



**MILLBRAE CITY COUNCIL
MILLBRAE REDEVELOPMENT AGENCY
MINUTES
November 22, 2011**

CALL TO ORDER MILLBRAE CITY COUNCIL AND REDEVELOPMENT AGENCY

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

ROLL CALL: Mayor/Agency Chair Daniel F. Quigg, Vice Mayor/Agency Vice Chair Marge Colapietro, Council/Agency Members Gina Papan, Nadia V. Holober and Paul Seto

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

CEREMONIAL/PRESENTATION

NONE

1. **AGENDA OVERVIEW/STAFF BRIEFING**

- Informational Report Regarding Bills, Claims, and Payroll
- Report out from Closed Session - NONE

City Manager Marcia Raines reviewed the agenda items.

City Attorney Joan Cassman addressed the Close Session item that was held on November 15, 2011. She stated it was a matter of pending litigation and no action was taken, but Council gave authority and instructions to the attorneys.

2. **APPROVAL OF MINUTES**

NONE

3. **ORAL REPORT FROM CITY COMMITTEE/COMMISSION CHAIRS**

NONE

CITIZEN COMMUNICATION

Louise Velazquez, Millbrae resident, is concerned with public safety and encourages the City Council to take all issues (safety and budget) into consideration when negotiating the contract with the San Mateo Sheriffs Department. She would like to see the Police Department volunteers to be kept under Millbrae's organization since they add value to the community and keep the City safe.

CONSENT CALENDAR

4. Council Consideration to Cancel December 27, 2011 Meeting
5. Acceptance of Senior Health Fair Donation

Upon a motion/second by Holober/Colapietro the consent calendar items were unanimously approved.

PUBLIC HEARING

6. Resolution to Approve a Clean Energy Project with Siemens

Public Works Director Ron Popp updated the Council on the Clean Energy Project with Siemens. At the previous meeting, Council gave direction to staff to move forward with constructing five facility improvement measures (FIMs) which include interior/exterior lighting, irrigation, street lights, heating, ventilation, and air conditioning system (HVAC), and a solar system. A technical evaluation has been completed which will provide the basis for a contract.

Mr. Popp addressed the guarantees that are associated with each FIM and stated that staff is only recommending pursuing some of the guarantees since the cost to do the verifications can exceed the potential saving. The areas that will be verified will be the HVAC and solar system for a period of 3 years.

The project would be done in two phases. Phase 1 would consist of interior/exterior lighting, irrigation, HVAC, and street lighting. Phase 2 would be the solar system, which would come back to Council for approval in January when it will be exempt from CEQA requirements.

The project will be internally financed from funds other than the General Fund. The internal loan would be repaid from rebates and operational savings over a period of 20 years. After costs have been recouped savings would be reflected in the City's transportation and General funds.

Staff emphasized the importance of design immunity for all improvement measurements, but specifically requested approval of "Exhibit 2" for street lighting. Staff requested delegation of design review authority be granted to the City Manager or designee for all remaining systems since those designs are not completed.

If Council approves the resolution, the Notice of Exemption would be filed and the financing documents and contract would be executed when ready and approved by the City Attorney. Anticipated construction would be in early 2012.

City Attorney Joan Cassman emphasized the importance of design immunity because it provides the basis for getting out of future allegations, lawsuits, and torts with claims of improper design. She also stated a contract prepared by the City is currently being reviewed by Siemens.

Council discussed the Clean Energy Project and the following issues:

- Delegation of authority to staff;
- Lifespan of improvements;
- Guarantees;
- Pre-construction and post-construction measurements;
- Funding;
- HVAC to be a separate bid;
- Long term cost savings;
- Loan payback;
- Energy savings penalties;
- Warranties;

Staff informed Council that:

- The proposed delegation of authority for design immunity would be granted to either the City Manager or designee;
- The lifespan for the improvements would be approximately 20 to 25 years;
- Pre and post construction measurements provide a comparison of before and after to ensure savings;
- The guarantee ensures overall savings or Siemens must reimburse the City; funding would be subsidized from funds other than the General Fund (i.e. enterprise and transportation funds) and would be paid back over a period of 20 years through rebates, energy savings, and operational savings;
- Inclusion of HVAC improvements means a greater long term payback;
- Siemens will also provide the design, construction services;
- There are currently no penalties for not meeting energy savings, but future State laws would change this.

Kelly Fergusson, Siemens' Project Leader, informed Council that the total cost is at a fixed rate and includes the program management, development, design, insurance, bond, and guarantees. The guarantees ensure energy savings, water savings, and system capabilities. If this is not achieved, the City would be compensated for the difference. She addressed the HVAC system and explained the former bid did not fully address the air handling system and that without it, the City would not achieve the energy savings needed to self fund the project or achieve the reduction of green house emissions. Lastly, she addressed warranties and stated that they vary by facility improvement measure and equipment; warranties would be included in the contract.

Mayor Quigg opened the public hearing.

Begin Public Comment.

Joseph Graff, Millbrae resident, does not feel that this project should be approved since the City does not have the funding. He feels a 10 to 20 year guarantee for a project is too long. Mr. Graff recommended placing the project out for bidding.

Louise Velazquez, Millbrae resident, feels there are remaining issues that need to be addressed and that the project should go out to bid.

End of Public Comment.

Upon a motion/second by Colapietro/Papan the public hearing was closed.

Council thanked the public for their comments.

Council discussed the following:

- Number of proposals
- Grants, rebates, and federal sourcing
- Prevailing wage project
- Design authority to the City Manager

Public Works Director Ron Popp stated the project has not gone out to bid and State law does not require competitive bidding for energy savings projects. If bidding were to occur the City would have to outsource someone to create a design for each FIM. He noted that a letter of intent has been signed with Siemens and part of the project would have to be completed or the City would need to pay Siemens for their investment in preparing the technical report.

Ms. Fergusson stated that there are anticipated rebates for the project which will be monitored by both and that Siemens is not aware of any available federal grants.

Council encouraged staff to look into all possible rebates and credits.

Staff noted that the project will comply with prevailing wages.

Councilmember Holober requested that Council maintain design review authority.

City Attorney Joan Cassman recommended returning to Council in January when all remaining FIM designs are ready to be approved, but emphasized the importance of approving the street light immunity tonight. She also noted that the resolution needs to be revised to reflect \$1.63 million since the solar system will be approved at a later date.

Upon a motion/second by Colapietro/Quigg Council adopted Resolution No. 11-43 approving a Clean Energy Project with Siemens, Building Technologies Division, with the correction to the Resolution to reflect \$1.63 million and the postponement of the design review authority, by a vote of 4:1, Councilmember Seto dissented due to the cost increase to replace the HVAC system.

OLD BUSINESS

NONE

NEW BUSINESS

7. Reappointment to the San Mateo County Mosquito Abatement District Board of Trustees

City Manager Marcia Raines presented the report asking Council to reappointment Leon Nickolas as the City's representative to the San Mateo County Mosquito and Vector Control District Board of Trustees for a four year term. She stated that Mr. Nickolas has been Millbrae's representative since 1996 and has requested reappointment.

Upon a motion/second by Papan/Colapietro Leon Nickolas was unanimously reappointed as the City's representative to the San Mateo County Mosquito and Vector Control District Board of Trustees.

COUNCIL COMMENTS

Councilmember Seto:

- Congratulated the new Councilmembers and encouraged the runner-ups to run again;
- Thanked participants who attended the Town Hall Meetings;
- Announced the 20th Annual Tree Lighting Ceremony on December 3, 2011 at 5 pm.;
- Wished everyone a great holiday.

Councilmember Holober:

- Gave precautions to those who are deep frying turkeys;
- Announced that the San Mateo County Library Joint Powers Authority is restructuring their department and no new positions are being created;
- Announced that Councilwoman Pierson from Contra Costa County was elected as the new Vice Chair of the Association of Bay Area Governments;
- Wished everyone a Happy Thanksgiving.

Councilmember Papan:

- Congratulated the Cub Scouts and Boy Scouts on collecting food for the needy and encouraged everyone to donate;
- Thanked former Chair Linda Koelling and former Manager Christine Maley-Grubl for their services on the Peninsula Traffic Congestion Relief Alliance. She requested a resolution be given to each of them;
- Requested that the meeting be closed in honor of Denis O'Connor who passed away on November 19, 2011;
- Wished everyone a Happy Thanksgiving.

Vice Mayor Colapietro:

- Requested a condolence letter be sent to the O'Connor family;
- Wished everyone a Happy Thanksgiving;
- Attended the recent High Speed rail meeting and announced that a planning process draft was accepted for the Peninsula Rail Corridor;
- Attended the San Mateo County Council of Cities Meeting in Redwood City and the presentation was on climate concerns;
- Announced that new Councilmembers will take their Oath of Office on December 13, 2011;
- Announced that the Senior Center will be hosting a special December event with bingo games, a luncheon and live music on December 14, 2011;
- Attended the 2011/2012 Allen and Ruth Stein Educational Assistance Awards Luncheon. Cheryl Perez, Dolores Lia resident, was awarded a scholarship through the program;
- Announced that out of 750 "Seniors on the Move" members, 300 are from Millbrae;
- Announced the Senior Health Fair will be on January 28, 2012

Mayor Quigg:

- Wished everyone a Happy Thanksgiving;
- Announced that the SFPUC will be increasing water rates after the Hetch Hetchy project is completed.

ADJOURN CITY COUNCIL AND REDEVELOPMENT AGENCY

There being no further business to discuss the City Council and Redevelopment Agency adjourned at 9:15 p.m. in memory of Denis F. O'Connor.

/s/ Angela Louis
City Clerk

/s/ Daniel F. Quigg
Mayor