



MINUTES
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT

June 14, 2006

6:00 P.M.

TOWN COUNCIL CHAMBERS

94 Ashfield Road
Atherton, California

Special Meeting

The meeting was called to order at 6:00 p.m.

ROLL CALL

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

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

PUBLIC COMMENTS

There were no public comments.

PUBLIC HEARINGS

1. ADOPTION OF A RESOLUTION ADOPTING THE FY 2006-07 OPERATING AND CAPITAL BUDGET

City Manager Jim Robinson noted there were four items on the agenda, three pertaining to the budget: Item No. 1 was the Operating and Capital Budget, Item No. 2 dealt with the Gann Limit, and Item No. 3 pertained to the Parcel Tax Levy. If the Council chose not to adopt the budget that evening, Item Nos. 2 and 3 would not be heard and all three items would be continued to the City Council Meeting of June 21. Item No. 4 related to developing goals and objectives for the Town. The Capital Improvement Program Project Description document was available that evening, and the Capital Improvement Program was included in Item No. 4 for the outlying years in regards to long-term financial planning. He thanked the members of the Finance Committee for their work and direction to staff regarding the budget.

Finance Director John Johns presented the staff report. He believed the Town had moved beyond certain challenges and was able to plan how to manage the Town's long-term financial position. The Finance Department put together the estimate of revenues and expenses for payroll, the Public Works Department assisted in the estimate of available resources to support the Capital Improvement Program, and all departments participated in looking at non-payroll expenses on an ongoing basis. There were three major components: 1) The Operating Budget, with emphasis on the General Fund, expected a reduction in General Fund revenues in the amount of \$400,000 for FY 2006/07, which would draw down the fund's balance by approximately \$300,000 due to an exceptional year in 2005/06, one rebate (instead of two) projected for the coming year from San Mateo County for Educational Revenue Augmentation Funds (ERAF), and a conservative estimate for building permit revenues; 2) With regard to the Intermediate Range Financial Plan, the Town was looking at drawing down the fund balance over the next several years, increasing the reserve requirements from \$3.2 million to \$4.8 million, and redirecting some of the revenues from the Parcel Tax (\$1.4 million) over the next several years from current operations to capital improvements; 3) Regarding the Capital Improvement Program, \$3.8 million was estimated to be spent on capital improvements as identified on Page 51 of the budget. Since the budget was compiled, the capital improvement projects would need to be reprioritized to deal with some unexpected emergency repairs and the rehabilitation of the Atherton Channel.

Public Works Director Duncan Jones said a portion of the Atherton Channel on Marsh Road failed due to the traffic and vibration from Marsh Road and would require some emergency repairs in the summer in order to get through the winter. A cavern had opened and could possibly wash away with a large storm. With the help of a consultant, a determination was made that the entire side of Marsh Road needed to be replaced with a retaining wall at an estimated cost of \$1 million. The Street Reconstruction Project, and perhaps the Light Pole Replacement Project, would need to be postponed, generating \$750,000. The study should be completed next month. Because the repair was supporting the street, the cost was charged to the Parcel Tax and not to the Atherton Drainage Channel District. Public Works Director Jones said he was fairly confident that the Town did not need any Army Corps of Engineer permits because the repair was in the "lined" part of the channel. The major work would not be done until next summer; however, interim repairs needed to be done during the current summer.

A discussion ensued regarding the Atherton Drainage Channel District (the District) and lack of funds for the channel. Proposition 50 created grant funds for flood control and rehabilitation projects; however the grants were not available for the lined portion of the channel. Money might be available for projects that created flood storage.

Council Member McKeithen suggested obtaining a grant writer to determine whether there was a possibility to pursue a grant that would help with the repairs over the summer and the ultimate repair next summer. Additionally, she wanted an update on the claim against P.G. and E. for the resurfacing of Selby Lane.

Vice Mayor Alan Carlson said when the District was formed, the intent was to keep the Town separate from the channel. He asked where the legal liability rested and believed the District was liable for failure to maintain the channel to such a state as to undermine an Atherton street.

City Attorney Marc Hynes said on one hand, the District could be held responsible for not maintaining the channel; however, the Town was responsible for maintaining the streets. He agreed that the Town could file a claim against the District.

Vice Mayor Alan Carlson was concerned that the District would go bankrupt because it lacked the funding to support itself. The District should pay; and if it did not have the funds, it should pursue grant funds or emergency relief funds. He requested a legal opinion as to whether the District was responsible.

Public Works Director Jones noted that FEMA would not give any money until there was a failure and that an emergency had been declared.

Vice Mayor Alan Carlson suggested the Town loan the money to the District, which would create an obligation for the District to repay the Town. Additionally, he suggested contacting State legislators to carry a bill for some relief.

Council Member McKeithen opposed constructing a culvert, favored obtaining advice on money sources, and noted that not all the people in the District had been assessed.

Mayor Marsala asked whether any of the Governor's Infrastructure Bond program could be used for the project.

City Manager Robinson said his understanding was the maximum amount the Town would receive was \$400,000; however, staff would pursue all resources for additional revenues.

Council Member McKeithen said since Marsh Road was the main road into town, it should be a main element to be considered when the Town reassessed the Road Impact Fee.

Council Member Jerry Carlson said the emergency work needed to be done during the summer before the road failed.

Council Member Janz favored contacting State legislators to find out if there was a way to "tack on" to a bill or seek a special bill for funds. He cautioned that perhaps the District could make the opposite claim that the traffic and the road were causing the wall to collapse.

Finance Director Johns said copies of the list of the Capital Improvement Program project descriptions were available and would be included in the Approved Budget. Even though \$1.4 million was being redirected from Parcel Tax proceeds over the next

four years to the Capital Improvement Program, the capital requirements of the Town dwarfed the ability to fund those projects. There was \$27 million worth of unfunded projects identified. Staff needed to identify additional resources to meet these requirements over the next several years. Finally, he noted that the Finance Committee had reviewed the budget and there was a list of open items that the Committee wanted the Council to evaluate that evening. Those items included code enforcement, the possible acquisition of a street sweeper, possible funding for expanding the scope of the Facilities Planning Study, emergency preparedness, as well as other unfunded projects.

City Manager Robinson said there were a number of unfunded park projects that were identified in the Park Master Plan. He noted there was an item on the ballot in November that would provide 1/8-cent sales tax to generate up to \$205,000 a year to the Town to facilitate some of the park projects. Road Impact Fees, General Fund money, and Parcel Tax money could be used for unfunded street and drainage projects.

Discussion ensued on the transmittal letter and included: 1) the expiration of a Federal grant funding a portion of the School Resource Officer at Menlo-Atherton High School and pursuing a greater share of funding from the City of Menlo Park. 2) The reduction of the \$33,000 estimate for replacement chairs for the Council Chambers to \$20,000, to be returned to the Council with options. 3) The funds for improvements to the park corporation yard included in the \$192,000 allocated for design work was a candidate for private funding rather than money from the Town; 4) The explanation that ERAF was a \$900,000 reduction from the Town's property tax apportionment sent to the State and was a permanent continuing contribution; however, San Mateo County cities/towns had sent an excess of \$30 million which was being rebated to the Town at \$450 to \$500 thousand per year; the rebate came to the Town in two installments, one in April and one in November based on the FY 2005/06 audit. Another audit would be performed next year with the likelihood of another installment being made to the Town, which was not included in the budget. 5) The establishment of a disaster preparedness fund in the amount of \$100,000, to reside in the budget as an intergovernmental account, as well as appointing a two-member Council committee to define the roles and responsibilities for disaster preparedness within the Town and recommendations for allocation of the funds. 6) With regard to the street sweeper, an operational justification was prepared and Council asked for the item to be considered on a future agenda (September/October) with an analysis of whether it was a cost-saving endeavor. 7) Regarding renewable energy, Council asked that the item be discussed after C/CAG's analysis of what types of general energy savings cities and counties could undertake. 8) With regard to the Human Investment Project (HIP Housing), which operated on the Peninsula, received funds from cities within the County, and dealt with projects such as homelessness and helping the elderly with reverse mortgages, home sharing, an looking for a companion, Council wanted to consider a contribution at a later date which could assist in having the Town's Housing Element approved. Council asked that an item be placed on the July agenda that outlined what organizations have asked the Town for funds, to which organizations the Town contributed funds, and what services were provided to the Town and/or the

County. As a first step, criteria needed to be developed to determine a priority for contributions. 9) Regarding Caltrain issues, the Council could be asked to contribute funds to hire a consultant for analysis of train service/schedules as representatives of the various cities become more formalized to address train issues.

Discussion and clarifications continued on department budgets. As time went on, the Town would need to draw on a greater portion of the Parcel Tax for the General Fund. Finance Director Johns believed the Parcel Tax levy, at its current level, could sustain the Town for 10 years; however most would be used to sustain the General Fund, which was not the intent. Alternatives were needed and being pursued. The total increase in the General Fund Budget was \$699,000. As part of facilities planning, staff was asked to include a recommendation for updating the Council Chambers. With regard to the Building Department and fees that might have been incorrectly assessed, Finance Director Johns said the Town would be seeking to collect any fees found to be erroneous when permits were issued. With regard to the Public Works Department, an increase of \$40,000 was recommended for temporary labor and contract services to provide for a higher level of maintenance at the park and grounds-keeping services at Town Hall. Increases in dispatching costs were attributable to filling a vacancy. Health care costs were being reviewed. Regarding the Library Special Revenue Fund, the funds were used for library operations and capital improvements. The library staff or the Town could make recommendations for expenditure of the funds.

Mayor Marsala opened the public hearing. No one came forward to speak, and Mayor Marsala closed the public hearing.

Council Member Janz had a correction to page 9 of the staff report: the fourth bullet point, second sentence, should read, “any unencumbered expenditures to be re-appropriated ~~in fiscal year 2005-06~~ from fiscal year 2005-06 in fiscal year 2006/07....”

Finance Director Johns noted two amendments: 1) to reduce appropriations in the Public Works Department by \$13,000 to reflect a reduction in the budget for the Council Chamber chairs; and 2) to increase appropriations specifically for disaster preparedness in the amount of \$100,000 and the \$20,000 already appropriated for a trailer. An additional line item would be added for disaster preparedness in the amount of \$120,000.

MOTION – to adopt Resolution No. 06-05, “A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON ADOPTING THE FISCAL YEAR 2006-2007 OPERATING AND CAPITAL BUDGET” as amended

M/S McKeithen/J.Carlson

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

2. ADOPTION OF A RESOLUTION APPROVING THE FISCAL YEAR 2006-07 APPROPRIATIONS LIMIT AND CALCULATIONS

MOTION – to adopt Resolution No. 06-06, “A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON APPROVING APPROPRIATIONS LIMIT AND CALCULATIONS FOR FISCAL YEAR 2006-2007

M/S J.Carlson/McKeithen

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

3. ADOPTION OF A RESOLUTION ESTABLISHING A SPECIAL TAX FOR MUNICIPAL SERVICES FOR THE FISCAL YEAR 2006-2007

NOTE: Ordinance No 555 approved by the voters on June 7, 2005, provided for the authorization to levy a Special Tax for Municipal Services and Capital Improvements and for the expenditure of the funds derived from the tax. The Special Tax was to commence in FY 2005-2006 and continue through June 30, 2010. Each year, following the adoption of the Budget, it is necessary to hold a Public Hearing and adopt a Resolution levying a Special Tax for Municipal Services and instructing the Tax Collector of the County of San Mateo to collect the tax rates as identified within the Adopted Resolution. Mayor Marsala opened the public hearing. No one came forward to speak, and Mayor Marsala closed the public hearing.

MOTION – to adopt Resolution No. 06- 07, “A RESOLUTION OF THE TOWN OF ATHERTON ESTABLISHING A SPECIAL TAX FOR MUNICIPAL SERVICES FOR THE FISCAL YEAR 2006-2007”

M/S McKeithen/Janz

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

4. DISCUSSION AND DIRECTION TO STAFF REGARDING THE DEVELOPMENT OF GOALS AND OBJECTIVES FOR THE TOWN OF ATHERTON

City Manager Jim Robinson said shortly after the Parcel Tax passed in 2001, Council developed a list of goals and a priority list for capital projects over a four-year period. The staff report provided a list of proposed projects through 2010. Additionally, an example of the process used years ago and a list of priorities identified were also included. At that time, the Council was asked to identify a list of priorities and each Council Member selected those that were a high priority; the highest priority item received a “3,” the middle priority received a “2,” and the lowest priority received a “1.” A number of items had been completed. Council needed a work session to determine where the Town was currently and where it would be in four years, not only in terms of capital projects but also operationally. City Manager Robinson reported on the status of the prior list of goals:

- 1. Establish Objectives and Identify Funding sources for El Camino Real and Other Drainage Improvements: Completed for the Atherton Drainage Channel, not for El Camino Real.**
- 2. Establish a Strategy for the Atherton Channel Upgrade, Repairs and Long-Term Maintenance: A great deal had been accomplished.**
- 3. The Valparaiso Study and Implementation of Appropriate Recommendations: Completed.**

4. **The Housing Element: Not an accomplished goal.**
5. **Developing a Long-Term Financial Plan: Completed but needed evaluation every year.**
6. **Review and Revise the Strategic Park and Recreation Plan: Completed.**
7. **Establish a Strategy for Maintaining a Full Staffing for the Police Department that Currently Exists: Somewhat completed and continually evaluated.**
8. **The Needs Assessment for Town Facilities: Some items completed and a proposal to evaluate further needs was underway.**
9. **The Town Home: Money budgeted for improvements.**
10. **Town-wide Street Striping Improvements: Completed.**
11. **The General Plan Review and Update: A great deal had been done; however the required five-year review was not completed.**
12. **Volunteer Recognition: A policy was not yet established, recognition occurred at Council Meetings, and an event was contemplated.**
13. **The Strategic Plan for Town Computer Technology Needs: Accomplishments in the Finance and Police Departments, needs in the Building Department.**
14. **Update the Atherton Resident Handbook: Completed.**
15. **Revise and Update the Commission and Committee Handbook: Completed.**
16. **Construction Noise Control Techniques: Ongoing.**
17. **Revise Employee Personnel Rules and Procedures: Not done.**
18. **Review and Revise the City Council Rules of Procedures: Completed.**
19. **Updating the Municipal Code: Ongoing; however, an overall analysis was needed.**

Council Member McKeithen suggested that staff review the list, determine what had been accomplished, identify those items that were ongoing, as well as those items that were not accomplished. She and other Council Members would add to the list and staff should prepare a revised list that Council could prioritize. Council Member McKeithen wanted to add the following:

1. **Develop Alternative Funding Sources for the Town Budget that were Non-Parcel Tax Funding Sources;**
2. **A Drainage Plan;**
3. **Prioritization of Giving and Membership Support to Various Groups;**
4. **Code Enforcement;**
5. **Emergency Preparedness;**
6. **Specific Facility Architectural Insight, Plans, and Funding Sources;**
7. **Grant Resource Person;**
8. **Alternative Power Sources;**
9. **Caltrain Service Issues;**
10. **Town Home Renovations; and**
11. **Building Department Operations Review.**

Vice Mayor Alan Carlson agreed. He believed one thing was lacking; an institutionalized review of the list at least twice a year.

Council Member Janz said he would like a “running list” of those items the Council wished to review on a monthly basis.

Council Member Jerry Carlson suggested that staff reports include what might be the contrary opinion to the staff recommendation. He also thought it was important to consider a reengineering process throughout the Town such as occurred in the Finance Department.

Direction to staff: Determine what items had been accomplished, identify those items that were ongoing, as well as those items that were not accomplished, and add those items suggested by Council. Return the list to Council to review for additions or changes and then schedule a meeting to prioritize the list.

A brief discussion took place regarding possible team-building opportunities for the Council and City Manager.

5. ADJOURN

Mayor Marsala adjourned the meeting at 9:00 p.m.