



**MINUTES**  
**Town of Atherton**  
**CITY COUNCIL**  
**August 7, 2013**  
**5:00 P.M.**

**City Council Chambers**  
91 Ashfield Ave  
Atherton, California

**Special Meeting – Study Session**

**The Mayor called the meeting to order at 5:00 p.m.**

Council Member Widmer teleconferenced from the following location:

Embassy Suites Secaucus  
Lobby  
455 Plaza Dr.  
Secaucus, NJ 07094

**ROLL CALL**      **Lewis, Wiest, Dobbie, Widmer**

**PUBLIC COMMENTS**

Peter Carpenter expressed his appreciation for reconsideration of the parcel tax and allowing the opportunity of public comment. Mr. Carpenter also asked Council to consider other funding for the police department and not relying on the parcel tax.

**ACTION ITEMS**

1. PROPOSED RECONSIDERATION OF ORDINANCE NO. 598 SUBMITTING A MEASURE RELATING TO RENEWAL OF THE PARCEL TAX FOR AN ADDITIONAL FOUR YEARS AT AN ELECTION TO BE HELD ON NOVEMBER 6, 2013

Mayor Lewis announced the action item and echoed Mr. Carpenter's statement that the public was not able to comment on the original parcel tax vote on the July 17, 2013.

City Manager Rodericks explained the schedule of reconsideration for the ordinance and why it has been placed on this agenda.

Council Member Widmer stated the original approval of the ordinance was hasty and the perception from the public was that proper transparency was not exercised. He urged Council to reconsider.

**MOTION by Dobbie, second by Wiest to reconsider ordinance No. 598 submitting a measure relating to renewal of the parcel tax for an additional four years at an election to be held on November 5, 2013. The motion passed unanimously.**

## PUBLIC HEARINGS

2. AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON, CALIFORNIA ORDERING THE SUBMISSION TO THE QUALIFIED ELECTORS OF THE TOWN OF ATHERTON MEASURES RELATING TO (1) RENEWAL OF THE PARCEL TAX FOR AN ADDITIONAL FOUR YEARS AND (2) INCREASING THE APPROPRIATION LIMIT TO PERMIT SPENDING THE PROCEEDS OF THE PARCEL TAX FOR THE SAME PERIOD AND CONSOLIDATING WITH THE COUNTY AT THE NOVEMBER 5, 2013 ELECTION

**Report:** City Manager George Rodericks

**Recommendation:** Hold a Public Hearing and adopt the following ordinance: An Ordinance of the Town of Atherton ordering the submission to the qualified electors of the Town of Atherton (1) an ordinance authorizing the renewal of the parcel tax for an additional four years and (2) an ordinance increasing the Appropriations Limit for the Same Period and Request the San Mateo County Board of Supervisors Consolidate

City Manager Rodericks announced that the Council is hearing this ordinance anew with additional information on the history of the parcel tax and the different parcel categories and rates.

Council Member Widmer and Mayor Lewis asked the City Attorney if section four of the ordinance could be condensed from two questions to one in order to create a simpler measure on the ballot.

Mayor Lewis explained the issue that had occurred at the last parcel tax election that consisted of two separate ballot questions.

City Attorney Connors confirmed that combining the two could be completed.

**MOTION by Lewis, second by Dobbie to adopt the following ordinance: An Ordinance of the Town of Atherton ordering the submission to the qualified electors of the Town of Atherton (1) an ordinance authorizing the renewal of the parcel tax for an additional four years and (2) an ordinance increasing the Appropriations Limit for the Same Period and Request the San Mateo County Board of Supervisors Consolidate with the modification to incorporate both questions into one ballot question using “option A” tax rate which is the current rate. The motion passed unanimously**

Council Member Dobbie commented that last year the property tax was used to fund police services not the parcel tax.

Mayor Lewis made a statement that the Council will put as a priority to look into all revenue sources and ways to increase revenues starting January 2014.

Council Member Dobbie agreed with Mayor Lewis that more revenue sources should be sought out.

Council Member Widmer echoed Mayor Lewis and Council Member Dobbie’s suggestions to start looking at revenue sources early, continue to pay down long term liability and still fund all capital programs.

## **CONSENT AGENDA**

3. APPROVE BALLOT ARGUMENT FROM AD-HOC COMMITTEE  
**Report:** City Manager George Rodericks
4. APPROVE CONTRIBUTION FROM LIBRARY FUND TOWARD UPDATES TO THE LIBRARY NEEDS ASSESSMENT AS PART OF THE CIVIC CENTER MASTER PLAN  
**Report:** City Manager George Rodericks

Peter Carpenter stated that if police services are important then they should be funded through property tax and not through the parcel tax which is not guaranteed. He expressed concern that Atherton needs money for such an important service.

Council Member Widmer confirmed with City Manager Rodericks and Mayor Lewis that the ballot argument created is acceptable.

**MOTION by Dobbie, second by Wiest to approve the consent calendar consisting of items 3 and 4. The motion passed unanimously.**

**Council Member Widmer disconnected from meeting at 5:18 p.m.**

## **STUDY SESSION**

Mayor Lewis explained that no action would be taken on the study session items, only discussion and review.

5. REVIEW AND DISCUSS THE DRAFT REVISED MASTER FEE SCHEDULE AND UPDATED COST ALLOCATION PLAN  
**Report:** City Manager George Rodericks

Carol Flaherty submitted a letter to Council for public comment regarding the Master Fee Schedule. She requested that portions of the cost recovery method return to the Finance and Building Department staff for reassessment. Ms. Flaherty also expressed concern for the permit fee for uninhibited space.

Finance Director Barron stated that this item gave Council a chance to review and discuss the Fee Study prepared by Capital Accounting Partners and the proposed master fee schedule.

The Council heard a presentation by Dan Edds, Capital Accounting Partners and discussed the various fees and costs associated with Town services with staff.

The Master Fee Schedule includes all the fees charged by all Town Departments. Fees are often set at full cost recovery. If fees are not consistently updated they may result in greater reliance on general tax dollars to support various services. Identifying cost components of providing services is important in the establishment of fees and the cost recovery rates. The Cost Allocation Plan and User Fee Study provide details on the cost of service and ensures the alignment of fees to costs.

Local government is authorized to collect fees based on cost recovery of the service provided. Absent full cost recovery, services are subsidized by the Town's General Fund or other funding sources. Full cost recovery is usually set to recover cost of services from those that receive a private/individual benefit. Certain services can be community-wide where the use of general purpose revenue is appropriate. However, government also provides special benefit services where user fees are appropriate for such services where the direct benefit is a specific individual or group. These types of services are typically associated with a regulated activity (development review, building permit, code enforcement). In these instances, cost recovery from the applicant for the need of service is appropriate.

Local agencies often follow a policy of categories of service that reach for full cost recovery for planning, building, public works. Agencies also follow policies that do not charge for full cost recovery but set fees for compliance, level of demand, and the public private benefits of the service. Planning fees, for example, may be set lower than full cost recovery to address customer service time, encourage compliance with Town's Codes, and compliance with regulatory policies.

Building permits are typically set to meet full cost recovery due to the demand for staff time. Public Works/Engineering fees are also set for full cost recovery on that same basis. Police Department fees are set for full cost recovery for services provided.

The Town's Master Fee Schedule was last updated in FY 2009-2010. In 2012, Capital Accounting Partners was directed to prepare a "full cost" indirect cost allocation plan, calculate productive hourly rates for each staff and contract position, and cost of each user fee. The Fee Study provides a comparative of total assigned cost of service per fee and actual fees being charged.

One of the primary areas of discussion revolved around the fees charged for building permits. For building permits there are a number of "flat fees" for items such as pools, patios, gazebos, and re-roof permits. The "flat fee" assumes that the time for plan review and inspection is relatively constant for each type of project. The remainder of building permit fees use a service requirement factor (the time and resources it takes to service the project) times a multiplier to calculate a fee for plan review and inspection. In general, this applies to new home construction, major remodels of habitable construction, and major remodels of non-habitable construction.

The price to construct or remodel a home will vary with market conditions and commodity prices, but the Town costs to conduct plan review, permit, and inspect are constant.

The cost of a building permit must be designed to allow the Town to recover the full cost of the service. To address this, for building permit fees, the Town's Cost Allocation Plan developed a service requirement factor for each square foot of permitted space. This factor is used in the calculation of a building permit fee. For Atherton, the Town's "service requirement" per square foot is \$350.

So, an 8,000 square foot new home has a service requirement value of \$2,800,000. This amount is multiplied by a multiplier of \$3.65 per \$1,000 of service requirement value – ( $\$2,800 \times \$3.65$ ) to get the permit price = \$10,220. Plan review is 45% of that amount or \$4,599. The total cost

of a permit is \$14,819. The multiplier (\$3.65 per \$1,000 of service requirement value) is an adjustable number designed to align the permit cost with actual Town costs to service the permit. In this manner, the building permit fee for a new home of 8,000 square feet made of the world's finest materials is identical to a new home of 8,000 square feet with an identical floor plan made of less than the world's finest materials. The ultimate value of the home itself and the cost of construction is not a factor in the cost of the building permit as the service requirement is solely based on the size of the home not its cost to construct. The Council provided feedback to staff regarding the Master Fee Schedule and Cost Allocation Plan. Staff will return to the Council in September for adoption of the Master Fee Schedule.

Council Member Dobbie asked with these projections how the Town would handle an increase or decrease in revenue and/or cost recovery. Mr. Edds replied that the study of the revenue strain on business activity in past has been consistent. Council Member Dobbie also confirmed that the use of reserves can cover any shortfalls.

Mayor Lewis confirmed that specific non habitable permits have been placed on a flat fee basis.

Jennifer – public comment - confirmed the price of two separate homes with identical floor plans have the same permit fees regardless of the homeowners budget.

Community Services Director Kashiwagi explained that as the square footage increased as does the staff time which will raise the cost of permits.

Bob Polito had a question regarding the “X \$3.65 / \$1000 of valuation” formula for a 5,000 SF single Family Residence. It was explained by City Attorney Connors that a fictitious number used to create the amounts being presented.

City Manager Rodericks explained that the fees will take 60 days to become affective after Council approval, which could occur as early as the September meeting.

Mayor Lewis expressed not wanting to rush the new master fee schedule and making sure that everything is being taken into consideration. Mayor Lewis believes that the Town needs to subsidize some of the costs when it comes to counter/customer service. Mayor Lewis also commented that it's a pleasure to do business in Atherton because of the customer service and professionalize of staff. She believes that people understand the fees associated with building in Atherton and the costs do not vary greatly from other cities and towns.

Deputy Town Planner Costa Sanders explained the Planning department's focus is on the customer service portion where the Building department is more focused on direct project review phase(s). She also mentioned that after comparing the current master fee schedule, a 70% recovery, to the proposed fee schedule, the recovery has increased but is still less than 100%.

Vice Mayor Wiest wants a transition and education period to show what has been done, what will be done and the fee's that are being transitioned in.

City Manager Rodericks explained the process going forward for the master fee schedule. Staff will prepare a resolution for the Council to adopt as early as the September meeting, it will take effect 60 days later, start an education campaign, go to a round table and invite the public to learn what the changes will be and post to the website.

6. REVIEW AND DISCUSS POLICY AND FEE RECOMMENDATIONS FOR EVENTS AT HOLBROOK-PALMER PARK

**Report:** City Manager George Rodericks

Staff was seeking feedback from the Council regarding a policy for the use and rental of Holbrook-Palmer Park, including usage for weddings and corporate events; feedback on the development of a business model for the staffing and administration necessary to market, staff, manage, and administer the events; and feedback on the development of a Request for Proposal (RFP) to find a vendor to do so.

Staff outlined the proposed rental and use policies for events at the Park covering such areas as fees, insurance, size, limitations, parking, and availability. Staff also outlined possible RFP parameters to address event staffing, management, and administration. The Council provided feedback to staff on these items.

Staff will return to the Council in September with a draft RFP to be issued to allow staff to compare the best business model solution for resumption of events at Holbrook-Palmer Park.

Council Member Dobbie suggested other revenues for the park like the rental of the Holbrook-Palmer Park House.

Vice Mayor Wiest confirmed that the Holbrook-Palmer Park House could also be used as a venue to rent for social or meeting functions.

Mayor Lewis stated the administration fee is important. Also, requested the correction of the Atherton Arts Committee to Atherton Arts Foundation in item four of the staff report. Mayor Lewis also questioned the availability to rent for weddings if the maximum occupancy is 200.

Community Services Director Kashiwagi explained the 200 limit was taken from the original RFP which was created due to parking limitations.

There was discussion regarding the amount of weddings per day and if holidays should be excluded from event bookings.

**Mayor Lewis adjourned meeting at 6:00 p.m.**

**Respectfully submitted,**

**Judi Herren  
Office Specialist**