

**MINUTES**  
**REGULAR CITY COUNCIL MEETING**  
**MONDAY, MAY 12, 2008**

Mayor Mullooly called the regular meeting to order at 6:04 p.m. at the Hillsborough Town Hall, 1600 Floribunda Avenue, Hillsborough, California.

**ROLL CALL:** Present: Fannon, Kasten, Regan, Krolik, Mullooly

**MINUTES:** The minutes of the April 14, 2008 City Council meeting were approved as submitted.

**PROCLAMATION:**

- Mayor Mullooly proclaimed May 18-24, 2008, as National Public Works Week.

**PRESENTATION:**

- Councilmember Regan recognized the Town of Hillsborough and Finance Director Edna Masbad for receiving the Government Finance Officers Association's Certificate of Achievement for Excellence in Financial Reporting Award.

**CONSENT CALENDAR:**

On motion of Councilmember Kasten, seconded by Councilmember Regan, and unanimous on voice vote, Consent Calendar items 1-9 were approved with a roll call vote.

1. MONTHLY CLAIMS: APRIL 1 THROUGH APRIL 30, 2008

The monthly claims for the month of April 2008 in the amount of \$2,487,138.39 were approved as submitted.

2. RESOLUTION SETTING THE AMOUNT OF THE SPECIAL TAX FOR POLICE PROTECTION AND FIRE PROTECTION AND PREVENTION FOR FISCAL YEAR 2008-2009

The resolution setting the amount of the public safety tax for fiscal year 2008-2009 was adopted.

3. RESOLUTION PROVIDING FOR INTERIM MODIFICATIONS TO THE BUSINESS LICENSE TAX

The resolution providing for interim modifications to the business license tax for fiscal year 2008-2009 was adopted.

4. RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CONTRACT WITH PBS&J FOR THE PREPARATION OF AN INITIAL STUDY AND MITIGATED NEGATIVE DECLARATION FOR A SINGLE FAMILY RESIDENTIAL PROJECT AT 3000, 3030 AND 3050 RALSTON AVENUE

The resolution authorizing the City Manager to execute a contract with PBS&J for the preparation of an Initial Study and Mitigated Negative Declaration for a single family residential project at 3000, 3030 and 3050 Ralston Avenue in an amount not to exceed \$55,000 was adopted.

5. ORDINANCE AMENDING TITLE 15 OF THE HILLSBOROUGH MUNICIPAL CODE REGULATING BUILDING AND CONSTRUCTION TO REMOVE THE BUILDING PERMIT FEE SCHEDULE IN SECTION 15.04.070 AND RELOCATE THE FEE SCHEDULE INTO THE HILLSBOROUGH MASTER FEE SCHEDULE – INTRODUCTION

The ordinance amending Title 15 of the Hillsborough Municipal Code regulating Building and Construction to remove the building permit fee schedule in Section

15.04.070 and relocate the fee schedule into the Hillsborough Master Fee Schedule was introduced and the first reading of the ordinance was waived. June 9, 2008, was set as the public hearing date to consider adoption of the ordinance.

6. RESOLUTION REJECTING ALL BIDS FOR THE DARRELL TANK NO. 3 IMPROVEMENTS AND COATINGS PROJECT

The resolution rejecting all bids for the Darrell Tank No. 3 Improvements and Coatings Project and authorizing staff to rebid the project was adopted.

7. RESOLUTION ACCEPTING AS COMPLETE THE CONTRACT WITH PACIFIC TRENCHLESS, INC. FOR THE 2008 STORM DRAIN PIPE BURSTING AND SLIP LINING PROJECT

The resolution accepting as complete the 2008 Storm Drain Pipe Bursting and Slip Lining Project by Pacific Trenchless in the amount of \$25,255 was adopted.

8. RESOLUTION AUTHORIZING ADDITIONAL SERVICES WITH CYBERNET CONSULTING, INC.

The resolution authorizing the additional scope of work by Cybernet Consulting Inc. in the amount of \$23,600 from the Water Fund was adopted.

9. RESOLUTION APPROPRIATING \$35,594.62 FOR THE EMERGENCY REPAIR OF THE STORM DRAIN ON ARDEN ROAD

With a roll call vote, the resolution appropriating \$35,594.62 for the emergency repair of the drainage system on Arden Road was adopted with minor wording changes by the City Attorney.

**NEW BUSINESS:**

10. RESOLUTION AUTHORIZING SEWER SERVICE CHARGES AND CONNECTION FEES EFFECTIVE JULY 1, 2008

Finance Director Edna Masbad stated that the Town undertook a comprehensive water and sewer rate study during the fall of 2006 with the help of an independent firm. She added that the consultants presented their findings and recommendations to both the Financial Advisory Committee and the City Council, which approved the study and its implementation at the City Council meeting of December 11, 2006. She stated that the ordinance adopting a maximum sewer service charge of \$1,658 per Equivalent Dwelling Unit (EDU) was approved by the City Council on February 12, 2007. Ms. Masbad explained that this resolution will authorize implementing a sewer service charge of \$1,563 per EDU for fiscal year 2008-2009, starting July 1, 2008, and represents a 3% increase from the \$1,517 current residential rate. She added that non-residential accounts will be charged at the Equivalent Dwelling Units rate using the formula from the study and the average winter water use from the past three years.

Ms. Masbad recommended adopting the resolution authorizing sewer service charges and connection fees for fiscal year 2008-2009 effective July 1, 2008. She asked the City Council if they had any questions. Councilmember Fannon stated that the charges in the resolution were different than those in the proposed budget book and agenda report. Ms. Masbad replied that the charges in the proposed budget book and agenda report were correct.

Vice Mayor Krolik asked Ms. Masbad if Crystal Springs Uplands School was notified of the proposed increase in sewer service charges. Ms. Masbad replied that a notice of the proposed sewer service charges would be included with the May/June water bills. Councilmember Kasten recommended that staff should contact the non-residential accounts directly to notify them of the increase in sewer service charges. Ms. Masbad

replied that she would contact the non-residential accounts to notify them of the increase in sewer service charges.

Mayor Mullooly thanked Ms. Masbad.

On motion of Councilmember Kasten, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution authorizing sewer service charges and connection fees for fiscal year 2008-2009 effective July 1, 2008, as shown in the proposed budget book and reflected in the agenda report, was adopted.

11. RESOLUTION ACCEPTING THE JUNE 30, 2007 ACTUARIAL VALUATION FOR THE TOWN OF HILLSBOROUGH RETIREES' HEALTHCARE PLAN

Finance Director Edna Masbad stated that the Governmental Accounting Standards Board (GASB), which establishes standards for state and local governments relating to accounting and financial reporting, has issued GASB No. 45 "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions". She explained that the new standard requires governments to measure and disclose an amount for annual Other Post Employment Benefit (OPEB) plans on the accrual basis of accounting, and that the annual cost is equal to the actuarially determined employer's annual required contribution to the plan. She added that the Town offers health insurance benefits to certain employees and at least the minimum Public Employees' Medical and Hospital Care Act contribution to all retirees, and accounts for the costs on a pay-as-you-go basis. Ms. Masbad stated that the Town currently has 83 retirees and 115 active employees of which 84 are entitled to the post employment health benefit.

Ms. Masbad stated that the Town's current annual pay-as-you-go cost for the benefits is approximately \$784,000. She added that based on the actuarial study, the Town has an annual required contribution of approximately \$1,900,000, if not prefunding, or \$1,500,000, if prefunding, based on a 30-year amortization allowed by GASB No. 45. Ms. Masbad stated that the Town currently has \$2,200,000 in an OPEB reserve that could be utilized to bridge the gap between prefunding the annual required contribution and the pay-as-you-go cost for at least three years.

Ms. Masbad mentioned that a Financial Advisory Committee subcommittee was assigned the task of selecting the OPEB trust fund administrator and will be reporting back to the Committee and the City Council with that selection. For this meeting, she recommended that the City Council adopt the resolution accepting the actuarial report. Mayor Mullooly thanked Ms. Masbad.

On motion of Councilmember Kasten, seconded by Councilmember Regan, and unanimous on voice vote, the resolution accepting the June 30, 2007 actuarial valuation for the Town of Hillsborough Retirees' Healthcare Plan was adopted.

12. RESOLUTION ADOPTING THE "HILLSBOROUGH CIVIC GREEN BUILDING POLICY"

Assistant City Manager Kathy Leroux introduced CSG Environmental Consultant Kathleen Gallagher. Ms. Gallagher stated that the Sustainable Hillsborough Task Force (Task Force) reviewed the "Hillsborough Civic Green Building Policy" draft at their April 23, 2008 meeting and unanimously recommended that the City Council approve the policy. She added that the Task Force recommended approval of the policy because the Town can lead by example in "green building" when constructing future Town facilities and improve energy efficiency, conserve water/natural resources, reduce greenhouse gas emissions, reduce utility costs and provide healthier indoor environments.

Ms. Gallagher stated that new Town facilities would meet the nationally recognized standard in green building excellence developed by the United States Green Building Council known as "Leadership in Energy and Environmental Design" (LEED). She

added that there are four levels of LEED: Certified, Silver, Gold and the highest level, Platinum, and the Task Force recommends that Town facilities achieve the LEED Silver level.

Ms. Gallagher stated that an increasing number of jurisdictions are adopting Civic Green Building Policies, including Palo Alto, County of San Mateo, Pleasanton, San Jose and San Francisco. She added that independent studies have shown that green buildings are the same or a slightly higher cost (0.5% to 2%) to design and build compared to conventional construction, but that the green building design results in energy and maintenance savings of approximately 20% of total construction costs. Ms. Gallagher stated that the policy can also assist Hillsborough in meeting AB 32, "The California Global Warming Solutions Act," by reducing greenhouse gas emissions.

Ms. Gallagher stated that the Sustainable Hillsborough Task Force recommended that the City Council adopt the "Hillsborough Civic Green Building Policy". Mayor Mullooly thanked Ms. Gallagher.

On motion of Councilmember Fannon, seconded by Vice Mayor Krolik, and unanimous on voice vote, the resolution adopting the "Hillsborough Civic Green Building Policy" was adopted.

13. RESOLUTION SUPPORTING PARKS FOR THE FUTURE AND ENDORSING MEASURE O ON THE JUNE 3, 2008 BALLOT

Assistant City Manager Kathy Leroux introduced Julia Bott, Executive Director of the San Mateo County Parks and Recreation Foundation. Ms. Bott stated that Parks for the Future is an effort to secure dedicated tax-based revenues to support the parks and recreation related activities of San Mateo County, the cities located within the County, the Ladera and Highlands recreation districts, and the Mid Peninsula Regional Open Space District. She added that this would be accomplished through voter approval of a measure to increase the sales tax by 1/8<sup>th</sup> of a cent for a period of 25 years. She stated that Hillsborough is estimated to receive \$205,000 annually and that each jurisdiction will have the authority to spend the funds according to its needs. Ms. Bott added that under the measure, cities and the County will be required to maintain their General Fund contributions to the parks and recreation budgets.

Ms. Bott stated that Parks for the Future is requesting that governing boards in San Mateo County provide support for the ballot measure. She added that the Hillsborough City Council previously supported this measure when it was on the November 2006 ballot as Measure A, but that it received only 55.4 % support, and fell short of the 66.7% required for passage.

Ms. Bott asked if there were any questions. There were no questions. Mayor Mullooly thanked Ms. Bott.

On motion of Vice Mayor Krolik, seconded by Councilmember Fannon, and unanimous on voice vote, the resolution supporting Parks for the Future and endorsing Measure O on the June 3, 2008 ballot was adopted.

**PUBLIC HEARING:**

14. RESOLUTION ADOPTING THE 2008-2009 OPERATING AND CAPITAL BUDGET

Finance Director Edna Masbad stated that she was presenting to the City Council the Town of Hillsborough's Proposed Budget for fiscal year 2008-2009 with preliminary budgets for fiscal years 2009-2010 and 2010-2011 for consideration. Ms. Masbad explained that all authorized positions are completely filled, labor contractual obligations are implemented, and that no or very little increases in revenues are expected due to the prevailing economy. She added that the proposed budget reflects a General Fund budget that implements prefunding the Other Post Employment

Benefits (OPEB) liability, subject to the Governmental Accounting Standards Board (GASB) 45 accounting standard requirement, adequate reserve levels and compliance with the Town's budget and fiscal policies for all funds. She stated that the plan also includes the Fiscal Year 2008-2009 Capital Improvement Budget that is consistent with the Town's General Plan.

Ms. Masbad stated that the 2008-2009 Operating and Capital Budget also recommends a 3% increase in sewer rates effective July 1, 2008. She explained that water revenue projections include adjustments to water rates to take effect on January 1, 2008, effecting approximately a 6% increase in water revenues. She added that both increases are pursuant to the comprehensive water and sewer rate study done in the fall of 2006 and approved for implementation by the City Council on December 11, 2006.

Ms. Masbad provided a Power Point presentation with details of the 2008-2009 Operating and Capital Budget, including citywide budget appropriations, funding sources and expenditures, operations budget by function and by object, revenue and expenditure assumptions, key budget changes, capital expenditures, the General Fund, water and sewer operations, debt service and reserve requirements, the water and sewer capital program, future major capital program, fiscal challenges, and the Financial Advisory Committee's recommendations.

Mayor Mullooly thanked Ms. Masbad.

Mayor Mullooly opened the public hearing. There were no comments. Mayor Mullooly closed the public hearing. On motion of Councilmember Fannon, seconded by Councilmember Kasten, and unanimous on voice vote, the resolution adopting the 2008-2009 Operating and Capital Budget was adopted.

15. RESOLUTION SETTING AND CONFIRMING THE FEES AND CHARGES FOR FISCAL YEAR 2008-2009

Finance Director Edna Masbad stated that the City Council is required to adopt by resolution, the fees and charges for the following fiscal year. She explained that the schedule (included in Section J, Appendix A, of the 2008-2009 Proposed Budget book) represents the Town's master schedule that includes all the fees and charges, such as the sewer and water connection fees, service charges, and the public safety special tax. She added that changes to existing fees, as well as new fees being proposed this year, are outlined in the master Schedule of Fees and Charges. She stated that the new fees are to take effect on July 1, 2008. Ms. Masbad added that the master schedule also includes the date when fees were last changed pursuant to the City Council's request for that information.

Ms. Masbad recommended that the City Council adopt the resolution setting and confirming the fees and charges for fiscal year 2008-2009. Mayor Mullooly thanked Ms. Masbad.

Mayor Mullooly opened the public hearing. There were no comments. Mayor Mullooly closed the public hearing. On motion of Councilmember Fannon, seconded by Councilmember Kasten, and unanimous on voice vote, the resolution setting and confirming the fees and charges for fiscal year 2008-2009 was adopted.

**PUBLIC COMMENT:**

There were no public comments.

**CITY COUNCIL ITEMS:**

Councilmember Kasten and Vice Mayor Krolik announced that they attended the HEART luncheon on Tuesday, May 13, 2008.

Mayor Mullooly announced that she may be attending the Council of Cities Dinner/Meeting in San Bruno on Friday, May 30, 2008.

City Engineer Cyrus Kianpour announced that PG&E will be starting the undergrounding project on Ralston Avenue on Thursday, May 15, 2008.

Vice Mayor Krolik announced that the Hillsborough team of Councilmember Regan, Police Lieutenant Caroline Serrato and herself, won first place in the Second Annual Council of Cities Trivia Challenge on April 25, 2008.

**ADJOURN:**

Mayor Mullooly adjourned the meeting at 8:20 p.m.