



**MILLBRAE CITY COUNCIL
MINUTES
July 11, 2017**

CALL TO ORDER MILLBRAE CITY COUNCIL

Mayor Holober called the meeting to order at 7:10 p.m.

ROLL CALL: Mayor Reuben D. Holober, Vice Mayor Gina Papan, Councilmembers Ann Schneider and Wayne J. Lee. Councilmember Oliva was excused.

PLEDGE OF ALLEGIANCE TO THE U.S. FLAG

1. **CEREMONIAL/PRESENTATION**
 - NONE
2. **AGENDA OVERVIEW/STAFF BRIEFING**
 - Report of Bills and Claims

City Manager Raines reviewed the agenda items and recommended that the minutes be pulled for staff review.

3. **APPROVAL OF MINUTES**
 - Regular Meeting of January 10, 2017
 - Regular Meeting of June 13, 2017
 - Regular Meeting of June 27, 2017

The minutes were pulled for staff review.

4. **ORAL REPORT FROM CITY COMMITTEE/COMMISSION CHAIRS**
 - NONE

PUBLIC COMMUNICATION

Al Arnolfo, Millbrae resident, spoke about the homes on his street that are not being maintained by residents. The drought was an issue, but is not an excuse to let house go. Does the City Council know about this, and can there be consequences?

Wynn, Grcich, Hayward resident, spoke on SB 649 regarding cell phone tower on utility poles in front of homes; these will cause brain tumors.

CONSENT CALENDAR

5. Appointments to City Commissions and Committees

Upon a motion/second by, Papan/Lee, Consent Calendar item 5 was unanimously approved.

PUBLIC HEARING

6. Public Hearing to Establish New Clean Bay Charges and Updating Resolution No. 15-35

Upon a motion/second by Papan/Schneider, the public hearing was opened.

Project Manager Steele presented the report. The Clean Bay notice was sent out 45 days prior to the public hearing, and rates are subject to a majority protest. There are 6,807 parcels in Millbrae and 3,404 are needed for a majority protest. Mr. Steele stated that tonight's discussion does not include or address sewer rates. He introduced Alex Handler of Bartel Wells, who assisted the City with the Clean Bay report.

Council inquired:

- Where do auxiliary dwelling units fit in; do they connect to the existing line;
- What about boarding houses;
- What winter year rates were charges based on and what is the formula that the rates were based on;
- How does this impact the recently adopted MSASP Development Impact Fees;
- We are seven years into the Consent Decree, what has been done with the fees collected;
- What is causing the overflows;
- What is proposed to be done with the SSO charges;
- What will we replace the sewer lateral with;
- These fees are not substantially different from previous fees – will we have sufficient fees.

Staff responded:

- One sewer lateral serving the unit is one unit – if the property is zoned as R-1 it is one unit;
- There should be no boarding houses; this is a Code Enforcement issue. If there is misuse of the zoning, it would need to be addressed through Code Enforcement;
- The charges are based on winter rates and are based on reasonable estimates. Table 7 on page 9 discusses the formula used to calculate the rates;
- The MSASP Development Impact Fees are paid by the developers at time of building permit issuance. Once the buildings are built, the residents/tenants would pay the fees;
- The current fees go towards the ongoing maintenance of the system and we have a lot of work ahead of us to be in compliance by November 2018;
- During the rainy season, water gets into the ground and enters the sewer system via cracks in the aging infrastructure and causes the overflows. Multi-lateral hook-ups also cause overflow;
- The SSO charges are being used to replace aging pipes and aging infrastructure;
- The City is using high-density polyethylene (HDPE) pipe, a seamless pipe to replace the aging sewer pipes;
- The fees will remain in place until the program is completely funded. The City will sell bonds and as the bonds get paid off, costs will go down unless there are residual costs.

Begin public comment.

Joseph Graff, Millbrae resident, what he is hearing about tonight is ridiculous. Charges seem to go on and on. On a fixed income, only two members in the house and is being penalized for this. There has to be accountability. What are we spending on? Water goes downhill and goes the bay, we need to have clean drinking water. Council should vote no on this.

Bonnie Patton, Millbrae resident, concerned about the increases; this will double my bill. Objects to the increase.

Marge Colapietro, Millbrae resident, has two protest letters to submit. Item 6 was over 30 pages and item 7 was over 60 pages, there was not enough time to read through everything. Maybe Council can consider item 7 at the next July meeting. Recommended that residents sign up for e-notification to receive information on upcoming meetings. The City has a program that if residents qualify for the CARE program they can get a 25% decrease.

Deanna Stauffer, Millbrae resident, what about the new developments, will they pay these charges. Do not see this incorporated in the plan, more residents, and more runoff. How is it fair to have a one person dwelling pay more than a multi-family dwelling.

Bill Flanagan, Millbrae resident, how many houses in Millbrae have their own laterals to the street, how do you calculate this? Is there a system of holding tanks for the runoff? When point of sale of property, who is responsible for tie in to the street, and why?

Stephanie Wong, Millbrae resident, no timeline for the plan. The funding will stop when the construction project stops. What we are paying for is dependent upon many factors.

End of public comment.

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

Project Manager Steele stated that there is no time limit on water or sewer rates, they are no different than other utility charges. They are separated in the books and audited, and will be reported out to the Council. The fee is only used for the purpose it is collected for and nothing else.

Council inquired:

- Assuming that \$50 million is the cost, how long will it take to pay off;
- How do residents know where their cleanout is;
- Does BART pay water/sewer rates;
- Can we put a 10 year limit on this with a bond;
- Would like to staff to provide status updates on the projects.

Staff responded:

- This would be a 30 year time frame. The charge would step down as the bond issues occur;
- Residents should look for a circular box at the back of the property line, in some areas there is an "S" stamped into the curb;
- If BART is a water and sewer customer they are paying water and sewer rates;
- If rates lapse for 10 years, we will not be able to go to the bond market and we will be in violation of the Consent Decree;
- Staff can update the Council on the progress of the projects.

Councilmember Schneider stated that she would like for an update to come to the Council every year.

Mayor Holober stated that language could be included in the resolution that there would be a report out to Council every year.

Council recess at 8:35 p.m. to count the protest letters.

Council reconvened at 8:50 p.m.

City Clerk Louis reported that 295 protest letters were received prior to checking for duplicates.

City Attorney Cassman stated that a majority protest was not received.

Upon a motion/second by Papan/Lee, Resolution No. 17-31 approving and adopting Clean Bay Charges and replacing Sanitary Sewer Overflow Charges adopted in Resolution 15-35 was unanimously approved with the revision to the resolution to include language of a yearly report out to the Council.

7. Public Hearing to Consider Updates to Monthly Water Service Consumption Charges and Updating Exhibit A to the Millbrae Municipal Code Section 8.05.660

Project Manager Steele presented the report. The City held three public workshops regarding the City's water infrastructure. Water rates have not been raised since 2013-2014 and revenues have declined. Since 2009, SFPUC water charges have increased and the City has not raised rates accordingly; in 2016, the City spent \$3.4 million on water purchases. The water utility has had to draw down on reserves to pay for operations, maintenance costs, and capital improvements. Staff presented options to deal with water utilities and an adequate schedule is to replace 2.0 - 2.1 miles of pipe per year and to replace water tanks immediately over the next five years. To fund the 2 miles per year, it will cost approximately \$3 million annually and the rate increase would go into effect over five years. This is a steep increase, but given the age of the infrastructure it is long overdue. Millbrae is primarily residential and does not have a large commercial base, so there is no commercial base to help spread the cost. A five year rate plan was mailed out in the notice: from \$68.00 to \$106.00. There would be a 30% increase in the first year. Millbrae rates are amongst the lowest rates today, and the proposed rates would bring Millbrae just above the median rate. Cities with higher rates have higher residential bases and low commercial bases; Millbrae has a high residential base. There is a CARE program in place for a 25 % discount for a fixed portion of the rate charge. A notice was mailed out to all property owners and residents 46 days prior to the public hearing. Water rates are subject to a majority protest and if there is no majority protest, the rates will go into effect on July 15, 2017.

Upon a motion/second by Papan/Lee, the public hearing was opened.

Some members of the Council noted that the water system is 60 years old and that the longer maintenance is deferred, the more expensive it will be to fix.

Council inquired:

- Who sets the seismic standards for the water tanks;
- What are the water meter ratios and if a customer has their meter replaced will they have higher rates due to meter accuracy;
- Would like to see staff come back with a proposal for a 2% replacement per year instead of a 2.8%;
- What is the separate fire service charge.

Staff responded:

- Seismic standards are set in the building codes;
- The new rates are in line with the American Water Association Standards. All meter ratios are brought in line with the standards and all customers pay their fair share;

- At one of the public workshops, staff brought forward a 2% replacement per year which would take 50 years to complete and would bring water bills up to \$97 over five years. Council received an overall financial projection, not a detailed budget; if we delay projects, construction costs will increase;
- Some water utility customers have separate fire service, such as the school districts.

Begin public comment.

Laura Smith, Millbrae resident, heard a lot about how much is needed to cover costs; no study was done on price hikes on usage. What can residents do to minimize this? Need to separate out the supply and demand, and separate the SFPUC charge similar to the sewer charges. Separate so that residents know what they are paying for.

Joseph Graff, Millbrae resident, why were things not done in the past, there should have been accountability. We should be more accurate as to what the projections are. We need to stay within our means. We know these things have to get done and be practical about it. Work on a better system.

Nader Rabahat, Millbrae resident, agrees that infrastructure needs to be replaced and asked Council to look at the numbers. The costs are too high and this will hurt everyone.

Amjad Dawoud Millbrae resident, how much will be the total bill be for each customer. Has a low income and tried to get discount; he sent a letter to the City, but could not quality. His wife is on dialysis, and he pays \$450 per month.

Bonnie Patton, Millbrae resident, agrees that something needs to be done with the upgrade, this increase is disheartening, too much money; let it be in phases. Do not raise rates this high. Can the City use general fund money to pay for infrastructure?

Marge Colapietro, Millbrae resident, asked the Council to take the Mayor's recommendation to look at other options. For low income residents, they can go onto the PGE website and qualify for a discounted rate. In the resolution, points B and C are confusing. For the amounts of money talked about would like to see this item come back to the Council annually and be up to the City Council to approve.

Todd Repp, Millbrae resident, matter of trust is at the heart of this. No question about needing infrastructure upgrades, need to fix the problems of the past. There is an elephant in the room, employee attrition, do we have the staff to undertake this project, and the financial audit problems were glossed over. Look at an advisory committee for water. Should look at privatization, now is the right time. Assumption of passage of future bonds, would like to understand the projections better.

Bill Clark, Millbrae resident, water/sewer it is all the same. Looking at a 30 year bond, our infrastructure is collapsing and everything is a retrofit. There are costs and there are also cost overruns. The usage is the usage, why are we adding costs. Understand that it costs more to run the system. We conserve and rates go up. When we talk about the age of the system, do not hear anything about a moratorium, the infrastructure cannot keep up with the demand.

Joe Teresi, Millbrae resident, spoke in support of the measure. We need to have a safe and reliable water system in the City. The cost is reflected in the rates, don't like it but this is the reality. We are late, we should have started incremental increases rather than the big hit. Supports the idea of an infrastructure committee and hope that the current level of staff is able to work on this for a detailed purpose and it is fair, it is based on the cost of service.

Cynthia Lari, Gatepath, Burlingame, her children live in Millbrae. Crime prevention is what drains your wallet. Justice is costly and time is of the essence.

Al Arnolfi, Millbrae resident, vicious circle. Increase in water rates discourages use of water. Make a separation as suggested by other speaker to know what we are paying for, similar to sewer charges. Keep water rates lower and have separate bill for infrastructure.

April Yang, Millbrae resident, new resident and neighbors around her are on fixed income, will have to decide whether to pay bill or eat. What is fair?

Bart Willis, Millbrae resident, good points made by other speakers. Loss of Police Department, lawns turning brown, lost confidence in Council. Take into consideration, the lack of pervious Councils to act. Council works for us, do all you can to make this better and regain the trust of residents.

End of public comment.

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

Mayor Holober stated that it was his preference to continue the discussion to a future meeting and to have staff bring forward options that are not as dramatic as those proposed. He also stated that he would like for staff to bring back a report that address the questions of the Council and the residents.

Councilmember Lee stated that the Council needs to take action. We should look at the CARE program, maybe threshold is too low and needs to go up.

Vice Mayor Papan agreed with the Mayor regarding continuing the discussion to a future meeting. Council needs to know if we have enough staff to accomplish these projects. We need more discussion on the CARE program. She stated that she liked the comment about separating out the charges on the water bill.

Councilmember Schneider stated that she would like the bill to show more information, it currently shows usage and connection fees. She stated that PGE has a lower rate for people with medical issues; can the City do a water rate for people with medical issues? Information about the CARE program should be listed on the water bill. She also requested information on how much it would cost to be part of BAWSCA's yard replacement program.

Mayor Holober inquired if the rates were separated out, would the City need to resend out notices?

City Attorney Cassman stated that changing the methodology would require new noticing. If the Council continues this discussion and the rates are equal to or below what was noticed, then the City does not have to re-notice.

It was the consensus of the Council to bring this item back to a future meeting.

EXISTING BUSINESS

NONE

NEW BUSINESS

NONE

COUNCIL COMMENTS

In the interest of time, the Council decided to forgo their comments.

CLOSED SESSION

Conference with Legal Counsel – Anticipated Litigation
Closed Session held pursuant to Government Code §54956.9 (d) (4)
One potential Matter

ADJOURN CITY COUNCIL

There being no further business to discuss, the City Council adjourned at 10:20 p.m.

/s/ Angela Louis
City Clerk

/s/ Reuben D. Holober
Mayor