TOWN OF HILLSBOROUGH

San Mateo County

Thomas M. Kasten, Mayor
Catherine U. Mullooly, Vice Mayor
D. Paul Regan
John J. Fannon
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1600 Floribunda Avenue
Hillsborough, CA 94010

A G E N D A

MONDAY, April 10, 2006
4:00 p.m. SITE VISIT
5:00 p.m. STUDY SESSION
6:00 p.m. CITY COUNCIL MEETING
Hillsborough Town Hall

SITE VISIT (4:00 p.m.)

- 1 Mountain Wood Lane

STUDY SESSION (5:00 p.m.)

- Review of the proposed budget for fiscal year 2006-2007

REGULAR CITY COUNCIL MEETING (6:00 p.m.)

I. PLEDGE OF ALLEGIANCE

II. ROLL CALL

III. MINUTES: March 13, 2006

IV. PROCLAMATION:

- West Nile Virus and Mosquito and Vector Control Awareness Week, April 24-30, 2006

V. PRESENTATION:

- Certificate of Achievement for Excellence in Financial Reporting Award: Government Finance Officers Association

Recess the regular meeting and convene a meeting of the Hillsborough Public Improvement Corporation (HPIC)

A. CALL TO ORDER

B. ROLL CALL

C. MINUTES: March 13, 2006 (Approval of minutes)

D. ADJOURN - Meeting of the Hillsborough Public Improvement Corporation and reconvene to the regular City Council meeting

Reconvene to Regular City Council Meeting

VI. CONSENT CALENDAR:

The Consent Calendar includes routine items, which do not require discussion. A Councilmember may remove an item for discussion, and any member of the audience may request a Councilmember to remove an item for discussion. The items are approved in one motion.

1. MONTHLY CLAIMS: MARCH 1 THROUGH MARCH 31, 2006

2. QUARTERLY TREASURER'S REPORT

3. QUARTERLY INTEREST RATE PRODUCTS (SWAP REPORT)

4. ORDINANCE AMENDING SECTIONS 13.32.105 AND 13.34.030 OF THE HILLSBOROUGH MUNICIPAL CODE TO MODIFY SEWER CONNECTION FEES AND SERVICE CHARGES EFFECTIVE JULY 1, 2006

5. RESOLUTION SETTING THE AMOUNT OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION FOR FISCAL YEAR 2006-2007

6. RESOLUTION ADOPTING THE BUDGET ADJUSTMENTS FOR FISCAL YEAR 2005-2006

7. RESOLUTION ACCEPTING THE FISCAL YEAR 2006 SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND

8. RESOLUTION APPROVING THE CSG SERVICE ORDER FOR ADDITIONAL ENGINEERING DESIGN FOR THE EL ARROYO WATER TANK REPLACEMENT PROJECT

VII. NEW BUSINESS:

9. RESOLUTION ADOPTING A RISK MANAGEMENT POLICY

10. RESOLUTION APPROVING THE CONTRACT WITH JMB CONSTRUCTION, INC. FOR THE EL ARROYO TANK REPLACEMENT PROJECT

11. RESOLUTION APPROVING THE DISADVANTAGED BUSINESS ENTERPRISE (DBE) PLAN FOR STATE AND FEDERALLY FUNDED PROJECTS

12. PRESENTATION REGARDING THE SELECTION OF AGGREGATE MATERIALS FOR STREET PROJECTS

13. REQUEST DIRECTION FROM THE CITY COUNCIL REGARDING THE STREETLIGHT ON EDGECOURT DRIVE

14. HILLSBOROUGH BEAUTIFICATION FOUNDATION SURVEY FOR UNDERGROUNDING UTILITIES

VIII. PUBLIC HEARING:

15. CONSIDERATION OF THE FINAL ARCHITECTURE AND DESIGN REVIEW OF PLANS FOR A NEW HOUSE OVER 8,000 SQ. FT. IN SIZE AT 1 MOUNTAIN WOOD LANE; Mr. and Mrs. Steve Herbert, Applicants

16. FUNDRAISING EVENT PERMIT APPLICATION 06-04 FOR THE PARCA AUXILIARY LUNCHEON AND FASHION SHOW FUNDRAISER AT 350 WEST SANTA INEZ AVENUE

17. RESOLUTION ADOPTING THE BUDGET FOR FISCAL YEAR 2006-2007

18. RESOLUTION SETTING AND CONFIRMING THE FEES AND CHARGES FOR FISCAL YEAR 2006-2007

19. RESOLUTION APPROVING THE CONSTRUCTION VEHICLE IMPACT FEE AND SETTING THAT FEE AT 0.69% OF REPORTED VALUATION

IX. DISCUSSION:

20. PRESENTATION REGARDING THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY'S CONTRACTOR SELECTION PROCESS FOR SOLID WASTE AND RECYCLING COLLECTION SERVICES AND TO OPERATE THE SAN CARLOS TRANSFER STATION

X. PUBLIC COMMENT:

Under Government Code 54954.3, members of the public have the right to address the City Council on any matter within the Council's jurisdiction. However, the Council may not take action on any non-agenda item (except in emergency circumstances). Before addressing the Council, speakers are requested to complete a yellow speaker's card and submit it to the City Clerk. Please come to the podium, state your name and address, limit remarks to 3 minutes, and do not repeat comments by other speakers.

XI. CITY COUNCIL ITEMS:

This section of the agenda provides the City Council an opportunity to ask questions on any project of interest. No action can be taken on any item not on the agenda.

XII. ADJOURN

SPECIAL ACCOMMODATIONS:

If you need a disability-related modification or accommodation, including auxiliary aids or services, to participate in the City Council meeting, or if you need an agenda in an alternate form, please contact the City Clerk's Office at 375-7412 at least 24 hours before the scheduled City Council meeting.

MINUTES:

A copy of the unapproved minutes will be made available the Friday before the next regularly scheduled City Council meeting. Once minutes are approved by the City Council they will be made available the following day. City Council Agendas and approved minutes are available at the Town's website, www.hillsborough.net.

AGENDA – REPORTS

HILLSBOROUGH CITY COUNCIL
Monday, April 10, 2006
6:00 p.m.
Hillsborough Town Hall
1600 Floribunda Avenue, Hillsborough

CONSENT CALENDAR:

1. MONTHLY CLAIMS: MARCH 1 THROUGH MARCH 31, 2006 (Finance Director)

Summary: The monthly claims for the month of March 2006 in the amount of $2,223,657.01 are submitted for approval.

Recommendation: Approve the monthly claims for March 2006 as submitted.

2. QUARTERLY TREASURER'S REPORT (Finance Director)

Summary: The Government Code 53646(b) requires that the Quarterly Investment Report be rendered to the City Council during public session within 30 days of the quarter's end.

Recommendation: Approve the quarter ending March 31, 2006 Treasurer's Report.

3. QUARTERLY INTEREST RATE PRODUCTS (SWAP) REPORT (Finance Director)

Summary: Pursuant to Government Code Section 5922(a) and the Town's Interest Rate Mitigation Policy, a quarterly report providing the status of all interest rate products will be provided to the City Council on a quarterly basis.

Recommendation: Accept the Interest Rate Products Report for the quarter ending March 31, 2006.

4. ORDINANCE AMENDING SECTIONS 13.32.105 AND 13.34.030 OF THE HILLSBOROUGH MUNICIPAL CODE TO MODIFY SEWER CONNECTION FEES AND SERVICE CHARGES EFFECTIVE JULY 1, 2006 (Finance Director)

Summary: Changes to the sewer connection fees and service charges require a modification of the Hillsborough Municipal Code. A 12% rate increase for sewer connection and service charges consistent with the recommendations presented to the City Council on the issuance of a new $12M bond issue to continue the enterprise's capital improvement program.

Recommendation:

1. Introduce and waive the first reading of the ordinance; and

2. Set June 12, 2006 as the public hearing date to consider adoption of the ordinance.

5. RESOLUTION SETTING THE AMOUNT OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION FOR FISCAL YEAR 2006-2007
(Finance Director)

Summary: The Special Tax approved by the citizens of the Town of Hillsborough in 1998, allows for an annual rate adjustment equal to a 2% increase each year to a maximum of an accumulated 15% increase, from the original maximum fees of $496 for each improved parcel and $190 for each unimproved parcel. The 15% ceiling pegged at $570 and $218 are set for the fiscal year 2006-2007. Annual revenues are projected at $2,228,560.

Recommendation: Adopt the resolution setting the amount of the public safety tax for fiscal year 2006-2007.

6. RESOLUTION ADOPTING THE BUDGET ADJUSTMENTS FOR FISCAL YEAR 2005-2006
(Finance Director)

Summary: In recent years, staff reported to the City Council the status of the Town's budget and requested mid-year budget adjustments.

During the current year, the Town received some unexpected revenues; however, some revenues such as the building permits are expected to come under projections leaving the Town net additional revenues of $435,100.

In the previous years, in an effort to balance the budget, the Town was not able to appropriate transfers towards the account intended to fund Other Post Employment Benefit (OPEB) liability. In anticipation of complying with Governmental Accounting Standards Board (GASB) No. 45 that requires recognizing and funding the liability, staff recommends that these funds be appropriated towards this.

Additionally, Public Works finds a need for additional engineering services and requests additional appropriation of $50,000 for contractual services. Staff projects enough savings in the other general fund departments to cover this.

Included in the agenda packet is a detailed list of above budget adjustments.

Recommendation: Adopt the resolution adopting the budget adjustments for fiscal year 2005-2006.

7. RESOLUTION ACCEPTING THE FISCAL YEAR 2006 SUPPLEMENTAL LAW ENFORCEMENT SERVICES FUND (SLESF) (Police Chief)

Summary: Since the 1996/1997 budget years, the Town has been receiving various annual amounts of Citizens Options for Public Safety (COPS) Supplemental Law Enforcement Services Fund (SLESF) at the end of the respective calendar years. During the last quarter of these past years, the City Council has passed resolutions to accept these grant funds so the Police Department can make purchases of equipment to enhance and supplement front line police services.

The Police Department is eligible once again to receive $100,000 in SLESF for fiscal year 2006. It is the intention of the Police Department to use this funding to secure equipment, technology, salaries and program supplies. These efforts will enhance front line municipal police services and community crime prevention programs.

Upon the approval of this agenda item, the Finance Department will send a copy of the resolution to the San Mateo County Controller's Office to release the grant funds to the Town.

The FY06 SLESF cannot be used to supplant existing budgets or the General Fund.

Recommendation: Adopt the resolution accepting the $100,000 offered through the State SLESF grant and approve the use of these monies to fund the purchase of equipment, technology, salaries and program supplies, which will enhance front line municipal police services and community crime prevention programs.

8. RESOLUTION APPROVING THE CSG SERVICE ORDER FOR ADDITIONAL ENGINEERING DESIGN FOR THE EL ARROYO WATER TANK REPLACEMENT PROJECT (Public Works Director)

Summary: CSG has submitted a proposal for the additional design services to revise plans, specs and estimate for the El Arroyo Water Tank Replacement Project. The additional scope covered by this work order includes the following:

- Add approximately 500 linear feet of additional water line for a new connection from the new tanks to the existing distribution system on Eucalyptus Avenue.
- Provide water quality analysis by studying the circulation and turnover rate in the existing tanks.
- Pipe bursting of approximately 150 linear feet of existing 8" water line with new high-density polyethylene pipe.
- Provide demolition and reconstruction plans for rehabilitation of the existing pump house.
- Provide arborist study of all the existing trees on the tank site.
- Revise construction documents for bid and distribution, including reproduction and distribution of the plans and specifications.
- Assist the Town staff in bid evaluation.

Recommendation: Adopt the resolution approving the CSG service order in the total amount of $55,300 and authorize funds from the 2003 Water and Sewer Bond.

NEW BUSINESS:

9. RESOLUTION ADOPTING A RISK MANAGEMENT POLICY (Assistant City Manager)

Summary: The Town is a member of the Association of Bay Area Governments Pooled Liability Assurance Network (ABAG PLAN). Last year ABAG conducted a Risk Control Survey of participating cities and outlined the areas of greatest exposure. The data was used by ABAG to create a "best practices" program in which participating cities adopt policies, guidelines and ordinances necessary to assist with identifying, measuring and controlling loss exposures. The Town of Hillsborough has some of the "best practices" criteria currently in place and staff is working with ABAG to complete the program. Once the policies are in place the Town may be eligible for grant funds from ABAG.

One of the steps in complying with the program is to adopt a Risk Management Policy. A copy of the policy is included in the agenda packet. The policy enforces the Town's commitment to eliminate or reduce the risk of loss for employees, residents, visitors, and their property and to protect the Town's budget from catastrophic losses.

Recommendation: Adopt the resolution adopting a Risk Management Policy.

10. RESOLUTION APPROVING THE CONTRACT WITH JMB CONSTRUCTION, INC. FOR THE EL ARROYO TANK REPLACEMENT PROJECT (City Engineer)

Summary: In 1991, CH2M Hill evaluated the Town's tank sites and provided a general condition rating and recommended a decommission date for each tank. Included in their findings were recommended decommissioning dates of 2001 and 2006 for the two El Arroyo tanks. In 2003, CW Divers conducted more detailed studies of several tanks and identified structural repairs in the El Arroyo tanks, the Major Hayes tank, and two of the Darrell tanks, with the El Arroyo defects presenting the greatest risk of failure. All structural repairs have been completed except at the El Arroyo tank site.

The El Arroyo tank inspections revealed that there are many deficiencies within the tank structure and the coating systems. The reports recommended replacement of the interior ceiling rafters, roof supports, and noted damage to the floor and walls. The coatings on the interior and exterior of the tanks were also recommended for replacement. Coatings are made of highly durable materials to prevent the tank's steel from rusting. These tanks also require earthquake retrofitting. Due to the many structural defects identified within both tanks it was determined that it would be more cost-effective to replace the tanks rather than complete the extensive repairs needed.

The replacement of the tanks include: demolition of the existing water tanks, erection of two new welded steel water tanks, installation of new on-site and off-site water mains and flow control devices, demolition and rebuilding of the existing pump house, landscaping, and general site improvements. This project will require nine months to construct. One tank will

remain in service at all times, as the El Arroyo tanks service approximately 20% of the Town's residences.

It is anticipated that site work will include handling and disposal of potentially contaminated soil and/or materials due to the presence of lead paint on the existing tanks and oiled sand in the tank foundations. Costs to the Town associated with handling and disposal are not expected to exceed $100,000.

The Town received three bids and JMB Construction, Inc. was the low bidder with a proposal of $2,354,800. The results are presented in the table below.

#	CONTRACTOR	BASE
EE	**Engineer's Estimate**	**$2,220,000**
1	JMB Construction	$2,354,800
2	Anderson Pacific Eng. Const.	$2,365,925
3	Trinet Construction	$2,418,225

Staff conducted an analysis of the proposals, and verified quantities and qualifications. All three bids featured the same tank manufacturer as a subcontractor, and staff has met with the subcontractor to determine their qualifications. JMB Construction is currently working for the Town on the Water Main Replacement Phase IV Project.

Staff is recommending an allocation of $150,000 to cover anticipated costs associated with this project including contracting with specialized inspectors that can evaluate steel fabrication, welds, and paint coatings, and to remediate contaminated soils as stated above.

An additional contingency of $200,000 is recommended for unforeseen expenses.

This project is in the Capital Improvement Project (CIP) budget as "Water System Storage Improvements" and will be funded by the 2003 and 2006 Water and Sewer Bonds. (To ensure that 85% of the 2003 bond revenues are expended by August 2006, staff will recommend using 2003 proceeds for the funding the Town's contribution for the Easton Creek Improvements Project (a Burlingame project) and the Sewer Main Lining Phase 3 Project. (Both projects will be presented to the City Council in May.)

This project is exempt from the California Environmental Quality Act (CEQA) per section 15301 (d) of the State Public Resources Code.

Recommendation: Adopt the resolution approving the contract with JMB Contractors, Inc. for the El Arroyo Tank Water Tank Replacement Project in the amount of $2,354,800, and allocating a project budget of up to $2,704,800 from the 2003 and 2006 Water and Sewer Bonds for the same.

11. RESOLUTION APPROVING THE DISADVANTAGED BUSINESS ENTERPRISE (DBE) PLAN FOR STATE AND FEDERALLY FUNDED PROJECTS (City Engineer)

Summary: The Town of Hillsborough was approved to receive $114,000 in grant funds from the Surface Transportation Program (STP) for the Crystal Springs Road Improvement Project. Funds secured from the State will be used to construct guardrails and street resurfacing on a segment of Crystal Springs Road (from El Cerrito Avenue southward to the Town limit, approximately 1,400 feet north of Tartan Trail Road). State and federal guidelines require each agency to have an updated Disadvantaged Business Enterprise (DBE) plan annually establishing the goal for inclusion of various disadvantaged businesses in implementation of this type of project. The goals for this plan were advertised for public comments and review and no comments were received. The Department of Transportation for the State of California has approved the Town's DBE plan and the last step in this process is adoption by the City Council.

Recommendation: Adopt the resolution adopting the Town's Disadvantaged Business Enterprise (DBE) plan for State and federally funded projects.

12. PRESENTATION REGARDING THE SELECTION OF AGGREGATE MATERIALS FOR STREET PROJECTS (Public Works Director)

Summary: As the specification for the 2006 Street Project is being assembled, staff is making this presentation to discuss a new specification standard that may be used, which may affect the aesthetic appearance of the streets.

Traditionally, the Town's streets have been designed with an aesthetic goal of creating a uniformly dark black street surface. Members of the public associate the black appearance with new streets, and in order to meet public expectations engineers tend to require black aggregate materials (rock and sand). Over time as the asphalt ages, black aggregates will have a grey appearance. Grey aggregates tend to have a lighter appearance from the time of construction.

Recent studies indicate that in terms of strength and performance black and grey materials are equal. However, black aggregate materials must be shipped longer distances from the Central Valley to the Bay Area, in contrast to grey aggregates which are available locally. Thus equal quantities of grey and black materials will vary in costs. For example, in 2005 the Town spent $19,000 because it specified a black aggregate over the grey aggregate. In order to stretch limited capital dollars, staff believes the use of grey aggregates will allow more street segments to be treated annually.

Staff has requested that Mr. Don Barrett of Granite Rock provide the City Council with a brief presentation that summarizes the findings of the studies that suggest grey aggregates may also enhance the safety of streets.

Recommendation: Accept staff's recommendation to specify grey aggregates when it is more cost-effective.

13. REQUEST DIRECTION FROM THE CITY COUNCIL REGARDING THE STREETLIGHT ON EDGECOURT DRIVE (Public Works Director)

Summary: Staff has been working to address the failure of streetlights owned by the Town in the Elmwood Subdivision (Edgecourt Drive and Geri Lane). This subdivision was approved with six streetlights that were accepted as public improvements. The Town has paid for the electricity to operate the lights and maintenance since the late 1940's. Approximately four years ago, a light on Edgecourt Drive fell because it rusted at the base. That light was removed from service.

There are currently 124 streetlights in Town. The Town owns eight streetlights and has been paying PG&E for electricity and partial maintenance of these lights. The Town of Hillsborough also pays PG&E for operation and maintenance of 116 lights.

The streetlight located at the end of the cul-de-sac between 2165 and 2170 Edgecourt Drive has not been functioning for a couple years. Inspection by qualified electricians revealed that the wires supplying electricity to the light standard have corroded to the point of failure. Replacing these wires would involve trenching in the street and would cost tens of thousands of dollars.

Removing the streetlights from operation was considered by the Town, given the fact that the Town does not offer street lighting on other streets except in this subdivision and one light on De Sabla Road. Removing the light would eliminate the burden and expense of maintenance. The City Attorney's office determined that the Town has no obligation to continue to provide a streetlight at this location. Adjacent neighbors expressed a strong desire to keep the streetlight and have it returned to operation.

Town staff found that the light could be returned to operation by adding a solar (photovoltaic) panel to the existing standard. Staff presented this option to the residents at 2165 and 2170 Edgecourt Drive, who approved the aesthetic impact of adding a solar panel to the existing light pole.

Staff is requesting direction from the City Council to implement one of the following options:

Option 1: Install a solar panel and associated equipment that would be provided by Eagle-1 Manufacturing of Redmond, WA. Eagle-1 specializes in custom-configured streetlight installations and conversions and has provided solar streetlights to the City of Alameda that are currently in operation. Staff contacted five other streetlight vendors but found them to be unresponsive, unable to adapt their equipment to the Town's existing streetlight, or lacking a suitable product for residential street applications.

Eagle-1 Manufacturing provides a 25-year warranty on the solar panel unit and a one-year warranty on the rest of the equipment. The system is sized to provide six hours of light each night at an intensity equivalent to the original light, with reserve capacity for eight nights of lighting in the event of solar panel failure or persistent cloudy conditions. The cost for installation of the solar panel will be $4,500.

It should be noted that two of the four streetlights on Geri Lane have also failed. These lights were evaluated as possible candidates for solar retrofitting. Unfortunately, due to the heavy foliage on that street, solar panels cannot be effectively used.

Option 2: Remove the existing streetlight and do not proceed with any modifications to the streetlight system.

Recommendation: Request direction from the City Council regarding the streetlight at Edgecourt Drive.

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14. HILLSBOROUGH BEAUTIFICATION FOUNDATION SURVEY FOR UNDERGROUNDING UTILITIES (Public Works Director)

Summary: The Hillsborough Beautification Foundation (HBF) is requesting the City Council's comment on a draft survey that it intends to mail to several neighborhoods. In 2004, the HBF sponsored a survey of residents regarding undergrounding utility lines. In general there was not a widespread support of undergrounding utility lines. However, the data indicated that within certain neighborhoods there may be sufficient interest to underground facilities. The cost of the survey will be paid by the HBF.

The HBF would like to send a mail survey to a limited number of residents to determine if there is substantial interest in creating a benefit assessment district for undergrounding utility lines. The draft survey, which is included in the City Council packet, states that a tax-exempt bond could be issued by the Town of Hillsborough to fund the undergrounding, and it would be repaid by residents within the district.

Staff has advised the HBF that consent of all affected property owners would be needed before the City Council would consider the creation of a benefit assessment district, as the Town would not want impose a significant tax burden on unwilling residents.

If the City Council has no objection, the HBF will distribute the survey, and report back to the City Council regarding the results.

Recommendation: City Council comment on the proposed HBF survey.

PUBLIC HEARING:

15. CONSIDERATION OF THE FINAL ARCHITECTURE AND DESIGN REVIEW OF PLANS FOR A NEW HOUSE OVER 8,000 SQ. FT. IN SIZE AT 1 MOUNTAIN WOOD LANE; Mr. and Mrs. Steve Herbert, Applicants (Assistant Planner)

Summary: This application for a new house and related landscape plan for the vacant lot at 1 Mountain Wood Lane requires final design approval by the City Council because the total square footage of the house exceeds 8,000 sq. ft. (HMC Section 17.34.010). The application conforms to all Town requirements and standards and no appeal has been filed. No neighboring property owners spoke at the Architecture Design Review Board's (ADRB) public hearings. This property is the "entry" lot in the Stonebridge Subdivision. On the south side of

the site are properties in the City of San Mateo and to the north, on the opposite side of Mountain Wood Lane, are Hillsborough properties which front on Clydesdale Drive. This application is consistent with provisions of the Environmental Impact Report (EIR) for the Stonebridge Subdivision.

The ADRB first considered the project on August 15, 2005. The ADRB asked the applicant to improve the detailing so that the house had a more authentic style and greater elegance. The applicant revised plans and, at its meeting of November 7, 2005, the ADRB unanimously recommended that the application be forwarded to the City Council subject to the applicant further refining some of the design elements. These additional refinements were subject to review and approval by staff. The applicant refined the design and staff administratively approved the revisions on January 26, 2006. The revised plans and ADRB meeting minutes are included in the City Council's agenda packets.

The 8,678 square foot house has two stories, a basement and a three car garage. The Floor Area Ratio (FAR) calculation (taking into account the basement area) is 7,579 square feet, or 13% FAR. The 1.36 acre lot includes the small piece of land across Mountain Wood Lane, on the north side of the street, which will be landscaped and maintained by the property owner. The style of the house is Italian Renaissance, with a stucco exterior, antiqued Italian clay roof tiles, wood shutters, pre-cast stone trims and wrought iron details. This project is a good example of the applicant working positively with the ADRB and staff to arrive at a positive design conclusion.

The landscape plan and the bridge for the driveway are consistent with the limitations which are imposed on this site for the riparian habitat plan which is a mitigation measure from the project Environmental Impact Report (EIR). A large area of the property must be maintained in a natural setting, as reflected on the plans.

The project complies with height, setback and size requirements as summarized below:

	Proposed Project	Code Standard
Front setback:	126 ft.	30 ft. minimum
Left side/rear setback:	23.5 ft.	20 ft. minimum
Right side setback:	48 ft.	20 ft. minimum
Pool House:	32 ft.	20 ft. minimum
FAR square footage:	7,579 sq. ft.	14,827 sq. ft. maximum
Height:	31 ft.	32 ft. maximum

Recommendation:

1. Open the public hearing and receive comments;

2. Close the public hearing; and

3. Accept the ADRB's recommendation and approve the project as submitted, subject to compliance with the Standard Conditions and mitigation measures related to the Stonebridge Subdivision EIR.

16. FUNDRAISING EVENT PERMIT APPLICATION 06-04 FOR THE PARCA AUXILIARY LUNCHEON AND FASHION SHOW FUNDRAISER AT 350 WEST SANTA INEZ AVENUE (Deputy City Clerk)

Summary: The PARCA Auxiliary submitted an application to conduct its Luncheon and Fashion Show Fundraiser at 350 West Santa Inez in Hillsborough. This event is proposed to take place on Wednesday, May 24, 2006 from 8:00 a.m. to 3:00 p.m.

Hillsborough Municipal Code Section 5.16.080 requires a public hearing for a fundraising event permit where more than 200 people will be in attendance during any one day at any one property. Public Notices have been sent to owners of the properties located within a 500-foot radius of the properties listed above.

The Police, Fire and Building Departments have reviewed the application and submitted comments and recommendations, which are included in the City Council's packet.

Recommendation:

1. Open the public hearing and receive comments;

2. Close the public hearing; and

3. Approve the Fundraising Event Permit Application 06-04 for the PARCA Auxiliary Luncheon and Fashion Show Fundraiser on May 24, 2006, subject to the conditions recommended by staff.

17. RESOLUTION ADOPTING THE BUDGET FOR FISCAL YEAR 2006-2007 (Finance Director)

Summary: The Town of Hillsborough's Proposed Budget for FY 2006-2007 with preliminary budgets for FY 2007-2008 and 2008-2009, is hereby presented to the City Council for consideration. The proposed budget for FY 2006-2007 represents the Town's financial plan for all programs and services. The proposed budget reflects a General Fund balanced budget and adequate reserve levels and compliance to the Town's budget and fiscal policies in all funds. The Plan also includes the Fiscal Year 2006-2007 Capital Improvement Budget that is consistent with the Town's General Plan.

It also recommends a 12% increase in sewer rates effective July 1, 2006. Water revenue projections include a 10% increase in water rates to take effect on January 1, 2007 consistent with the projections required to pay the additional debt service for the new $12M bond issue to continue the enterprise's capital improvement program and in anticipation of the increased cost of wholesale water. However, consideration and approval for the water rate increase is deferred pending completion of a water rate structure study.

The plan was reviewed and discussed by the Financial Advisory Committee (FAC) on March 22, 2006. The FAC approved for recommendation to the City Council the proposed budget as presented.

A budget study session is scheduled at 5:00 p.m. before the City Council meeting.

Recommendation:

1. Open the public hearing and receive comments;

2. Close the public hearing; and

3. Approve the resolution adopting the 2006-2007 Budget.

18. RESOLUTION SETTING AND CONFIRMING THE FEES AND CHARGES FOR FISCAL YEAR 2006-2007 (Finance Director)

Summary: Annually, the City Council is required to adopt by resolution the fees and charges for the following fiscal year. The schedule presented represents the Town's master schedule that includes all the fees and charges, such as the sewer and water connection and service charges and the public safety special tax. However, under the law, changes to the water and sewer rates require ordinance changes, and the public safety special tax are presented to the City Council as individual agenda items requiring separate actions.

Changes to existing fees, as well as new fees being proposed this year, are outlined in the master Schedule of Fees and Charges presented as Appendix B of the budget document. The fees reflect the Town's goal towards total cost recovery in user fees where revenues do not exceed the cost of providing the service. Also included in the budget document (Appendix D) is the 2006-2007 Cost Allocation Plan reflecting the hourly rates used in the development of the fees. The new fees are to take effect on July 1, 2006.

Recommendation:

1. Open the public hearing and receive comments;

2. Close the public hearing; and

3. Adopt the resolution setting and confirming the fees and charges for fiscal year 2006-2007.

19. RESOLUTION APPROVING THE CONSTRUCTION VEHICLE IMPACT FEE AND SETTING THAT FEE AT 0.69% OF REPORTED VALUATION (Public Works Director)

Summary: Included in the City Council's packet is a study performed by Hilton, Farnkopf and Hobson (HFH) evaluating the impact of vehicles on the condition of streets in Hillsborough. Every vehicle that travels on a city street has an impact on the condition of the street. Over time all streets wear down developing ruts and/or cracks as result of vehicular travel. The

weight of the vehicle greatly affects the amount of wear it causes. The study concludes that wear on the streets is caused in roughly the following proportions:

Vehicle Type	***% of Wear***
Construction Vehicles	48.7%
Other trucks (delivery vans, etc.)	41.2%
Passenger vehicles	5.3%
Refuse vehicles	5.0%

The Town's 2005/06 operating budget for street maintenance is $1,262,000, which funds the work performed by the Street Department's crew to repair potholes, refresh street markings, install signs and guardrails, remove branches and trees in the right-of-way, repair curbs, clean storm drains, etc. Additionally, the Town annually allocates $400,000 for street capital projects. Thus, the Town invests about $1,700,000 annually to maintain the street system.

In order to develop fee recommendations HFH evaluated the funding of the street maintenance at various levels recommending fees between 0.17% and 1.38%. The Financial Advisory Committee (FAC) generally supported the concept that those who benefit from the construction activity should fund part of the cost to maintain the streets, and is recommending the creation of a construction vehicle impact fee at the 0.69% level. The fee is a percentage of the valuation of a project as reported on the building permit, and would raise approximately $480,000 annually. The FAC also recommended that revenue generated by the fee be earmarked as a supplement to existing funding for street capital projects. If the City Council adopts the resolution the construction vehicle fee will be added to the Town's fee schedule, which would be effective on July 1, 2006. A public hearing is held on the fee schedule annually.

Similar construction vehicle impact fees have been successfully adopted by the cities of Atherton, Menlo Park, Woodside, Portola Valley, Ross, Larkspur, Belvedere, Tiburon, and Mill Valley. The fees that are percentages range anywhere from 0.5% to 1%, and a few agencies base the fee on square footage.

Recommendation: Adopt the resolution establishing a construction vehicle impact fee and setting that fee at 0.69% of the reported valuation.

DISCUSSION:

20. PRESENTATION REGARDING THE SOUTH BAYSIDE WASTE MANAGEMENT AUTHORITY'S CONTRACTOR SELECTION PROCESS FOR SOLID WASTE AND RECYCLING COLLECTION SERVICES AND TO OPERATE THE SAN CARLOS TRANSFER STATION (Public Works Director)

Summary: The South Bayside Waste Management Authority (SBWMA) is in the initial stages of developing a request for proposal (RFP) to competitively select a contractor to provide solid waste and recycling collection services, and to operate the San Carlos transfer station. SBWMA consultants, Hilton, Farnkopf and Hobson will provide an overview of the process and

the associated timeline. A similar presentation was made to elected officials early this month in Redwood City.

A few key points of the selection process are:

- The target start date for the new contractor is January 1, 2010.
- Approximately twelve months of lead time is required between the date the contractor(s) is selected and when the contract begins, as a lot of equipment must be acquired to service the SBWMA's 90,000 accounts.
- The SBWMA has a goal of sending out the RFP in early 2007.
- The Town and the other eleven SBWMA members will be asked to opt into the selection process in the coming year.
- The nature of the operation of the transfer station may change as a result of the selection process. The SBWMA is looking closely at its needs for recycling and waste programs.

Recommendation: No recommendation; for information only.