for a motion regarding the budget. Vice Mayor Driscoll moved to prepare the budget for public hearing and set the public hearing for June 23, 2010. Councilmember Richards seconded. The motion carried 4-0.

COUNCIL, STAFF, COMMITTEE REPORTS AND RECOMMENDATIONS

(6) Reports from Commission and Committee Liaisons [9:58 p.m.]

(a) Planning Commission

Councilmember Richards reported that the Planning Commission continues to work through the Safety Element and the Geologic Movement Potential maps.

(b) Library JPA Governing Board

Councilmember Derwin, serving as the Library JPA Vice Chair since the election of new officers, said that the new Chair is Pam Frisella (Foster City). Councilmember Derwin reported that members continued discussing the budget. In all the years she's been on the JPA, she said it was the most robust budget discussion she's experienced – very comprehensive, lots of questions. The group enjoyed a presentation by the California Digital Storytelling Project, which the San Mateo County Library received some grant money to undertake. Four communities are now engaged in digital storytelling, and the library wants to roll it out to additional communities. Since Nancy Lund (Historic Resource Committee Chair), has been doing interviews, Councilmember Derwin said that it would be a natural for Portola Valley and a great thing for the town to do. The members will be looking at the library's strategic plan. Councilmember Derwin said she is open to the idea of the Library JPA meeting more often than every other month, which the group also discussed. She described the current Governing Board as a more hands-on and spirited than some of its predecessors. The Committee held a closed session on director performance.

(c) Trails & Paths Committee

Vice Mayor Driscoll said that the June meeting was cancelled, and that it may be appropriate for the Town Council to take a hard look at the Committee's charter to see whether updating is warranted, particularly in light of the Safe Routes to School issue and the need to balance competing demands of various constituencies. In response to Councilmember Derwin, Vice Mayor Driscoll indicated that the Trails & Paths Committee had three vacancies – now four, since Vice Chair Mary Hufty resigned and

three applications. He said that no one is opposed to attention to equestrian uses, but the Committee needs balance that represents the distribution of trail use.

(d) SFO Airport/Community Roundtable

Mayor Toben reported that the Committee has recommended discontinuing publication of the semi annual report on overflights above southern San Mateo County. As a consequence, Portola Valley will no longer receive any data on compliance with the standard negotiated 10 years ago. Although the decision to discontinue the report came as a surprise, in response to a question from Vice Mayor Driscoll, Mayor Toben explained that the rationale was that a lot of time has been spent on this issue over the last several years, and now the Roundtable must attend to more pressing business. Mayor Toben said that he registered his concern; he in fact made a motion that the Committee go from semi-annual to annual publication and volunteered to take the data himself. Elizabeth Lewis of Atherton, the only other southern San Mateo County representatives present, supported his motion but it was defeated by a 7-2-2. This decision, Mayor Toben suggested, obviates Portola Valley's purpose on the Roundtable. The fact that all the arrivals at SFO funnel in over southern San Mateo County and northern Santa Clara County is what prompted Vice Mayor's Driscoll becoming a Roundtable representative 10 years ago. The Council has already endorsed approaching Congresswoman Anna Eshoo that we would do some data analysis first.

Councilmember Derwin asked if Mayor Toben would continue on the Roundtable. I wholly sympathize with people in Brisbane about run ups of engines at SFO, and never discounted the severity of the problem around the airport, but was disappointed that the north county contingent did not reciprocate in terms of respecting the issue in the south county. In response to a question from Councilmember Derwin about representation from other south county Roundtable members, Mayor Toben said that Mayor Burow of Woodside was quite disappointed and surprised to hear about the vote, and the Menlo Park representative never shows up for the meetings. Redwood City and San Carlos representatives did not attend, either. Mayor Toben said we need to get a clear picture of the problem, because we really don't have a sense of what the noise readings are (aside from anecdotal reports). Councilmember Richards said he talked with his neighbor, a commercial pilot, asking him about limits on low-flying planes; he said the rules are so broad that they can fly legally within 500 feet over rural areas. Mayor Toben said that thankfully, low-flying planes are "a very rare happenstance," but he agreed that the volume is increasing. Vice Mayor Driscoll inquired whether military aircraft have rights that civilian or commercial aircraft do not. Mayor Toben said he assumes they do. Mayor Toben, recalling that the Town Council authorized him three months ago to pursue gathering the data, which is needed to write a thoughtful, measured letter to Congresswoman Eshoo, said that is his project for August.

WRITTEN COMMUNICATIONS [10:09 p.m.]

(7) Town Council 5/28/2010 Weekly Digest

- (a) #1: E-mail to Council from Sharon Driscoll, Teen Committee Chair, regarding proposal from the Teen Committee "Low Hanging Fruit: Sharing the Bounty" – May 27, 2010

This proposed project involves enlisting participation of residents who have excess fruit and vegetables from their property, with teens collecting the produce and arranging drop-off points for delivery to homeless shelters. Councilmember Derwin suggested that the Council should tell Ms. Driscoll to go forward with the proposal. Mayor Toben said he loves the idea. The Council unanimously supports the proposal. Ms. Howard said that she would call Ms. Driscoll to let her know.

(8) Town Council 6/4/2010 Weekly Digest

- (a) #2: E-mail to Town Council from Ronald Boyer – Ordinance Enforcement (June 3, 2010)

Councilmember Derwin said she spent quite some time with Mr. Boyer, who complained about lack of enforcement of town ordinances, specifically referring to Section 18.41.018 of the Portola Valley Municipal Code, and suggested potential steps for improvement. She said that she was disappointed that it took so long for the situation he complained about to be resolved. She also indicated that Mr. Boyer offered some good points, and suggested perhaps the town could start doing a little more community outreach and “friendly education.” Councilmember Derwin said that she is willing to write something that could appear on the website, in a postcard or other means. Portola Valley has a tradition of working with people to abide by town rules and regulations, but perhaps has been too accommodating at times. Mayor Toben said that he wrote Mr. Boyer a letter, pointing out that he disagreed with his assertion that Portola Valley never enforces ordinances, but acknowledging that he raised some interesting questions about evolving tastes and changing demographics. Mayor Toben said that the issue – regarding residents’ rights to dark night skies – “goes very much to the heart of our identity in this community.” He indicated that perhaps prioritizing is appropriate, so that enforcement is consistent with ensuring health, safety and quality of life. He also suggested an appropriate balance between the “short fuse” and “conflict resolution” approaches. A problem with code enforcement, he pointed out, is that it is very labor intensive for very little payout. There might be one offending neighbor, two complaining neighbors and 4,500 people who aren’t involved with the dispute. Mayor Toben also suggested a community conversation, such as a Saturday morning gathering. It would be important to frame that meeting appropriately. Would it be about uplifting only? Or a larger conversation that included fences not installed appropriately and other matters? Councilmember Derwin said that the fences are among her peeves. Town Attorney Sloan said that although there has not been much luck in getting people to go to the Peninsula Conflict Resolution Center, that approach may be particularly appropriate when there are underlying issues. In this particular situation, she pointed out that Mr. Boyer had complained about many things, which led to his neighbor becoming even less cooperative. Mayor Toben agreed, calling that a classic problem of “baggage.” He had told Mr. Boyer that he would mediate the conflict himself, but Mr. Boyer ultimately declined the offer. When Mayor Toben asked whether the Council wanted to do more specifically about Mr. Boyer’s points at this time, Vice Mayor Driscoll said the problem does not rise to the level of a systemic failure that requires correction. Councilmember Richards said that it is more in the style of the town to “creep up on and correct” such problems. Mayor Toben expressed concern that such an undercurrent may be corrosive, in which case it is appropriate to surface the issues and conduct engaged conversation. Town Attorney Sloan said that when the Planning Department contacted Mr. Boyer’s neighbor, his response was along the lines of, “Why pick on me when other people have the same thing?” Ms. Lambert informed him that if he told her about those situations, she would do follow up. Councilmember Richards suggested that at this point maybe more educational material on the web would be helpful, rather than launching the Saturday meetings. Mayor Toben proposed that Planning Manager Leslie Lambert draft a letter to Mr. Boyer; Mayor Toben would be happy to review it, and invited Vice Mayor Driscoll to do so as well. Mayor Toben said it would be appropriate to monitor for more evidence of this undercurrent, in which case the town could consider a more public conversation about the issue of enforcing standards and meeting community expectations.

ADJOURNMENT: 10:20 p.m.

Mayor

Town Clerk