

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO.911, MAY 27, 2015

I CALL TO ORDER AND ROLL CALL

Mayor Aalfs called the Town Council's regular meeting to order at 7:30 p.m. and led the Pledge of Allegiance. Ms. Hanlon called the roll.

Present: Councilmembers Craig Hughes, John Richards, Ann Wengert; Vice Mayor Maryann Moise Derwin, Mayor Jeff Aalfs

Absent: None

Others: Nick Pegueros, Town Manager
Leigh Prince, Town Attorney
Sharon Hanlon, Town Clerk
Brandi de Garreaux, Sustainability and Special Projects Manager
Howard Young, Public Works Director

II ORAL COMMUNICATIONS – None

III CONSENT AGENDA [7:31 p.m.]

- (1) Approval of Minutes: Special Town Council Meeting of April 29, 2015.
- (2) Approval of Minutes: Regular Town Council Meeting of May 13, 2015
- (3) Approval of Warrant List: May 27, 2015, in the amount of \$120,257.86
- (4) Recommendation by Public Works Director – Adoption of a Resolution for the Alpine Road at Arastradero Road Shoulder Widening Project No. 2015-PW02.
 - (a) Adoption of a Resolution Approving Plans and Specifications and Calling for Bids for the Alpine Road Shoulder Widening Project No. 2015-PW02 (Resolution No. 2659-2015)
- (5) Recommendation by Sustainability and Special Projects Manager – Adoption of a Resolution Waiving Inspection Fees and Geotechnical Consultant Pass-Through Charges for the Decommissioning of Swimming Pools
 - (a) Adoption of a Resolution Waiving Inspection Fees and Geotechnical Consultant Pass-Through Charges for the Decommissioning of Swimming Pools to Promote Water Conservation in Response to the Drought Emergency of 2015-16 (Resolution No. 2660-2015)

Councilmember Wengert moved to approve the Consent Agenda. Seconded by Councilmember Richards, the motion carried 5-0.

IV REGULAR AGENDA [7:32 p.m.]

(A) Presentations

- (1) Chindi Peavey, District Manager for San Mateo Mosquito & Vector Control District – with “West Nile Virus and other Vector-borne Diseases”

Ray Williams introduced District Manager Chindi Peavey, who presented the San Mateo Mosquito & Vector Control District's Update 2015 report and slide show regarding vector management and the West Nile Virus. She reported that 2014 was a busy year for West Nile Virus in California, seeing more activity than past years. She said a new species of mosquito, *aedes aegypti*, has been introduced to San Mateo County and the District is continuing its efforts to eradicate it.

(B) Committee Reports and Requests [7:45 p.m.]

(1) *Report by the Trails & Paths Committee* – Committee Annual Report to the Town Council

Trails & Paths Committee Chair Terry Lee presented the Committee Charter and Annual Report. He reported that the Committee continues to work on its priorities for the upcoming year and beyond, exploring trail use and improved communications.

Councilmember Wengert asked Mr. Lee if the Council was providing the committee with the resources and support they needed. Mr. Lee said it has been a very collaborative process between the Committee and the Town Council, with Councilmember Wengert's and Mr. Young's guidance. He said the Committee added a small allocation to the proposed budget this year for community outreach activities to make it easier for citizens to learn about and engage with the Trails & Paths Committee.

Mayor Aalfs asked if Mr. Lee envisioned any separate interaction with MidPen regarding the Hawthornes. Mr. Lee said the Committee is aware that when they're interacting with larger partners, such as the Mid Peninsula Regional Open Space District, the Council has the best perspective on the relationships that have historic and future precedence. He said that the Committee does not want to be in a position of representing their personal feelings about anything in particular and they are only there to assist and do not lead until asked. He said the Committee's greatest concern is that the community at large not try to represent the Council, despite their well-intended interests, without coordinating through the Council or the Committee, which is at the Council's service.

Councilmember Wengert said that some of their issues bridge across multiple committees and the Council is trying to manage a process where all committees are involved as early as possible. She asked if this had been an issue for the Trails & Paths Committee. Mr. Lee said in his experience, and through consultation with fellow Committee members, he thinks the communication coordination has been strong as it relates to the Trails & Paths Committee and invitations they have received to participate and be included are appreciated.

(2) *Council Liaison Reports*

- Councilmember Wengert – Attended Finance Committee budget meeting where they reviewed the Town's unfunded pension liability and first draft of the 2015-16 fiscal year budget.
- Councilmember Richards – Attended Conservation Committee meeting where they discussed their continued work on the Backyard Habitat Program, invasive plants on Shady Trail, Monarch Waystation, Historic Schoolhouse landscaping, and a joint letter with the Town of Woodside, and possibly Los Altos Hills, requesting local nurseries not sell invasive plants.
- Councilmember Hughes – Attended Cable and Undergrounding meeting, which did not achieve a quorum as committee member Bob Bondy has passed away.

- Vice Mayor Derwin -- None
- Mayor Aalfs – Attended ASCC meeting and a water meeting at the Priory.

(C) Public Hearings: None

(D) Staff Reports and Recommendations [8:04 p.m.]

- (1) *Request by Public Works Director* – Request for Additional Funds in the amount of \$100,000 to Expand the 2014/2015 Capital Improvement Program Budget for Street Resurfacing and Trail Improvements.

Howard Young presented the report with a recommendation to the Town Council to:

1. Authorize a \$100,000 allocation of General Fund unassigned fund balance to increase the 2014-15 Capital Improvement (CIP) Budget for street resurfacing and trail improvements; and,
2. Authorize the Town Manager to execute contracts or additional work scope for the expanded paving project.

Vice Mayor Derwin asked if citizens were being adequately informed of work to be performed on their streets. Mr. Young said a flyer went out to a very large area, it was published in the Council Digest, and signs were placed on every street. He said 48 hours before slurry seal, the contractors are required to place door hangars on all doors advising residents of the exact time and date of the work to be performed. He said the scheduled dates for slurry seal have been posted to the website and he will be posting information to the PV Forum tomorrow.

Councilmember Wengert asked how the additions of work on Cima Way, Mapache Drive, and Deer Meadow to this year's plans impact the longer-term calendar. Mr. Young said these streets were previously identified and budgeted to be repaired this year.

Councilmember Hughes asked how long it had been since those streets had been previously repaired. Mr. Young said it had been more than 13 years and those streets were rated at the lower end of the pavement condition index of all of the Portola Valley streets.

In response to Councilmember Hughes' question, Mr. Young said the Town received a good price and a good contractor, who is upgrading the slurry seal to the superior micro surfacing at no additional cost.

With no comment from the public, Mayor Aalfs called for a motion.

Councilmember Hughes moved to approve Expenditure of an Additional \$100,000 on the Capital Improvement Budget for 2014-15. Seconded by Councilmember Richards, the motion carried 5-0.

Councilmember Hughes moved to Authorize the Town Manager to execute contracts or additional work scope for the expanded paving project. Seconded by Councilmember Richards, the motion carried 5-0.

- (2) *Discussion* – San Mateo County Library JPA Donor Funds

Anne-Marie Despain, Director of Library Services for San Mateo County, presented a history of the County Library system, the San Mateo County Library Joint Powers Authority (JPA), and the

restricted JPA Donor Funds. She said that based on equity issues raised by JPA members, the governing board held a study session, and a Library Donor Funds subcommittee was created and tasked with providing recommendations for the Governing Board. She said the subcommittee is actively engaged in fulfilling their charge and wished to provide all JPA member cities with an update regarding the discussions that were happening.

Mr. Pegueros clarified that although the issue is called "Donor Funds," they are actually earmarked tax dollars. He said this arrangement, which effectively earmarks tax dollars for cities with high assessed property values, is extremely unique in taxation in general. He said there is generally no special accounting of the services provided to Portola Valley compared to the revenue the County receives. He said that 25 years ago this was not an issue, but with the rising property values in the area, an issue is emerging whereby resources that would otherwise be allocated to other purposes in the library system are being earmarked to provide specific services in individual communities.

Councilmember Hughes asked regarding the process of a Town accessing and spending the Donor Funds. Mr. Pegueros said every January Ms. Despain sends out requests to the Donor Fund cities asking the Towns if they have any specific projects or need for the funds. He said currently Portola Valley uses approximately \$33,000 per year of the approximately \$100,000 annual allocation to help support the maintenance of the library. The Library Staff meets with Town Staff and discusses proposed projects. The requests then go to the Town Council through Staff's budgeting process and simultaneously goes to the JPA Board, who ultimately makes the funding allocation and appropriation. He said it is his understanding that it is unlikely the Library JPA would approve something not supported by the Town Council.

Councilmember Hughes asked Vice Mayor Derwin, who sits on the JPA Governing Board, if the subcommittee had considered revising the allocation models to the point of eliminating the earmarked tax allocation. Vice Mayor Derwin said they were discussing a compromise of a 50 percent split of the funds in excess of an overall cap of \$1 million. Vice Mayor Derwin said that a large percentage of students in San Mateo County JPA library districts are not reading at grade level and the wealthiest cities are amassing excessive property tax money that should be shared. It is for this reason she is hoping to reach consensus with the subcommittee.

In response to Councilmember Hughes' question, Ms. Despain said that if consensus was achieved and a different sharing model and cap were established, the extra tax revenue would go into the Library's general fund and become part of the budget process. There is also discussion, however, regarding funneling the extra funds to another restricted account that is applied for by Library or other individual member libraries. Ms. Despain supports applying the excess funds to the Library's general fund.

Ms. Despain said the San Mateo County Library System has received a star rating for the last several years in the library ranking system and is ranked 2nd in the State of California.

Councilmember Wengert agreed that the JPA should be a cooperative collaborative initiative that benefits all of the participants, not just those most able to afford it. She asked if the negotiations included revising the agreement to clear up the ambiguities. Ms. Despain said that the issues with the agreement have been noted and are being addressed.

In response to Councilmember Richards' question, Vice Mayor Derwin said the subcommittee is meeting at the end of July and hopes to bring a recommendation back to the Governing Board by November.

Mayor Aalfs asked for public comment.

Sue Crane, Portola Road, President of the Friends of the Portola Valley Library, said she does not understand the hierarchy from County to Town to Town Library to the Friends of Portola Valley Library, which is the fundraising arm of the library. She asked if there could be a collaboration between the money the Friends raise for the Library and the money the Town has for the Library. Ms. Despain said all of the San Mateo Libraries have Friends groups which are valuable for fundraising, advocacy, support and supplement funding for the Library system. She said the San Mateo County Library JPA is responsible for operations and the member cities are responsible for the facilities and they work together to support maintenance and other capital projects. Ms. Despain said the Donor Funds have traditionally been used to support building or facility or hours, not programming. Mr. Pegueros explained that programming sets a level of service that, if the Donor Funds go away, would have to come from the Town's General Fund or the service would have to be eliminated. With regard to the process of accessing the Donor Funds, Mr. Pegueros said that generally, when a facility need is identified, it goes to the City Council, and the City Council decides whether or not to use General Fund money to improve the building. He said Portola Valley is in the unique situation of having the Donor Fund. He said the Town Council makes a recommendation for funding to the JPA Governing Board who then authorizes the Town's use of the Donor Fund. Councilmember Hughes said if the Friends come to the Council and requested a wheelchair ramp, for example, they would make the recommendation to Town Staff, it would get discussed at Council level, and, if approved, it would move to the JPA for funding approval.

Ms. Crane asked how the Friends can make requests for Donor Funding and possibly do more than they're able via fundraising alone. Mr. Pegueros said the staff of the Library identifies needs and works with Town Staff to determine if those items will move forward in the budget. He said staff has never received requests directly from Friends and if the Town wished to develop this new relationship, a management plan would need to be developed. Ms. Crane said she supports exploring that avenue because the Library could better benefit with input from the Friends of the Library.

Donna Mackowski, Los Charros Lane, a member of Friends of the Portola Valley Library, said until recently no one on the board was aware of the Donor Funds. She said the Friends want to be involved. She said she is concerned that citizens, having read in the newspaper that the Library has \$500,000 in funds available, will be less inclined to donate. Vice Mayor Derwin pointed out that Atherton and Woodside have \$8 million and \$3 million in funds available, respectively, and both have Friends groups and are still able to fundraise.

Wendi Haskell, Old Spanish Trail, a member of Friends of the Portola Library, asked Vice Mayor Derwin regarding the process required if they wanted, for example, handicapped buttons for the heavy doors going into the Town Center, the Library, and Town Hall. Vice Mayor Derwin reiterated that the JPA ultimately makes the decision regarding Donor Funds, but the requests first come through the Town process. She said that because this issue is new, there is no clear process at this time. Ms. Haskell requested increased transparency by the Town Council with the Friends. She said the Friends are struggling trying to raise money to help the Library. Ms. Haskell asked if staffing was not covered by Donor Funds, why Donor Funds were allowed for increasing Library hours, which involves staffing.

Ms. Despain replied that funding for increased hours does not come out of Donor Funds but is embedded in the operational cost. Councilmember Hughes explained that if the Library has longer operating hours, less Donor Funds are accumulated, so the funds are not actually being drawn from the Donor Fund account. Mr. Pegueros further explained that up to three years ago, the Library JPA would send the Donor Funds to the Towns, which were allocated to a restricted fund to be used for expenditures approved by the JPA. Two years ago, the JPA decided to keep the funds at the County. He explained that this resulted in Donor Funds held at the JPA, which

grows each year, and Funds being held by the Town, which is not being added to and is declining as it is used. The combined total of available Donor Funds as of June 30, 2014, was \$537,833.

Vice Mayor Derwin encouraged Friends members to attend JPA meetings. Ms. Haskell asked for a liaison for their group from the Town Council. Vice Mayor Derwin said the Friends of Portola Valley Library are not an official Town Committee so a liaison could not be assigned, but she has attended past meetings.

At the conclusion of public comment, Mayor Aalfs brought the issue back to the Council for comment.

Councilmember Hughes agrees that Portola Valley and other highly assessed communities accumulating funds while other Libraries in the County were cutting hours is unfair. He supports a compromise.

Councilmember Wengert asked if we have been using the Donor Fund monies held by the Town for the Town's budgeted operational expenditures for the Library. Mr. Pegueros said the funds held by the Town require JPA approval, with the same rules and restrictions as the funds held by the JPA. He said the Town-held Donor Funds draw down first and when those funds are depleted, there will only be the funds held by the JPA. At that point, the Town will make the expenditure and send a reimbursement request to the JPA.

Councilmember Hughes pointed out that the funds and allocations listed in the JPA Agenda Item 1.B. do not calculate to the Fund balance listed in the staff report. Mr. Pegueros said staff will research and report on that when they bring it back to the Council.

Mr. Pegueros said he understands that, particularly from a transparency perspective, it is confusing that there are two pots of money. He asked Council if there was a desire to transfer the Town-held funds back to the Library JPA. Councilmember Hughes suggested that either way is cumbersome and the Town should probably continue with their established pattern until it changes in 2017.

Councilmember Wengert supports Vice Mayor Derwin's endeavors to more equally distribute the excess JPA Donor Funds. She supports allowing communities that have accumulated large balances to retain some for use in capital projects but agrees that at least 50% of the excess funds should go to the JPA's operating budget.

Councilmember Richards agrees that the exorbitant fund balances accumulated by communities that don't need it must be made more equitable. He would prefer it all be distributed into the JPA General Fund, but acknowledges that will not likely happen.

Councilmember Hughes suggested to Mr. Pegueros that the handling of the Donor Funds be considered when preparing the Master Plan.

Staff will further research the process of Donor Funds allocation and bring a recommendation to the Council at a future meeting.

(3) *Sustainability and Special Projects Manager* – Community Choice Aggregation (CCA) Program Next Steps

Brandi de Garmeaux presented the report including background and discussion regarding their request for funding for professional services for program process analysis, draft contracts, and analysis of environmental benefits.

Councilmember Wengert asked if the Town knows the financial terms and conditions of PG&E's program. Ms. de Garneau said they expect to have that information in the 3rd or 4th quarter of this year, but that PG&E will likely be more expensive. She said the Town would use cost deltas versus revenue regarding the purchase of higher percentages of renewable energy, where as PG&E would use the money as profits. Councilmember Wengert cautioned against using that terminology because it did not appear to be completely representative of what would be happening on a CCA level and may not be fair or accurate.

Mayor Aalfs asked regarding the effect on the Town's Climate Action Plan target and goals if they kept the agreement with PG&E. Ms. de Garneau said the Climate Action Plan accounts for PG&E's portfolio gradually increasing to 33 percent renewables by 2020. She said she thought CCA could account for 75 percent of the Town's total reduction requirements, but that the CCA is a measurable reduction, versus many of the measures in the Climate Action Plan which are difficult to quantify, such as bike lanes.

Councilmember Hughes said that even if the Town outsources and has CCP or someone else managing it, the process will still require staff time, board meetings, etc. He suggested the Council consider the Town costs, resource requirements, and time requirements that will become more clear upon reviewing the draft contract.

Councilmember Wengert supported the goal of bringing into play the highest percentage of renewables as possible, but said it is a tradeoff in terms of allocation of resources and, in this case, she is most concerned about staff time required for a new program. She is also mindful that the Council is charged with the expenditure of taxpayers' dollars and is hiring more and more consultants. She said there is a lot more that will be played out in this topic, and questions whether Portola Valley, being such a small community, should be a leader in the sense of pioneering a whole new business concept. She said she thinks an in depth analysis would be required. Due to the many other higher-priority issues facing the Town, she questions if this is the right timing to put additional stress on staff.

Vice Mayor Derwin said climate change is the most important story of our lifetimes and our children's lifetimes and to get to 100 percent renewable is the most important thing the Town can do and should be the top priority. She said she supports looking into contracting with CCP and putting resources into staff time for that purpose.

Mayor Aalfs invited comments from CCP representatives in attendance.

Kelly Foley from CCP said they are very close to closing contracts with Lake County and Humboldt County and she expects contracts to be signed by the end of June. She said they are also on the calendar for Mendocino County. She said all three Counties, which have full County Counsel offices, reviewed the documents in-house and they have been working primarily with the County Administrator and Assistant County Administrators. She said they had originally conservatively anticipated 1/2 FTE, but it appears to be closer to 1/4 or less. She said it is up to each individual Council how much work they want to put into their CCAs. She said in her experience at Sonoma Clean Power, one appointed entity, such as a Councilperson or staff member, attends meetings once a month that can last up to four or five hours, usually out of town, and you only have one vote out of many votes. She said the way CCP is structured, the Town decides the mix of the energy and decides what their rates will be, which are set on a percent below PG&E. She said at 100 percent renewable, the rate will likely be equal to PG&E's rate and the Council will have to meet once a year to review the rates upon PG&E's yearly rate adjustment. She said that is the only mandatory Council meeting required. She believes it is completely feasible for Portola Valley to be a leader and be the first community in California to be 100 percent renewable. She said the Lancaster program is run entirely by City staff with a lot of

outside consultants. She said the difference between Lancaster's model and CCP's model is that CCP's model is all inclusive and the Town of Portola Valley does not have to contract out to multiple contractors or provide any of the financing. She said they have financials that they can share with any of the Council who are interested.

Mr. Pegueros said with regard to staff resources, he anticipates that the major drain will be community education which, which is critical to avoid losing customers. Long-term, he said the amount of staff time required would depend on issues that result from either the contract or by law. The only requirement by law is the rate setting, similar to how staff works with Green Waste. He said the Town has control with regard to the level of effort required by staff.

Ms. Foley said the CCP boilerplate contracts are public. She said that assistance with community outreach is included as well as in-kind assistance for which they have expertise on staff at no extra cost, such as undergrounding, demand site management programs, net energy metering for solar, etc.

Mayor Aalfs agrees with Vice Mayor Derwin and supports taking a leadership stand in this area, after carefully reviewing any agreement. He said Portola Valley being the first 100 percent renewable entity would present the kind of leadership that Portola Valley has tried to shown in other issues. He supports continued exploration of this topic to meet the Town's goals and to send out a powerful and important message addressing climate change. He agrees that long term there is nothing more important we can do for our children.

Councilmember Hughes agrees this is the most important thing the Town should deal with. He agrees that acting as a leader and being the first community to be 100 percent renewable is appealing, being careful and cautious in going through whatever path is followed. He said that because Portola Valley is a small community, it will be easier to find 100 percent renewable power at a good price.

Councilmember Wengert said she was concerned the Council has rushed into this because of the County's push and are now moving to a contract without performing thorough due diligence. She said she shares Vice Mayor Derwin's goals but questions the timing. She thinks PG&E will be forced into being more competitive and wants to be sure that all of the options have been thoroughly examined. She said she was not advocating waiting, but did not feel comfortable with her level of knowledge of the business model and how it could work without a lot of additional Council and staff resources. She was also mindful of the effect it would have on the Town's other priorities. She said if 100 percent renewable is indeed deemed the top priority, then this may be the right path, but there has not been a discussion of priorities, which continue to shift.

Councilmember Hughes anticipates that Portola Valley could be in a situation where the County is ready to ask the Town to commit to their CCA. He said that if the Town does not have an alternative, it will be very difficult to explain to residents why Portola Valley did not join with the green County CCA. Councilmember Wengert said due diligence needs to be conducted on all of the options available, including the County CCA option. She said that as a resident, she would expect to have access to the details of that due diligence.

Mr. Pegueros said that his understanding is that PG&E data requests are taking six to nine months and the County cannot perform the feasibility study without that data. He said either option would require a feasibility study, whether it is the CCP or County approach. He asked the Council for clarification with respect to timing and if they wanted to consider the County CPA parallel to CCP.

Councilmember Richards said the 100 percent renewable CCA was very alluring and he appreciated Councilmember Wengert's words of caution. He agreed with Vice Mayor Derwin, however, that the climate change issue is not only as important as the drought, it is the drought, and the Town has no choice but to address the issue. He said if it is agreed that this proposal is the best option, the Council should put the time to it.

Mr. Pegueros said resources are already being devoted to the issue based on the County's process. He said the County will eventually release documents regarding their CCA and the Town will need to analyze it, which will require staff issue. Mr. Pegueros asked if staff should analyze both options at the same time.

Mayor Aalfs suggested starting with what is before the Council now. Mr. Pegueros said either option has an appeal that begs the question of why we aren't taking advantage of this great opportunity. He said the County option, because of the size of the County, cannot go 100 percent renewable. He said a selling point for the CCA in Marin and Sonoma was the notion of lowering the residents' PG&E bills by going into the CCA. Marin was the first to go down that path and had the burden of proving the rates would be lower which was borne out and there is now precedent. He said the environmentalists would suggest there are dual benefits – reducing the cost of living for some of the residents while improving the impact on the environment. He anticipated the County would move very fast with their decision.

Councilmember Richards said his concern with the speed of this process is the difficulty of getting the message across to the Town.

Ms. Prince said she has experience with regional power purchase agreement processes and advises that it is not an easy process and wanted to temper expectations with regard to the significant time that will be required.

Mr. Pegueros said at the end of the day the business relationship is a contract and the terms of the contract are what will drive the benefit and the cost. He said the due diligence on California Clean Power needs to be done and a subcommittee of the Council could work on that. He said the ability to provide a higher rate of renewables at a comparable cost to PG&E is very appealing and we need to demonstrate that it is possible. With regard to timing, he said climate change is the most important issue facing local government. He said, from a leadership perspective and the Town's efforts in other areas of green issues, the Town must address this very complex issue.

Councilmember Hughes offered to serve on the subcommittee. He said that reviewing CCP's draft contract and public templates is the correct next step in order to move forward.

Councilmember Wengert, while not disagreeing that climate change is a top priority, would like to have a discussion regarding shifting priorities and management of the Council's time and resources, as well as the general uptick in the hiring of various consultants.

Councilmember Hughes said this is an expense can be stopped at any time because the Town is not committing to an ongoing service. He said that since the Town has excess money in accounts that are not keeping up with inflation anyway, this would be an appropriate way to spend some of that money.

Mr. Pegueros said the CCA will not involve Mr. Young in terms of priorities. He said when he speaks of priorities, he is speaking of things such as trail construction, the Town Center master plan, etc. He said one of their biggest challenges to staff resources are the new issues that arise, such as tonight's issue regarding a possible new process for Friends of the Library.

Councilmember Hughes agreed that the most important priority for local government is climate change.

Mr. Pegueros said the PG&E program is opt-in which requires every customer to voluntarily agree to change the mix of energy they purchase by calling PG&E, which will result in a small percentage of participation. Because CCAs are opt-out programs, everyone is automatically enrolled versus making a decision whether or not they want to stay with PG&E, resulting in CCAs receiving a much higher participation rate. He said the County CCA may not even reach 50 percent. He said if there is a consensus for exploring the CCA, whether it is joining Marin Clean Energy or trying to join another CCA, to optimize the amount of renewable energy consumed by Town residents on an opt-out basis, it takes PG&E out of the running, weighs heavily against the County, and isolates the CCP proposal as the most likely to achieve that goal.

Mr. Pegueros suggested eliminating the recommendations regarding interns and outreach programs mentioned in the staff report.

Vice Mayor Derwin moved to adopt the three recommendations as stated in the May 27, 2015, memo regarding Community Choice Aggregation Program Next Steps with an expenditure of \$5,000. Seconded by Councilmember Hughes, the motion carried 5-0.

(4) *Update on Drought Emergency* – Adoption of a Resolution Endorsing & Supporting the Efforts of California Water Service in Response to the State Water Resources Control Board and the Governor’s Executive Order Related to the Drought (Resolution No. 2661-2015).

(a) Resolution Endorsing and Supporting the Efforts of the California Water Service Company Related to the Drought (Resolution No. 2661-2015).

Ms. de Garmeaux presented the background and outline of Cal Water’s Schedule 14.1 Water Shortage Contingency Plan and recommended adopting a resolution rather than an ordinance.

Councilmember Hughes is in general support of Cal Water’s efforts, but does not fully endorse Schedule 14.1, particularly the penalization of users who have been conserving for years.

Mayor Aalfs said the endorsement is for the efforts to obtain local compliance with CPUC mandates, not every aspect of Schedule 14.1. He said Councilmember Hughes’ concern is a common one and has been acknowledged by Cal Water.

Mr. Pegueros said this issue initially came to the Town with Cal Water’s request for the Town to adopt their enforcement mechanisms as stated in Schedule 14.1. Staff discussed it and decided it was not feasible to incorporate Cal Water’s rules into the Town’s municipal code. He said the Council does not technically have to take action on this issue. He said Atherton has adopted a resolution and Woodside opted not to approve an ordinance at the second reading.

Vice Mayor Derwin moved to adopt a Resolution Endorsing & Supporting the Efforts of California Water Service. Seconded by Councilmember Wengert, the motion carried 5-0.

(b) Update on Drought Activities

Ms. de Garmeaux provided an update regarding the drought activities. She said that on June 1, 2015, customers will receive water budgets for the July billing cycle, which will be

accessible online, and surcharges will begin to be assessed in the July billing cycle. The watering schedule is two days a week with odd addresses watering on Sunday and Wednesday and even or no addresses watering on Saturday and Thursday. No watering will be allowed between 8:00 a.m. and 6:00 p.m. with the exception of micro-spray irrigation, drip irrigation, and hand-watering. Staff will send out a notice on the PV Forum on Monday that will instruct citizens on how to access their water budget, the watering schedule, and other items.

She said the public hearing held on May 19 had a good turnout and it appears that Cal Water is relying on the appeals process as far as the water budgets.

Ms. de Garneau said that this morning they met with the large landscape and institutional users. She said staff will be sending out information to this group and has asked the Priory to create a narrative on their efforts to share, perhaps thereby creating an informal competition. Ms. de Garneau said is exploring a gray water project with the Priory and will be working with Cal Water to connect the entities with resources for toilets, etc.

Ms. de Garneau said the Town's May water bill indicated at 63% overall reduction from 2013 figures for water use in the fields.

Ms. de Garneau said there will be staff a meeting next week to review guiding documents regarding gray water. She said the Water Conservation Committee met today and reviewed the notice that will be sent out on Monday. She said the survey with High Energy Analytics is moving along with help from Al Sill and Rebecca Flynn. They are targeting a July 1 launch date for the survey. In the meantime, Al has developed an online estimator for customers to use to estimate their water budget and potential bill.

Mr. Sill presented and explained the estimator and how residents would use it. He also presented the results of an analysis of Town fields and properties using the estimator.

Ms. de Garneau said the notice regarding the mandatory water reductions start date will be on the website on June 1, with links to water budgets, the bill estimator, watering schedules, how to read a meter and check for leaks, and other water conservation tips. The Committee will have a table at the Town Picnic to assist residents in setting up online Cal Water accounts and will help them use the estimator. The handouts provided by Cal Water explaining the water budget and rules, reading the water meter, and rebates will also be available at the Town Picnic. She said the Town will host a Laundry to Landscape Gray Water class on June 27 at the Community Hall and hope to provide a basic Laundry to Landscape kits for sale. The Committee will also be there to assist residents.

Mr. Pegueros asked for Council guidance regarding the expectation regarding the fields. Councilmember Hughes said that since Ford Field was not operational in 2013, the water budget for it should be appealed. Mr. Pegueros said they have asked Cal Water to aggregate the bills across all fields. Mr. Pegueros asked if, even if the Town appeal regarding Ford Field is accepted, the Town wanted to exceed the mandatory reduction if that results in the fields being brown. Councilmember Hughes supported reducing to 36%, unless the result will be expensive long-term permanent damage to the fields. Ms. de Garneau suggested Mr. Young's input is necessary for this discussion because some of the fields are on a cycle where they would be in the normal rotation to be replaced anyway, and it might be that if Cal Water lets the Town aggregate the fields, more water could be spent on one field while letting another one go brown.

- (5) *Recommendation by Town Manager – Payment of \$907,699 to the California Public Employees' Retirement System to Reduce the Town of Portola Valley's Unfunded Pension Liability*

Mr. Pegueros presented the staff report. He said the Finance Committee reviewed the recommendation to use some of the Town's General Fund surplus to pay down unfunded pension liabilities and recommends a 95% payment of the liability by June 30, 2015. The money has already been set aside as an assigned fund and would not come out of the General unallocated funds, but would irrevocably transfer cash from the Town to CalPERS. He said that payment of this unfunded liability will not prevent the recurrence of unfunded pension liabilities resulting from future fluctuations in investment performance and/or changes in actuarial assumptions.

Vice Mayor Derwin moved to authorize Town Staff to make a \$907,699 payment to the California Public Employees' Retirement System for the purpose of reducing the Town of Portola Valley's unfunded pension liability. Seconded by Councilmember Richards, the motion carried 5-0.

- (6) *Recommendation by Town Manager – Not-for-Profit Agency Funding Requests*

Mr. Pegueros presented the report of Not-For-Profit Agency Funding Requests to the Town.

Town Council directed the Town Manager to approve the not-for-profit agencies' funding requests in an amount not to exceed \$7,000.

(E) Council Liaison Reports on Regional Agencies and Organizations [10:51 p.m.]

- (1) Councilmember Wengert – None
- (2) Councilmember Richards – None
- (3) Councilmember Hughes participated in an ABAG Special General Assembly Business teleconference meeting where their annual budget was approved.
- (4) Vice Mayor Derwin attended a C/CAG meeting on May 14 where the County conducted a presentation of their proposed water agency and approved the first draft of the program budget. She attended the Library JPA meeting where the introduction of the first budget was approved.
- (5) Mayor Aalfs will attend the first CCA Countywide Advisory Committee meeting scheduled for May 28. He participated in their teleconference May 21.

V WRITTEN COMMUNICATIONS [10:58 p.m.]

- (1) Town Council Digest: May 15, 2015 – None.
- (2) Town Council Digest: May 22, 2015 – None.

VI ADJOURNMENT [11:02 p.m.]

Mayor Aalfs adjourned the meeting.

Mayor

Town Clerk