

TOWN OF HILLSBOROUGH

San Mateo County

Catherine U. Mullooly, Mayor
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Thomas M. Kasten
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1600 Floribunda Avenue
Hillsborough, CA 94010



A G E N D A

MONDAY, APRIL 14, 2008

5:00 p.m. STUDY SESSION

6:00 p.m. CITY COUNCIL MEETING

Hillsborough Town Hall

STUDY SESSION (5:00 p.m.)

- Alternatives for sanitary sewer system capital improvements

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

I. PLEDGE OF ALLEGIANCE

II. ROLL CALL

III. MINUTES: March 10, 2008

IV. RECOGNITION:

- Recognition of Nueva School for their new innovative, environmentally responsible, sustainably designed educational facilities and congratulations on their recent design awards, including: 2008 San Mateo County Green Building Award, Commercial Winner Award; National American Institute of Architects (AIA) Committee on Architecture for Education, Award of Excellence; and Leadership in Energy and Environmental Design (LEED) Gold Certification by U.S. Green Building Council

V. PROCLAMATION:

- West Nile Virus and Mosquito and Vector Control Awareness Week, April 21 – 25, 2008

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, 2008
2. QUARTERLY TREASURER'S REPORT
3. QUARTERLY INTEREST RATE PRODUCTS (SWAP) REPORT
4. RESOLUTION ADOPTING BUDGET ADJUSTMENTS FOR FISCAL YEAR 2007/2008
5. RESOLUTION AUTHORIZING THE MAYOR TO SIGN THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT
6. APPROVAL OF THE HILLSBOROUGH SCHOOLS FOUNDATION'S NEW HILLSBOROUGH CONCOURS D'ELEGANCE AND CARNIVAL SIGN
7. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH O'GRADY PAVING, INC. FOR THE CRYSTAL SPRINGS ROAD REHABILITATION PROJECT
8. RESOLUTION AWARDED A CONTRACT TO OLYMPUS AND ASSOCIATES, INC. FOR THE DARRELL TANK NO. 3 IMPROVEMENTS AND COATINGS PROJECT
9. RESOLUTION AWARDED THE 2008 WATER TANK CLEANING AND INSPECTION PROJECT TO CROSNO CONSTRUCTION, INC.
10. RESOLUTION APPROVING THE CSG WORK ORDER FOR DESIGN SERVICES FOR THE MACADAMIA DRAINAGE BASIN STUDY AND 2008 CARDIGAN STORM DRAIN AND HEADWALL REPAIR

VII. NEW BUSINESS:

11. RESOLUTION ACCEPTING THE TOWN OF HILLSBOROUGH VEGETATION MANAGEMENT STRATEGY AND GUIDELINES

VIII. PUBLIC HEARING:

12. RESOLUTION APPROVING 2.6% RATE INCREASES FOR RESIDENTIAL AND COMMERCIAL REFUSE COLLECTION AND ESTABLISHING FEES FOR NON-CURBSIDE COLLECTION OPTIONS

IX. DISCUSSION:

13. REVIEW OF THE DRAFT BUDGET FOR FY 2008/2009

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.

Any writings or documents provided to a majority of the City Council regarding any item on this agenda will be made available for public inspection in the City Clerk's Office located at 1600 Floribunda Avenue, Hillsborough, CA 94010, during normal business hours.



AGENDA – REPORTS

HILLSBOROUGH CITY COUNCIL

Monday, April 14, 2008
6:00 p.m.
Hillsborough Town Hall
1600 Floribunda Avenue, Hillsborough

CONSENT CALENDAR:

1. MONTHLY CLAIMS: MARCH 1 THROUGH MARCH 31, 2008 (Finance Director)

Summary: The monthly claims for the month of March 2008 in the amount of \$2,444,314.35 are submitted for approval.

Recommendation: Approve the monthly claims for March 2008 as submitted.

2. QUARTERLY TREASURER'S REPORT (Finance Director)

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

Recommendation: Approve the Treasurer's Report for the quarter ending March 31, 2008.

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, 2008.

4. RESOLUTION ADOPTING BUDGET ADJUSTMENTS FOR FISCAL YEAR 2007/2008
(Finance Director)

Summary: During the course of the fiscal year, some expenditures and revenues can change as actual figures become known. Moreover, some cash flow changes may be necessary depending on the actual commencement of projects. The budget adjustments are usually routine and recommended near the close of the fiscal year to properly balance accounts.

To date, budget adjustments for \$141,739 have been presented to the City Council for certain needs that were not included in the original budget. The Town is also projecting to receive

revenues for \$221,739 over the original estimates. This resolution will appropriate the remaining \$80,000 to fund the Housing Element from the General Fund originally budgeted in fiscal year 2008/2009, but commenced in the current fiscal year.

Budget adjustments are also requested in the Capital Projects Fund to appropriate one-time Proposition 172 apportionment designated for street projects only, in the amount of \$400,000, and additional Vehicle Impact Fees projected to be received this fiscal year, in the amount of \$200,000.

During the most recent years, the General Fund has not fully funded vehicle and other replacement reserves and the Town's Other Post Employment Benefits (OPEB). It is recommended that any available funds (excess revenues over expenditures) realized in fiscal year 2007/2008, be transferred to the Asset Replacement Fund to make up for those years where scheduled transfers were not made.

Recommendation: Adopt the resolution adopting budget adjustments for fiscal year 2007/2008.

5. RESOLUTION AUTHORIZING THE MAYOR TO SIGN THE U.S. MAYORS CLIMATE PROTECTION AGREEMENT (Assistant City Manager)

Summary: The Town of Hillsborough is taking several important steps to reduce its greenhouse gas (GHG) emissions by conducting a greenhouse gas inventory, appointing a Sustainable Hillsborough Task Force to develop a Sustainable Hillsborough Plan, developing a Civic Green Building Policy and other activities. Because the Town of Hillsborough has these activities underway, staff recommends that the City Council authorize the Mayor to sign the U.S. Mayors Climate Protection Agreement (MCPA) (a copy is included in the City Council's agenda packet) and join 825 other U.S. cities that pledge to reduce the greenhouse gas emissions in their communities.

The MCPA is an initiative begun by Seattle Mayor Greg Nickels in 2005 to advance the goals of the Kyoto Protocol, the international agreement that addressed climate change. Mayor Nickels began the initiative for U.S. cities to pledge to take action in their local jurisdictions to reduce GHG emissions. The U.S. cities that sign the MCPA pledge to meet the U.S. equivalent of the GHG reduction goal, which is a 20% GHG emission reduction goal by 2020, from a 2005 baseline inventory. (This goal meets the greenhouse gas emissions reduction goal of AB 32, the California Global Warming Solutions Act of 2006.) By signing the MCPA, Hillsborough joins other jurisdictions that are striving to reduce their greenhouse gas by implementing actions such as:

- Inventory greenhouse gas emissions in the community and municipal operations, set reduction targets and create an action plan.
- Increase the use of clean, renewable alternative energy such as solar electricity. Make energy efficiency a priority through building code improvements, and retrofitting civic facilities with energy efficient lighting to conserve energy and save money.

- Practice and promote sustainable building practices using the U.S. Green Building Council's LEED program or equivalent.
- Increase the fuel efficiency of municipal fleet vehicles; convert diesel vehicles to bio-diesel.
- Maintain healthy urban forests; promote tree planting to increase shading and to absorb CO2.
- Help educate the public, schools, and professional associations about reducing global warming pollution.

Several of these actions listed in the MCPA are already underway and staff will keep the City Council apprised of the Sustainable Hillsborough Task Force and other sustainable programs in progress.

This agreement was discussed and endorsed by the Sustainable Hillsborough Task Force at its March 19, 2008 meeting. The Town of Hillsborough has many of the greenhouse gas emission reduction activities already underway. Additionally, Hillsborough will join the growing list of jurisdictions (including Atherton, Los Altos Hills, Portola Valley, etc.) that have signed the MCPA and announce the fact that Hillsborough is taking an active role in reducing greenhouse gas emissions in our community.

Recommendation: Adopt the resolution authorizing the Mayor to sign the U.S. Mayors Climate Protection Agreement.

6. APPROVAL OF THE HILLSBOROUGH SCHOOLS FOUNDATION'S NEW HILLSBOROUGH CONCOURS D'ELEGANCE AND CARNIVAL SIGN (City Clerk)

Summary: The Hillsborough Schools Foundation submitted an application for a new Hillsborough Concours d'Elegance and Carnival sign for the Sunday, May 6, 2008 fundraising event. The new sign will be placed on the El Camino side of the rear Police Department parking lot wall. New signs for fundraising events must be submitted to the City Council for approval. As in the past, the Hillsborough Schools Foundation will also place their previously approved signs at the intersection of El Camino Real and Floribunda Avenue, as well as Skyline Boulevard and Black Mountain Road.

Recommendation: Approve the Hillsborough Schools Foundation's new Hillsborough Concours d'Elegance and Carnival sign.

7. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH O'GRADY PAVING, INC. FOR THE CRYSTAL SPRINGS ROAD REHABILITATION PROJECT (City Engineer)

Summary: O'Grady Paving, Inc. performed the work for the Crystal Springs Road Rehabilitation Project, completing approximately 4,700 square feet of asphalt dig outs, 2.1 miles of crack sealing and removal, and replacement of 280 linear feet of damaged or deteriorated guard rail.

This project was awarded to O'Grady Paving, Inc. in October of 2007 with a budget of \$130,000, including contingencies. The work has been completed under budget for a final amount of \$115,397.

Recommendation: Adopt the resolution accepting as complete the contract with O'Grady Paving, Inc. for the Crystal Springs Road Rehabilitation Project in the amount of \$115,397.

8. RESOLUTION AWARDING A CONTRACT TO OLYMPUS AND ASSOCIATES, INC. FOR THE DARRELL TANK NO. 3 IMPROVEMENTS AND COATINGS PROJECT (City Engineer)

Summary: This project includes structural improvements to Darrell Tank No. 3 that will be carried out in two phases. Phase 1 includes tank improvements, mixing improvements and disinfection, and is scheduled to be completed in May 2008. Phase 2 includes structural improvements, coatings and disinfection, and is scheduled to be completed in December 2008. These improvements are necessary to extend the service life of the water tank and improve water quality.

The project bid opening was held on February 26, 2008, and the following bids were received:

#	<u>CONTRACTOR</u>	<u>BID PRICE</u>
1.	Olympus and Associates, Inc.	\$270,999
2.	FARR Synthetic Coatings	\$299,021
3.	Crosno Construction, Inc.	\$373,680
4.	Quality Painting & Maintenance	\$392,000
5.	Proven Management, Inc.	\$447,793
6.	Schembri Construction Co., Inc.	\$545,393

The low bidder for this project was Olympus and Associates, Inc. Staff conducted an analysis of the proposals and verified that the contractor's qualifications and experience levels are satisfactory.

A contingency of 15% is recommended for this project based on recent experience for similar work due to the nature of the numerous unforeseen problems that may be encountered.

The project is included in the 2007/2008 approved capital improvement budget.

Project funding will be from the 2006 Water and Sewer Bond issue. 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 awarding the contract for Darrell Tank No. 3 Improvements and Coatings Project to Olympus and Associates, Inc. in the amount of \$270,999, with a contingency in the amount of \$40,650, for a total construction budget of \$311,649 from the 2006 Water and Sewer Bond issue.

9. RESOLUTION AWARDING THE 2008 WATER TANK CLEANING AND INSPECTION PROJECT TO CROSNO CONSTRUCTION, INC. (City Engineer)

Summary: The scope of work consists of cleaning and inspection of seven steel water tanks, including cleaning, disinfection, scaffolding, ultrasonic testing and structural testing.

The City Council rejected all bids for this project in February 2008 due to lack of competitive bidders and because the cost was significantly higher than estimated. Staff rebid the project in March 2008 and opened bids for the project on March 25, 2008. Once again, Crosno Construction was the sole bidder for the project at \$139,066. This time the cost was \$32,000 less than the previous bid. The cost per tank dropped from approximately \$25,000 per tank to less than \$20,000 per tank. Staff conducted an analysis of the proposal and verified that the contractor's qualifications and experience levels are satisfactory.

A contingency of 15% is recommended for this project based on recent experience for similar work due to the nature of the numerous unforeseen problems that may be encountered.

Project funding will be from the 2006 Water and Sewer Bond issue. 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 awarding the 2008 Water Tank Cleaning and Inspection Project to Crosno Construction, Inc. in the amount of \$139,066, with a contingency in the amount of \$20,900, for a total construction budget of \$159,966 from the 2006 Water and Sewer Bond issue.

10. RESOLUTION APPROVING THE CSG WORK ORDER FOR DESIGN SERVICES FOR THE MACADAMIA DRAINAGE BASIN STUDY AND 2008 CARDIGAN STORM DRAIN AND HEADWALL REPAIR (Public Works Director)

Summary: CSG has submitted proposals for design of the following projects:

Macadamia Drainage Basin Study – The study will provide an evaluation of drainage conditions of the Macadamia Drainage Basin and make recommendations for improvements. CSG will conduct an engineering study to evaluate hydrology and drainage patterns of the basin to determine if modifications of the existing drainage system are needed. CSG will also make engineering recommendations for the preferred alternative and prepare preliminary plans and cost estimates accordingly. The cost of the engineering study is estimated at \$49,800 and will be funded through the Measure A and Gas Tax.

2008 Cardigan Storm Drain and Headwall Repair – The storm drain project will repair the storm drain pipe and headwall on Cardigan Road. CSG will provide design and engineering services to prepare plans, specifications, and cost estimates for the project. The design cost is estimated at \$14,500 and will be funded through the Measure A and Gas Tax.

Recommendation: Adopt the resolution approving the CSG work orders for design services for the Macadamia Drainage Basin Study and 2008 Cardigan Storm Drain and Headwall Repair in the total amount of \$64,300 and allocating the same from Measure A and Gas Tax.

NEW BUSINESS:

11. RESOLUTION ACCEPTING THE TOWN OF HILLSBOROUGH VEGETATION MANAGEMENT STRATEGY AND GUIDELINES (Public Works Director)

Summary: On April 9, 2007, the City Council awarded a contract to May and Associates to develop the Vegetation Management Strategy and Guidelines for the nine Town-owned open space areas. The Guidelines were forwarded to the City Council the week of March 24, 2008, for consideration. A brief staff report summarizing the Guidelines and next steps has been attached.

The next phase of work is prioritization of tasks as described in Section 7 of the Guidelines. The proposed process includes the formation of a Task Force to further prioritize the many possible open space projects. The Task Force would ideally be made up of experts in key areas (e.g., biology, fire, planning, engineering, etc.), key staff, a Councilmember(s), and key community members and/or partners. The Task Force, with the assistance of a moderator, would then use the consultant-developed Project Ranking Tool. Ideally, five to ten of the most urgent and executable projects could then be forwarded to the City Council for consideration. Staff would develop detailed work packets for the top projects, including a proposed schedule, budget, grant funding opportunities, CEQA/permitting considerations and the like. It is anticipated that the Task Force would need to meet two or three times over a one to two month period to develop the initial project list and on an annual basis thereafter.

Recommendation: Adopt the resolution accepting the Town of Hillsborough Vegetation Management Strategy and Guidelines.

PUBLIC HEARING:

12. RESOLUTION APPROVING 2.6% RATE INCREASES FOR RESIDENTIAL AND COMMERCIAL REFUSE COLLECTION AND ESTABLISHING FEES FOR NON-CURBSIDE COLLECTION OPTIONS (Public Works Director)

Summary: At the February 11, 2008 City Council meeting, a presentation was made regarding the annual rate application for municipal waste collection services submitted by Allied Waste Systems. Under the franchise agreement with Allied, costs for the coming year are projected and rate increases are proposed to bridge anticipated funding gaps.

The existing and proposed new rates are as follows, which represents a 2.6% increase:

Service	Existing Rate	Proposed Rate
Residential cost per gallon up to 100	\$0.74/gallon	\$0.76/gallon
Premium on gallons in excess of 100	\$0.14/gallon	\$0.15/gallon
Commercial - Refuse	\$76.89/yard	\$78.89/yard
Commercial - Organics/Food Waste	\$38.44/yard	\$39.45/yard

Most residents use standard 32 gallon garbage cans and the rate change can be estimated as follows for the majority of residents:

MONTHLY RATE ESTIMATE

Level of service	Existing Rate	Proposed Rate
32 gallon can	\$23.68	\$24.32
(2) 32 gallon cans	\$47.36	\$48.64

(A 10% franchise fee is charged in addition to the per gallon rate.)

Additionally, residents who use the collection options other than curbside would be charged a fee as follows:

Service	Existing Rate	Proposed Rate
Curbside	\$0	\$0
Side/Rear Yard	\$0	\$5.00
Pup Truck	\$0	\$8.00

Refuse rates are subject to Proposition 218 protest procedures and a notice was mailed to all residences in advance of the April 14, 2008 City Council meeting advising them of their right to protest the rate increase. To date, less than 40 protest letters have been received. Should a majority of rate payers object to the increase, it cannot be implemented. A public hearing is required to allow protests in person.

Recommendation:

1. Open the public hearing and receive comments;
2. Close the public hearing;
3. Acknowledge information on protests received and presented by the City Clerk at the conclusion of the public hearing; and
4. Adopt the resolution approving 2.6% rate increases for residential and commercial refuse collection and establishing fees for rear/side yard collection.

DISCUSSION:

13. REVIEW OF THE DRAFT BUDGET FOR FY 2008/2009 (Assistant Finance Director)

Summary: Staff would like to present the City Council a review of the 2008/2009 Proposed Budget before presenting it to the Financial Advisory Committee (FAC) at its regular meeting to be held on Tuesday, April 29, 2008.

The 2008/2009 Proposed Budget reflects implementation of the Governmental Accounting Standards Board (GASB) Statement 45 accounting standards relating to Other (than pensions) Post Employment Benefits (OPEB). Bartel Associates, Inc. conducted the study and determines that the Town has an unfunded liability as of June 30, 2007, in the amount of \$15,400,000, if the Town prefunds the liability, or \$24,600,000, if not. Mr. Bartel presented the actuarial study results to the FAC members at the February 27, 2008 meeting. While the Town

is not required to prefund the liability, the Committee recommended that the Town prefund the Annual Required Contributions. The Annual Required Contribution of \$1,500,000 exceeds the pay-as-you-go costs by approximately \$679,500 in fiscal year 2008/2009. While the Town does not currently have enough revenues to fund the \$679,500 gap, it has \$2,000,000 in the OPEB reserve that could be used to bridge the gap for the next three years.

Because of this reserve, staff is able to present a balanced General Fund budget for fiscal year 2008/2009, projecting annual revenues and reserves and expenditures in the amount of \$19,725,896. A summary of the General Fund revenue projections and the departmental budgets for fiscal year 2008/2009 and the preliminary budgets for the next two years are included in the agenda packet. The summary shows projected shortfalls in fiscal year 2009/2010 and fiscal year 2010/2011.

Staff also proposes the following major projects:

Annual Street Projects	\$900,000
Breathing Apparatus Replacement	\$171,500
Vehicle and Equipment Replacement	\$337,400

Staff will also be considering a possible Town Hall Center Master Plan Study for 2008/2009 or 2009/2010, which could range from \$40,000 - \$80,000. A City Council subcommittee is working with staff to determine an appropriate scope and cost for the project.

Rate increases for the Water and Sewer operations is based on the recommendations from the comprehensive study conducted in 2006, implementing annual rate increases through fiscal year 2010/2011. The remaining funds from the 2006 Bond issue would have been expended within the current fiscal year; hence, minimal capital projects are recommended for the next three years except for the El Cerrito Capacity project for which staff is pursuing a State Revolving Loan as funding source. Water and Sewer 2008/2009 budgets are proposed as follows:

Water Operations	\$7,857,725
Water Capital Projects	\$800,000
Sewer Operations	\$4,984,464
Sewer Capital Projects	\$1,225,000

The proposed budgets, together with the recommendations of the Financial Advisory Committee, will be formally presented to the City Council at the May 12, 2008 regular council meeting.

A short illustration of the budget draft will be presented at the meeting.

Recommendation: For information only; no action needed.