

PORTOLA VALLEY TOWN COUNCIL REGULAR MEETING NO. 927, APRIL 13, 2016

CALL TO ORDER AND ROLL CALL

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

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

Absent: None

Others: Jeremy Dennis, Town Manager
Leigh Prince, Town Attorney
Sharon Hanlon, Town Clerk

ORAL COMMUNICATIONS – None

CONSENT AGENDA [7:01 p.m.]

- (1) Approval of Minutes: Town Council Regular Meeting of March 23, 2016. [Pulled from Consent Agenda]
- (2) Approval of Warrant List: April 13, 2016, in the amount of \$182,156.39. [Pulled from Consent Agenda]
- (3) Appointment by Mayor – Request for Appointment of Member to the Open Space Acquisition Advisory Committee.
- (4) Recommendation by Town Manager – Proclamation of the Mayor Proclaiming May 2016 as National Bike Month in San Mateo County.

Vice Mayor Hughes moved to approve Items 3 and 4. Seconded by Councilmember Richards, the motion carried 5-0.

- (1) Approval of Minutes: Town Council Regular Meeting of March 23, 2016.

Councilmember Aalfs moved to approve the minutes of the March 23, 2016 meeting, as amended. Seconded by Councilmember Wengert, the motion carried 5-0.

- (2) Approval of Warrant List: April 13, 2016, in the amount of \$182,156.39.

Councilmember Wengert moved to approve the April 13, 2016, warrant list, as amended. Seconded by Councilmember Richards, the motion carried 5-0 by roll call vote.

REGULAR AGENDA [7:03 p.m.]

STAFF REPORTS AND RECOMMENDATIONS

- (5) Recommendations by Town Manager – Council Priorities for FY 2016-2017

Town Manager Dennis presented the staff report regarding the updated Council Priorities list for FY 2016-2017, which was revised after discussion with the Town Council on March 9, 2016. He said staff was confident that all items on the list could be completed in the coming fiscal year.

Mayor Derwin called for questions from the Council.

Councilmember Wengert questioned whether the Spring Down Vernal Pool Permitting should be considered high priority. Councilmember Richards said that the Spring Down issue has dragged on and it should be a high priority to get it off the table. Mayor Derwin agreed. Town Manager Dennis confirmed that it was not taking up a considerable amount of staff time. He said that he, the Mayor, and the Vice Mayor met with a representative from Senator Boxer's office, who toured the grounds and offered to send letters to the agencies with whom the Town has been having some difficulty. He said staff is going through the second round of permitting based on the consultant's advice; however, he said it has been made clear to staff that this task needs to be completed. In response to Councilmember Wengert's comment regarding the vernal pool not being natural, Councilmember Richards said the feature is manmade but the intention is to emulate something that would have been in that area. Town Manager Dennis said there was a safety element related to it and it needs to be completed. Vice Mayor Hughes said he was supportive of it being a high priority item.

With no additional questions, Mayor Derwin called for questions from the public. Hearing none, Mayor Derwin invited comments from the Town Council.

Councilmember Wengert, referring to the Town investment strategies item on the medium priority list, said that the Finance Committee has been recommending a strategy that would allow the Town to have a new way of dealing with some of the more stable reserves and be able to invest them in a slightly more aggressive fashion. She said that is also an item that has been on the task list for quite a while and should rise a higher priority level this year. Vice Mayor Hughes agreed this item should be prioritized because the Town loses money the longer this is not addressed. He said the Finance Committee has put a lot of work into it and are willing to do additional work so the burden on staff may be low.

Bill Urban, Finance Committee Chair, said the Town has in excess of \$12 million of cash reserves in various funds, which has been invested in the Local Agency Investment Fund (LAIF) for a long time, earning a fraction of 1 percent. He said that even with the low inflation over the last three to four years, the Town is effectively losing 1-1/2 percent per year of purchasing power on a large amount of money. As a cash management issue, he said the committee looked at ways to improve the return while managing the risk. He said municipalities are severely restricted under State law on what they can invest in with only a small universe of fixed income investments available. He said the plan that has been developed and is ready for implementation would allow the Town to hold the funds in an account with a low-cost brokerage firm where no fees are charged, established under the name of the Town, with suitable individuals in the Town designated to oversee the account and direct transactions that take place. He said he also recommended that someone outside of Town staff, perhaps him or someone else on the Finance Committee, receive duplicates of all statements. He said included in the very limited set of allowed investments is an important diversified corporate high quality bond investment, likely through a Vanguard Index type mutual fund or a low-cost ETF. He said investments could also be made in treasury notes or bonds with short maturity. He said they could initially use treasury inflation-protected securities and a laddered CD approach. He said other things could be purchased later, the Committee is recommending keeping it fairly simple for the first year. He said it would not be managed by a professional finance manager, but he would be happy to oversee it. He said at the twice-a-year Finance Committee meetings, any adjustments necessary would be made. He said while this would be a low cost, low risk, and fairly low return portfolio, it should do better than the LAIF or the pooled County investment vehicle. He said if interest rates are stable or dropping, the investments should be able to beat inflation by maybe 1 to 1-1/2 percent per year. He said in the current environment, which will probably have very slightly rising interest rates over the next couple of years, the investments will do well to match inflation. He said the Finance Committee recommends moving ahead with this approach as a start and in the coming year diversify into more fixed income investments. He said they are trying to avoid an outside manager because that expense would wipe out any benefit, as most managers charge between .25 to .5 percent.

The Council agreed to move this item to the high priority list.

With no further comments, Mayor Derwin called for a motion.

Councilmember Wengert moved to adopt the Council Priorities for Fiscal Year 2016-2017 as amended. Seconded by Councilmember Aalfs; the motion carried 5-0.

(6) Recommendation by Town Manager – Library Donor Funds Allocation

Town Manager Dennis presented the staff report regarding the Town Council requesting \$81,103.11 in San Mateo County Library (SMCL) Donor Revenue for Town staff support of the Portola Valley Library. Mr. Dennis said this was the first year this item was brought before the Council and heretofore had been an administrative function. He acknowledged the Friends of the Library for bringing this forward as something important to them and it also provides more transparency. He said two major additions to the library expenses brought the amount of the request higher than in previous years: 1.) The inclusion of utilities of approximately \$20,000; and 2.) The inclusion of \$20,000 for tenant/capital improvements (the Learning Center).

Mayor Derwin called for questions from the Council.

Councilmember Aalfs said there had been talk regarding an automated door at the library and asked if that was included in this expense list. Town Manager Dennis said that is already happening and so not included on this list. He said it was not Town money and thinks it came out of donor funds.

Councilmember Wengert asked if the Town was currently paying any of the Library's utilities. The Town Manager said currently the Town was paying all of it. Mayor Derwin said other libraries have been paying their own utilities for at least a few years.

Councilmember Wengert asked if staff anticipated any pushback. Mayor Derwin said she anticipates there will be discussion about it when she meets with the Library Donor Funds Subcommittee group next week.

Vice Mayor Hughes said that, not counting the utilities expense, the amount requested is only a slightly larger request than previously made and asking for reimbursement for utilities is not unreasonable.

Commissioner Wengert asked if staff had discussed other future projects. Town Manager Dennis said discussions are occurring as a part of the Town Center Master Planning process that go well beyond any improvements planned for the Learning Center, including additional space overall and enclosing part of the outside space. He said the Town Center Master Planning process has been bifurcated, particularly anything that relates to an external change that the Town Center Master Planning process should dictate.

With no further questions, Mayor Derwin called for questions or comments from the audience.

Sue Crane, President of Friends of the Library, said she enjoyed spending time with the Town Manager who came to the Friends meeting and said he was very explicit, clear, and answered a lot of their questions. She said they were headed in the right direction as far as understanding the donor funds. She said she and the other members feel very comfortable that, even though they are not an official Town Committee, their voices are being heard, understood, and accepted by the Council.

Town Manager Dennis said Ms. Crane had asked at the meeting yesterday if any of the donor funds could be used for programming at the library. He said he has since learned that the JPA agreement does not allow for that.

With no further comments, Mayor Derwin called for a motion.

Councilmember Richards moved to request \$81,103.11 in San Mateo County Library Donor Revenue for Town staff support of the Portola Valley Library. Seconded by Vice Mayor Hughes; the motion carried 5-0.

(7) COUNCIL LIAISON COMMITTEE AND REGIONAL AGENCIES REPORTS [7:26 p.m.]

Councilmember Aalfs – Attended two Peninsula Clean Energy (PCE) meetings. He said he was elected Vice Chair of the Board and has since been on several calls with the PCE team. He said last Monday he attended an economist's presentation at Stanford that gave him some second thoughts regarding the Town going in at 100 percent renewable. He said the economist said a policy or lack thereof somewhat distorts the renewables market in California in ways that could be detrimental in the long run. The economist said he was looking at efficient portfolio theory, explaining that our current system or lack of system basically rewards people for very short-term actions, such as installing more solar. He said there will be a point where there is actually too much solar. He said if groups like PCE buy too much of that solar, they will be hit with an energy imbalance market charge, which could occur within 5 to 10 years and would be a seriously detrimental. Councilmember Aalfs said PCE as a group must be very cautious and thoughtful regarding how they approach renewable purchases going forward. He wondered if the Town should reconsider whether or not Portola Valley piloting at 100 percent was the right thing to do. Town Attorney Prince suggested adding this discussion as a future agenda item. Vice Mayor Hughes said in the near term it was important to not lose that option. Councilmember Wengert asked if the CCE would be paying UUT. Vice Mayor Hughes said his understanding is that it will continue to be collected. He said if the Town's default plan is the cheaper plan, expected to be somewhere around 5% less than PG&E, the Town would see a corresponding 5% reduction in the UUT collected. Councilmember Aalfs said that also brought up a question regarding the franchise fees. Councilmember Aalfs said the hiring committee is interviewing for a CEO next week.

Councilmember Wengert – Attended the April 6 Roundtable meeting. She said they continue to attract more and more Bay Area residents in addition to Santa Cruz, Palo Alto, Los Altos Hills, Portola Valley, and Woodside. She said there were four to seven very vocal people there from Woodside, more than ever before. She said Montclair was there to see if they could join. She said there are now 2+ hours of public comments each meeting. She said the main discussion was the announcement of the formation of the Select Committee – including herself, Santa Clara Supervisor Joe Simitian, Saratoga Councilmember Mary-Lynn Bernald; Los Altos Hills Mayor Pro Tem Gary Waldeck, Santa Cruz Supervisor John Leopold, Santa Cruz Councilmember Don Lane, Capitola Mayor Ed Bottoroff, San Mateo County Supervisor Dave Pine, South San Francisco Mayor Mark Addiego; Foster City Councilmember Sam Hindi, and East Palo Alto Vice Mayor Larry Moody. She said the group is waiting to begin, predicated upon the FAA releasing their comments in response to the public input received in the recent meetings. She said a letter from Congresswoman Speier indicated the Roundtable would handle departures and the Select Committee would deal with arrivals, with some overlap. She said there are planned meetings at the Select Committee level in all the Counties. She said they discussed Alaska Airlines buying Virgin Airlines resulting in 550 jobs lost here because they are moving to Seattle. She said more groups have formed that are tracking the continued growth in traffic. Councilmember Wengert also attended the Finance Committee meeting with Finance Committee Chair Urban and Town Manager Dennis regarding the Town investment strategies.

Councilmember Richards – Met with ASCC Chair Ross and Public Works Director Young regarding the placement of a plaque commemorating the race horse Ormonde on Shady Trail. He said the original plan was to mount it on a wooden post and there was concern about it being easily stolen. Upon visiting the site, he said they serendipitously found an ideal stone on which to mount the plaque. He will attend the Emergency Preparedness meeting on April 14 where they will discuss scheduling the fifth Wednesday Councilmember trainings.

Vice Mayor Hughes – Attended the March 28 ASCC meeting where they discussed a new residence on Cherokee Court with a second unit; a lot line adjustment on Upper Wayside Road to make a parcel buildable; and a dog play area on Portola Valley Ranch. He attended the Bicycle, Pedestrian & Traffic Safety Committee meeting where Loverine Taylor spoke and received public comments regarding

construction parking on Naranja, having had two back-to-back construction projects, and another one to start soon; discussed proclamation that May is Bike Month; and reviewed the Sheriff's report that indicated the highest speeder was going 62 in a 35 mph zone. He said they also discussed the safety of the Los Trancos-Alpine Road intersection during times when children are walking to or from Corte Madera after school to Alpine Hills. He said the Sheriff had responded to a previous request to patrol it more during school time, which they did but did not find any problems. They said they would continue to monitor the situation. He said Public Works Director Young also said he would look at the crosswalk lines to see if they could be repainted and improved. He said Cal Works reported there would be approximately two more weeks of digging, another month testing, and then repave the entire line in June. In response to Councilmember Richards question, Town Manager Dennis said Cal Water is required to replace the portion they dug up plus 12 inches. Vice Mayor Hughes reported that the Public Works Director was very satisfied with the contractor who has been very cooperative and responsive. Vice Mayor Hughes reported that the Windy Hill parking notice cards appear to be working reasonably well.

Mayor Derwin – Attended San Mateo County Council of Cities Dinner Meeting with Commissioners Aalfs and Wengert. The speaker was KR Sridhar, the principal co-founder, President, Chairman and CEO of Bloom Energy. She said they discussed micro-grids, distributed energy, etc. Commissioner Wengert added that they discussed a building they were building in New York that was totally self-sufficient, with the entire building powered using the Bloom system. Commissioner Aalfs said Bloom's products were commercial only. He said he has researched whether a micro-grid could be built in Portola Valley and it would be expensive. Commissioner Wengert said she thought the primary benefit was that it was local control for the resource. Mayor Derwin attended a C/CAG Water Committee meeting where there was a paid facilitator. She said her opinion was that paid facilitators were detrimental to the democratic process. She said the mission of this committee is to make a recommendation to C/CAG as to the governance structure, the scope, and the funding mechanism for a water agency in the County. She described the process of performing the task of developing a work plan to guide the discussion that will end in this recommendation. She said the result was four guiding principles – fair balanced regional representation, long-term perspective, financial feasibility, and effective use of resources that add values. The four guiding principles regarding water were flood control, sea level rise, storm water, and shoreline coastal erosion. She said, however, that when the subjects of groundwater, recycled water, and wastewater treatment came up, the BAWSCA representative said those items were already covered by BAWSCA. Mayor Derwin said most cities have a seat on the BAWSCA board because most of them have at least one water company in their jurisdiction; however, Portola Valley only has Cal Water, who does not report back to the Town what is happening at BAWSCA. She attended the Progress Seminar with Town Manager Dennis. She said they were very happy to see representatives from Portola Valley there and suggested someone from Town should go every year. She said representatives from most Counties were there with the exception of Woodside, Atherton, Hillsborough, and East Palo Alto. Town Manager Dennis agreed that the Progress Seminar was very excited to have Portola Valley's representation and encouraged other members of the Council to attend future meetings. Mayor Derwin said the most popular topic of conversation at the seminar was housing. She said she and Vice Mayor Hughes had lunch with staff and plan to do it more frequently than once a year. She said she and Town Manager Dennis met with Senator Boxer's aide, which was the first time they'd met someone from that office. She said she and Vice Mayor Hughes also met Senator Jerry Hill. She said she is going to meet for coffee with Supervisor Don Horsley. She announced that the second film in the film series, The Starfish Throwers, will be presented next Tuesday, April 19, at 7:00 p.m.

(8) Town Manager Report

Town Manager Dennis said he attended a variety of meetings and events – Progress Seminar; Friends of the Library; met with Senator Boxer's aide, and met with Supervisor Simitian's aide, Tyler Haskell. He said he met with Len Materman, Executive Director of San Francisquito JPA, and volunteered to be available for meetings. He met with Sheriff Mark Kuykendall and discussed more presence at Farmers' Market. He met with the residents' association at the Sequoias. He said Leo at Portola Valley Ranch gave him a tour. He continues to attend the Town committee meetings. He attended a CERPP meeting this week. He said per the request of Councilmember Aalfs, staff will look at the Clean Power Act and it will be

brought forward for Council discussion. He said he read an article about predicting El Nino's flood risks and said Portola Valley was playing a considerable role due to the existence of sensors in the hills that monitor the water flow, which will warn residents downstream if there are issues. He said Len Materman is in charge of the sensors as part of the JPA. He announced the Woodside Library is reopening this Saturday, with events beginning at 10:30 a.m., and invited Councilmembers to attend. He announced that staff will be participating in the wildland fire exercise to be held this Saturday and they have invited members of the EPC to attend and watch. He said PG&E has agreed to come to a special Conservation Committee meeting on April 26 at 6:00 p.m. to discuss the rate changes that will occur in early May.

WRITTEN COMMUNICATIONS [8:01 p.m.]

(9) Town Council Digest – March 25, 2016

#4 – Announcement of WFPD Chipper Dates for 2016. Councilmember Wengert said it did not look like all of the areas of Town were covered, such as Central Portola Valley. Town Manager Dennis said he would look into it.

(10) Town Council Digest – April 1, 2016

(11) Town Council Digest – April 8, 2016

#6 – Letter from Chris Compton, Board President Portola Valley Ranch re: Concern for Mountain Bikes on Coalmine Ridge Trails. Town Manager Dennis said staff is working with PV Ranch on the barriers but said this will be continuing problem as there is no easy solution.

Mayor Derwin said she plans to attend the very important ABAG meeting on April 21, but asked that if something comes up and she is unable to attend, someone from the Council attend in her place.

ADJOURNMENT: 8:05 pm

Mayor Derwin adjourned the meeting.

Mayor

Town Clerk