

**MINUTES  
SARATOGA CITY COUNCIL RETREAT  
SARATOGA PROSPECT CENTER  
JANUARY 25, 2013**

Mayor Jill Hunter called the meeting to order at 9:04 a.m.

**ROLL CALL**

PRESENT Council Members Chuck Page, Manny Cappello, Howard Miller,  
Vice Mayor Emily Lo, Mayor Jill Hunter

ABSENT: None

ALSO PRESENT: Dave Anderson, City Manager  
Richard Taylor, City Attorney  
Crystal Bothelio, City Clerk  
John Cherbone, Public Works Director  
Mary Furey, Finance and Administrative Services Director  
James Lindsay, Community Development Director  
Michael Taylor, Recreation and Facilities Director  
Monica LaBossiere, Human Resource Manager  
Christopher Riordan, Senior Planner  
Mainini Cabute, Administrative Analyst II

**REPORT OF CITY CLERK ON POSTING OF THE AGENDA**

City Clerk Crystal Bothelio reported that pursuant to Government Code 54954.2, the agenda for this meeting was property posted on January 17, 2013.

**COMMUNICATIONS FROM COMMISSIONS & PUBLIC**

**Oral Communications on Non-Agendized Items**

Library Commissioner Steven Schlosser recommended that the street sweeping schedule be adjusted to occur more frequently during the fall months when trees drop leaves and cause storm drain obstructions when it rains. Street sweeping could be reduced during other months when there are fewer fallen leaves.

**AGENDA TOPICS**

**1. FINANCE OVERVIEW**

**MID-YEAR BUDGET STATUS:**

Finance and Administrative Services Director Mary Furey provided a mid-year status report on the Fiscal Year (FY) 2012/13 budget. She shared that the City has seen an increase in revenues from property taxes, franchise fees, transient occupancy taxes, construction taxes, development revenues, and a reimbursement from the Sheriff. As a result, revenues are expected to be higher than initially projected.

## 5-YEAR FORECAST:

Finance and Administrative Services Director Mary Furey then presented a 5-year forecast to the City Council, including budget assumptions and an explanation of the conservative forecasting model used by the City.

## PUBLIC COMMENT:

Library Commissioner Steven Schlosser suggested that the City consider less conservative investments.

## FISCAL MANAGEMENT POLICIES:

Finance and Administrative Services Director Mary Furey presented the proposed fund balance reserve policies. She explained that prior to this revision, the policies were silent on all but the General Fund reserves and the General Fund reserve descriptions were limited in definition and scope. The revisions include a more complete written description and purpose for each of the reserves. Additionally, some of the reserve fund names and classifications have been changed to comply with Government Finance Officers Association standards.

Council Member Miller added that the Finance Committee spent a considerable amount of time reviewing the policies, including their respective purposes and conditions that would warrant use of the various reserves. Careful attention was paid to cash flow requirements during emergency situations.

Finance and Administrative Services Director Mary Furey provided an overview of the three new General Fund reserve policies – Compensated Absences Reserve, Council Discretionary Reserve, and Facility Replacement Reserve.

City Manager Dave Anderson provided additional information about the need for a Facility Replacement Reserve and shared that Recreation and Facilities Director Michael Taylor is in the process of obtaining an appraisal of City buildings. With the estimated value of City buildings and approximate replacement costs, the City can slowly set aside money in the Facility Replacement Reserve that can be used to pay for replacement costs if any City buildings are replaced in the future.

Council Member Miller stated that the City has not had a practice of using bonds to pay for large facility improvement or replacement projects. The Facility Replacement Reserve may reduce or eliminate the need for a loan or bond should City buildings need to be replaced. He added that the reserve policy is not meant for facility replacement in the near future. It is a long-term policy that will allow for any necessary building replacements far in the future.

Council Member Page raised concerns about the differences between the Facility Replacement Reserve under Proposed General Fund Reserves and the Building Maintenance Fund and Vehicle and Equipment Replacement Fund under the Internal Service Fund Reserves. He asked that the descriptions more clearly distinguish between reserves used for operational and cash flow purposes from those that will build over time for known unfunded costs in the future.

Council Member Page also asked that the conditions that allow use of reserve policies be reasonable, so that reserves can be used for their intended purposes when needed.

Council Member Miller suggested that the Finance Committee analyze the correct funding amount for reserves based on their purpose and identify reserves that serve similar functions that can be combined.

**PUBLIC COMMENT:**

Library Commissioner Steven Schlosser shared his observation that the differences between private and public sector policies on benefits have become more tilted.

**COUNCIL DIRECTION:**

Council directed the Finance Committee to:

- Clarify the definitions of reserve funds from operational funds.
- Analyze the appropriate funding level for the various reserve funds
- Identify potential overlap among funds and consolidate funds when possible
- Return with revised fiscal management policies at the April 22, 2013 Budget Study Session

**FUND BALANCE ALLOCATIONS:**

Finance and Administrative Services Director Mary Furey discussed the following proposed fund balance allocations:

- Hillside Reserve - \$300,000
- Compensated Absence Reserve - \$200,000
- CalPERS Side Fund Payoff - \$225,000

Council Member Miller indicated that he supported the recommended fund balance allocations.

Mayor Hunter said she was in support of the staff recommendations.

Vice Mayor Lo said she was in agreement with the proposed fund balance allocations.

Council Member Page said he was also in favor of the proposed fund balance allocations returning to the City Council for approval during the mid-year budget adjustments scheduled for February 6, 2013.

Council Member Cappello added that he was supportive of the proposed fund balance allocations.

Finance and Administrative Services Director Mary Furey discussed proposed mid-year revenue and expenditure adjustments, which are scheduled to go before Council for approval on February 6, 2013.

Recreation and Facilities Director Michael Taylor shared a pro bono conceptual plan for the Civic Theater prepared by a local architect. He explained that a more detailed master plan would cost roughly \$60,000, which would include a public engagement process and more refined cost estimates for implementation of the plan.

Council Member Miller observed the conceptual plan eliminated options for an orchestra pit and stated he would like the plans, if Council authorizes development of a master plan, to include an orchestra pit.

Council Member Page shared that he hopes that, if approved, the master plan would enhance the theater-going experience. Improving conditions for Council Meetings is not as high of a priority.

**COUNCIL DIRECTION:**

- Council directed staff to include the following in the mid-year budget adjustments:
  - o Hillside Reserve - \$300,000
  - o Compensated Absence Reserve - \$200,000
  - o CalPERS Side Fund Payoff - \$225,000
  - o Proposed revenue adjustments
  - o Proposed expenditure adjustment
- Add the Civic Theater Master Plan to a future City Council meeting

**2. COMMUNITY DEVELOPMENT DEPARTMENT WORK PLAN**

Community Development Director James Lindsay presented his report on the proposed work plan items for the Community Development Department, which include updating the general plan noise element and ordinance, recommendations from the Planning Commission, retail sale of wine and beer for offsite consumption, and miscellaneous code amendments.

PROPOSED 2013 PLANNING COMMISSION WORK PLAN

Community Development Director James Lindsay provided an overview of the items that the Planning Commission would like to add to its work plan for 2013, which include an update to the Residential Design Handbook, a review of building height limits in the C-V and C-N zoning districts, new residential front yard landscape standards, and stronger residential green building standards.

*RESIDENTIAL DESIGN HANDBOOK*

Council Member Cappello shared that he thought any changes to the Residential Design Handbook would need to be carefully balanced so that the Handbook does not become too restrictive or flexible. He also expressed concern that an update to the Residential Design Handbook would consume a significant amount of time.

Planning Commission Chair Tina Walia shared that her goals for the update to the handbook are to provide homeowners with some flexibility, establish a simple process that does not prescribe specific design styles for all residential neighborhoods, and allow the Commission to make more objective, fair, and consistent decisions.

Council Member Howard Miller echoed Council Member Cappello’s concerns, stating that he feared an update would result in prescribed style for homes. He also said he worried the handbook would become a means by which residents block projects from happening.

Planning Commissioner Joyce Hlava added that she felt that the Commission, with the guidance of the Community Development Director, would be able to complete the update in a timely manner.

Council Member Chuck Page concurred with the issues raised by Council Member Cappello and Council Member Miller about the potential to create a de-facto house design through the update of the handbook. He asked how the update process would work and if there would be site visits or outreach meetings.

Community Development Director James Lindsay responded that staff and the Planning Commission would review best practices of other cities, tour the City for good examples, hold study sessions that are widely publicized to the public, and then return to the Council with a recommendation.

Council Member Chuck Page also said he feared the update to the guidelines could be used to stop new projects from happening.

Mayor Jill Hunter inquired about the benefit of an update handbook to staff.

Planning Commissioner Mary-Lynne Bernald added that when residents are opposed to a project, they usually voice concerns about impacts to their privacy. Complaints about design features are far less common.

Planning Commission Chair Tina Walia shared that the Planning Commission struggles with what it means for a design to be compatible with a neighborhood. She hopes the update will help bring some clarity to what this means.

Council Member Miller stated he would support adding the update to the Residential Design Handbook to the Planning Commission's work plan, but requested that the Council discuss specific direction to the Commission before the Commission begins the update process.

Council Member Cappello said he felt that some findings are intentionally subjective, allowing the Planning Commission to exercise its best judgment and allow for some flexibility for special circumstances.

Council Member Page added he felt the guidelines should only refer to the exterior of a residential building, provide examples of elements that allow a home to fit into a neighborhood, and better illustrate what unreasonable interference with privacy means.

#### *BUILDING HEIGHT LIMITS IN THE C-V AND C-N ZONING DISTRICTS*

Mayor Jill Hunter asked if a review of building height limits in the C-V and C-N zoning districts would include provisions for public input and participation.

Community Development Director James Lindsay said that there would be 1 or 2 study sessions on the topic and the City would conduct targeted outreach to the communities near the C-V and C-N districts.

Council Member Miller supported including review of building height limits in the C-V and C-N zoning districts in the Planning Commission's work plan.

#### *NEW RESIDENTIAL FRONT YARD LANDSCAPE STANDARDS*

Council Member Miller noted he worried that creation of front yard landscape standards could become too restrictive.

Planning Commissioner Mary-Lynne Bernald shared that the Commission would not necessarily require all front yards to include green lawns. However, it would be helpful to have some provision to require designs to include some plans to break up concrete frontages.

Planning Commission Joyce Hlava added that she is not interested in prescribing particular landscape types or styles. However, she would like the City to have something that require property owners to have some landscaping in their front yard.

### *STRONGER RESIDENTIAL GREEN BUILDING STANDARDS*

Council Member Miller wondered if homeowners who exceed minimum green building standards could be recognized and if there is a way to incentivize going above and beyond the minimum requirements.

Planning Commissioner David Reis observed that people responded well to the City's green building point system.

Council Member Page added that many builders recognized the value of following green building standards as it saved money and appealed to clients. He also stated an interest in incentivizing exceeding green building standards instead of requiring builders to meet new standards imposed by the City.

Council Member Cappello raised concerns that stronger green building standards would increase project costs.

Council Member Lo asked about the timeline required to implement increased green building standards.

Community Development Director James Lindsay said it could be done by the end of the year, when the City adopts the new State Building Code.

Council Member Lo said she supported the proposed Planning Commission work plan, with the exception of the stronger green building standards. She stated that she preferred to allow property owners and builders to voluntarily exceed the minimum standards required by the State. She also emphasized the importance of neutrality during the Planning Commission's decision process on the other work plan items. She said she did not want to see more restrictions or for City standards to become too flexible.

Council Member Miller restated that he supported all the proposed Planning Commission work plan items.

Council Member Cappello said he was also in support of adding the proposed items to the Planning Commission work plan. He emphasized the importance of public involvement in the review of building heights in the C-V and C-N zoning districts. He added that he preferred review of height limits before the Residential Design Handbook.

Council Member Page concurred with Council Member Cappello and added that he would like to see updates to the green building standards emphasize incentives and acknowledgement.

Mayor Hunter shared that she feared it would be very difficult to make changes to the height limits in the C-V and C-N zoning districts and encouraged the Planning Commission to thoroughly review the matter. She also said she was in support of the review of the Residential Design Handbook.

### **COUNCIL DIRECTION:**

Council directed staff to add the following items, listed according to priority, to the Planning Commission work plan:

- 1) Noise Element/Ordinance

- 2) Review of Building Height Limit in C-V and C-N Zoning Districts
- 3) Update to Residential Design Handbook
- 4) Residential Front Yard Landscape Standards
- 5) Green Building Standards

### RETAIL SALE OF WINE AND BEER FOR OFFSITE CONSUMPTION

Council Member Page stated that he felt retail sale of beer and wine could be permitted when it meets certain criteria, such as when it is an incidental to the main purpose of the business. The City might be able to achieve this by allowing retail sale of beer and wine as a permitted use when no more than 500 square feet or 25% of the floor space, whichever is less, is dedicated to beer and wine sales.

Council Member Miller said he liked Council Member Page's suggestion.

Council Member Cappello said he was interested in Council Member Page's suggestion.

Mayor Hunter she was not in favor of allowing beer or wine sales as a permitted use. She shared her concerns that it will become too easy for people to obtain alcohol.

Community Development Director James Lindsay sought clarification to see if Council would like to include limits on the hours of operation for businesses that sell wine and beer as a permitted use.

Both Council Member Cappello and Council Member Page said that they did not feel limitations on hours of operation were necessary.

### **COUNCIL DIRECTION:**

The Council directed the Planning Commission to return to the Council with a recommended ordinance allowing retail sale of beer and wine as a permitted use when no more than 500 square feet or 25% of the floor space, whichever is less, is dedicated to beer and wine sales.

### MISCELLANEOUS CODE AMENDMENTS

Council Member Miller indicated he was in favor of moving forward with the proposed miscellaneous code amendments presented by staff.

Council Member Cappello also said he was supportive of the miscellaneous code amendments recommended by staff.

Council Member Page suggested that the definition of a medical office in the City Code should align with the definition used by the sanitary districts that serve Saratoga. He also asked that changes in the definition of kitchen and single dwelling in the City Code refer to kitchens inside a residence, as opposed to outdoor kitchens.

Council Member Miller echoed Council Member Page's concerns that changes in the definition of kitchen would cause outdoor kitchens to trigger conflicts with the definition of a single dwelling.

Vice Mayor Lo asked if there was an interest among the Council in consideration of a single use/plastic bag ban, similar to the ban that took effect in San Jose.

## **COUNCIL DIRECTION:**

Council directed staff to include the proposed Miscellaneous Code Amendments in the Community Development Department Work Plan. The Miscellaneous Code Amendments include:

- Update National Pollution Discharge Elimination System References
- Right of Entry to Inspect Abandoned Vehicles
- Update Definition of Tobacco Products in Chapter 15 – Zoning Regulations
- Basements – Geotechnical Review & Light Wells
- Single Family Home Kitchen Definition
- Appeal Period of a Recommendation issued by the Heritage Preservation Commission
- Medical Office Professional Office Definitions
- Clarification to Non-Conforming Structures
- Clarification of Administrative Design Review of Major Additions
- Story Poles Requirement Clarification
- Limitation on Temporary Special Event Signage

## **LUNCH**

The City Council took a break for lunch at 12:30 p.m.

### **3. PROCESS OPTIONS FOR STRATEGIC PLANNING**

The City Council concluded its lunch break and returned to the meeting at 1:00 p.m.

City Manager Dave Anderson presented a brief report on strategic planning process options.

Council Member Miller recognized that conducting a strategic plan in accordance with International City/County Management Association (ICMA) best practices would involve considerable public participation and would be an expensive project.

Planning Commissioner Joyce Hlava shared that the City used to conduct a planning process with the Commissions every year. The process was similar to what the Commissions now do to prepare work plans.

Mayor Hunter shared that while the community is very diverse and each member of the Council seems to represent a unique segment of the community, she has always believed that there has been a shared belief that Saratoga is a respite from the rest of Silicon Valley.

Council Member Cappello commented that all the members of the Council seem to have their own vision of what Saratoga should be. However, the City has never undergone a formal strategic planning process that included the community. A formal strategic planning with public participation and conducted in accordance with ICMA best practices is really the best way to define a vision for the City. The process may be expensive, but is something the City should do when all of the General Plan elements have been updated and are current.

Mayor Hunter remarked upon the time commitment of strategic planning, which she experienced as a School Board Member.

Council Member Miller noted that while the City's mission statement was prepared in the 1990s, it still seems to resonate with the members of the Council. However, if the City prepared a strategic plan with

extensive community involvement then the Council would know whatever goals, mission statements, or values that come out of the process are a reflection of the community.

Council Member Lo stated that if the City were to create a strategic plan, then she felt the plan should be revisited and revised every 10 years.

Planning Commission Mary-Lynne Bernald suggested adding the City's mission statement to the City website.

Council Member Miller asked to include the date of adoption with the mission statement on the City's website.

**COUNCIL DIRECTION:**

The City Council directed staff to schedule the strategic plan to take place after all the elements of the General Plan, including the Noise Element and Housing Element, are current. Additionally, staff was directed to seek grant funding for the strategic plan.

At 1:30 p.m., the City Council took a 15-minute recess.

**4. DREAM OUTSIDE THE BOX: WHAT DO WE WANT FOR SARATOGA IN THE FUTURE?**

City Clerk Crystal Bothelio introduced the ideation exercise.

Audience members were invited to write down their ideas for the future of Saratoga down on index cards then insert them into a bucket. After all the ideas were collected, all of the cards were read out loud and some of the submissions were discussed.

**5. RETREAT WRAP UP**

Mayor Hunter and City Manager Dave Anderson provided an overview of the Council direction received during the Council Retreat.

**FINANCE OVERVIEW – COUNCIL DIRECTION**

FISCAL MANAGEMENT POLICIES:

Council provided direction to the Finance Committee and staff to:

- Clarify the definitions of reserve funds from operational funds.
- Analyze the appropriate funding level for the various reserve funds
- Identify potential overlap among funds and consolidate funds when possible
- Return with revised fiscal management policies at the April 22, 2013 Budget Study Session

FUND BALANCE ALLOCATIONS AND MID-YEAR BUDGET ADJUSTMENTS:

Include the following in the mid-year budget adjustments:

- Hillside Reserve - \$300,000
- Compensated Absence Reserve - \$200,000
- CalPERS Side Fund Payoff - \$225,000
- Proposed revenue adjustments
- Proposed expenditure adjustment

Council also directed staff to add the Civic Theater Master Plan to a future City Council meeting agenda.

## **COMMUNITY DEVELOPMENT DEPARTMENT WORK PLAN – COUNCIL DIRECTION**

### **PROPOSED 2013 PLANNING COMMISSION WORK PLAN**

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- 1) Noise Element/Ordinance
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### **MISCELLANEOUS CODE AMENDMENTS**

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- Story Poles Requirement Clarification
- Limitation on Temporary Special Event Signage

## **PROCESS OPTIONS FOR STRATEGIC PLANNING – COUNCIL DIRECTION**

Council directed staff to schedule preparation of a strategic plan to take place after all of the General Plan elements have been updated and are current, including updates to the Noise Element and Housing Element, and seek grant funding for the strategic plan.

### **ADJOURNMENT**

The meeting was adjourned at 3:00 p.m.

Minutes respectfully submitted:

Crystal Bothelio, City Clerk