

Town of Los Altos Hills

City Council Regular Meeting Minutes

April 9, 2009

Council Chambers, 26379 Fremont Road

CALL TO ORDER, ROLL CALL, AND PLEDGE OF ALLEGIANCE

Mayor Mordo called the City Council Regular Meeting to order at 7:00 p.m. in the Council Chambers at Town Hall.

Present: Mayor Jean Mordo, Mayor Pro Tem Dean Warshawsky,
Councilmember Breene Kerr, Councilmember Rich Larsen, and
Councilmember Ginger Summit

Absent: None

Staff: City Manager Carl Cahill, City Engineer/Public Works Director Richard Chiu, Finance Director Nick Pegueros, Planning Director Debbie Pedro, City Attorney Steve Mattas, and City Clerk Karen Jost

APPOINTMENTS AND PRESENTATIONS

1. Donor Wall Donation- Karen Druker

Resident and Town volunteer Art Curator Karen Druker addressed Council. She spoke of her appreciation and fondness for the Town of Los Altos Hills and the wonderful community experiences she and her family have enjoyed as Town residents. Mrs. Druker added that she was pleased to be able to play a part in assisting the Town in completing its first public art project, the Town Hall Donor Wall.

Mayor Mordo, on behalf of the Council, accepted Mrs. Druker's check and thanked her for her generous donation.

2. Administration of Oath to Community Emergency Response Team Volunteers

Public Safety Officer Steve Garcia introduced the Community Emergency Response Team Volunteers (CERT). The 36 resident volunteers had completed 20 hours of training and were the second graduating class of the Town's and Los Altos Hills County Fire District's Emergency Response and Preparedness Program. Garcia thanked the Fire District for underwriting the cost of the training program and the equipment provided to the volunteers.

The City Clerk administered the Loyalty Oath to the volunteers and thanked them for their commitment to the community.

The Council thanked the volunteers and acknowledged the key role they could potentially play in an emergency.

3. Council Member Appointment to the VTA Policy Advisory Committee

MOTION SECONDED AND CARRIED: Moved by Summit, seconded by Kerr and passed unanimously to appoint Councilmember Rich Larsen to serve as the Town's representative on the Santa Clara Valley Transportation Authority's Policy Advisory Committee.

4. Appointment to the Standing Water Conservation Committee- (3 Vacancies)

MOTION SECONDED AND CARRIED: Moved by Summit, seconded by Larsen and passed unanimously to appoint resident Richard Johnson to the Standing Water Conservation Committee for a term of four years.

CONSENT CALENDAR

MOTIONED SECONDED AND CARRIED: Moved by Kerr, seconded by Larsen and passed unanimously to approve the items on the consent calendar; specifically:

5. Approval of Meeting Minutes: City Council Regular Meeting – March 26, 2009

For the record, City Attorney Steve Mattas clarified his statement which appeared on page 2, paragraph 4. It should read "Additionally, the City Attorney would review the feasibility of the two applicants serving in an "ex officio" role on the Committee if it was determined that the appointment was incompatible.

6. Adoption of Ordinance No. 515: Amending the Zoning Map to Apply the Zoning Designation of R-A (Residential-Agricultural) on Approximately 12.79 Acres of Land at the End of La Loma Drive Bounded by the Town of Los Altos Hills to the West, North and East. (Motion to Waive Further Reading and Adopt the Ordinance)

PRESENTATIONS FROM THE FLOOR

No public comments.

UNFINISHED BUSINESS

7. Update on Town Goals

- Emergency Preparedness

Discussed in conjunction with Agenda Item #2. No additional reports given.

- Environmental Initiatives

No report given.

- Parks and Recreation Assets and Programs

Mayor Mordo reported that he and several members of the City Council had attended the Los Altos/Los Altos Hills Little League “Opening Day Ceremony”. Due to the condition of the Town’s playing fields, the event had been held at Egan Middle School, Los Altos. Staff reported that the dedication/opening of Purissima Hills Park was scheduled for Sunday, May 3rd.

Councilmember Larsen reported that he, Councilmember Kerr, City Engineer Richard Chiu and City Manager Carl Cahill had biked on the new pedestrian/bicycle path on El Monte Road by Foothill College. He noted that the path was nearing completion and very impressive.

Mayor Mordo reported that a meeting had been scheduled with Foothill College representatives to discuss the feasibility of the Town’s use of the practice field for soccer programs. Soccer associations would be contacted if there was any support from the school for the proposal. Councilmember Kerr suggested that lengthening the playing area to a full size soccer field should be investigated if the proposal moved forward.

- Sewers and Infrastructure

Mayor Mordo questioned if the former Ad Hoc Sewer Committee had been approached to re-visit the sewer expansion study. Councilmember Larsen noted that to date they had not been contacted. It was suggested that the group be re-activated to investigate sewer issues.

Councilmember Kerr provided a brief update on AB 811. In addition to the legislation providing financing options for solar projects, it could potentially be used for sewer infrastructure expansion. The Town has developed a priority project list to assist the lobbyist.

8. 5-Year Financial Forecast (Verbal Report – Staff: N. Pegueros)

Finance Director Nick Pegueros introduced the agenda item to Council. Staff was currently in the process of preparing next year’s budget and given the current economic climate, he commented that it was appropriate to provide Council with an update on the Town’s fiscal condition. For evaluation purposes, Pegueros had prepared a five-year financial forecast.

Pegueros proceeded with a PowerPoint Presentation. He noted that the General Fund revenue and expense chart (1995-2015) was a high level overview and did not include transfers to capital and special funds. At this time, expenses were not expected to exceed revenue in the near future. Pegueros identified the elements that drive the Town’s fiscal conditions. Property taxes and interest earnings were major movers affecting the Town’s revenues; with transfers to other funds and CalPERS pension rates identified as key contributors to the Town’s expenses.

Property taxes provided 57% of the Town’s total General Fund revenues. Pegueros reviewed the actual and projected assessed valuations for Los Altos Hills’ properties. The projection reflected a conservative forecast for assessed values during the next five years. Pegueros noted that given the uncertainty of economic conditions, the

conservative forecast outlined in the report was the most prudent. Drivers of property taxes included the assessor's annual CPI adjustment; new construction and improvements valuation; and the sale of properties. Identified threats to property tax revenues were assessment appeals and the possibility that the State of California might move to balance its budget deficit using local monies. This fiscal year the Town had not been adversely affected by the State's budget. The worse case scenario if Proposition 1A failed to pass would be an \$850,000 impact to the Town.

Pegueros explained that the Town's tax consultant had projected a possible reduction of assessed valuations in 2010 with a potential loss of \$32,000 in tax revenue. However, this reduction should be offset by the assessor's increase in CPI adjustments to property taxes. The overview of the Town's assessed property valuations indicated that two-thirds of the residences were assessed at a value below the 2008 median sales price of a LAH home. Pegueros offered that this reaffirmed the potential that it was highly possible there would be growth in the assessed valuations of Town properties.

Pegueros reviewed the Town's portfolio's interest earnings. The Town has benefited from the professional management of the portfolio with profitable rates of return. However, as the portfolio matures, the reinvestments will most likely be impacted by lower interest rates with a decrease in the overall yield. It was noted that shorter maturities could be an option for the investment vehicles. An additional issue that could affect the Town's revenues was the underfunded CalPERS Pension fund. The maximum downside to the Town was approximately \$100,000. The expectation was to have a better understanding of the issue in July when CalPERS fund balances were reported.

Pegueros explained that even given the conservative projections, at this time there did not appear to be a need to draw down from the operating fund balance. Additionally, the fiscal condition would improve if property taxes or interest earnings exceeded the very conservative estimates of the report. In reviewing the funds reserved for emergencies ("rainy days") Pegueros suggested that Council consider increasing the balance annually.

Pegueros offered that Council comments and input on his report would be incorporated into the draft budget and forwarded to Council at their scheduled budget study session in May.

OPENED PUBLIC COMMENTS

John Harpootlian, resident, complimented Finance Director Pegueros on his presentation. He was appreciative that the Town's money was being invested safely and had weathered the economic storm.

CLOSED PUBLIC COMMENTS

Council Discussion:

Council thanked Pegueros for his report. Council consensus was that even with the conservative approach used by the Finance Director to prepare the forecast; the Town was in "fairly good" financial shape. At this time, there was no posed jeopardy to any of the Town's current programs or projects that had been funded. Council consensus was to

increase the emergency fund and requested a proposed formula to annually increase the fund.

Councilmember Kerr suggested that during the upcoming budget review, Council consider reducing the annual paving allocation for this year given the likelihood that paving costs would be high and contractors committed to projects due to the stimulus programs. Any federal funds the Town received could be used to make up the difference in the expenditure.

NEW BUSINESS

9. Consideration of Pilot WEB-Based Survey Program (Staff: N. Pegueros)

Finance Director Nick Pegueros introduced the item to Council. In conjunction with the Town's webmaster, Snow Technologies, staff had worked to develop a pilot web-based survey program. The goal of the program was to assess the feasibility of an alternative to, but not necessarily a replacement of, the current paper survey process. The key areas of evaluation for the proposed program would be user friendliness, accessibility, survey question development protocols, and gaming safeguard.

The expectation was to launch the program by the end of the fiscal year. The results of the pilot program would allow staff to make a recommendation to the City Council on the long-term viability of using web-based surveys.

OPENED PUBLIC COMMENTS

John Harpootlian, resident, supported the proposal and offered that as outlined, the survey had the potential to provide accurate results.

CLOSED PUBLIC COMMENTS

PASSED BY CONSENSUS OF THE CITY COUNCIL: Council supported the development of the pilot web-based survey program and directed staff to move forward with the project.

PLANNING COMMISSION REPORT

Planning Director Debbie Pedro reported that the Housing Element survey had been completed and sent out to all residents in a town-wide mailing. To date, the Town had received 1,043 returned surveys. The survey results supported the belief that a majority of the Town's second units were being rented out below market rate. Pedro noted that with the confirmation, the Town would continue to use second units to meet the State's affordable housing requirement. The Housing Element subcommittee was scheduled to meet again in May with the final draft document scheduled for Public Hearings before the Planning Commission initially and then the City Council in June.

Pedro reported out on the actions of the Planning Commission at their April 2, 2009 Meeting. Five Public Hearings had been reviewed by the Commission. They included the Conditional Use Permit reviews for the David and Lucile Packard Foundation and

AT&T Wireless at the Little League fields. The two CUP reviews were unanimously recommended for approval and would be forwarded to Council for their consideration at the next April 23rd meeting. The Commission had also considered three requests for Site Development Permits. They included: a request for a setback and grading variance for Lands of Kroot on Moody Court which was unanimously approved; a request for a new residence on Vinedo Lane (Lot 1) unanimously approved with additional conditions; and, a request for a new residence on Vinedo Lane (Lot 3) which was continued by a 3-1 vote with direction to the applicant to relocate the house further from the setbacks to reduce the amount of paving. Pedro noted that the staff reports and conditions of approval for the projects would be forwarded to the City Council by the City Clerk.

Councilmember Kerr requested clarification on the status of the Vinedo Lane-Lot 1 approval. Pedro reported that staff had received inquires on the appeal process but the project had not been appealed.

Councilmember Kerr, for the record, stated that he was appealing the Planning Commission approval of Lands of Gavra, Lot 1 (Vinedo Lane).

REPORTS FROM COMMITTEES, SUB-COMMITTEES, AND COUNCILMEMBERS ON OUTSIDE AGENCIES

Mayor Pro Tem Warshawsky reported that he and Councilmember Rich Larsen had met with resident Mark Breier to discuss his concept for connecting school age kids in Town. There was a consensus of the Council to hear Breier's proposal at the next Council meeting.

Mayor Mordo reported that as a member of the Los Altos-Los Altos Hills Joint Community Volunteer Committee he had met with the committee to discuss reorganization options. The draft By-Laws that govern the group would be forwarded to the City Council for their review at the April 23, 2009 meeting.

Mayor Mordo reported that the North County Library Authority was discussing the feasibility of a new parcel tax to finance the books and library hours for the Los Altos library. The current parcel tax will sunset in approximately 18 months.

Councilmember Rich Larsen reported that John Harpootlian and he had met with a representative of the Santa Clara Valley Water District.

Councilmember Larsen reported that two members of the Environmental Initiatives Committee had submitted their resignations and that the Committee might be returning to Council in the near future for direction. Councilmember Kerr noted that the Committee had been very successful in meeting their goals. The previous Public Education Committee had similar tribulations when they had met their objectives. Kerr suggested that the Council be supportive of the Committee. He suggested that it was important for the Committee to identify projects that could be proposed for grant funding from the Department of Energy. This included the energy audit program that had been developed.

STAFF REPORTS

Finance Director

- Status Report on Grant Funding (Verbal Report – Staff: N. Pegueros)

Councilmember Kerr reported that he had been working with staff and the Town's consultants (lobbyists) Manatt, Phelps and Phillips to investigate possible stimulus funding (federal loan guarantees) for the Town's initiatives. With regards to California Energy Commission grants, Kerr offered that there was a possibility of the Town partnering with neighboring jurisdictions for the home energy audit program. Kerr had requested a set of talking points from the lobbyist that could be used with local government representatives. He spoke to the importance of the lobbyists remaining focused on high probability projects.

Finance Director Nick Pegueros reported that staff, as noted by Councilmember Kerr, was working with a consultant to identify and develop a comprehensive strategy to pursue stimulus funding. Given the many unknowns surrounding federal programs, most agencies were currently focusing on the rules and application processes. Pegueros requested Council consideration of appointing an Ad-Hoc Committee that would include Councilmember Kerr to review the variety of issues in the development of strategic plan. City Manager Carl Cahill spoke to the importance of being judicious with the Town's money and given the high hourly rate for the lobbyist, he felt it was important to have Council input to ensure that staff was working in the right direction.

MOTION SECONDED AND CARRIED: Moved by Warshawsky, seconded by Summit and passed unanimously to appoint Councilmembers Kerr and Larsen to serve as the Council's representatives on an Ad Hoc Committee to assist the lobbyist and staff in the development of a strategic plan for identifying potential grant and stimulus funding.

City Manager

City Attorney

City Clerk

No additional reports were given.

COUNCIL INITIATED ITEMS

No items were agendized for discussion.

ADJOURNMENT

There being no further business, the meeting was adjourned by consensus of the City Council at 8:55 p.m.

Respectfully submitted,

Karen Jost
City Clerk

The minutes of the April 9, 2009 meeting were approved as presented at the April 23, 2009 regular City Council meeting.