



MINUTES
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
JUNE 16, 2004
7:00 p.m.
TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California

REGULAR MEETING

Mayor McKeithen called the meeting to order at 7:00 p.m.

1. PLEDGE OF ALLEGIANCE

2. ROLL CALL Janz, Marsala, Carlson, McKeithen, Conwell

PRESENT:
James R. Janz
Charles E. Marsala
Alan B. Carlson
William R. Conwell
Kathy McKeithen

City Manager Jim Robinson and City Attorney Marc Hynes were also present.

3. PRESENTATIONS

A. Caltrain Hold-Out Station – Caltrain will present the plans for changing the station platforms to remove the “hold-out” restriction at the Atherton Station

Alan Fung, project manager for the Atherton Station, along with members of his staff, gave a Power Point presentation summarizing the purpose of the project, existing conditions, the benefits, and the future layout of the Atherton Station. The design and construction schedule was to begin in June 2004, with completion of the project targeted for June 2006.

The following persons spoke from the audience.

Dick Sperisen, Atherton
Jerry Carlson, Atherton

Mayor McKeithen asked Public Works Director Duncan Jones to work closely with Caltrain and to keep Council apprised as the project progressed.

4. COUNCIL REPORTS

- Council Member Janz announced the next Caltrain Corridor Subcommittee meeting would be held on July 6, 2004, and reminded staff to invite the Train Riders Association of California (TRAC) members. He attended the May 26th Housing Endowment and Trust Fund (HEART) meeting for San Mateo County, a trust fund for housing development. The group voted a few months ago to make the acronym for the Fund HEART, not HEAT; however, there had not been any agreement on what the “R” represented.
- Council Member Marsala thanked staff for providing a tour for seven 2nd graders from Trinity School to learn how government worked. He rode the Baby Bullet Train on its inaugural run and commented on the smooth ride. Council Member Marsala attended City Clerk Sharon Barker’s retirement luncheon and noted the well-deserved remarks by Lou Paponis. The new Public Works building was dedicated earlier that day and was an environmentally sensitive design. The Facilities Finance Subcommittee met with the Park and Recreation Commission to begin the process of how to utilize a possible share of a State Parks grant for \$200,000. Future meetings and study sessions would be scheduled. Regarding the library, the County had received a few grants from several foundations to help fund its program on educating readers. Recruitment for a new director would begin in the summer. Council Member Marsala attended a meeting to finalize details to address program needs at Selby Lane School. He noted a tree was planted for Henry Carlson. Council Member Marsala thanked Etta Mae Bauer, Atherton Dames, for work on the June 20, 2004, Big Daddy Jazz Festival.
- Council Member Carlson also attended the Facilities Finance Subcommittee meeting and remarked one possible use for part of the \$200,000 grant was to make enhancements to the Pavilion.
- Vice Mayor Conwell attended the San Francisco Airport Roundtable meeting, noting that an Atherton resident made 300 complaint calls each month regarding aircraft noise. Another man called to suggest two programs for abating airplane noise, 1) boycott airlines and 2) initiate closing all small airports. He attended the City and County Association of Governments meeting and asked staff to agendaize an item for the next City Council meeting regarding the disclosure of airport influence areas. Vice Mayor Conwell attended the Criminal Justice Commission meeting where he was elected chair for a second term. A prime project was alleviating overcrowding in the jails. One of the grantees of funds, the Redwood City PAL, made a presentation on how funds were expended to help over 3000 children each year.
- Mayor McKeithen attended a meeting at Menlo Atherton High School regarding the installation of lights on the football field. A citizens group would meet the next evening to discuss the issues of noise, parking, debris, and the lights. The Screening Committee met to fill vacancies on the Park & Recreation Commission and the General Plan Committee. The next General Plan

Committee meeting would not be held at its regular time; a new date would be selected. The discussion would center on what types of special events would require a permit. Mayor McKeithen met with 120 Las Lomitas School students on what it meant to be a mayor.

5. PUBLIC COMMENTS (only for items which are not on the agenda –limit of three minutes per person)

Margaurette Paponis, Atherton, spoke regarding the Big Daddy Jazz Festival.

6. STAFF REPORTS

- City Attorney Marc Hynes reported that no action had been taken as a result of the closed session held at 6:00 p.m.
- City Manager Jim Robinson announced that California Pavement Maintenance (CPM) would begin a slurry seal of street improvements on 21 streets within Atherton in the coming week. Notices were sent to residents affected by the project. With regard to Item No. 13 on the evening’s agenda, bids were open the previous day for the 2004 street reconstruction projects and were less than the engineer’s estimate.
- Public Works Director Duncan Jones noted the red-legged frog survey was underway for a two-day, two-night period. Adjacent property owners had been contacted.

7. COMMUNITY ORGANIZATION ROUNDTABLE REPORT (Per Resolution No. 02 31)

A. Holbrook-Palmer Park Foundation – Vit Eckersdorf, President

Vic Eckersdorf noted his two-year Presidential term was nearing its end. He reported his objectives during his term of office to strengthen the relationship between the Foundation and the Dames and to revise the bylaws had been accomplished.

B. Atherton Dames – Etta Mae Bauer

Etta Mae Bauer, who spoke on behalf of Betty Ogawa, President, reported on activities sponsored by the Dames.

CONSENT CALENDAR (ITEMS 8 – 16)

Mayor McKeithen and Council Member Janz stated their vote would not apply to DeBell Drive and Wilburn Avenue, respectively, for Item No. 12.

Mayor McKeithen, regarding Item No. 13, questioned whether there was recourse against the contractor who refused to do required follow-up on Lilac Lane, Lilac cul-

Awarded the contract for the 2004 Street Reconstruction – Phase 1, Project No. 03-011 to the lowest bidder, G. Bortolotto & Company, Inc., in the amount of \$721,166.48

14. APPROVED CONTRACT BETWEEN THE TOWN OF ATHERTON AND KCL ASSOCIATES, INC., FOR BUILDING INSPECTION SERVICES

Approved the Independent Contractor Agreement between the Town of Atherton and KCL Associates Inc., for Building Inspection Services for Fiscal Year 2004-05.

15. APPROVED ABAG ELECTRIC PROGRAM “WINDUP” AGREEMENT AND ADOPTION OF A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AGREEMENT WITH ABAG TO CONCLUDE THE ELECTRIC PROGRAM

Approved ABAG Electric Program “Windup” Agreement and adopted Resolution No. 04-15 authorizing the Mayor to execute the agreement with ABAG to conclude the Electric Program.

16. APPOINTMENT OF COMMISSION/COMMITTEE MEMBERS

Accepted recommendation of the City Council Screening Committee to appoint Rodney Washburn to the Park and Recreation Commission.

PUBLIC HEARINGS (Items 17-19)

17. PUBLIC HEARING – ADOPTION OF A RESOLUTION ADOPTING THE FISCAL YEAR 2004-05 BUDGET AND ADOPTION OF A RESOLUTION APPROVING THE FISCAL YEAR 2004-05 APPROPRIATIONS LIMIT AND CALCULATIONS (This item was continued from the Special City Council Meeting of June 14, 2004, for adoption.)

Finance Director John Johns reported that \$75,196 of reduced expenditures and \$26,000 of additional revenues were adjusted in the budget pursuant to Council’s direction at the Special City Council Meeting of June 14, 2004. Items included increasing revenue estimates for Caltrans maintenance from \$9,000 to \$35,000, an increase of \$26,000 to revenues; decreasing, Town-wide, estimated expenditures for life insurance in the amount of \$33,000; reducing appropriations for crime lab fees in the amount of \$22,000; eliminating appropriations for the contract Horticulturist in the Public Works Department, Parks Program, in the amount of \$16,000; and eliminating appropriations for transportation expenses in the Planning and Building Departments in the amount of \$4,155. Finance Director Johns reviewed items in excess of \$4,000 in the Police Department’s contract services and accounted for \$95,000 of the \$125,000 projected expenditures, which included the Town’s share of Office of Emergency Services assessment, animal control, First Chance, and maintenance of the Computer Aided Dispatch System. A review of the Police Department’s overtime expenditures indicated the \$108,000 budgeted in 2004-05 was \$1,000 less than the actual expenditures for overtime over the past four years and represented 10% of the

Council discussion centered on whether the allocation for next year was consistent with the intent of how the money was to be spent. Finance Director Johns said within the allocation factor, staff had identified the capital projects to be funded by the parcel tax and adhered to the expenditure allocation plan. More money would be spent on capital projects than in past years due to funds authorized in previous years not being expended. The parcel tax brought in approximately \$4 million a year, and better use of the capital funds due to lower bids, etc., created a carryover.

Mayor McKeithen noted the parcel tax assessment for the 1/2-acre but less than 2-acre parcel would be \$750, the same as last year, and would generate \$1,858,000.

Mayor McKeithen opened the public hearing at 8:30 p.m.

Dick Sperisen, Atherton, spoke from the audience.

Mayor McKeithen closed the public hearing at 8:35 p.m.

MOTION – to adopt Resolution No. 04-12 establishing a Special Tax for Municipal Services for the Fiscal Year 2004-05 as set forth in Ordinance No. 520.

M/S Marsala/Conwell

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

Council Member Carlson Requested that Item Nos. 19 and 20 be heard together.

Mayor McKeithen called for a short break at 8:40 p.m. The Council reconvened at 8:47 p.m.

19. PUBLIC HEARING – CONSIDER ADOPTION OF AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON CALLING AN ELECTION TO SUBMIT TO THE VOTERS AN ORDINANCE AUTHORIZING THE LEVY OF A SPECIAL TAX FOR MUNICIPAL SERVICES AND FOR THE EXPENDITURE OF FUNDS DERIVED FROM SUCH TAX

City Manager Jim Robinson said the Council discussion would center on whether Council wanted to place the parcel tax ordinance before the voters in the upcoming November 2, 2004, election, as well as the appropriate amount to be levied. Previously, Council had received a staff report outlining options. Additionally, a report was submitted by the Audit Committee identifying its recommendations to renew the parcel tax for four years and at the mid-range amount of \$930. The renewal of the parcel tax would begin in Fiscal Year 2005-06 and continue through Fiscal Year 2008-09. Staff prepared alternate ordinances, which were different in terms of assessments per parcel, as well as the amounts that would be generated by each of the options.

Finance Director John Johns noted that the General Fund Revenue and Expenditures Analysis for Fiscal Years 2004 to 2009 differed from the document included in the recommended budget in that the Financial Plan covered the full duration of the parcel tax. Additionally, all reserve requirements had been identified that were expected to

exist over the duration of the parcel tax including the \$500,000 reserve required for insurance, the \$3.2 million reserve for cash flow and economic uncertainties, the \$450,000 reserve for future building inspections, and the \$500,000 reserve for compensated absences. When the total fund balance was compared with the required reserves, a better indication of the Town's financial position resulted. With a 5-year financial projection, staff was better able to ascertain how much was required to maintain a minimum reserve requirement vs. existing reserves. The list of options included in the second attachment did not vary significantly from the list of recommendations presented by the Audit Committee. Both were presented in order for the Council to better understand the effects of the three options with respect to the minimum reserve requirements. Option No. 1 contained no change in the parcel tax levy and would result in the Town having reserves on June 30, 2009, of \$1.7 million less than reserves called for by City Council policy.

Council Member Carlson clarified that many of the years were partially funded by the reserves; therefore, in terms of revenues supporting expenditures, the deficits were made up from the General Fund.

Finance Director Johns said the cumulative deficit from 2005 to 2009 would total over \$3 million. Option 2 called for drawing down the reserves to the absolute minimum which would result in \$5.8 million at the end of FY 2005-06 to \$4.7 million at the end of FY 2008-09, approximately \$250,000 a year over the next four years. Option 2 was the mid-range option endorsed by the Audit Committee.

Council discussion continued regarding reserve levels and the impact on parcel tax levies to maintain reasonable reserve levels, taking other long-term actions to supplement the parcel tax, and employees' compensated absences for vacation and holiday pay.

Mayor McKeithen opened the public hearing at 9:11 p.m. The following persons spoke from the audience.

Dick Sperisen, Atherton
Jerry Carlson, Atherton
John Sisson, Atherton
Mike Barsotti, Atherton

Mayor McKeithen closed the public hearing at 9:34 p.m.

Council Member Carlson believed the parcel tax was outmoded and the need to raise it would continue every four years. The consensus view seemed to be to put the parcel tax on in November at \$750 for the 1/2-acre but less than 2-acre parcel and return to the voters in March to supplement the shortfall. Council Member Carlson favored not going to the voters in November with a parcel tax, but rather developing a comprehensive plan that met the revenue needs of the Town to put before the voters in March. The business license tax option required a 50% vote, had a better chance of passing, and should be considered.

Council Member Marsala believed 90% of the plan was in place and favored putting the parcel tax on the ballot in November. There was adequate time to put the second part of the plan together. He believed in the parcel tax because it was equitable, whereas, the business license tax option taxed nonresidents for Town services.

Council Member Janz agreed an overall plan was needed and preferred something other than the parcel tax, a supplement or replacement. Current sources of revenue were not equitable. The Audit Committee recommended updating a survey done a few years ago, and a professional team could assess what funding sources were acceptable and available to the residents of the Town. Council Member Janz was concerned with relying on increasing license fees and taxing real estate commissions as a method of supplementing the parcel tax. More information was needed to fund the Town.

Council Member Conwell favored keeping the parcel tax at the current level in as much as it had been the answer over the years. but it was not enough. An increase in the business license tax did not directly affect the residents of the Town. He favored putting the parcel tax, at the current level, on the ballot in November and returning in March with a business license tax.

Mayor McKeithen did not believe the voter would pass a parcel tax of \$1100, the actual cost to fund services. There were not many options to bring in additional revenues, and not bringing the parcel tax to the voters in November would be doing a disservice to the community. She favored putting the \$750 parcel tax on the November ballot and then formulating a plan with as many solutions as possible by looking at the political and financial realities. Researching a public utilities tax, increasing road impact fees, increasing all the building fees, increasing special event fees, and possibly changing the form of government were all possibilities to be considered.

Council discussion continued regarding various options. A \$932 parcel tax levy would maintain reserve levels mandated by ordinance and made sense from a marketing standpoint since the parcel tax was tax deductible and had not been substantially increased. Other financing options would be pursued and the parcel tax levy could be reassessed at a lower level by resolution as had been done in the past. By consensus, Council agreed to a \$930 parcel tax levy for the 1/2-acre but less than two-acre parcel.

John Sisson, Atherton, spoke from the audience.

MOTION - to adopt an Ordinance No. 549 calling an election to submit to the voters an ordinance authorizing the levy of a special tax for municipal services and for the expenditure of funds derived from such tax for FY 2005-06 through 2008-09.

M/S McKeithen/Marsala Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

City Manager Jim Robinson read into the record the schedule for Section 4 of the ordinance: No. 1 was \$560, No. 2 was \$280, No. 3 was \$710, No. 4 was \$350, No. 5 was

\$930, No. 6. was \$370, No. 7 was \$1200, No. 8 was \$600, No. 9 was \$12,500, No. 10 was \$560, and No. 11 was \$930.

Mayor McKeithen asked to receive the Piper Jaffray report in the July packet, as well as a report on the City of Los Altos' progress in its change in form of government and the Town of Hillsborough's real estate transfer tax.

REGULAR AGENDA (Item 20 and 21)

20. ADOPTION OF RESOLUTIONS PERTAINING TO THE NOVEMBER 2, 2004 SPECIAL AND GENERAL MUNICIPAL ELECTIONS AND SETTING BALLOT ARGUMENTS PROCEDURES

MOTION - to adopt Resolution No. 04-13 calling for a General Municipal Election for the purpose of electing two (2) members of the Atherton City Council and a Special Election for the purpose of submitting to the qualified voters of the Town of Atherton an ordinance authorizing the levy of a Special Municipal Tax, to be held November 2, 2004.

M/S Marsala/Carlson Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

MOTION - to adopt Resolution No. 04-14 requiring candidates to pay the prorated cost of publication and distribution of the Statement of Qualifications and specifying the length of the Statement.

M/S Carlson/Marsala Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

MOTION – to authorize the City Council as the legislative body to author and sign ballot arguments and to direct the City Attorney to prepare an impartial analysis with respect to the Special Election to be held on November 2, 2004.

M/S McKeithen/Carlson Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

21. DISCUSSION OF ALTERNATIVES RELATIVE TO A SPECIAL MUNICIPAL TAX FOR SUPPORT OF OPERATING AND CAPITAL EXPENDITURES

The item was deferred to the regular City Council Meeting of July 21, 2004.

22. PUBLIC COMMENTS

None

23. ADJOURNMENT

The meeting adjourned at 10:35 p.m.

Respectfully submitted,

**Kathi Hamilton
Interim City Clerk**

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☛ Please contact the City Clerk's Office at 650.752.0529 with any questions

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