

There was also considerable discussion regarding the necessity to increase the tax rate for the Municipal Sewer Tax in 07-08 (the budget proposes a 3.44% increase). A majority of Councilmembers supported freezing the tax rate at the 06-07 level for 07-08. Staff cautioned that not increasing the sewer tax rate in 07-08 would significantly impact available funding for Phase VI and VII of the Sewer Rehabilitation Program, thus necessitating a significant increase in the tax rate in the future and/or requiring a future General Fund subsidy. Staff stressed that it is common municipal practice not to fund sewer rehabilitation projects from general fund subsidies. The Vice Mayor countered that in light of the City's extraordinary revenue situation as a result of greater than anticipated transfer tax revenue, consideration be given to allocating \$250,000 of this surplus revenue to the Sewer Fund to off-set the loss of revenue from not increasing the sewer tax rate in 07-08.

The City Administrator stated that June 18 is the scheduled date for the second public hearing and Council adoption of the FY 07-08 budget. However, only three Councilmembers will be present on June 18. The Council discussed alternative dates, with a majority preferring that budget adoption be scheduled on the Council's June 11 special meeting agenda (the special meeting is a joint meeting with the School District regarding the Civic Center Master Plan).

**Utility
Undergrounding
Policy**

Per Council direction of May 21, the City Clerk submitted for Council review and approval revisions to the City's Utility Undergrounding Policy.

On a Motion by Councilmember Barbieri, Seconded by Councilmember Chiang and Unanimously Carried, the Council agreed to extend tonight's meeting to 11:35 p.m. in order to complete agenda consideration.

Public testimony was received from:

George Childs reiterated his May 21 misgivings regarding using Rule 20A funds for Rule 20B private undergrounding projects.

The Council reviewed the revised draft, suggesting several additional changes, including:

- Add language under the Policy section indicating that *indirect costs associated with staff time in processing undergrounding projects will be funded from the General Fund*
- Add language *citing the state law provisions which require that liens will be filed within a month following Council approval of the district.*
- Add language indicating that state law allows the Council full discretion to approve a district if a majority of the weighted ballots cast favor district formation.
- The Vice Mayor to submit his revisions directly to the City Clerk

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The Council requested that the revised policy be submitted for Council review and approval on July 2.

On a Motion by Councilmember Barbieri, Seconded by Vice Mayor Friedman and Unanimously Carried, the Council agreed to extend tonight's meeting to 11:45 p.m. in order to complete agenda consideration.

Future Items

Municipal Tax Review Committee – Councilmember Keating requested that the Municipal Tax Review Committee analyze Piedmont's property values and how these values affect Piedmont's tax base. Councilmember Chiang responded that this could be a difficult task but will relay Councilmember Keating's request to the Committee.

ANNOUNCEMENTS

Water Conservation—The Vice Mayor encouraged residents to heed the EBMUD's request to conserve water this summer given last year's very dry winter.

Centennial Celebration – The Mayor thanked members of the Centennial Committee for sponsoring the June 2 *Bagpipe Tattoo Centennial Celebration*. The event was great fun and included a century community photo and a 100+ ft. birthday cake.

ADJOURNNENT

There being no further business, Mayor McEnroe adjourned the meeting at 11:45 p.m.