



AGENDA
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
October 18, 2006
5:30 P.M. NOTE TIME
Meeting Room
Town Administrative Offices
91 Ashfield Road
Atherton, California
Special Meeting

5:30 P.M. ROLL CALL Janz, J. Carlson, A. Carlson, Marsala, McKeithen

5:32 P.M. PUBLIC COMMENTS

5:35 P.M. CLOSED SESSION

A. LIABILITY CLAIMS – pursuant to Government Code Section 54956.95

Claimant: Giselle McKeller

Agency Claimed Against: Town of Atherton

B. CONFERENCE WITH LEGAL COUNSEL – Existing Litigation pursuant to Subsection (a) of Government Code Section 54956.9

Town of Atherton vs. Chiu Ching et al. CIV 457574, San Mateo County

**C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Initiation of litigation pursuant to subsection (c) of Government Code Section 54956.9:**

Eight (8) potential cases

RECONVENE TO OPEN SESSION

Report of action taken.

ADJOURN

Agendas and staff reports may be accessed on the Town website at: www.ci.atherton.ca.us

Please contact the City Clerk's Office at 650.752.0500 with any questions Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the City Clerk at (650) 752-0500. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)



AGENDA
Town of Atherton
CITY COUNCIL/ATHERTON
CHANNEL DRAINAGE DISTRICT
October 18, 2006
7:00 p.m.
Town Council Chambers
94 Ashfield Road
Atherton, California

REGULAR MEETING

PLEASE NOTE: *Times listed on the Agenda are an approximation and not a time certain. The Council may take up items out of order. Please arrive well in advance of the time listed for any item in which you are interested.*

- 7:00 P.M. 1. **PLEDGE OF ALLEGIANCE**
- 7:03 P.M. 2. **ROLL CALL** Janz, J. Carlson, A. Carlson, Marsala, McKeithen
- 7:05 P.M. 3. **PRESENTATION**
- CONSIDERATION AND ACCEPTANCE OF THE ATHERTON
POLICE DEPARTMENT SURVEY CONDUCTED BY GODBE
ASSOCIATES (Continued from the City Council Meeting of September
20, 2006)**
- 7:25 P.M. 4. **COUNCIL REPORTS**
- 7:40 P.M. 5. **PUBLIC COMMENTS** (only for items which are not on the agenda –
limit of three minutes per person)
- 7:55 P.M. 6. **STAFF REPORTS**
- 7:55 P.M. 7. **COMMUNITY ORGANIZATION ROUNDTABLE REPORT**
(Directed by Resolution Nos. 99-6 and 02-31)
- 8:10 P.M. **CONSENT CALENDAR** (Items 8 – 21)

(Consent Calendar items are routine in nature and are generally considered in one motion and adopted by a single vote of the City Council. If discussion regarding a Consent Calendar item is desired, the member(s) of the City Council, public, and/or staff wishing to pull the item should so indicate at the time the Mayor calls for consideration of the Consent Calendar.)

8. **APPROVAL OF MINUTES OF THE SPECIAL MEETING OF SEPTEMBER 18, 2006, AND THE REGULAR AND SPECIAL MEETINGS OF SEPTEMBER 20, 2006**
9. **APPROVAL OF BILLS AND CLAIMS FOR SEPTEMBER 2006 IN THE AMOUNT OF \$ 1,786,300**
10. **ACCEPTANCE OF MONTHLY FINANCIAL REPORT FOR SEPTEMBER 2006**
11. **ACCEPTANCE OF THE ANNUAL FINANCIAL STATEMENTS AND AUDIT REPORT FOR THE YEAR ENDED JUNE 30, 2006**
12. **APPROVAL OF AN AGREEMENT BETWEEN THE TOWN OF ATHERTON AND THE HUMAN INVESTMENT PROGRAM (HIP) AND FUNDING**
13. **APPROVAL OF APPOINTMENTS TO THE ENVIRONMENTAL PROGRAMS COMMITTEE (Formerly the Waste Reduction and Recycling Committee)**

Recommendation: Accept the recommendation of the City Council Screening Committee to appoint Todd Beardsley, Owen Hawkins, and Bob Jenkins to the Environmental Programs Committee

14. **ACCEPTANCE OF THE UPDATE FROM THE GENERAL PLAN COMMITTEE (Continued from the City Council Meeting of September 20, 2006)**
15. **ACCEPT THE REPORT OF THE ATHERTON POLICE DEPARTMENT THREE-MONTH REPORT FOR PARK LANE COMMUNITY POLICING**
16. **ADOPTION OF A RESOLUTION PROVIDING FOR THE INTEGRATION AND UTILIZATION OF THE NATIONAL INCIDENT MANAGEMENT SYSTEM, TO THE EXTENT APPROPRIATE, INTO THE EMERGENCY MANAGEMENT SYSTEM**

Recommendation: Approve the Resolution adopting the National Incident Management System into the Town's Disaster Plan.

17. **ACCEPTANCE OF THE CITY ATTORNEY'S RESPONSE TO THE GRAND JURY REGARDING THE TOWN'S POLICIES ADDRESSING THE ISSUE OF BROWN ACT COMPLIANCE RELATIVE TO ELECTRONIC COMMUNICATIONS**

18. SECOND READING AND ADOPTION OF AN ORDINANCE FOR THE PRESERVATION OF HISTORICAL ARTIFACTS

Recommendation: Staff recommends that the City Council waive reading of the ordinance beyond the title, and adopt the Ordinance.

19. ADOPTION OF RESOLUTION AUTHORIZING HOURLY SALARY RANGES FOR PART-TIME AND TEMPORARY EMPLOYEES FOR FISCAL YEAR 2006-07

Recommendation: Adopt the Resolution authorizing hourly salary ranges for unrepresented part-time and temporary employees for Fiscal Year 2006-07, effective October 22, 2006.

19.A PURCHASE OF STREET SWEEPER FOR ATHERTON PUBLIC WORKS DEPARTMENT

Recommendation: Accept the report and consider approval of the purchase of an Allianz 3000 3-wheeled street sweeper from Nixon-Egli Equipment Company for \$140,000.

PUBLIC HEARINGS (Item 20)

7:50 P.M. 20. INTRODUCTION OF AN ORDINANCE AMENDING SECTION 17.08.080 and 17.36.190 OF THE ATHERTON MUNICIPAL CODE PLACING LIMITS ON BASEMENTS WITHIN THE TOWN OF ATHERTON DEFINING BUILDABLE AREA AND REGULATING BASEMENTS

Recommendation: City Council conduct the public hearing and introduce the attached Ordinance based on the finding that the proposed amendment is required to achieve the objectives of the Zoning Plan and the General Plan for the reasons outlined in this staff report.

REGULAR AGENDA (Items 21 - 25)

8:00 P.M. 21. CONSIDERATION AND ACCEPTANCE OF THE PHASE III BUILDING DEPARTMENT AUDIT REPORT

8:45 P.M. 22. APROVAL TO RELEASE THE PERMIT TRACKING SOFTWARE REQUEST FOR PROPOSAL

Recommendation: Approve the release of the permit tracking software request for proposal.

9:10 P.M. 23. FINDINGS AND RECOMMENDATIONS RELATING TO PLANNING AND BUILDING DEPARTMENT SERVICES

Recommendation: Receive and accept the report of the Interim Planning and Building Administrator regarding the Assessment of the Town of Atherton Planning and Building Department and provide appropriate direction to staff .

9:40 P.M. 24. CODE ENFORCEMENT ASSESSMENT REPORT

Recommendation: Review and accept the Code Enforcement Assessment Report from Bob Cushing of CSG Consultants Inc., regarding code enforcement recommendations for the Town of Atherton.

10:10 P.M. 25. REVIEW OF CALENDAR OF CITY COUNCIL MEETINGS FOR THE REMAINDER OF 2005

10:15 P.M. 26. PUBLIC COMMENTS

10:30 P.M. 27. ADJOURNMENT

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DRAFT MINUTES
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
September 18, 2006
5:30 P.M.
Meeting Room
Town Administrative Offices
91 Ashfield Road
Atherton, California
Special Meeting

The meeting was called to order at 5:30 p.m.

ROLL CALL

PRESENT: James R. Janz
Jerry Carlson
Alan B. Carlson
Charles E. Marsala
Kathy McKeithen

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

A. LIABILITY CLAIMS – pursuant to Government Code Section 54956.95

Claimant: Pasquale Exposito
Agency Claimed Against: Town of Atherton

Claimant: Giselle McKeller (2 claims)
Agency Claimed Against: Town of Atherton

Claimant: Min Katrina Lieskovsky
Agency Claimed Against: Town of Atherton

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant Exposure to litigation pursuant to subsection (b) of Government Code
Section 54956.9:

Three (3) potential case

- C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Initiation of litigation pursuant to subsection (c) of Government Code Section 54956.9:

Four (4) potential cases

- D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to subsection (b) of Government Code Section 54956.8:

Property: 49 McCormick Lane

Agency Negotiator: James H. Robinson, City Manager

RECONVENE TO OPEN SESSION

Report of action taken.

The City Council met in Closed Session from 5:30 p.m. to 8:45 p.m., at which time the Closed Session was continued to the Closed Session of September 20, 2006.

ADJOURN

The Special Meeting adjourned at 8:45 p.m.

Respectfully submitted,

Charles E. Marsala
Mayor

Minutes Prepared by:

Kathi Hamilton



DRAFT MINUTES
Town of Atherton
CITY COUNCIL/ATHERTON CHANNEL
DRAINAGE DISTRICT
September 20, 2006
5:30 P.M.
Meeting Room
Town Administrative Offices
91 Ashfield Road
Atherton, California
Special Meeting

The meeting was called to order at 5:45 p.m.

ROLL CALL

PRESENT: James R. Janz
Jerry Carlson
Alan B. Carlson
Charles E. Marsala
Kathy McKeithen

PUBLIC COMMENTS

There were no public comments.

CLOSED SESSION

A. LIABILITY CLAIMS – pursuant to Government Code Section 54956.95

Claimant: Pasquale Exposito
Agency Claimed Against: Town of Atherton

Claimant: Giselle McKeller
Agency Claimed Against: Town of Atherton

Claimnant: Min Katrina Lieskovsky
Agency Claimed Against: Town of Atherton

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to litigation pursuant to subsection (b) of Government Code Section 54956.9:

One (1) potential case

- C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION**
Initiation of litigation pursuant to subsection (c) of Government Code Section 54956.9:

Three (3) potential cases

- D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS**
Pursuant to subsection (b) of Government Code Section 54956.8:

Property: 49 McCormick Lane
Agency Negotiator: James H. Robinson, City Manager

RECONVENE TO OPEN SESSION

Report of action taken.

City Attorney Marc Hynes reported out of Closed Session as follows:

Item A, Liability Claims, no reportable action regarding claimants Pasquale Exposito and Giselle McKeller. The claim brought forth by Min Katrina Liekovsky was denied.

Item B, Significant Exposure to Litigation, there was no reportable action. The City Council discussed the matter with legal counsel and directed preparation of a draft Resolution that the Council would consider during the regular meeting. The Resolution immediately rescinded, revoked and terminated the excavation surcharge (off-haul fee) enacted by Resolution 05-34. The Resolution also provided for refunding excavation surcharges received by the Town.

Item C, Initiation of Litigation, the City Attorney was authorized to commence litigation in two matters. Upon filing of the complaints, information regarding the names of the defendants and/or addresses of the [property would be made available.

Item D, Property Negotiations, direction was given to the Agency Negotiator, James H. Robinson, relative to acquisition rights for pedestrian and vehicular access regarding the property at 49 McCormick Lane.

ADJOURN

The Special Meeting adjourned at 6:30 p.m.

Respectfully submitted,

Charles E. Marsala
Mayor

Minutes Prepared by:

Kathi Hamilton



DRAFT MINUTES
Town of Atherton
CITY COUNCIL/ATHERTON
CHANNEL DRAINAGE DISTRICT
September 20, 2006

7:00 p.m.

Pavilion

**Holbrook-Palmer Park, 150 Watkins Avenue
Atherton, California**

REGULAR MEETING

Mayor Marsala called the meeting to order at 7:10 p.m.

- 1. PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**

PRESENT:
James R. Janz
Jerry Carlson
Alan B. Carlson
Charles E. Marsala
Kathy McKeithen

City Manager Jim Robinson and City Attorney Marc Hynes were also present.

City Attorney Marc Hynes reported out of Closed Session as follows: On Monday, September 18, 2006, the Council met in Closed Session from 5:30 p.m. to 8:45 p.m., at which time the Closed Session was continued to the Closed Session of September 20, 2006. The Closed Session was called to order at 5:45 p.m. and adjourned at 6:30 p.m.

A. LIABILITY CLAIMS – pursuant to Government Code Section 54956.95

Claimant: Pasquale Exposito
Agency Claimed Against: Town of Atherton

Claimant: Giselle McKeller (2 claims)
Agency Claimed Against: Town of Atherton

Claimnant: Min Katrina Lieskovsky
Agency Claimed Against: Town of Atherton

There was no reportable action regarding claimants Pasquale Exposito and Giselle McKeller. The claim brought forth by Min Katrina Lieskovsky was denied.

B. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Significant Exposure to litigation pursuant to subsection (b) of Government Code Section 54956.9:

Three (3) potential cases

There was one reportable action. The City Council discussed the matter with legal counsel and directed preparation of a draft Resolution that the Council would consider later that evening. The Resolution immediately rescinded, revoked and terminated the excavation surcharge (off-haul fee) enacted by Resolution 05-34. The Resolution also provided for refunding excavation surcharges received by the Town.

C. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION

Initiation of litigation pursuant to subsection (c) of Government Code Section 54956.9:

Four (4) potential cases

There were two reportable items. The City Attorney was authorized to commence litigation in two matters. Upon filing of the complaints, information regarding the names of the defendants and/or addresses of the property would be made available.

**D. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Pursuant to subsection (b) of Government Code Section 54956.8:**

**Property: 49 McCormick Lane
Agency Negotiator: James H. Robinson, City Manager**

Direction was given to the Agency Negotiator, James H. Robinson, relative to acquisition of rights for pedestrian and vehicular access regarding the property at 49 McCormick Lane.

Carol Flaherty, Camino Por Los Arboles, spoke regarding the excavation surcharge and thanked the Council for initiating the legal review and rescinding the fee.

Charles Ramorino, Gresham Lane, was an expert in trucking and offered his services to the Town if there was a need in the future.

Gary Tuckman, Maple Leaf Lane, spoke regarding the excavation surcharge and queried whether Council rescinded the fee to satisfy a small number of people who were building very large homes. He said road conditions affected everyone in the Town.

City Attorney Marc Hynes said Council discussed the matter and determined to take the action set out in the resolution.

Greg Conlon, Virginia Lane, asked for clarification on the item regarding 49 McCormick Lane.

City Attorney Hynes said 49 McCormick Lane involved real property negotiations and involved rights of bicycle and pedestrian access over a portion of 49 McCormick Lane. The City Manager was given direction to negotiate the acquisition of those rights.

John Sisson, Belleau Avenue, read an excerpt of two letters into the record regarding the Building Department that appeared in the September 19, 2006, edition of *The Almanac*

Perry Thorndyke, Marianna Lane, asked for clarification on 49 McCormick Lane as it related to vehicular traffic.

City Attorney Hynes said the matter was the subject of negotiations and he could not comment further.

3. **PRESENTATION**

None.

4. **COUNCIL REPORTS**

- Vice Mayor Alan Carlson said he and Mayor Marsala attended a meeting last week at Menlo-Atherton High School, along with representatives from the City of Menlo Park, regarding the new performing arts center. Discussions were ongoing as to the applicability of the Town's special events ordinance. The General Plan Committee met on September 13th to discuss four items: 1) A review of the draft preservation ordinance for artifacts -- the Committee continued the item for further discussion; 2) Options to modify the allowed floor area ratio with respect to larger lots -- the Committee decided not to take any action; 3) The permitted location of basements -- the Committee continued the item to require additional staff study; and 4) Garages in basements -- the Committee took no action but asked staff to return with further options concerning landscape screening and conditional use permit procedures for approving garages. The next meeting was schedule for January 10, 2007.
- Council Member Jerry Carlson attended the League of California Cities annual conference in San Diego. As a member of the Finance Committee, he attended sessions of interest such as Generating Revenue via Fees, Special Taxes, and

Special Assessments and Post Retirement Medical Costs. He asked the Finance Director to include a cost estimate in the five-year financial statements to project the future liability of retiree medical costs. Other sessions included topics regarding the state mandate on housing issues (500,000 new residents arrived in California every year) and Code Enforcement. Of particular interest to the League were Propositions 1, A, B, and C, and Proposition 90 which dealt with eminent domain. Council Member Carlson attended the opening of the San Mateo County Youth Services Center which provided housing and education for troubled youth. He attended the San Mateo County Council of Cities meeting hosted by Menlo Park. The Audit Committee presented the preliminary yearend financials prepared by staff and a Phase III Audit update. He asked the City Manager to develop a follow-up list for pending items. He thanked the members of the audience for their attendance.

- **Council Member Janz** said one approach the state had used for decades to deal with the influx of residents was to require every city and county in the state to take its fair share of new housing. Within the Bay Area, there was a housing allocation process where a desired number of housing units was allocated and the Association of Bay Area Governments (ABAG) assigned housing to the cities and counties. Within the last year, state law changed so counties and cities could agree to work together to devise their own allocation process. All of the cities in San Mateo County, as well as the County, agreed to develop their own process. He said the Atherton Rail Committee and multi-city group (CETS) continued to meet regarding restoring train service along the Peninsula.
- **Council Member McKeithen** attended the Lindenwood Homes' Association meeting hosted by Bob and Bobbi Huber where she spoke about several issues such as Atherton Channel repairs along Marsh Road. The Office of Emergency Services was holding a meeting in Redwood City the next day at 5:30 p.m. She attended the Audit Committee meeting. The citizens group for emergency preparedness met on Saturday, September 16th. The group met on a monthly basis and was open to the public. Council Member McKeithen spoke regarding her role as a council member and her responsibility of representing the residents of Atherton. She gave a chronology of the Building Department investigation. She commended Finance Director John Johns for his service to the Town. Council Member McKeithen corrected what she considered were misrepresentations and misinformation that occurred along the way.
- **Mayor Marsala** thanked the Atherton Civic Interest League (ACIL) for a book he received and took the opportunity to remind the audience that Town staff, Council, and Committee/Commission members could not accept gifts over \$25. The Waste Reduction Committee changed its name to the Environmental Programs Committee and was recruiting new members. The Town had a tremendous reduction of waste, 60-70% in home demolition. There were handouts announcing an Emergency Preparedness Day on September 30th being held at the San Mateo County Event Center. On Sunday, October 15th, the Town Barbecue was scheduled from 3 to 7 p.m. at Holbrook-Palmer Park. The Dames and the Holbrook-Palmer Park Foundation were raising funds for a matching grant to build a bridge in the park. On October 11th, Mayor Marsala would host a rally at his home in support of Measure A, the ballot measure to

support parks. Atherton would receive \$212,000 a year if it passed. He attended the Library Committee and was impressed with the programs at the Library where 91 people attended the movie night for kids. Countywide activities included a program where everyone read the same book. In 1981 and 1991, \$80,000 was raised to expand the Library, which had not been done. The state returned Educational Revenue Augmentation Fund (ERAF) money to the Town, and there was approximately \$1,500,000 to pursue options for the Library. He also attended the League of California Cities annual conference. One session focused on the best practices among small cities such as creating a community gathering place. He believed the Library provided the opportunity to create a place to bring the community together. The Building and Facilities Committee had been working for several months on a plan for a new Town Hall and Police Station. Input from the community was needed as well. He met with City Manager Jim Robinson; Planning/Building Administrator Gary Bingham; and a group of 40 residents, developers, and contractors. An item of note was the concern that there was insufficient notice for agenda items regarding the General Plan Committee, the Planning Commission, and the Council. He attended a meeting on August 30th where concerns were raised regarding why the Town did not issue press releases to counteract some of the headlines in the press that were misleading or incorrect, i.e., there was no missing money. He suggested having the independent investigator review the 11 cases in question. He also reiterated a need for an annual Town forum or other venue to engage the residents.

Given the length of the meeting, Vice Mayor Alan Carlson suggested continuing Item Nos. 21 and 22 to the next Council meeting.

MOTION - to continue Agenda Item Nos. 21 and 22 to the regular City Council meeting of October 18, 2006

M/S A. Carlson/Janz

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

5. PUBLIC COMMENTS

Virginia Ruggeiro, Stockbridge Avenue, spoke regarding adverse comments regarding the Town of Atherton.

Thomas Colby, Stockbridge Avenue, spoke regarding issues related to remodeling a home and an encounter with Council Member McKeithen.

Carol Flaherty, Camino Por Los Arboles, spoke regarding the Building Department. She took exception to the assertion in an article in *The Almanac* that morale and timeliness had never been better in the Building Department.

Pat Engasser, Ashfield Road, spoke regarding a possible recall campaign involving Council Member McKeithen and her opposition to it.

Bob Jenkins, Irving Avenue, spoke regarding the election campaign six years ago, his tenure on the Audit Committee, and Council Members Jerry Carlson's and Kathy McKeithen's roles in the Town's six consecutive, unqualified audits.

Smith McKeithen, Maple Leaf Way, spoke regarding Council Member McKeithen and her dedication to her responsibilities as an elected official.

Jean Schaaf, Stockbridge Avenue, spoke regarding her longtime involvement with the Town and her pleasure with the current Council and its ability to work together to solve problems.

Julie Quinlan, Maple Avenue, spoke regarding the Building Department investigation and her personal experiences. She appreciated Council Member McKeithen's efforts, accessibility, and tenacity.

John Rugeiro, Stockbridge Avenue, spoke regarding two meetings attended by Mayor Marsala and asked the Mayor about an e-mail group formed for issues regarding construction.

Shirley Carlson, Mt. Vernon Lane, encouraged everyone to attend the Town Barbecue, a family event, scheduled for Sunday, October 15, 2006, at Holbrook-Palmer Park.

Jillian Manus-Salzman, Polhemus Avenue, spoke on behalf of a newly formed group, Atherton Residents for Responsible Governance, a group that was organized to address various Town issues. The group intended to exercise its right to file a petition to recall Council Member McKeithen.

Alan Salzman, Polhemus Avenue, spoke regarding the off-haul fee, which he believed was a thinly disguised tax that would not withstand legal challenge and was adopted without proper public noticing. Additionally, he spoke regarding the impending recall campaign.

Randy Lamb, Laburnum Road, member of the General Plan Committee, spoke regarding apathy within the Town. He believed Atherton was the best place to live; however, everyone needed to live by the Town's regulations and hold the Town's leaders accountable.

Lisa Carey-Lamb, Laburnum Road, spoke regarding what she interpreted as misrepresentations written in *The Almanac* regarding the Building Department's turn-around time for permit approval.

Joe Comartin, Alejandra Avenue, spoke regarding current staffing and morale within the Building Department.

Alan Douglass, Sargent Lane, spoke regarding the financial obligation incurred for the Building Department investigation and audit. He called for an immediate stop to the audit.

Harriet Tuckman, Maple Leaf Way, spoke regarding her support for the City Council and its work to provide information to “informed” citizens.

Steve Dostart, Patricia Drive, spoke regarding the discussion at the General Plan Committee regarding basements under accessory structures. Additionally, he spoke in support of Mayor Marsala as a good role model for how a mayor should act.

Jeff Wise, Linden Avenue, spoke regarding his past experiences with the Building Department and his belief that the department was now struggling. Additionally, he spoke to the need for a better notification process to inform residents about items before the Council.

Sam Goodman, Shearer Drive, spoke regarding the Police Department survey and the investigation of the Building Department. Surveys were not new and were not associated with the questions surrounding the Building Department. He believed the Council had a fiduciary responsibility to investigate or question any matter.

Donna Hopkins, Fair Oaks Lane, said perhaps there was a possible subtle sex discrimination issue pertaining to Council Member McKeithen since she was the only woman on the Council. She spoke in support of Council Member McKeithen.

Caroline Beverstock, Walsh Road, spoke regarding constant construction in her neighborhood, which created constant noise between the hours of 8 and 5 Monday through Friday and road damage.

Barbara Proulx, west Atherton, expressed appreciation on behalf of herself and her neighbors for Council Member McKeithen’s support with the Mountain Lion issue.

Ross Finestein was in the process of renovating a home at 130 Selby Lane and said one of the reasons he chose Atherton was because the Building Department was one the best in the Bay Area.

Council Member McKeithen responded to comments made by an earlier speaker regarding an alleged trespassing incident. She asked for specifics regarding accusations that she had not served the best interests of the Town.

Mayor Marsala said he attended two meetings for the sole purpose of answering questions. He said he formed the Yahoo group and was actually involved in four e-mail groups because it was a very effective way of getting the word out. Additionally, he commended the Police Officers who attended the meeting and commented on the favorable outcome of the Police Department Survey.

5. STAFF REPORTS

City Manager Jim Robinson said a copy of the PowerPoint presentation regarding the Police Department Survey would be available the next day. The Godbe report was very

favorable and supportive of all the operations in the Police Department which was a reflection on all the men and women on the force. Through the efforts of the emergency preparedness group, the ACIL, and Council Members Alan Carlson and Kathy McKeithen a training session was scheduled for a Personal Emergency Preparedness Plan (PEPP) on October 24, at 7:00 p.m., in the Pavilion, for the Lindenwood Homes' Association. As a result of the Acorn closing, the lighting on Watkins was lost. A street light was installed, and a plan was submitted to the City of Menlo Park for a two-story office complex. Staff would be providing comments by the end of the week. Menlo Park was asked to notify residents within a certain distance of the proposed project.

City Attorney Marc Hynes also attended League of California Cities' conference. He said the good news for the Town of Atherton was that most issues affected much larger cities. The biggest issue concerned the Supreme Court's most recent decision regarding the applicability of Proposition 218 for water fees, which did not affect Atherton since the Town had a private water service.

7. **COMMUNITY ORGANIZATION ROUNDTABLE REPORT**

None

CONSENT CALENDAR (Items 8 – 17)

MOTION - to approve the Consent Calendar as presented.

M/S A.Carlson/McKeithen Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

8. **APPROVED MINUTES OF THE SPECIAL MEETING OF AUGUST 3, 2006, AND THE REGULAR AND SPECIAL MEETINGS OF AUGUST 16, 2006**

9. **APPROVED BILLS AND CLAIMS FOR AUGUST 2006 IN THE AMOUNT OF \$ 1,117,357**

10. **ACCEPTED MONTHLY FINANCIAL REPORT FOR AUGUST 2006**

11. **ADOPTED A RESOLUTION APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE CALIFORNIA RIVER PARKWAYS GRANT PROGRAM UNDER THE WATER SECURITY, CLEAN DRINKING WATER, COASTAL AND BEACH PROTECTION ACT OF 2002 (PROPOSITION 50) FOR THE ATHERTON CHANNEL AT HOLBROOK-PALMER PARK RESTORATION AND PATHWAY PROJECT**

Adopted Resolution No. 06-16 authorizing staff to submit an application for a California River Parkways Program grant to restore and expand the Atherton Channel adjacent to the Holbrook-Palmer Park south meadow and create a new pathway.

- 12. ADOPTED A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE LOCAL AGENCY GRANT PROGRAM - FISCAL YEAR 2006/07 UNDER THE HABITAT CONSERVATION FUND PROGRAM OF THE CALIFORNIA WILDLIFE PROTECTION ACT OF 1990 FOR THE ATHERTON CHANNEL AT HOLBROOK-PALMER PARK RESTORATION AND PATHWAY PROJECT**

Adopted Resolution No. 06-17 authorizing staff to submit an application for A Habitat Conservation Fund (HCF) Program grant to restore and expand the riparian habitat of the Atherton Channel adjacent to the Holbrook-Palmer Park south meadow and create a new pathway, and committing the required local match of 50%

- 13. ADOPTED A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON APPROVING THE APPLICATION FOR GRANT FUNDS FOR THE LOCAL AGENCY GRANT PROGRAM- FISCAL YEAR 2006/07 UNDER THE HABITAT CONSERVATION FUND PROGRAM OF THE CALIFORNIA WILDLIFE PROTECTION ACT OF 1990 FOR THE UPPER ATHERTON CHANNEL RESTORATION PROJECT**

Adopted Resolution No. 06-18 authorizing staff to submit an application for a Habitat Conservation Fund (HCF) Program grant to rehabilitate and restore the Upper Atherton Channel adjacent to Walsh Road and Reservoir Road, and committing the required local match of 50%.

- 14. BIENNIAL REVIEW OF THE TOWN'S CONFLICT OF INTEREST CODE**

Conducted a review of the Town's Conflict of Interest Code and confirmed, by motion, its continued effect.

- 15. ACCEPTED STAFF RESPONSE TO GRAND JURY REGARDING DISASTER PREPAREDNESS**

- 16. ACCEPTED STAFF RESPONSE TO GRAND JURY REGARDING REPORT ON POLICE DEPARTMENT RADIOS**

- 17. APPROVED AN AGREEMENT BETWEEN THE TOWN OF ATHERTON AND THE SEQUOIA UNION HIGH SCHOOL DISTRICT TO CONTINUE THE SCHOOL RESOURCE OFFICER PROGRAM**

Authorized the Mayor to sign the agreement between the Town and Sequoia Union High School District to continue participation in the School Resource Officer Program at Menlo-Atherton High School.

PUBLIC HEARINGS (Items 18 & 19)

18. INTRODUCTION OF AN ORDINANCE FOR THE PRESERVATION OF HISTORICAL ARTIFACTS

Deputy Town Planner Lisa Costa Sanders presented the staff report. The Council adopted an urgency ordinance to protect historic artifacts and retained the services of Laura Jones, a historical consultant, to evaluate artifacts and to prepare a report. Two public meetings were held; the first to review findings of the inventory, and the second was a workshop to solicit community input. Staff drafted an ordinance that was reviewed at three separate meetings of the General Plan Committee. The Committee was unable to recommend the ordinance to the Council and voted to continue the item for further study. Committee members expressed concern that the ordinance was punitive and did not encourage preservation. Additionally, they expressed concern for property owners' rights and that the artifacts should be considered as personal property and not be regulated. The moratorium was due to expire next month and staff decided to bring the ordinance forward that evening for Council consideration.

Laura Jones, archeologist and historic preservation planner, believed an ordinance had been successfully crafted, with the help of a dedicated citizens group, that met Atherton's special needs. The purpose of the ordinance was to protect Atherton's heritage. The ordinance protected landscape artifacts such as gates, lampposts, urns, and fountains and did not affect houses or other buildings. The ordinance sought very creative ways to balance the rights of property owners with the common shared value of quality of life. The inventory was a 50-page document that discovered amazing treasures; no one said they were not worthy of preservation. The ordinance streamlined permitting. An owner who wished to move an artifact or make a major alteration needed to apply for a permit that was reviewed by the Planning Commission, with the right of appeal to the City Council. Participation in the survey was voluntary. Listing in the official inventory was also subject to owner's consent. Because of privacy rights, an owner could decide not to be on the official list; however, one could not decide to not be subject to the terms of the ordinance. Staff tried to allow as much flexibility as possible in order to preserve the objects for the Town and balance personal privacy rights.

Council Member McKeithen noted some corrections and clarifications that were needed in the ordinance and asked how the fees were determined.

Deputy Town Planner Costa Sanders said she consulted with the Finance Director. Fees were a major discussion at the General Plan Committee which queried whether all fees should be waived. In evaluating the fees, the Committee determined the review of artifacts mirrored a conditional use permit process and arrived at the \$750 fee.

Council Member McKeithen thought the fee was too high. She asked for clarification regarding the Penalty section, 14.082.c.

Ms. Jones said the section was meant to cover someone who made a repair or alteration to an artifact unknowingly without a permit. If the artifact could be restored to its original appearance at the time of the inventory, the penalty could be waived.

Mayor Marsala asked what would happen if someone refurbished an artifact and then wanted to move it out of the Town.

Ms. Jones said property owners had the discretion to ask the Council to grant their request to move the artifact or they could pay the fine to the Town for the loss of its heritage. However, the ordinance was intended to prevent that from happening and was the most stringently regulated area.

Vice Mayor Alan Carlson asked whether waiving all fees for the owner of the artifact had been considered.

Deputy Town Planner Costa Sanders said she understood that Council policy was to obtain cost recovery.

Vice Mayor Carlson believed these fees should be an exception. He asked how many properties were affected.

Ms. Jones said the inventory currently included approximately 36 artifacts and approximately 20 owners who voluntarily participated. The total owners included in the emergency moratorium were between 40 and 45.

A discussion ensued regarding noticing procedures. Ms. Jones said she believed there were three owners who thought the ordinance should be voluntary. Those owners who participated in the inventory were in favor of the ordinance. Staff was bringing the item forward because the urgency ordinance expiring.

Council Member Jerry Carlson thought the work that was done in identifying the artifacts was a great step. He found the ordinance confusing to follow. He suggested a flow chart be added. He asked whether any other cities in San Mateo County had an ordinance.

Ms. Jones said the Town of Woodside had very active historic preservation ordinance and a special commission for review. Hillsborough, San Carlos, and San Bruno also had ordinances. Hillsborough's ordinance was totally voluntary and there was a beautification committee that raised funds.

Council Member Janz thanked Ms. Jones and staff for the terrific work not only in the inventory but also in trying to make the ordinance workable. He supported the ordinance. He asked for clarification regarding the criteria defined in Section 8.14.052.

Ms. Jones said the artifact needed to meet the criteria for Item 1 and one of the other listed criteria, Item No. 2, 3, or 4.

Council Member Janz clarified that under Item No. 4, an artifact needed to meet Item a or b and had to meet Item c. He shared concern about the fees. He believed if an owner was making the designation, he/she should not have to pay a fee.

Mayor Marsala opened the public hearing.

Neal Rasmussen, Lindenwood Ave, applauded Council for its dedication to the Town of Atherton as volunteers. He read a letter into the record that suggested a nonprofit foundation be formed by those Atherton citizens who supported historic preservation in order to purchase artifacts located on private property for the Town.

Lisa Carey-Lamb, Laburnum Road, owned three artifacts, two of which were in complete disrepair when the property was purchased seven years ago. She spent \$5,000 to refurbish two urns and believed they were personal property that she should be able to move out of the Town.

Marion Oster, president of the Atherton Heritage Association, said Atherton was a wonderful place to live. The early residents from the 1860s, the Athertons, the Selbys, the Floods, the four Stern brothers, the Watkins, and many others, built large estates and decorated their gardens. Unfortunately, little or almost nothing is left. The remaining artifacts were here because previous property owners valued, honored, and maintained the artifacts. As an artifact owner, she had a responsibility to preserve what had been on her property for 130 years. She urged Council to adopt the ordinance.

Judy Castiallac, Linden Avenue, said state and national historic standards were used while researching and evaluating the artifacts for the inventory. She believed in private property rights; however, the situation called for balancing private concerns and the common good. Many artifacts were lost, endangered, or moved. There were three artifacts that were currently endangered, i.e., the owners wanted to take them when they moved.

Randy Lamb, Labernum Road, member of the General Plan Committee, said the language in the ordinance was confusing and seemed negative and punitive rather than positive. He believed having a fee added to the punitive nature of the ordinance. He wanted to move two artifacts that he restored to a new home. He hoped the concerns of the General Plan Committee were heard: was it a positive thing, was it an incentive for residents, and was it something that could be done on a voluntary basis.

Phil Lively, Hawthorne, said the heritage artifact ordinance was a Town issue much like the heritage tree ordinance. He urged Council to pass the ordinance.

Mayor Marsala closed the public hearing.

City Attorney Marc Hynes said staff brought the item to Council because of the concern that the urgency ordinance was going to expire. Council could make changes that evening which would still be considered a first reading, have the second reading in November, and the ordinance would go into affect 30 days later. The ordinance could always go back to

the General Plan Committee to consider other substantive changes and amend the ordinance at a later time. No continuity would be lost in the protection of the artifacts.

Discussion took place regarding what was discussed at the General Plan Committee and how ordinances were administered in other communities.

Ms. Jones said three-fourths of the artifacts needed a crane to move. In historic preservation terms, structures and objects were different and these artifacts were designed to be displayed outside.

Vice Mayor Carlson said the moratorium would expire in October and was not renewable. If Council did not pass the ordinance for first reading that evening, there would be a window with no ordinance. He asked whether the removal of any fee chargeable to the property owner would cause the ordinance not be a legitimate first reading.

City Attorney Hynes said changes could be made that evening and the ordinance could be introduced.

Vice Mayor Carlson said the time had come to move forward, i.e., introduce the ordinance for first reading so protection of the artifacts would not be lost. He urged his colleagues to pass the ordinance that evening with the deletion of all fees to the property owners. The General Plan Committee could review the ordinance at a latter date.

Council Member Jerry Carlson believed in preservation and wanted to see the artifacts stay in Atherton; however he did want to make a hasty decision because of deadlines. He wanted the ordinance to be more readable and understandable.

City Attorney Hynes recommended striking the fee provisions, introducing the ordinance that evening, adopting the ordinance at the second reading, and then sending it back to the General Plan Committee for review.

Council Member Janz said Council should make the changes that were suggested that evening. He did not want penalty fees for violations to be eliminated. He moved for first reading the following:

MOTION – to introduce for first reading Ordinance No. 567, “AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON ADDING CHAPTER 8.14 REQUIRING PRESERVATION OF HISTORICAL ARTIFACTS WITHIN THE TOWN OF ATHERTON,” with the following changes: 1) Eliminate Section 8.14.083, Fee Schedule, for actions taken by the property owners; 2) Clarify Section 8.14.052, Criteria, that artifacts must meet the criteria for Item No. 1 and at least one of the remaining criteria listed as Item Nos. 2, 3, and 4; and 3) Regarding Item No. 4, Local Significance, artifacts must meet the criteria of either subsection a or b and c. Further, direction was given to the General Plan Committee to pursue creating a public trust or foundation to solicit funds for the purpose of acquiring the artifacts for the Town. Additionally, staff was asked to prepare a flow chart to help clarify the ordinance.

Council Member Janz said the Town did not have a “building” historic preservation ordinance because there were not many buildings left that would qualify. Property owners had a public trust to deal properly with artifacts that provide aesthetic, artistic, and historic benefit to the Town and its future generations.

Council Member McKeithen supported no fees for the property owner. She thought Mr. Rasmussen’s suggestion of creating a public trust was a good one and suggested direction be given to the General Plan Committee to look into creating a public trust to determine whether any owners were willing to donate items to the Town. Staff was asked to prepare a flow chart at the beginning of the ordinance.

Mayor Marsala wanted to see how Hillsborough’s ordinance compared with Atherton’s and how it might be applied. He thought that a foundation to solicit funds and to acquire items was more appropriate with a voluntary ordinance.

M/S Janz/A.Carlson

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

Mayor Marsala called a recess at 11:00 p.m. The meeting was reconvened at 11:05 p.m.

19. INTRODUCTION OF AN ORDINANCE TO AMEND THE LENGTH OF THE CONSTRUCTION TIME ORDINANCE

Deputy Town Planner Lisa Costa Sanders presented a brief staff report. The amendment was a minor change to redefine what a project was. Staff recommended that term “project” be defined in the ordinance as all the work on the site, taking the largest square footage to apply to the length of construction.

Mayor Marsala said what would happen to the person who built a house and decided to build an accessory structure four months later.

Deputy Town Planner Costa Sanders said the majority of the projects that came through the Building Department typically had one permit issued for an entire project. A possible alternative would be to set a time limit, a one-year break, before another project could start.

Vice Mayor Alan Carlson said most projects were submitted in their entirety and, as part of the plan, a conditional use permit was applied for to occupy an accessory structure for more than 30 days, resulting in continuous-stage construction which the ordinance was trying to prevent. He asked what would happen to someone who built a house and then legitimately decided to build something else six months later.

Council Member McKeithen suggested that the Planning Commission could become involved to provide flexibility depending upon the circumstances to allow further construction. The Planning Commission’s decision could also be appealed to the City Council

Vice Mayor Alan Carlson suggested adding a presumptive time period, i.e., once a project was completed, another project could not be started within 18 months or 2 years with the proviso that during the presumptive time period, the Planning Commission could waive the requirement.

Council Member Jerry Carlson suggested sending the item back to staff for further review.

Council Member Janz agreed.

Mayor Marsala opened the public hearing.

Melinda Tevis, Tallwood Court, spoke regarding ongoing constructions projects near her home. She suggested that the Planning Commission be given the ability to stagger those projects.

Suzanne Saunders, Stockbridge Avenue, spoke regarding smaller projects, under 5,000 square feet, and the impact to construction time due to unintentional delays.

Carol Flaherty, Camino Por Los Arboles, fully supported the time limits on construction. However, she queried whether a pool, landscaping, or a retaining wall should be considered a part of the project. She thought the time limits should be applied to the physical structures.

David McAdoo, Menlo School, commented on non-residential construction and the ability to get waivers for a school campus.

Council Member Janz said schools had a conditional use permit requirement.

Mayor Marsala closed the public hearing.

MOTION – to return the item to the General Plan Committee for further consideration; to add a presumptive time period, i.e., once a project was completed, another project could not be started for 18 months or 2 years, with the proviso that during the presumptive time period, the Planning Commission could provide flexibility to allow further construction and waive the time period; and to bring the item back to the City Council for introduction.

M/S McKeithen/A.Carlson

Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

REGULAR AGENDA (Items 20 - 26)

20. CONSIDERATION AND POSSIBLE ACTION REGARDING ROAD IMPACT FEES (RESOLUTION NO. 00-27) AND OFF-HAUL EXCAVATION SURCHARGE (RESOLUTION NO. 05-34)

City Attorney Marc Hynes said he recited the terms of the resolution at the beginning of the meeting for Council consideration and adoption.

Jack Ringham, Fair Oaks Lane, believed strongly that wherever possible the people who damage the road should pay to fix the road. If not, other taxpayers had to pick up the fee through other taxes. He urged Council to charge the excavation fee, if it were legal, with some provision for inflation.

Carol Flaherty, Camino Por Los Arboles, said there was a road impact fee in the building permit fee that was assessed for potential damage to the roads. The issue was whether people were being charged twice. She applauded Council's decision.

Jeff Wise, Linden Avenue, encouraged Council to pass the resolution to rescind the excavation fee.

MOTION – to adopt Resolution No. 06-19, “A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON RELATING TO ROAD EXCAVATION SURCHARGES,” rescinding, revoking, and terminating the excavation surcharges enacted by Resolution No. 05-34

M/S J.Carlson/Janz Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

21. CONSIDERATION OF ATHERTON POLICE DEPARTMENT SURVEY CONDUCTED BY GODBE ASSOCIATES

MOTION – to continue the item to the City Council Meeting of October 18, 2006

M/S A.Carlson/Janz Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

22. UPDATE FROM THE GENERAL PLAN COMMITTEE

MOTION – to continue the item to the City Council Meeting of October 18, 2006

M/S A.Carlson/Janz Ayes: 5 Noes: 0 Absent: 0 Abstain: 0

23. PUBLIC COMMENTS

Melinda Tevis, Tallwood Court, attended a General Plan Committee meeting and was surprised there were five citizens on the committee. She said the Residents' Handbook indicated that the committee be comprised of four citizens.

Deputy Town Planner Lisa Costa Sanders clarified that that Atherton Municipal Code was the authority on the number of members for the General Plan Committee (up to five residents) and the Residents' Handbook was inconsistent with the municipal code.

Ms. Tevis asked whether a member of the committee should recuse himself/herself if he/she had a personal interest in an item on the agenda.

City Attorney Marc Hynes said that because the General Plan Committee was an advisory group, members did not need to recuse themselves. They were not obliged to step down through state law or the Town's Conflict of Interest Code.

"Speaker," spoke regarding the process for selecting members of the General Plan Committee. She was concerned by the number of homeowners/developers on the committee.

24. ADJOURNMENT

Mayor Marsala adjourned the meeting at 11:40 p.m.

Respectfully submitted,

**Kathi Hamilton
Acting City Clerk**

TOWN OF ATHERTON
CLAIMS LIST
SEPTEMBER 2006

Payroll Checks	8413 - 8577	\$ 31,636
Electronic Transfers		406,107
A/P Checks	22644 - 22796	1,348,557
TOTAL		\$ 1,786,300

I, James H. Robinson, City Manager of the Town of Atherton, do hereby certify under penalty of perjury that the demands listed above, check numbers 8413 - 8577 (payroll) and 22644 - 22796 (accounts payable), and electronic transfers for employees federal payroll taxes and fees, inclusive, amount to \$1,786,300; are true and correct, and that there are sufficient funds for payment.

James H. Robinson
City Manager

The above claims, check numbers 8413 - 8577 (payroll) and 22644 - 22796 (accounts payable), and electronic transfers for employees federal payroll taxes and fees, inclusive, amount to \$1,786,300; are true and correct, and are authorized for payment.

Charles Marsala
Mayor, Town of Atherton

SOURCE OF FUNDS

101	General Fund	\$803,416
105	Tennis Fund	
201	Special Parcel Tax	1,155
202	Transportation	
203	Gas Tax Fund	
210	Road Construction Impact Fees	951,043
211	Park Grants Fund	22,301
213	Library Special Revenue Fund	1,456
401	General Capital Projects	
402	Storm Drainage	
403	Atherton Channel District	2,666
406	Facilities Construction	
610	Vehicle Replacement	
611	Computer Maint. & Replacement	2,008
612	Administrative Services	2,255
715	Evans Estate	
740	Tree Committee	
TOTAL		\$1,786,300



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: JOHN P. JOHNS, FINANCE DIRECTOR

DATE: FOR THE MEETING OF OCTOBER 18, 2006

SUBJECT: MONTHLY FINANCIAL REPORT, SEPTEMBER 2006

RECOMMENDATION:

Receive the Monthly Financial Report for September 2006.

INTRODUCTION:

The attached schedules show revenues, expenditures and fund balance for all funds as of September 30, 2006.

HIGHLIGHTS

General Fund expenditures for the three months ended September 30, 2006, have amounted to \$2,205,595, or 24% of the \$9,202,287 budgeted for the fiscal year. For the three months ended September 30, 2006, General Fund revenues amounted to \$722,692, or 8% of the \$8,969,215 estimated for the year.

By comparison, General Fund expenditures amounted to 23% of appropriations for the three months ended September 30, 2005. Additionally, General Fund revenues amounted to 15% of estimated revenues for the three months ended September 30, 2005.

FISCAL IMPACT:

None

Prepared by:

Approved by:

John P. Johns
Finance Director

James H. Robinson
City Manager

TOWN OF ATHERTON
Revenue Summary
For the Month ended September 30th, 2006

Fund	Revenue Source	2006-07 Estimate	Current Period Revenues	Year to Date Revenues	% Received
	Property Tax	\$ 4,135,402	4,400	12,837	0%
	Sales and Use Tax	157,500	9,073	33,019	21%
	Other Taxes	1,111,546	28,966	82,200	7%
	Licenses & Permits	1,466,200	107,632	383,169	26%
	Fines & Forfeitures	35,000	5,380	14,614	42%
	Revenue from Other Agencies	395,215	3,019	64,527	16%
	Charges for Services	176,500	17,183	100,889	57%
	Investment & Rental Income	307,852	-	23,247	8%
	Other Revenues	229,000	1,328	8,190	4%
	Total General Fund Revenues	8,014,215	176,981	722,692	9%
	Interfund (Operating) Transfers In	955,000		-	0%
101	General Fund Total	8,969,215	176,981	722,692	8%
Special Revenue Funds:					
105	Tennis	8,000	175	525	7%
201	Special Parcel Tax	1,858,000		-	0%
202	Transportation	265,000	25,084	25,084	9%
203	Street Improvement (Gas Tax)	150,000		54,890	37%
209	Law Enforcement	100,000		-	0%
210	Road Construction Impact Fees	1,100,000	44,398	150,091	14%
211	State Park Grants Fund	313,910		-	0%
213	Library	200,000		-	0%
	Total	3,994,910	69,657	230,590	6%
Capital Project Funds:					
401	Capital Improvement	-		-	
402	Storm Drainage	20,000		-	
403	Channel Drainage District	50,000	54	159	0%
406	Facilities Construction	-		-	
	Total	70,000	54	159	0%
Internal Service Funds:					
610	Vehicle Replacement	120,919		-	
611	Information Technology	104,670		-	0%
612	Administrative Services	303,221		-	0%
614	Workers Compensation Insurance	-		-	
	Total	528,810	-	-	0%
Trust and Agency Funds:					
715	Evans Creative Design	14,500	-	-	0%
740	Tree Committee	1,400	5,000	4,600	
	Total	15,900	5,000	4,600	29%
Total Revenues		13,578,835	251,692	958,041	7%

TOWN OF ATHERTON
Expenditure Summary
For the Month Ended September 30th, 2006

Fund	Description	2006-07	Current Period	Year to Date	%
	Department	Budget	Expenditures	Expenditures	Spent
101	General Fund				
	11 City Council	\$ 21,749	\$ 1,648	\$ 4,751	22%
	12 City Manager	504,360	49,891	131,331	26%
	16 City Attorney	183,559	17,558	39,417	21%
	18 Finance	448,576	65,010	152,626	34%
	25 Building	1,189,503	92,045	271,660	23%
	40 Police	4,696,248	474,593	1,110,263	24%
	50 Public Works	2,058,292	204,032	495,547	24%
	Contingency	100,000	-	-	0%
	Total General Fund Expenditures	<u>9,202,287</u>	<u>904,777</u>	<u>2,205,595</u>	<u>24%</u>
	Interfund (Operating) Transfers Out	-	-	-	0%
101	General Fund Total	<u>\$ 9,202,287</u>	<u>\$ 904,777</u>	<u>\$ 2,205,595</u>	<u>24%</u>
Special Revenue Funds:					
105	Tennis	5,522	-	567	
201	Special Parcel Tax	1,910,535	1,155	8,405	0%
202	Transportation	444,500	-	-	0%
203	Street Improvement (Gas Tax)	150,000	18,615	23,234	15%
209	Law Enforcement	100,000	937,646	41,980	42%
210	Road Impact Fees	1,470,000	22,301	989,857	67%
211	State Park Grants	277,040	-	48,678	18%
213	Library Fund	78,326	1,598	5,158	7%
	Total	<u>4,435,923</u>	<u>981,315</u>	<u>1,117,879</u>	<u>25%</u>
Capital Project Funds:					
401	Capital Improvement	-	-	-	
402	Storm Drainage	21,394	-	-	0%
403	Channel Drainage District	60,000	2,666	3,876	6%
	Total	<u>81,394</u>	<u>2,666</u>	<u>3,876</u>	<u>5%</u>
Internal Service Funds:					
610	Vehicle Replacement	76,000	-	-	0%
611	Information Technology	116,120	2,008	11,948	10%
612	Administrative Services	288,342	15,969	156,118	54%
614	Workers Compensation Insurance	-	-	-	
	Total	<u>480,462</u>	<u>17,977</u>	<u>168,066</u>	<u>35%</u>
Trust and Agency Funds:					
715	Evans Creative Design	11,500	-	-	0%
740	Tree Committee	-	-	2,159	
	Total	<u>11,500</u>	<u>-</u>	<u>2,159</u>	<u>19%</u>
Total Expenditures		<u>14,211,566</u>	<u>1,906,735</u>	<u>3,497,575</u>	<u>25%</u>

TOWN OF ATHERTON
Budget Summary
Fiscal Year 2006-07
As of September 30th, 2006

Fund	Description	Beginning Fund Balance July 1, 2006	Revenues to Date	Transfers to Date	Expenditures To Date	Ending Fund Balance to Date
101	General Fund	9,344,474	722,692	-	2,205,595	7,861,571
	Special Revenue Funds:					
105	Tennis	23,692	525		567	23,650
201	Special Municipal Tax	1,005,832	-		8,405	997,427
202	Transportation	527,577	25,084		-	552,661
203	Street Improvement (Gas Tax)	102,874	54,890		23,234	134,530
209	Law Enforcement	10,437	-		41,980	(31,543)
210	Road Construction Impact Fees	1,373,559	150,091		989,857	533,793
211	State Park Grants	-	-		48,678	(48,678)
213	Library Special Revenue Fund	1,947,286	-		5,158	1,942,128
	Sub Total	4,991,256	230,590	-	1,117,879	4,103,967
	Capital Projects Funds:					
401	Capital Improvement	258,424	-		-	258,424
402	Storm Drainage	43,455	-		-	43,455
403	Channel Drainage District	36,039	159		3,876	32,322
406	Facilities Construction	-	-		-	-
	Sub Total	337,919	159	-	3,876	334,202
	Internal Service Fund					
610	Vehicle Replacement	440,370	-		-	440,370
611	Information Technology	89,739	-		11,948	77,791
612	Administrative Services	198,175	-		156,118	42,057
614	Workers Compensation Insurance	10,871	-		-	10,871
	Sub Total	739,155	-	-	168,066	571,089
	Trust and Agency Funds					
715	Evans Creative Design	117,345	-		-	117,345
740	Tree Committee	24,558	5,000		2,159	27,399
	Sub Total	141,903	5,000	-	2,159	144,744
	Grand Total	\$ 15,554,708	\$ 958,441	\$ -	\$ 3,497,575	\$ 13,015,574



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: JOHN P. JOHNS, FINANCE DIRECTOR

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

SUBJECT: FY 2005-06 AUDITED FINANCIAL STATEMENTS

RECOMMENDATION:

Accept the basic financial statements and independent auditors report for the year ended June 30, 2006

DISCUSSION:

Transmitted herewith are the Town of Atherton's basic financial statements and the accompanying independent auditor's report for the year ended June 30, 2006.

This report is the third year for which the Town has presented its financial statements in accordance with the new financial reporting model as prescribed by Governmental Accounting Standards Board Statement Number 34. As such, the report includes:

- A management discussion and analysis section that provides an overview of the financial statements themselves, as well as pertinent analysis of events that have occurred in the past year or are expected to occur in future years that have a bearing on the Town's financial position.
- A set of consolidated schedules that depict the financial position of the Town as a whole under the full accrual basis.

- A series of schedules that reconcile the consolidated statements under the full accrual method of reporting with the fund-level statements that are presented under the modified accrual basis of reporting.

As is consistent with each of the previous four years, the auditors have expressed an opinion that the Town has reported the results of its activities for the year ended June 30, 2006, and its financial position as of June 30, 2006, fairly and in conformity with generally accepted governmental accounting principles in all material respects. Additionally, the auditors have conducted an examination of the Town's internal controls and found there to be no weaknesses in said controls that would constitute a reportable condition. Hence, the auditors determined that it was not necessary to issue a management letter for FY 2005-06.

FISCAL IMPACT

None

Prepared by:

Approved by:

John P. Johns
Finance Director

James H. Robinson
City Manager

Attachment: Town of Atherton Basic Financial Statements and Independent Auditors Report for the Year ended June 30th, 2006

**Town
of
Atherton**

Atherton, California

*Basic Financial Statements and
Independent Auditors' Report*

For the year ended June 30, 2006

Town of Atherton

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CITY OFFICIALS

CITY COUNCIL

Mayor	Charles E. Marsala
Vice Mayor	Alan B. Carlson
Council Member	Jerry Carlson
Council Member	James R Janz
Council Member	Kathy McKeithan

ADMINISTRATION & DEPARTMENT HEADS

City Manager	Jim Robinson
Assistant City Manager	Wende C. Protzman
Police Chief	Robert J. Brennan
Public Works Director	Duncan Jones
Interim Planning/Building Administrator	Gary Binger
Finance Director	John P. Johns
Acting City Clerk	Kathi Hamilton
Park Program Manager	Jean Cardona
City Attorney	Marc G. Hynes
Town Arborist	Kathy Hughes Anderson
City Planner	Neil Martin & Associates
Deputy Town Planner	Lisa Costa Sanders

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
of the Town of Atherton
Atherton, California

We have audited the accompanying financial statements of governmental activities, each major fund, and the aggregate remaining fund information of the Town of Atherton, California (Town), as of and for the year ended June 30, 2006, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

The accompanying Required Supplementary Information, such as management's discussion and analysis, budgetary comparison information and other information as listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

Oakland

180 Grand Ave., Suite 1365
Oakland, California 94612

Orange County

9 Corporate Park, Suite 100
Irvine, California 92606

Sacramento

777 Campus Commons Rd., Suite 200
Sacramento, California 95825

San Diego

4858 Mercury, Suite 106
San Diego, California 92111

To the Honorable Mayor and Members of the City Council
of the Town of Atherton
Atherton, California
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Capricci & Carson

Oakland, California
August 18, 2006

Town of Atherton

Management's Discussion and Analysis

For the year ended June 30, 2006

As management of the Town of Atherton, we offer readers of the Town of Atherton's financial statements this narrative and analysis of the financial activities of the Town of Atherton for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Town of Atherton exceeded its liabilities at the close of the most recent fiscal year by \$41,861,432 (net assets). Of this amount, \$8,161,460 (unrestricted net assets) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net assets increased by \$2,886,732. Page 18 of the basic financial statements provides a reconciliation between the increase in fund balance as reported on the governmental funds statements of revenues, expenditures and changes in fund balance with the government-wide statement of activities and changes in net assets.
- As of the close of the current fiscal year, the Town of Atherton's governmental funds reported combined ending fund balances of \$14,891,594, an increase of \$2,689,432 in comparison with the prior year. Approximately one-half of this total amount, \$7,300,831 is available for spending at the Town's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$4,702,141, or 50 percent of the total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Atherton's basic financial statements. The Town of Atherton's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains supplementary information in a separate section.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Atherton's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Atherton's assets and liabilities; the difference between the two reports is *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Atherton is improving or deteriorating.

The *statement of activities* shows how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Town of Atherton

Management's Discussion and Analysis, Continued

For the year ended June 30, 2006

The government-wide financial statements are intended to distinguish functions of the Town of Atherton that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Atherton include general government, public works administration, parks and recreation, police, parks maintenance, library maintenance, and streets and public facilities. At present the Town does not provide municipal services for any business-type activities (such as utilities).

The government-wide financial statements include not only the Town of Atherton itself (known as the *primary government*), but also the Atherton Channel District, a legally separate special purpose district. The Atherton Channel District, although legally separate, functions for all practical purposes as a department of the Town of Atherton, and therefore has been included as an integral part of the primary government.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Atherton, like other state and local governments, uses fund accounting to ensure and demonstrate the compliance with finance-related legal requirements. All of the funds of the Town of Atherton can be divided into three categories: governmental, proprietary, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances prove a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Atherton maintains sixteen individual governmental funds. Information is presented separately in the government fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the special tax special revenue fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the Required Supplementary Information.

The Town of Atherton adopts an annual appropriated budget for its general fund and special tax special revenue fund. A budgetary comparison statement has been provided for the general fund and the special tax special revenue fund to demonstrate compliance with this budget.

Town of Atherton

Management's Discussion and Analysis, Continued

For the year ended June 30, 2006

Proprietary funds. The Town of Atherton maintains one type of proprietary fund type, internal service funds. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the Town of Atherton's various functions. The Town of Atherton uses internal service funds to account for its fleet of vehicles, management information systems, and certain administrative services functions activities. Because of these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements. Internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the Town of Atherton's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town of Atherton's progress in funding its obligation to provide pension benefits to its employees.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Atherton, assets exceeded liabilities by \$41,861,432 at the close of the most recent fiscal year.

The largest portion of the Town of Atherton's net assets consists of investments in capital assets (65 percent). An additional portion of the Town of Atherton's net assets (16 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$8,161,460) may be used to meet the Town's ongoing obligations to citizens and creditors.

Town of Atherton
Management's Discussion and Analysis, Continued
For the year ended June 30, 2006

Town of Atherton's Net Assets

Net Assets	
Invested in capital assets, net of related debt	\$ 27,099,826
Restricted for:	
Capital projects	993,547
Debt service	625,138
Special projects	4,981,461
Unrestricted	<u>8,161,460</u>
Total net assets	<u>\$ 41,861,432</u>

At the end of the current fiscal year, the Town of Atherton is able to report positive balance in all three activities. The same situation held true for the prior fiscal year.

Governmental activities. Governmental activities increased the Town of Atherton's net assets by \$2,886,732. The increase in net assets was due to a combination of factors including continued strength in the real estate market resulting in rising property tax revenues, lower than expected expenditures for employee salaries and benefits and continued investments in the Town's infrastructure.

Financial Analysis of the Town's Government-Wide Financial Statements

The following table provides a comparison of revenues, expenditures, assets, liabilities and net assets for all governmental-type activities for the fiscal year ended June 30, 2005 and 2006.

Town of Atherton
Comparative Analysis of Revenues, Expenditures, Assets, Liabilities, and Net Assets
For the Years Ended June 30, 2005 and 2006

	2006	2005	Variance	Change
Revenues	\$ 12,760,532	\$ 11,498,603	\$ 1,261,929	11%
Expenditures	\$ 10,541,125	\$ 10,548,052	\$ (6,927)	0%
Assets	\$ 43,537,389	\$ 40,664,572	\$ 2,872,817	7%
Liabilities	\$ 1,675,957	\$ 1,689,872	\$ (13,915)	(1)%
Net Assets	\$ 41,861,432	\$ 38,974,700	\$ 2,886,732	7%

Total assets and total fund equity increased by 5% and 6% respectively.

As noted earlier, the Town of Atherton uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Town of Atherton

Management's Discussion and Analysis, Continued

For the year ended June 30, 2006

Governmental funds. The focus of the Town of Atherton's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Atherton's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Atherton's governmental funds reported combined ending fund balances of \$14,891,594 an increase of \$2,689,432 in comparison with the prior year. 49% percent of this total amount (\$7,300,831) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that is not available for new spending because it has already been committed:

- To liquidate contracts and purchase orders of the prior period \$(2,896,298)
- To provide for a contingency for economic uncertainty \$(3,015,300)
- To provide for a reserve for future building inspections \$(1,054,027)
- For compensated absences \$(625,138)

The general fund is the chief operating fund of the Town of Atherton. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,702,141, while total fund balance reached \$9,490,384. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. For the year ended June 30, 2006 total general fund balance represents 90 percent of FY 2006 expenditures.

The fund balance of the general fund increased by \$1,907,599 for the 12 months ended June 30, 2006. Key factors in this growth are as follows:

- A refund of excess property tax contributions to the Educational Revenue Augmentation Fund by the San Mateo County Controller in the amount of \$576,000 resulting from excess contribution withheld by the Controller in previous fiscal years;
- An additional \$400,000 in secured property taxes resulting from higher than expected growth in property assessments combined with a change in the manner in which the California State Controller apportions motor vehicle license fees;
- A \$100,000 favorable variance in real property transfer taxes and sales tax revenues due to favorable economic conditions and a conservative approach by the Finance Department in estimating such revenues;
- Increased investment income resulting from rising interest rates and higher cash balances held within the Town's treasury;

Town of Atherton
Management's Discussion and Analysis, Continued
For the year ended June 30, 2006

- A favorable variance in the amount of \$600,000 in expenditures for employee salaries and benefits due to unanticipated vacancies in the Police Department and administration combined with a lower than expected cost of providing health care and retirement benefits.

General Fund Budgetary Highlights

In FY 2005-06 the budget adopted by the City Council remained unchanged during the year. Hence there was no difference between the original budget and the final budget.

During the year, however, revenues exceeded budgetary estimates by \$1,105,058 (a favorable variance of 13 percent of estimated revenues) and expenditures were less than appropriations, by \$780,255 (a favorable variance of 9 percent of general fund appropriations).

Capital Assets

The Town of Atherton's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$27,099,826 (net of accumulated depreciation). This investment in capital assets includes land, building, computers, a telecommunications system, improvements, machinery, equipment, park facilities, a corporation yard, and roads. The total increase in the Town of Atherton's investment in capital assets for the current fiscal year was \$216,574 (all of which were for governmental activities).

Major capital asset events during the current fiscal year included the following:

- The reconstruction of Selby Lane at a cost of \$966,000;
- The resurfacing of various streets within the Town at a cost of \$266,000;
- Major repairs to the Atherton Channel at a cost of \$480,000.

Town of Atherton
Management's Discussion and Analysis, Continued
For the year ended June 30, 2006

Town of Atherton's Capital Assets

	Balance July 1, 2005	Additions	Retirements	Inventory Adjustments	Transfers	Balance June 30, 2006
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 690,884	\$ -	\$ -	\$ -	\$ -	\$ 690,884
Construction in progress	30,258	1,058,724	-	455,363	(659,123)	885,222
Total non depreciable assets	<u>721,142</u>	<u>1,058,724</u>	<u>-</u>	<u>455,363</u>	<u>(659,123)</u>	<u>1,576,106</u>
Capital assets, being depreciated:						
Buildings	1,668,094	-	-	-	-	1,668,094
Other improvements	618,127	151,162	(19,758)	-	-	749,531
Vehicles	499,462	65,276	-	-	-	564,738
Equipment - computer	44,985	5,996	(8,495)	-	-	42,486
Equipment - furniture/equipment	419,094	-	(10,712)	-	-	408,382
Infrastructure	46,044,631	-	(346,180)	396,610	659,123	46,754,184
Total depreciable assets	<u>49,294,393</u>	<u>881,557</u>	<u>(385,145)</u>	<u>396,610</u>	<u>659,123</u>	<u>50,187,415</u>
Accumulated Depreciation:						
Buildings	(621,173)	(37,392)	-	-	-	(658,565)
Other improvements	(488,641)	(20,609)	11,854	-	-	(497,396)
Vehicles	(286,630)	(73,149)	-	-	-	(359,779)
Equipment - computer	(13,810)	(5,812)	3,034	-	-	(16,588)
Equipment - furniture/equipment	(356,506)	(12,991)	7,498	3,291	-	(358,708)
Infrastructure	<u>(21,365,523)</u>	<u>(1,537,666)</u>	<u>318,469</u>	<u>(187,939)</u>	<u>-</u>	<u>(22,772,659)</u>
Total accumulated depreciation	<u>(23,132,283)</u>	<u>(1,687,619)</u>	<u>340,855</u>	<u>(184,648)</u>	<u>-</u>	<u>(24,663,695)</u>
Depreciable assets, net	<u>26,162,110</u>	<u>(806,062)</u>	<u>(44,290)</u>	<u>211,962</u>	<u>-</u>	<u>25,523,720</u>
Governmental activities capital assets, net	<u>\$ 26,883,252</u>	<u>\$ 252,662</u>	<u>\$ (44,290)</u>	<u>\$ 667,325</u>	<u>\$ -</u>	<u>\$ 27,099,826</u>

Additional information on the Town of Atherton's capital assets can be found in Note 4 of this report.

Economic Factors Affecting Subsequent Years

In June of 2005 the residents of Atherton approved Measure W, thereby renewing the Atherton Special Tax for an additional five years. The maximum tax levy approved by the electorate was consistent with the amounts that were in effect during the previous four fiscal years and is expected to generate \$1.865 million in additional funds annually for the five years ended June 30, 2010. Of this amount, the Town expects to expend approximately \$1.4 million annually for infrastructure maintenance and improvements and to expend the balance on current operations.

- The assessed value of real and personal property within the Town of Atherton in FY 2006-07 will amount to \$4.86 Billion. As a result property tax revenues are expected to increase by 10% over the \$3.6 million collected in FY 2005-06.

Town of Atherton

Management's Discussion and Analysis, Continued

For the year ended June 30, 2006

- In order to provide a greater margin of security, the Town elected to increase its reserves for economic uncertainty from \$3.2 million to \$4.8 million. At this higher level, the Town expects to have a minimum of six months reserves in place for the current five-year financial planning horizon.
- The permitted value of residential renovation and construction is expected to exceed \$100 million for the fifth consecutive year. As a result, the Building Department is expected to be fully self-supporting at current permit fee levels.
- Pension expenses for municipal employees will amount to 18 percent of covered payroll for miscellaneous employees and 35 percent for safety employees.
- Employee salary and benefit expenses will increase at levels consistent with expected changes in the consumer price index during the past year (approximately 3 percent).

All of these factors were considered in preparing the Town of Atherton's budget for Fiscal Year 2005-06.

This financial report is designed to provide a general overview of the Town of Atherton's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Atherton Finance Department, 91 Ashfield Road, Atherton, California 94027.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Atherton
Statement of Net Assets
June 30, 2006

	<u>Governmental Activities</u>
ASSETS	
Cash and investments in treasury	\$ 15,956,920
Accounts	323,167
Interest	156,006
Miscellaneous	1,470
Non-depreciable	1,576,106
Depreciable, net	<u>25,523,720</u>
TOTAL ASSETS	<u>43,537,389</u>
LIABILITIES	
Accounts payable	225,369
Accrued payroll	348,809
Deposits payable	476,641
Compensated absences payable	<u>625,138</u>
TOTAL LIABILITIES	<u>1,675,957</u>
NET ASSETS	
Investment in capital assets, net of related debt	27,099,826
Restricted for:	
Capital projects	993,547
Debt service	625,138
Special projects	4,981,461
Unrestricted:	
Unrestricted	<u>8,161,460</u>
TOTAL NET ASSETS	<u>\$ 41,861,432</u>

See accompanying Notes to the Basic Financial Statements.

Town of Atherton
Statement of Activities and Changes in Net Assets
For the year ended June 30, 2006

Functions/Programs	Expenditures	Program Revenues		Net (Expenditure) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants	Governmental Activities
Primary Government:				
General government	\$ 2,317,478	\$ 2,195,192	\$ 481,240	\$ 358,954
Public works administration	990,706	-	-	(990,706)
Parks and recreation	4,402	-	-	(4,402)
Police	4,277,921	62,120	-	(4,215,801)
Library maintenance	27,898	-	450,000	422,102
Streets and public facilities	2,922,720	1,169,195	220,654	(1,532,871)
Total governmental activities	\$ 10,541,125	\$ 3,426,507	\$ 1,151,894	(5,962,724)
General revenues:				
Taxes:				
Property taxes				6,042,958
Sales taxes				413,476
Motor vehicle fee taxes				680,742
Other taxes				670,179
Total Taxes				7,807,355
Investment earnings				351,753
Miscellaneous				23,023
Total general revenues				8,182,131
Change in Net Assets				2,219,407
Net assets - beginning of year, as restated				39,642,025
Net assets - end of year				\$ 41,861,432

See accompanying Notes to the Basic Financial Statements.

FUND FINANCIAL STATEMENTS

Governmental Fund Financial Statements

Proprietary Fund Financial Statements

Fiduciary Fund Financial Statements

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GOVERNMENTAL FUND FINANCIAL STATEMENTS

The General Fund- This Fund accounts for all general revenues of the Town not specifically levied or collected for other Town funds and the related expenditures. The General Fund accounts for all financial resources of a governmental unit which are not accounted for in other funds.

Library -This Fund is used to account for funds dedicated to the Town's library operations.

Road Construction -This Fund is used to account for moneys dedicated to road construction.

Town of Atherton
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds		
	General	Library	Road Construction
ASSETS			
Cash and investments in treasury	\$ 10,047,525	\$ 1,947,895	\$ 1,394,142
Receivables:			
Accounts	191,080	-	-
Interest	156,006	-	-
Miscellaneous	1,470	-	-
Receivables Total	<u>348,556</u>	<u>-</u>	<u>-</u>
Due from other funds	<u>62,101</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 10,458,182</u></u>	<u><u>\$ 1,947,895</u></u>	<u><u>\$ 1,394,142</u></u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable	\$ 216,071	\$ 609	\$ 20,583
Accrued payroll	275,086	-	-
Deposits payable	476,641	-	-
Due to other funds	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>967,798</u>	<u>609</u>	<u>20,583</u>
FUND BALANCE			
Reserved for:			
Encumbrances	109,078	-	-
Special projects, encumbrances	-	-	1,206,265
Contingency	3,000,000	-	-
Future building inspection	1,054,027	-	-
Capital projects, encumbrances	-	-	-
Compensated absences	625,138	-	-
Unreserved, Designated:			
Insurance	500,000	-	-
Unreserved, Undesignated:			
Special revenue funds	-	1,947,286	167,294
Capital project funds	-	-	-
Undesignated	<u>4,202,141</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCE	<u>9,490,384</u>	<u>1,947,286</u>	<u>1,373,559</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 10,458,182</u></u>	<u><u>\$ 1,947,895</u></u>	<u><u>\$ 1,394,142</u></u>

See accompanying Notes to the Basic Financial Statements.

Other Governmental	Total
\$ 2,055,258	\$ 15,444,820
132,087	323,167
-	156,006
-	1,470
<u>132,087</u>	<u>480,643</u>
-	62,101
<u>\$ 2,187,345</u>	<u>\$ 15,987,564</u>

\$ 39,230	276,493
5,649	280,735
-	476,641
<u>62,101</u>	<u>62,101</u>
<u>106,980</u>	<u>1,095,970</u>

-	109,078
1,544,915	2,751,180
15,300	3,015,300
-	1,054,027
36,040	36,040
-	625,138
-	500,000
115,701	2,230,281
368,409	368,409
-	4,202,141
<u>2,080,365</u>	<u>14,891,594</u>
<u>\$ 2,187,345</u>	<u>\$ 15,987,564</u>

Town of Atherton
Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets
June 30, 2006

Total Fund Balances - Total Governmental Funds \$ 14,891,594

Amounts reported for governmental activities in the Statement of Net Assets were reported differently because:

Capital assets used in governmental activities were not current financial resources and therefore were not reported in the Governmental Funds Balance Sheet.

Non depreciable assets (Land and construction in progress)	1,576,106
Depreciable buildings, property, equipment and infrastructure, net (does not include capital assets of \$230,857 net, related to the internal service funds)	<u>25,292,863</u>

Total capital assets	<u>26,868,969</u>
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Internal service funds were used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds were included in governmental activities in the Government-Wide Statement of Net Assets.

	726,007
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Compensated absences payable were not due and payable in the current period. Therefore, they were not reported in the Governmental Funds Balance Sheet. The long-term liabilities were adjusted as follows:

Total compensated absences	<u>(625,138)</u>
----------------------------	------------------

Net Assets of Governmental Activities \$ 41,861,432

See accompanying Notes to the Basic Financial Statements.

Town of Atherton
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2006

	Major Funds		
	General	Library	Road Construction
REVENUES			
Property taxes	\$ 4,075,437	\$ 74,872	\$ -
Special assessments	-	-	-
Sales taxes	167,393	-	-
Measure A grants	-	-	-
Other taxes	1,350,921	-	-
Permits and licenses	1,716,348	-	-
Fines and forfeitures	57,453	-	-
From other agencies	444,564	450,000	-
Service charges	335,165	-	-
Use of money and property	323,658	35,269	18,139
Road impact fees	-	-	1,169,195
Other revenues	53,416	-	-
TOTAL REVENUES	8,524,355	560,141	1,187,334
EXPENDITURES			
Current:			
General government	908,351	-	-
Public works administration	991,929	-	-
Parks and recreation	-	-	-
Police	4,112,398	-	-
Library maintenance	-	27,898	-
Streets and public facilities	1,908,078	-	335,825
TOTAL EXPENDITURES	7,920,756	27,898	335,825
REVENUES OVER (UNDER) EXPENDITURES	603,599	532,243	851,509
OTHER FINANCING SOURCES (USES)			
Transfers in	1,304,000	-	-
Transfers (out)	-	-	(310,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,304,000	-	(310,000)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	1,907,599	532,243	541,509
FUND BALANCES:			
Beginning of year	7,582,785	1,415,043	832,050
End of year	\$ 9,490,384	\$ 1,947,286	\$ 1,373,559

See accompanying Notes to the Basic Financial Statements.

Other Governmental	Total
\$ 53,302	\$ 4,203,611
1,839,347	1,839,347
-	167,393
246,083	246,083
-	1,350,921
-	1,716,348
-	57,453
350,054	1,244,618
6,000	341,165
32,745	409,811
-	1,169,195
-	53,416
2,527,531	12,799,361
-	908,351
-	991,929
4,402	4,402
114,853	4,227,251
-	27,898
1,706,195	3,950,098
1,825,450	10,109,929
702,081	2,689,432
-	1,304,000
(994,000)	(1,304,000)
(994,000)	0
(291,919)	2,689,432
2,372,284	12,202,162
\$ 2,080,365	\$ 14,891,594

Town of Atherton

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

For the year ended June 30, 2006

Net Changes in Fund Balances - Total Governmental Funds \$ 2,689,432

Governmental activities in the Statement of Activities and Changes in Net Assets were reported differently because:

Governmental funds report capital outlay as expenditures. However, in the Government-Wide Statement of Activities and Changes in Net Assets, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of construction in progress and other improvements recorded in the current period net of internal service fund capital asset additions of \$71,272. This amount also includes a loss of \$(38,829) associated with the disposal of capital assets. 1,171,057

Depreciation expense on capital assets is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, depreciation expense was not reported as expenditures in governmental funds. Depreciation expense associated with internal service funds of \$ 78,961 is not reported here. (1,608,658)

Payroll expense on compensated absences is reported in the Government-Wide Statement of Activities and Changes in Net Assets, but it does not require the use of current financial resources. Therefore, compensated absences expense was not reported as expenditures in governmental funds. This amount represents the net activity of \$242,840 in additions and \$(190,382) in deductions. (52,458)

Internal service funds were used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds was reported with governmental activities. 20,034

Change in Net Assets of Governmental Activities \$ 2,219,407

See accompanying Notes to the Basic Financial Statements.

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PROPRIETARY FUND FINANCIAL STATEMENTS

Internal Service Fund- This fund is used to account for special activities and services performed by a designated Town department for other departments on a cost reimbursement basis.

Town of Atherton
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Governmental Activities Internal Service Funds
ASSETS	
Current assets:	
Cash and investments	\$ 512,100
Noncurrent assets:	
Depreciable capital assets	607,225
Accumulated depreciation	<u>(376,368)</u>
TOTAL ASSETS	<u>742,957</u>
LIABILITIES	
Current liabilities:	
Accounts payable	11,913
Accrued payroll	<u>5,037</u>
TOTAL LIABILITIES	<u>16,950</u>
NET ASSETS	
Unrestricted	<u>726,007</u>
TOTAL NET ASSETS	<u>\$ 726,007</u>

See accompanying Notes to the Basic Financial Statements.

Town of Atherton
Statement of Revenues, Expenses, and Changes in Net Assets
Proprietary Funds
For the year ended June 30, 2006

	Governmental Activities Internal Service Funds
OPERATING REVENUES	
Service charges	\$ 505,495
TOTAL OPERATING REVENUES	<u>505,495</u>
OPERATING EXPENSES	
Risk management	235,809
Depreciation	78,962
Supplies and maintenance	170,393
TOTAL OPERATING EXPENSES	<u>485,164</u>
OPERATING INCOME (LOSS)	<u>20,331</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	5,164
Gain (loss) on sale of assets	(5,461)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(297)</u>
CHANGE IN NET ASSETS	<u>20,034</u>
NET ASSETS:	
Beginning of year	<u>705,973</u>
End of year	<u>\$ 726,007</u>

See accompanying Notes to the Basic Financial Statements.

Town of Atherton
Statement of Cash Flows
Proprietary Funds
For the year ended June 30, 2006

	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from customers/other funds	\$ 505,495
Cash payments to suppliers for goods and services	<u>426,374</u>
Net cash provided (used) by operating activities	<u>79,121</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition or disposal of fixed assets	<u>(71,273)</u>
Net cash provided (used) by capital and related financing activities	<u>7,848</u>
Net increase (decrease) in cash and cash equivalents	
CASH AND CASH EQUIVALENTS:	
Beginning of year	<u>504,252</u>
End of year	<u>\$ 512,100</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income (loss)	\$ <u>25,495</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	78,962
Changes in assets and liabilities:	
Accounts payable	(26,783)
Accrued payroll	<u>1,447</u>
Total adjustments	<u>53,626</u>
Net cash provided (used) by operating activities	<u>\$ 79,121</u>

See accompanying Notes to the Basic Financial Statements.

FIDUCIARY FUND FINANCIAL STATEMENTS

Agency Funds- These funds account for assets held in an agency capacity for others and therefore cannot be used to support the Town's programs.

Town of Atherton
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	<u>Agency Funds</u>
ASSETS	
Cash and investments	<u>\$ 147,755</u>
TOTAL ASSETS	<u><u>\$ 147,755</u></u>
LIABILITIES	
Deposits payable	<u>\$ 147,755</u>
TOTAL LIABILITIES	<u><u>\$ 147,755</u></u>

See accompanying Notes to the Basic Financial Statements.

Town of Atherton

Notes to the Basic Financial Statements

For the year ended June 30, 2006

1. SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Town of Atherton, California (Town) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town was incorporated in 1923 and is situated between the cities of Menlo Park and Redwood City on the Peninsula of the San Francisco Bay Area. The Town operates under the Mayor-Council-Manager form of government created by charter in 1923 and provides the following services: public safety (police), public works and streets, park services, and general administration services.

The Town is governed by a five-member council elected by Town residents. The Town is legally separate and fiscally independent, which means it can issue debt, set and modify budgets and fees and sue or be sued. The accompanying basic financial statements include the financial activities of the Town, the primary government, and its component units.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the primary government's exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The following is a brief review of the blended component unit included in the accompanying basic financial statements of the Town in which the Council functions as the governing board:

The Atherton Channel District - was established to assist in the maintenance and rehabilitation of the areas within the Town determined to be in the flood plain of the local stream. The District has all accounting and administrative functions performed by Town staff and the District receives advances from the Town to finance operations. The financial activities of the District have been included in the Atherton Channel District Capital Projects Fund in the accompanying basic financial statements.

The above component unit is included in the Town's basic financial statements using the blended method since the governing body of this component unit is substantially the same as the governing body of the Town and this component unit provides services entirely to the Town.

Discretely presented component units are reported in a separate column in the basic financial statements to emphasize that they are legally separate from the Town. The Town does not have any component units that are discretely presented. Financial information for the component unit may be obtained from the Town's Finance Department.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

B. Basis of Accounting and Measurement Focus

The accounts of the Town are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Financial Statements

The Town's government-wide financial statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of the governmental activities for the Town, the primary government, accompanied by a total column. Fiduciary activities of the Town are not included in these statements.

These financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets and liabilities, including capital assets and related current year infrastructure asset additions and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Certain types of transactions are reported as program revenues for the Town and are presented in the following three categories:

- Charges for services
- Operating grants

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Assets have been eliminated. The following interfund activities have been eliminated:

- Due to/from other funds
- Transfers in/out

The Town applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) as well as the following pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) pronouncements and Statements Interpretations, Accounting Principles Board (APB), and Accounting Research Bulletins (ARB) of the Committee on Accounting Procedure.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Town has presented all major funds that met applicable criteria.

All governmental funds are accounted for on a spending or "*current financial resources*" measurements focus. Accordingly, only current assets and current liabilities generally are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financial sources) and decreases (expenditures and other financial uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except those revenues subject to accrual (generally 60 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Town, are property taxes, charges for services, federal and state grants, sales tax, and interest. Expenditures are recognized in the accounting period in which the related fund liability is incurred.

Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the deferred revenue is removed from the balance sheet and revenue is recognized.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

Proprietary Fund Financial Statements

Proprietary fund financial statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Change in Net Assets, and a Statement of Cash Flows for all proprietary funds.

The Town's proprietary funds represent Internal Service funds of which have been combined with the governmental activities in the government-wide financial statements.

Proprietary funds are accounted for using the "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non current) are included on the Statement of Net Assets.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

The Statement of Revenues, Expenses and Change in Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Fiduciary Fund Financial Statements

Fiduciary fund financial statements normally include a Statement of Net Assets and a Statement of Changes in Fiduciary Net Assets. The Town's fiduciary funds represent agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. As a result, a statement of Changes in Fiduciary Net Assets is not presented in this report.

C. Recognition of Interest Liability

In government-wide financial statements, interest payable on long-term debt is recognized as the liability is incurred for governmental activities and business type activities.

In the fund financial statements, proprietary fund types recognize the interest payable when the liability is incurred.

D. Use of Restricted and Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Town's policy is to apply restricted net assets first.

E. Cash, Cash Equivalents and Investments

The Town pools cash and investments from all sources, for the purpose of increasing income through investment activities. Interest income on investments is allocated on the basis of average month-end cash and investment balances in each fund. Cash and cash equivalents represent cash and investments and restricted cash and investments with an original maturity term of three months or less.

The Town invests in the California Local Agency Investment Fund (LAIF), which is part of the Pooled Money Investment Account operated by the California State Treasurer. LAIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio. A portion of LAIF's investments are in structured notes and asset-backed securities. As of June 30, 2006 LAIF had invested 2.567% of its funds in such securities.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

The Town also invests in the San Mateo County Investment Fund (SMCPIF), which is part of the Pooled Money Investment Account operated by the San Mateo County Treasurer. SMCPIF funds are invested in high quality money market securities and are managed to insure the safety of the portfolio.

LAIF and SMCPIF determine fair value on its investment portfolio based on market quotations for these securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available.

In accordance with GASB statement No. 31, highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements, if applicable, for Deposits and Investment Risks are specified in the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentrations of Credit Risk
- Foreign Currency Risk

In addition, other disclosures are specified including use of certain methods to protect deposits and investments, highly sensitive investments, credit quality at year-end and other disclosures.

F. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. Town policy has set the capitalization threshold for reporting capital assets at \$5,000. Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	40 Years
Improvements other than buildings	20 Years
Machinery and equipment	5-20 Years
Infrastructure	20-50 Years

Assets are grouped by asset type into one of the following accounts - land, land improvements, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), buildings and improvements, machinery and equipment, lease improvements, software, and construction in progress.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

GASB Statement No. 34 requires the inclusion of infrastructure capital assets in local governments' basic financial statements. In accordance with Statement No. 34, the Town has included the value of all infrastructures in the basic financial statements.

The Town defines infrastructure as the basic physical assets that allow the Town to function. The assets include streets, sewer, and park lands. Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, landscaping and land. These subsystems were not delineated in the basic financial statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the Town elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. Estimated historical costs were developed in one of three ways: (1) historical records; (2) standard unit costs appropriate for the construction/acquisition date; or (3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the estimated historical cost.

G. Compensated Absences

Government-Wide Financial Statements

For governmental and business-type activities, compensated absences are recorded as incurred and the related expenses are reported.

Fund Financial Statements

In governmental funds, compensated absences are recorded as expenditures in the years paid.

H. Property Taxes

San Mateo County assesses properties and bills, and collects property taxes for the Town. Secured and unsecured taxes are levied on the preceding March 1. Secured taxes are due in two installments on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payments. Unsecured taxes are due as of January 1 lien date and become delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured taxes. If unsecured taxes remain unpaid on October 31, an additional 1.5% attaches on the first day of each month until unpaid. The term "unsecured" refers to taxes on property not secured by liens on real property.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

Property tax revenues are recorded when they become measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 90 days after the close of the current period.

Property taxes levied are recorded as revenue when received, in the fiscal year of the levy, because of the adoption of the "alternate method of property tax distribution," known as the Teeter Plan, by the Town and County. The Teeter Plan authorizes the Auditor/Controller of the County to allocate 100% of the secured property taxes billed, but not yet paid.

I. Post Employment Benefits Other than Pensions

The Town provides post-retirement health care benefits to all employee groups with 20 years of service as required by current association and management agreements. The Town records premium payments on a "pay-as-you-go" basis.

J. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Town management to make estimates and assumptions that affect certain amounts and disclosures. Accordingly, actual results could differ from those estimates.

K. Net Assets

Government-Wide Financial Statements

In the government-wide financial statements, net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt—This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Assets—This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets—This amount is all net assets that do not meet the definition of "invested in capital assets, net of related debt" or "restricted net assets."

Fund Financial Statements

Reservation of fund balances of governmental funds and retained earnings of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

L. GASB Statement No. 34 (Inclusion of Infrastructure)

In 2004, the Town implemented GASB No. 34 but elected to defer the inclusion of all prior period infrastructure capital assets in accordance with GASB Statement No. 34. GASB Statement No. 34 permits the Town to defer infrastructure assets acquired prior to the year of implementation for a period not to exceed 4 years after the date of implementation of GASB Statement No. 34. Accordingly, only the infrastructure which resulted from current year activities was included in the prior year basic financial statements.

In 2005, the Town elected to complete the implementation of GASB Statement No. 34 by including the infrastructure assets acquired prior to fiscal year 2004.

M. Implementation of New GASB Pronouncements

In 2005, the Town adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- Statement No. 40, *Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.*

GASB Statement No. 40 updates the custodial credit risk disclosure requirements of GASB Statement No. 3 and establishes more comprehensive disclosure requirements addressing other common risks of deposits and investments of state and local governments, such as credit risk, concentration of credit risk, interest rate risk, and foreign currency risk.

2. CASH AND INVESTMENTS

The Town maintains a cash and investment pool, which includes cash balances and authorized investments of all funds, which the Town invests to enhance interest earnings. The pooled interest is allocated to the funds quarterly, based on average daily cash and investment balances in these funds.

A. Cash Deposits

At June 30, 2006, the carrying amount of the Town's deposits was \$727,277. Bank balances before reconciling items were \$701,429 at that date, the total amount of which was collateralized or insured with securities held by pledging financial institutions in the Town's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the Town's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the Town's name.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the Town's cash deposits. California law also allows institutions to secure Town deposits by pledging first trust deed mortgage notes having a value of 150% of the Town's total cash deposits. The Town may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The Town, however, has not waived the collateralization requirements.

The Town follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

B. Investments

The Town is authorized by State statutes and in accordance with the Town's Investment Policy (Policy) to invest in the following:

- San Mateo County Investment Pool Fund (SMCPIF)
- State Local Agency Investment Fund (LAIF)
- Insured and/or collateralized certificates of deposit

The Policy, in addition to State statutes, establishes that funds on deposit in banks must be federally insured or collateralized and investments shall (1) have maximum maturity not to exceed five years, (2) be laddered and based on cash flow forecasts; and (3) be subject to limitations to a certain percent of the portfolio for each of the authorized investments. The Town's investments comply with the established policy.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Pools*, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income:

Realized gain/(loss) on matured/sold investments	\$ -
Unrealized gain/(loss) in changes in fair value of investments	(212,608)
Net gain/(loss)	<u>(212,608)</u>
Interest income	323,097
Total investment income	<u><u>\$ 110,489</u></u>

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

The calculation of realized gains and losses is independent of a calculation of the net change in the fair value of investments. Realized gains and losses in investments that had been held in more than one fiscal year that matured or were called / sold in the current year were included as a change in the fair value of investments reported in the prior year(s) and the current year.

The Town's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise.

In accordance with GASB Statement No. 31, the portfolio, for year-end reporting purposes, is treated as if it were all sold. Therefore, fund balance reflects the portfolio's change in value. These portfolio value changes are unrealized unless sold. The Town's policy is to buy and hold investments until their maturity dates.

C. Summary of Cash and Investments

The following is a summary of cash and investments at June 30, 2006:

	Government - Wide	Fiduciary Funds Statement of Net Assets	Total
	Governmental Activities		
Cash and investments	\$ 15,956,920	\$ 147,755	\$ 16,104,675

Deposits and investments were categorized as follows at June 30, 2006:

	Credit Quality Ratings	Fair Value	Days to Maturity
Town Treasury Deposits:			
Deposits	Not Rated	\$ 726,577	N/A
Petty Cash	Not Rated	700	N/A
Total Town treasury deposits		<u>727,277</u>	
Town Treasury Investments:			
San Mateo County Investment Pool Funds	Not Rated	11,259,426	N/A
Local Agency Investment Funds	Not Rated	4,117,972	
Total Town treasury investments		<u>15,377,398</u>	
Total cash and investments		<u>\$ 16,104,675</u>	

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

D. Risk Disclosures

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's investment policy requires that at least 30% of the Town's investment portfolio mature in less than one year. Additional limitations are that the average maturity of the investment portfolio will not exceed three years, and no investment will have a maturity of more than five years from its date of purchase. The Town has no other risk or exposure which require disclosure.

E. Investments in Local Agency Investment Funds (LAIF)

The Town's investments with the LAIF at June 30, 2006, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2006, the Town had \$4,117,972 invested in LAIF, which had invested 2.567% of the pool investment funds in Structured Notes and Asset-Backed Securities.

The Town valued its investments in LAIF as of June 30, 2006, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of .998185821.

F. Investments in San Mateo County Pooled Investment Fund

The Town invests in the San Mateo County Pooled Investment Fund (SMCPIF), an external investment pool. The pool determines fair value on its investment portfolio based on market quotations for those securities where market quotations are readily available and based on amortized cost or best estimate for those securities where market value is not readily available.

As of June 30, 2006, the Town had \$11,259,426 invested in SMCPIF. The Town valued its investments in SMCPIF as of June 30, 2006, by multiplying its account balance with SMCPIF by a fair value factor determined by SMCPIF. This fair value factor was determined by dividing all SMCPIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of .982108.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

G. Summary of Investment to Maturity

Investments held in the Town grouped by maturity date at June 30, 2006 were as follows:

Maturity	
Current to one year	\$ 16,105,375
Total	\$ 16,105,375

3. RECEIVABLES

A. Government-Wide and Fund Financial Statements

At June 30, 2006, the Government-Wide and Fund Financial Statements show the following receivables:

Accounts Receivable

As of June 30, 2006, accounts receivable consists of the following items:

Property tax	\$ 56,460
Measure A sales tax	4,276
Franchise fee	50,251
Grants	115,188
Other accounts receivable	96,992
Total accounts receivable	\$ 323,167

4. CAPITAL ASSETS

In accordance with GASB Statement No. 34, the Town has reported all capital assets including infrastructure acquired in the current year in the Government-Wide Statement of Net Assets. The Town has elected to use the basic approach as defined by GASB Statement No. 34 for all infrastructure reporting, whereby depreciation expense and accumulated depreciation have been recorded.

Capital assets include land, buildings, and equipment used in Town operations. Infrastructure includes roads, bridges, curbs, sidewalks, drainage systems, street and traffic lights, park improvements and other improvements used by all citizens.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

A. Government-Wide Financial Statements

The following is a summary of capital assets for governmental activities:

	Balance July 1, 2005	Additions	Retirements	Inventory Adjustments	Transfers	Balance June 30, 2006
Governmental Activities:						
Capital assets, not being depreciated:						
Land	\$ 690,884	\$ -	\$ -	\$ -	\$ -	\$ 690,884
Construction in progress	30,258	1,058,724	-	455,363	(659,123)	885,222
Total non depreciable assets	<u>721,142</u>	<u>1,058,724</u>	<u>-</u>	<u>455,363</u>	<u>(659,123)</u>	<u>1,576,106</u>
Capital assets, being depreciated:						
Buildings	1,668,094	-	-	-	-	1,668,094
Other improvements	618,127	151,162	(19,758)	-	-	749,531
Vehicles	499,462	65,276	-	-	-	564,738
Equipment - computer	44,985	5,996	(8,495)	-	-	42,486
Equipment - furniture/equipment	419,094	-	(10,712)	-	-	408,382
Infrastructure	46,044,631	-	(346,180)	396,610	659,123	46,754,184
Total depreciable assets	<u>49,294,393</u>	<u>881,557</u>	<u>(385,145)</u>	<u>396,610</u>	<u>659,123</u>	<u>50,187,415</u>
Accumulated Depreciation:						
Buildings	(621,173)	(37,392)	-	-	-	(658,565)
Other improvements	(488,641)	(20,609)	11,854	-	-	(497,396)
Vehicles	(286,630)	(73,149)	-	-	-	(359,779)
Equipment - computer	(13,810)	(5,812)	3,034	-	-	(16,588)
Equipment - furniture/equipment	(356,506)	(12,991)	7,498	3,291	-	(358,708)
Infrastructure	(21,365,523)	(1,537,666)	318,469	(187,939)	-	(22,772,659)
Total accumulated depreciation	<u>(23,132,283)</u>	<u>(1,687,619)</u>	<u>340,855</u>	<u>(184,648)</u>	<u>-</u>	<u>(24,663,695)</u>
Depreciable assets, net	<u>26,162,110</u>	<u>(806,062)</u>	<u>(44,290)</u>	<u>211,962</u>	<u>-</u>	<u>25,523,720</u>
Governmental activities capital assets, net	<u>\$ 26,883,252</u>	<u>\$ 252,662</u>	<u>\$ (44,290)</u>	<u>\$ 667,325</u>	<u>\$ -</u>	<u>\$ 27,099,826</u>

Governmental activities depreciation expenses for capital assets for the year ended June 30, 2006 are as follows.

General Government	\$ 1,559,291
General Government, related to Internal Service	78,961
Public Works Administration	39,927
Police	9,440
Total depreciation expense	<u>\$ 1,687,619</u>

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

5. COMPENSATED ABSENCES

The Town's compensated absences consist of accrued vacation pay, floating holiday pay for all regular employees and paid time off and floating holiday pay for management employees. Some employees are allowed to accrue compensatory time. The total amount of the accrued liability is recorded in the Government-Wide Financial Statements and charges for compensated absences expense is charged to the various program activities. The net activity for compensated absences for 2005-06 is \$52,458.

Summary of changes in compensated absences for the year ended June 30, 2006 is as follows.

	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Governmental Activities	\$ 572,680	\$ 242,840	\$ (190,382)	\$ 625,138
Total	<u>\$ 572,680</u>	<u>\$ 242,840</u>	<u>\$ (190,382)</u>	<u>\$ 625,138</u>

6. INTERFUND TRANSACTIONS

A. Due To/From Other Funds

At June 30, 2006, the Town had the following short-term receivables and payables:

Due to Other Funds	Due from Other Funds	
	General Fund	Total
Governmental Funds		
Non-major Governmental Funds	\$ 62,101	\$ 62,101
Total	<u>\$ 62,101</u>	<u>\$ 62,101</u>

The Town has recorded due from/due to all funds requiring cash at June 30, 2006. The short-term loans will be repaid during fiscal year 2007.

B. Interfund Transfers

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

Transfers during the fiscal year ended June 30, 2006 comprise the following:

Transfers In	Transfers Out Governmental Funds		Total
	Road Construction Special Revenue	Non-major Governmental Funds	
Governmental Funds			
General Fund	\$ 310,000	\$ 994,000	\$ 1,304,000
Total	\$ 310,000	\$ 994,000	\$ 1,304,000

7. EMPLOYEE RETIREMENT PLANS

A. Plan Description

The Town contributes to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and Town ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office located at 400 P Street, Sacramento, CA 95814.

B. Funding Policy

Active plan members are required by state statute to contribute 7% for miscellaneous and 9% for safety employees of their annual covered salary. The Town makes the contributions required of Town employees on their behalf and for their account, which amounted to \$342,138 for the year ended June 30, 2006.

The Town, as employer, is required to contribute an actuarially determined payment that is reflected as a percentage of annual covered payroll for miscellaneous and safety employees. The contribution rate for the fiscal year 2006 was 13.095% for miscellaneous employees and 31.551% for safety employees.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

C. Annual Pension Cost

For the fiscal year 2006, the Town's annual pension cost of \$911,806 for PERS was equal to the Town's required contribution. The required contribution was determined as a part of the June 30, 2004 actuarial valuation using the entry age method. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected salary increases that range from 3.25% to 14.45% for miscellaneous and 3.25% to 13.15% for safety employees depending on age, service and type of employment, and (c), 3.25% per year cost-of-living adjustments for retirees. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three year period. The average remaining amortization period at June 30, 2004 was 17 years for miscellaneous and 17 years for safety employees for prior and current service unfunded liabilities.

Three-Year Trend Information for PERS

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/2004	\$ 451,373	100%	\$ -
6/30/2005	\$ 818,899	100%	\$ -
6/30/2006	\$ 911,806	100%	\$ -

8. RISK MANAGEMENT

A. Risk Pool

The Town belongs to ABAG Plan Corporation, which covers general liability claims in an amount up to \$5,000,000. The Town has a deductible or uninsured liability of up to \$25,000 per claim. Once the Town's deductible is met, the ABAG Plan becomes responsible for payment of all claims up to the limit. Other coverage includes Risk Property Coverage with a total insured value of \$1,669,000,000 with a deductible of \$25,000 for property damage and \$10,000 for auto/vehicle damage, and Public Official Bond insurance of \$1,000,000 with a deductible of \$5,000. During the fiscal year ended June 30, 2006, the Town contributed \$113,942 for current year coverage.

The Cities Group covers workers' compensation claims up to \$750,000 each and has coverage above that limit to a maximum of \$12,400,000. The Town has no deductible for the claims. During the fiscal year ended June 30, 2006, the Town contributed \$62,127 for current year coverage.

Each risk pool is governed by a board consisting of representatives from member municipalities. The board controls the operations of each risk pool, including selection of management and approval of operating budgets, independent of any influence by member municipalities beyond their representation on the board. The Town's contributions to each risk pool equal the ratio of the Town's payroll to the total payrolls of all entities participating in the same layer of each program, in each program year. Actual surpluses or losses are shared according to a formula developed from overall loss costs and

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

spread to member entities on a percentage basis after a retrospective rating.

B. Liability for Uninsured Claims

Municipalities are required to record their liability of uninsured claims and to reflect the current portion of this liability as expenditure in their financial statements. As discussed above, the Town has coverage for such claims, but it has retained the risk for deductible or uninsured portions of these claims. The Town includes its claims liability amount as part of accounts payable, since the amount is considered a current liability. The Town's liability for uninsured claims based on claims experience was computed as follows:

	Liability Balance July 1	Current Year Claims and Changes in Estimates	Claims Payments for Current and Prior Fiscal Years	Liability Balance June 30
2003-04	\$ -	\$ 101,052	\$ (47,087)	\$ 53,965
2004-05	53,965	53,500	(41,390)	66,075
2005-06	66,075	7,400	66,025	7,450

9. JOINT VENTURES

The Town participates in several active joint ventures through formally organized and separate entities established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these entities exercise full powers and authorities within the scope of the related Joint Powers Agreement (JPA), including selection of management and approval of operating budgets, independent of any influences by each member beyond representation on each Board. Obligations and liabilities of these joint ventures are not the Town's responsibility, and the Town does not have an equity interest in the assets of each joint venture except upon dissolution.

A. Town/County Association of Governments (C/CAG)

C/CAG was established under a 1990 Joint Exercise of Powers Agreement between the Town, the County and a majority of cities and towns within the County for the purpose of developing State mandated plans. Members of C/CAG pay their pro-rata share of the total annual contributions required based on the member's 1990 population. Financial statements for C/CAG may be obtained by mailing a request to the Town of San Carlos, 666 Elm Street, San Carlos, California 94070.

B. South Bayside Waste Management Authority (Authority)

The Authority is a joint powers agreement formed on October 13, 1999 for the purpose of joint ownership, financing and administration of the San Carlos Transfer Station and the San Mateo Recyclery; and the planning, administration, review, monitoring, enforcement and reporting of solid waste and recyclable material within the Authority's service area.

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

Members of the Authority include 11 municipalities located on the mid and lower Peninsula as well as certain unincorporated areas within the County. The Authority is controlled by a 12-member board consisting of one representative from each community. Through the operation of franchise agreements, BFI Waste Systems of North America Inc. provides refuse and recyclable materials collection and disposal services for the benefit of residents and businesses of each member agency.

C. Alcohol Violation Temporary Housing Authority (AVTHA)

AVTHA was established between the County and most of the cities and towns in the County to provide temporary housing and counseling to persons accused of alcohol related law violations. AVTHA contracts with an operator to provide such services. The costs of operating the temporary housing are allocated to each member based on alcohol related arrests occurring within each member's jurisdiction. Financial statements for AVTHA may be obtained by mailing a request to Redwood City, 801 Marshall Street, Suite 600, Redwood City, California 94063.

D. Library Joint Powers Agreement

In December 1998, the Town joined with the County and ten other municipalities in the County to coordinate and expand library services throughout the County, including those in the Town.

Property tax revenues in excess of the JPA's costs of maintaining the library are remitted to the Town and are deposited into the Library Special Revenue fund. Expenditures of this fund are subject to the approval of the Library JPA.

10. COMMITMENTS AND CONTINGENCIES

The Town is subject to litigation arising in the normal course of business. In the opinion of the Town Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Town.

11. RESTATEMENTS OF PRIOR PERIOD BALANCES

During the fiscal year 2006, the Town completed its implementation of GASB Statement No. 34 which resulted in the following adjustment:

	Net Assets as Previously Reported	GASB 34 Adjustments	Capital Assets, Net	Net Assets as Restated
Net Assets	\$ <u>38,974,700</u>	\$ <u>667,325</u>		\$ <u>39,642,025</u>

Town of Atherton
Notes to the Basic Financial Statements, Continued
For the year ended June 30, 2006

12. DISCLOSURE OF SUBSEQUENT EVENTS

At the regularly scheduled meeting of September 20th, 2006 the Atherton City Council adopted a resolution to:

- Rescind the \$22 per cubic yard surcharge on all excavation activity requiring the removal and transportation across the Town's roadways; and,
- Refund with interest all excavation surcharges collected since the May 16th, 2005 effective date of the excavation surcharge.

The City Council's decision to rescind and refund excavation surcharges was based upon a consensus among the Council that the fee had become unduly burdensome on those who wanted to develop their property. The effect upon the Road Impact Fund in FY 2006-07 will amount to an estimated \$800,000 one-half of which represents monies collected in FY 2005-06 that will be refunded in FY 2006-07. Sufficient reserves exist within the Road Impact Fee fund to comply with the Decision of the Council.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Atherton
Required Supplementary Information
For the year ended June 30, 2006

The most recent information available from the Public Employee Retirement System follows.

PUBLIC EMPLOYEE RETIREMENT SYSTEM
SCHEDULE OF FUNDING PROGRESS

SAFETY PLAN

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2002	\$ 13,981,721	\$ 12,469,898	\$ 1,511,823	89.2%	\$ 1,609,221	93.95%
2003	4,270,573,982	3,577,742,166	692,831,816	83.8%	476,089,674	145.53%
2004	5,383,921,942	4,424,586,846	959,335,096	82.2%	575,296,434	166.75%

CalPERS Risk Pool Information (See note below)

MISCELLANEOUS PLAN

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll
2002	\$ 5,175,328	\$ 5,236,789	\$ (61,461)	101.2%	\$ 2,155,176	(2.85)%
2003	2,596,966,545	2,372,879,034	224,087,511	91.4%	725,020,458	30.91%
2004	2,746,095,668	2,460,944,656	285,151,012	89.6%	743,691,970	38.34%

CalPERS Risk Pool Information (See note below)

As of the actuarial valuation date of June 30, 2004, the Town's miscellaneous plan became part of a CalPERS Risk Pool for employers with less than 100 active plan members. The schedule of funding programs for miscellaneous employees presented above for June 30, 2004, is for the whole pool and not that of the Town individually.

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 3,651,651	\$ 3,651,651	\$ 4,075,437	\$ 423,786
Sales taxes	126,000	126,000	167,393	41,393
Other taxes	830,760	830,760	1,350,921	520,161
Permits and licenses	1,839,879	1,839,879	1,716,348	(123,531)
Fines and forfeitures	35,000	35,000	57,453	22,453
From other agencies	303,166	303,166	444,564	141,398
Service charges	336,208	336,208	335,165	(1,043)
Use of money and property	291,633	291,633	323,658	32,025
Other revenues	5,000	5,000	53,416	48,416
TOTAL REVENUES	7,419,297	7,419,297	8,524,355	1,105,058
EXPENDITURES				
Current:				
General government	1,237,055	1,237,055	908,351	328,704
Public works administration	1,042,371	1,042,371	991,929	50,442
Police	4,521,000	4,521,000	4,112,398	408,602
Streets and public facilities	1,900,584	1,900,584	1,908,078	(7,494)
TOTAL EXPENDITURES	8,701,010	8,701,010	7,920,756	780,254
REVENUES OVER (UNDER) EXPENDITURES	(1,281,713)	(1,281,713)	603,599	1,885,312
OTHER FINANCING SOURCES (USES)				
Transfers in	1,301,161	1,301,161	1,304,000	2,839
TOTAL OTHER FINANCING SOURCES (USES)	1,301,161	1,301,161	1,304,000	2,839
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	\$ 19,448	\$ 19,448	1,907,599	\$ 1,888,151
FUND BALANCE				
Beginning of year			7,582,785	
End of year			\$ 9,490,384	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Library Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 200,000	\$ 200,000	\$ 74,872	\$ (125,128)
From other agencies	-	-	450,000	450,000
Use of money and property	-	-	35,269	35,269
TOTAL REVENUES	<u>200,000</u>	<u>200,000</u>	<u>560,141</u>	<u>360,141</u>
EXPENDITURES				
Current:				
General government	71,045	71,045	-	71,045
Library maintenance	-	-	27,898	(27,898)
TOTAL EXPENDITURES	<u>71,045</u>	<u>71,045</u>	<u>27,898</u>	<u>43,147</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>128,955</u>	<u>128,955</u>	<u>532,243</u>	<u>403,288</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES				
	<u>\$ 128,955</u>	<u>\$ 128,955</u>	<u>532,243</u>	<u>\$ 403,288</u>
FUND BALANCE				
Beginning of year			<u>1,415,043</u>	
End of year			<u>\$ 1,947,286</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Road Construction Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 18,139	\$ 18,139
Road impact fees	1,158,328	1,158,328	1,169,195	10,867
TOTAL REVENUES	<u>1,158,328</u>	<u>1,158,328</u>	<u>1,187,334</u>	<u>29,006</u>
EXPENDITURES				
Current:				
Streets and public facilities	1,288,671	1,288,671	335,825	952,846
TOTAL EXPENDITURES	<u>1,288,671</u>	<u>1,288,671</u>	<u>335,825</u>	<u>952,846</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(130,343)</u>	<u>(130,343)</u>	<u>851,509</u>	<u>981,852</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(310,000)	(310,000)	(310,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(310,000)</u>	<u>(310,000)</u>	<u>(310,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (440,343)</u>	<u>\$ (440,343)</u>	<u>541,509</u>	<u>\$ 981,852</u>
FUND BALANCE				
Beginning of year			832,050	
End of year			<u>\$ 1,373,559</u>	

SUPPLEMENTARY INFORMATION

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NON-MAJOR GOVERNMENTAL FUNDS

Town of Atherton
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	Special Revenue			
	Transportation	Tennis	Supplemental Law Enforcement Services	State Park Grants
ASSETS				
Cash and investments in treasury	\$ 527,577	\$ 23,691	\$ 11,153	-
Accounts	-	-	-	98,133
TOTAL ASSETS	\$ 527,577	\$ 23,691	\$ 11,153	\$ 98,133
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 36,032
Accrued payroll	-	-	-	-
Due to other funds	-	-	-	62,101
TOTAL LIABILITIES	-	-	-	98,133
FUND BALANCE				
Reserved for:				
Encumbrances	483,502	-	-	-
Contingency	15,300	-	-	-
Undesignated	28,775	23,691	11,153	-
TOTAL FUND BALANCE	527,577	23,691	11,153	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 527,577	\$ 23,691	\$ 11,153	\$ 98,133

Special Revenue				Capital Projects		
Special Tax	Police on the Street	Gas Tax	COPS Grant	Storm Drainage	Facilities Construction	Channel Drainage District
\$ 1,005,832	\$ 4,455	\$ 69,090	\$ 5,983	\$ 43,455	\$ 66,529	\$ 39,068
-	-	33,784	-	-	-	170
<u>\$ 1,005,832</u>	<u>\$ 4,455</u>	<u>\$ 102,874</u>	<u>\$ 5,983</u>	<u>\$ 43,455</u>	<u>\$ 66,529</u>	<u>\$ 39,238</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,198
-	-	-	5,649	-	-	-
-	-	-	-	-	-	-
-	-	-	5,649	-	-	3,198
1,003,400	-	58,013	-	-	-	36,040
-	-	-	-	-	-	-
2,432	4,455	44,861	334	43,455	66,529	-
<u>1,005,832</u>	<u>4,455</u>	<u>102,874</u>	<u>334</u>	<u>43,455</u>	<u>66,529</u>	<u>36,040</u>
<u>\$ 1,005,832</u>	<u>\$ 4,455</u>	<u>\$ 102,874</u>	<u>\$ 5,983</u>	<u>\$ 43,455</u>	<u>\$ 66,529</u>	<u>\$ 39,238</u>

(Continued)

Town of Atherton
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2006

	<u>Capital Projects</u>	
	<u>Capital Improvement</u>	<u>Total</u>
ASSETS		
Cash and investments in treasury	\$ 258,425	\$ 2,055,258
Accounts	-	132,087
TOTAL ASSETS	<u>\$ 258,425</u>	<u>\$ 2,187,345</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	39,230
Accrued payroll	-	5,649
Due to other funds	-	62,101
TOTAL LIABILITIES	<u>-</u>	<u>106,980</u>
FUND BALANCE		
Reserved for:		
Encumbrances	-	1,580,955
Contingency	-	15,300
Undesignated	258,425	484,110
TOTAL FUND BALANCE	<u>258,425</u>	<u>2,080,365</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 258,425</u>	<u>\$ 2,187,345</u>

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Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	Special Revenue			
	Transportation	Tennis	Supplemental Law Enforcement Services	State Park Grants
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-
Measure A grants	246,083	-	-	-
From other agencies	-	-	-	57,733
Service charges	-	6,000	-	-
Use of money and property	7,609	251	-	9
TOTAL REVENUES	253,692	6,251	-	57,742
EXPENDITURES				
Current:				
Parks and recreation	-	4,402	-	-
Police	-	-	-	-
Streets and public facilities	31,800	-	-	96,430
TOTAL EXPENDITURES	31,800	4,402	-	96,430
REVENUES OVER (UNDER) EXPENDITURES	221,892	1,849	-	(38,688)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(25,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(25,000)	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	196,892	1,849	-	(38,688)
FUND BALANCES:				
Beginning of year	330,685	21,842	11,153	38,688
End of year	\$ 527,577	\$ 23,691	\$ 11,153	\$ -

Special Revenue				Capital Projects		
Special Tax	Police on the Street	Gas Tax	COPS Grant	Storm Drainage	Facilities Construction	Channel Drainage District
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,302
1,839,347	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	190,726	100,551	-	-	1,044
-	-	-	-	-	-	-
12,136	-	984	879	756	1,147	4,520
1,851,483	-	191,710	101,430	756	1,147	58,866
-	-	-	-	-	-	-
-	-	-	114,854	-	-	-
1,094,394	-	23,250	-	2,563	-	457,758
1,094,394	-	23,250	114,854	2,563	-	457,758
757,089	-	168,460	(13,424)	(1,807)	1,147	(398,892)
(864,000)	-	(100,000)	-	-	-	(5,000)
(864,000)	-	(100,000)	-	-	-	(5,000)
(106,911)	-	68,460	(13,424)	(1,807)	1,147	(403,892)
1,112,743	4,455	34,414	13,758	45,262	65,382	439,932
\$ 1,005,832	\$ 4,455	\$ 102,874	\$ 334	\$ 43,455	\$ 66,529	\$ 36,040

(Continued)

Town of Atherton

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Non-Major Governmental Funds

For the year ended June 30, 2006

	<u>Capital Projects</u>	
	Capital Improvement	Total
	_____	_____
REVENUES		
Property taxes	\$ -	\$ 53,302
Special assessments	-	1,839,347
Measure A grants	-	246,083
From other agencies	-	350,054
Service charges	-	6,000
Use of money and property	4,454	32,745
	_____	_____
TOTAL REVENUES	4,454	2,527,531
	_____	_____
EXPENDITURES		
Current:		
Parks and recreation	-	4,402
Police	(1)	114,853
Streets and public facilities	-	1,706,195
	_____	_____
TOTAL EXPENDITURES	(1)	1,825,450
	_____	_____
REVENUES OVER (UNDER) EXPENDITURES	4,455	702,081
	_____	_____
OTHER FINANCING SOURCES (USES)		
Transfers (out)	-	(994,000)
	_____	_____
TOTAL OTHER FINANCING SOURCES (USES)	-	(994,000)
	_____	_____
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	4,455	(291,919)
	_____	_____
FUND BALANCES:		
Beginning of year	253,970	2,372,284
	_____	_____
End of year	\$ 258,425	\$ 2,080,365
	_____	_____

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NON-MAJOR SPECIAL REVENUE BUDGET TO ACTUAL COMPARISONS

The following funds are not included in this section because budgets are not prepared:

- Supplemental Law Enforcement Services
- Police on the Street

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

State Park Grants Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
From other agencies	\$ 197,399	\$ 197,399	\$ 57,733	\$ (139,666)
Use of money and property	-	-	9	9
TOTAL REVENUES	<u>197,399</u>	<u>197,399</u>	<u>57,742</u>	<u>(139,657)</u>
EXPENDITURES				
Current:				
Streets and public facilities	<u>196,736</u>	<u>196,736</u>	<u>96,430</u>	<u>100,306</u>
TOTAL EXPENDITURES	<u>196,736</u>	<u>196,736</u>	<u>96,430</u>	<u>100,306</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>663</u>	<u>663</u>	<u>(38,688)</u>	<u>(39,351)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 663</u>	<u>\$ 663</u>	<u>(38,688)</u>	<u>\$ (39,351)</u>
FUND BALANCE				
Beginning of year			<u>38,688</u>	
End of year			<u>\$ -</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

COPS Grant Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
From other agencies	\$ 100,000	\$ 100,000	\$ 100,551	\$ 551
Use of money and property	-	-	879	879
TOTAL REVENUES	<u>100,000</u>	<u>100,000</u>	<u>101,430</u>	<u>1,430</u>
EXPENDITURES				
Current:				
General government	100,000	100,000	-	100,000
Police	-	-	114,854	(114,854)
TOTAL EXPENDITURES	<u>100,000</u>	<u>100,000</u>	<u>114,854</u>	<u>(14,854)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>-</u>	<u>-</u>	<u>(13,424)</u>	<u>(13,424)</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	<u>(13,424)</u>	<u>\$ (13,424)</u>
FUND BALANCE				
Beginning of year			<u>13,758</u>	
End of year			<u>\$ 334</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Gas Tax Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
From other agencies	\$ 172,376	\$ 172,376	\$ 190,726	\$ 18,350
Use of money and property	-	-	984	984
TOTAL REVENUES	<u>172,376</u>	<u>172,376</u>	<u>191,710</u>	<u>19,334</u>
EXPENDITURES				
Current:				
Streets and public facilities	50,000	50,000	23,250	26,750
TOTAL EXPENDITURES	<u>50,000</u>	<u>50,000</u>	<u>23,250</u>	<u>26,750</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>122,376</u>	<u>122,376</u>	<u>168,460</u>	<u>46,084</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(100,000)	(100,000)	(100,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ 22,376</u>	<u>\$ 22,376</u>	<u>68,460</u>	<u>\$ 46,084</u>
FUND BALANCE				
Beginning of year			34,414	
End of year			<u>\$ 102,874</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Transportation Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Measure A grants	\$ 180,000	\$ 180,000	\$ 246,083	\$ 66,083
Use of money and property	-	-	7,609	7,609
TOTAL REVENUES	<u>180,000</u>	<u>180,000</u>	<u>253,692</u>	<u>73,692</u>
EXPENDITURES				
Current:				
Streets and public facilities	298,420	298,420	31,800	266,620
TOTAL EXPENDITURES	<u>298,420</u>	<u>298,420</u>	<u>31,800</u>	<u>266,620</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(118,420)</u>	<u>(118,420)</u>	<u>221,892</u>	<u>340,312</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(25,000)	(25,000)	(25,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (143,420)</u>	<u>\$ (143,420)</u>	<u>196,892</u>	<u>\$ 340,312</u>
FUND BALANCE				
Beginning of year			<u>330,685</u>	
End of year			<u>\$ 527,577</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Special Tax Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Special assessments	\$ 1,858,000	\$ 1,858,000	\$ 1,839,347	\$ (18,653)
Use of money and property	-	-	12,136	12,136
TOTAL REVENUES	<u>1,858,000</u>	<u>1,858,000</u>	<u>1,851,483</u>	<u>(6,517)</u>
EXPENDITURES				
Current:				
Streets and public facilities	1,767,077	1,767,077	1,094,394	672,683
TOTAL EXPENDITURES	<u>1,767,077</u>	<u>1,767,077</u>	<u>1,094,394</u>	<u>672,683</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>90,923</u>	<u>90,923</u>	<u>757,089</u>	<u>666,166</u>
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(864,000)	(864,000)	(864,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(864,000)</u>	<u>(864,000)</u>	<u>(864,000)</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (773,077)</u>	<u>\$ (773,077)</u>	<u>(106,911)</u>	<u>\$ 666,166</u>
FUND BALANCE				
Beginning of year			1,112,743	
End of year			<u>\$ 1,005,832</u>	

Town of Atherton

Required Supplementary Information

Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual -

Tennis Fund

For the year ended June 30, 2006

	Budget	Final Budget	Actual	Variance from Final Budget Favorable (Unfavorable)
REVENUES				
Service charges	\$ 7,000	\$ 7,000	\$ 6,000	\$ (1,000)
Use of money and property	-	-	251	251
TOTAL REVENUES	<u>7,000</u>	<u>7,000</u>	<u>6,251</u>	<u>(749)</u>
EXPENDITURES				
Current:				
General government	25,011	25,011	-	25,011
Parks and recreation	-	-	4,402	(4,402)
TOTAL EXPENDITURES	<u>25,011</u>	<u>25,011</u>	<u>4,402</u>	<u>20,609</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>(18,011)</u>	<u>(18,011)</u>	<u>1,849</u>	<u>19,860</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ (18,011)</u>	<u>\$ (18,011)</u>	<u>1,849</u>	<u>\$ 19,860</u>
FUND BALANCE				
Beginning of year			<u>21,842</u>	
End of year			<u>\$ 23,691</u>	

FIDUCIARY FUND FINANCIAL STATEMENTS

Town of Atherton
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	<u>Evans Estate</u>	<u>H-P Park Improvement</u>	<u>Tree Committee</u>
ASSETS			
Cash and investments	\$ 117,346	\$ 5,851	\$ 24,558
TOTAL ASSETS	<u>\$ 117,346</u>	<u>\$ 5,851</u>	<u>\$ 24,558</u>
LIABILITIES			
Deposits payable	\$ 117,346	\$ 5,851	\$ 24,558
TOTAL LIABILITIES	<u>\$ 117,346</u>	<u>\$ 5,851</u>	<u>\$ 24,558</u>

See accompanying Notes to the Basic Financial Statements.

<u>Total</u>	
\$	<u>147,755</u>
\$	<u>147,755</u>
	<u>147,755</u>
\$	<u>147,755</u>

Town of Atherton
Statement of Changes in Assets and Liabilities
Fiduciary Funds - Agency Funds
For the year ended June 30, 2006

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
<u>Evans Creative Design Fund</u>				
Assets:				
Cash and investments	\$ 113,204	\$ 5,326	\$ (1,184)	\$ 117,346
Interest receivable	1,877	-	(1,877)	-
Total assets	\$ 115,081	\$ 5,326	\$ (3,061)	\$ 117,346
Liabilities:				
Accounts payable	\$ -	\$ 1,184	\$ (1,184)	\$ -
Deposits payable	115,081	3,708	(1,443)	117,346
Total liabilities	\$ 115,081	\$ 4,892	\$ (2,627)	\$ 117,346
<u>MA Little League</u>				
Assets:				
Cash and investments	\$ -	\$ 2,910	\$ (2,910)	\$ -
Total assets	\$ -	\$ 2,910	\$ (2,910)	\$ -
Liabilities:				
Deposits payable	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -
<u>H-P Park Improvement Fund</u>				
Assets:				
Cash and investments	\$ 5,851	\$ -	\$ -	\$ 5,851
Total assets	\$ 5,851	\$ -	\$ -	\$ 5,851
Liabilities:				
Deposits payable	\$ 5,851	\$ -	\$ -	\$ 5,851
Total liabilities	\$ 5,851	\$ -	\$ -	\$ 5,851
<u>Tree Committee</u>				
Assets:				
Cash and investments	\$ 4,617	\$ 40,428	\$ (20,487)	\$ 24,558
Total assets	\$ 4,617	\$ 40,428	\$ (20,487)	\$ 24,558
Liabilities:				
Accounts payable	\$ 580	\$ 4,948	\$ (5,528)	\$ -
Deposits payable	4,037	42,544	(22,023)	24,558
Total liabilities	\$ 4,617	\$ 48,072	\$ (26,971)	\$ 24,558
<u>All Agency Funds</u>				
Assets:				
Cash and investments	\$ 123,672	\$ 48,664	\$ (24,581)	\$ 147,755
Interest receivable	1,877	-	(1,877)	-
Total assets	\$ 125,549	\$ 48,664	\$ (26,458)	\$ 147,755
Liabilities:				
Accounts payable	\$ 580	\$ 6,132	\$ (6,712)	\$ -
Deposits payable	124,969	46,252	(23,466)	147,755
Total liabilities	\$ 125,549	\$ 52,964	\$ (29,598)	\$ 147,755



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

**FROM: GARY BINGER, INTERIM DIRECTOR OF BUILDING AND PLANNING
AND LISA COSTA SANDERS, DEPUTY TOWN PLANNER**

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: HUMAN INVESTMENT PROGRAM (HIP) AGREEMENT AND
FUNDING**

RECOMMENDATION:

Staff recommends that the City Council amend the Town of Atherton Budget for FY 2006-07 to provide funding for the Human Investment Program (HIP).

Staff further recommends that the City Council authorize the City Manager to execute an agreement with the Human Investment Program that provides for the services listed below. The cost of this program shall not exceed \$5000 for fiscal year 2006-2007.

- Home Sharing – a program that facilitates an affordable living arrangement in which two or more unrelated people share a home or apartment.
- Home Equity Conversion – a program that provides counseling to senior homeowners about Reverse Mortgages.
- Education to Increase Awareness of HIP’s Programs – an educational effort to increase visibility of the HIP housing programs among Atherton residents.

INTRODUCTION:

HIP Housing was founded in 1972 to initiate programs to assist the disadvantaged and disabled living within San Mateo County. HIP Housing’s Mission Statement is “to invest in human potential by improving the housing and lives of people in our community. HIP Housing enables people with special needs, either from income or circumstance, to live independent, self-sufficient lives in decent, safe, low-cost homes.” The organization is governed by a Board of

Directors made up of community leaders. Funding is provided by the County of San Mateo, various cities in the county and private donations from individuals, businesses and foundations.

Councilmember Janz requested staff to contact representatives of the HIP organization and determine if their services might be of benefit to Atherton residents, and what such services might cost.

ANALYSIS:

Home Sharing is one of the primary programs sponsored by HIP. This is a service that matches people needing an affordable home with other people who have space to share. An example is an elderly person living alone in a larger house who would like to rent or otherwise share a portion of that house. The person needing the housing may pay rent or provide services in lieu of rent.

Other HIP programs include:

- Home Equity Conversion – a program that provides counseling to senior homeowners about Reverse Mortgages.
- Prevention of Homelessness – a program that provides housing, referrals and supportive services for the homeless, at-risk of homelessness, and transitioning from a homeless shelter.
- Education to Increase Awareness of HIP’s Programs – an educational effort to increase visibility of the HIP housing programs among community residents.

During FY 2006-07 the cities of Colma, Daly City, South San Francisco, San Bruno, Millbrae, Burlingame, San Mateo, Foster City, Belmont, San Carlos, Redwood City, and Menlo Park will make contributions to HIP. Menlo Park is contributing \$20,000 this year for resident services in their city. San Mateo County also is a major contributor to the program.

In the past, Atherton has been a participant in the program. Section 3.530 of the adopted Atherton General Plan Housing Element states:

“The Human Investment Project, San Mateo, California, is a nonprofit organization the helps match people or households seeking affordable housing with owner of housing who are interested in renting or sharing space in their home. The organization has been successful in finding both providers and renters willing to participate in the program in San Mateo County. Two such placements were made in the 1988-95 time period. Both placements were for low-income households. Additional placements were made in the period 1996-2001.”

CONCLUSION:

It is staff’s professional opinion that the HIP Housing programs would benefit the residents of Atherton, would provide a service that is needed throughout the community and would help implement the Atherton General Plan Housing Element. The availability of these services could

be communicated to Atherton residents through the *Athertonian* newsletter and on the Town's website, among other approaches.

ALTERNATIVES:

The City Council could approve or deny the agreement, or could modify the amount of the proposed contribution or the scope of services.

FISCAL IMPACT:

Approval of this proposal would require that the Town Budget for FY 2006-07 be amended to include the HIP Housing Program

ENVIRONMENTAL IMPACT:

The proposed program is not subject to the provisions of the California Environmental Quality Act.

FORMAL MOTION:

I move that the City Council amend the Town of Atherton Budget for FY 2006 – 07 to provide funding for the Human Investment Program (HIP).

I further move that the City Council authorize the City Manager to execute an agreement with the Human Investment Program that provides for home sharing, home equity conversion, prevention of homelessness and educational services. The cost of this program shall not exceed \$5000 for fiscal year 2006 – 2007.

Prepared by:

Approved by:

Gary Binger, Interim Director of
Building and Planning

James H. Robinson
City Manager

Lisa Costa Sanders, Deputy
Town Planner



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: KATHI HAMILTON, ACTING CITY CLERK

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: ENVIRONMENTAL PROGRAMS COMMITTEE
APPOINTMENTS**

RECOMMENDATION:

Approve the recommendation of the Screening Committee for the following appointments to commence October 19, 2006:

Environmental Programs Committee
(Remainder of a one year term expiring in
January, 2007)

Todd Beardsley
Owen Hawkins
Bob Jenkins

BACKGROUND:

The Environmental Programs Committee (formerly the Waste Reduction and Recycling Committee) has been without resident members for quite some time. Membership requirements for the committee are set by the committee, which meets quarterly and acts as an advisory resource to the community on matters related to its particular interest. When the City Council amended its Rules of Procedure, Section 9, the term of the resident members was set to a one-year term concurrent with the term of the two members of the City Council serving on the committee. Thus, the new appointees would serve until January 2007, at which time they could apply for reappointment.

Prepared by:

Approved by:

Kathi Hamilton
Acting City Clerk

James H. Robinson
City Manager



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: LISA COSTA SANDERS, DEPUTY TOWN PLANNER

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: UPDATE FROM THE GENERAL PLAN COMMITTEE (Continued from the
meeting of September 20, 2006)**

RECOMMENDATION:

Accept the Report.

BACKGROUND:

At its October 19, 2005, meeting, the City Council requested the General Plan Committee discuss recent construction issues facing the Town. The General Plan Committee held a public meeting on November 2, 2005, to hear from concerned residents and builders. The Committee generated a list of topics raised at that meeting.

ANALYSIS:

The attached list of topics was prepared from the community-wide General Plan Committee meeting held in November 2005. Most of the topics have been addressed by the Committee, with recommendations to the Planning Commission and City Council for Ordinance changes. After discussion on a few of the items, the Committee felt the current regulations were sufficient.

Staff has summarized the status of the topics as follows;

Construction Parking – the General Plan Committee recommended changes to the current construction parking regulations that were adopted by the City Council on May 17, 2006.

Length of Construction Project – the Committee recommended a new Ordinance that was adopted by the City Council that provides maximum time limits for construction projects. The Ordinance as adopted on June 21, 2006.

Construction Hours – the Committee reviewed the current construction hours and was provided a comparison of construction hours in neighboring communities. The Committee recommends no change to the current regulations. Comments were raised at the public meeting that extending the construction

hours could result in overall length of construction.

Discharge of water for basements – the Committee held discussion on this item pending completion of the Drainage study authorized by the City Council.

Abandoned construction site – the Committee felt the Town should enforce the current Nuisance Abatement Ordinance without amendment.

Location of construction equipment, manufacturing building materials onsite – the Committee studied this issue and determined no changes to the current regulations were necessary with the adoption of the construction site screening requirements and the length of construction ordinance.

Screening construction sites – the Committee recommended an Ordinance that was adopted by the City Council on June 21, 2006 to require construction site screening for all active construction projects.

Setback for noise generating structures (HVAC, pool equipment) – the Committee evaluated the existing Ordinances and determined they were sufficient the Building Department requires as all new noise generating structures (HVAC, generators) meet the current noise ordinance or include sound insulating design to mitigate and the operation of pool equipment is limited to certain hours.

Basement – the Committee discussed this item at several meetings and was unable to reach consensus on the topic of limiting basement garages. The Committee requested direction from the City Council. At its September 13, 2006 meeting, General Plan Committee meeting recommended revised wording for the Ordinance and requested the City Council authorize the Committee to discuss this item further.

Location of accessory structures - the Committee decided not to discuss this item further and that the existing regulations were sufficient.

House size on smaller lots – the Committee decided not to discuss this item further.

Design review for larger homes - Committee members were not interested in pursuing design review.

Green Building/Sustainable Building requirements – this item will be scheduled for discussion at a future General Plan Committee meeting.

Impervious surface - the Committee held discussion on this item pending completion of the Drainage study authorized by the City Council

Code Enforcement Officer – the Committee did not comment on this item as it was under review by the City Council

House size on larger lots (greater than one acre) - the Committee reviewed options provided by Staff and decided not to change the current regulations.

CONCLUSION:

As stated above, the Committee has completed review of most of the items identified at the community meeting.

ALTERNATIVES:

The Council could request the Committee reconsider any of the items listed above or could add additional topics to be discussed.

FISCAL IMPACT:

Cost of staff assistance to the General Plan Committee is paid for by the Town of Atherton.

Prepared by:

Approved by:

/s/Lisa Costa Sanders

Lisa Costa Sanders
Deputy Town Planner

James H. Robinson
City manager

Attachment:

1. General Plan Committee Status

Summary of General Plan Committee topics and status

Topic	Status
Construction Parking	City Council revised – May 17, 2006
Length of Construction Projects	City Council –adopted June 21, 2006
Construction Hours	GP committee recommends no change to current regulations
Discharge of water for basements	Drainage policy under review by City Council
Abandoned construction sites	Utilize Nuisance Abatement Ordinance
Location of construction equipment, manufacturing building materials on-site	General Plan Committee recommends no change to current regulations
Screening construction sites	City Council - adopted June 21, 2006
Setback for noise generating structures (HVAC, pool equipment)	General Plan Committee recommends no change to current regulations
Basements <ul style="list-style-type: none"> • Do not allow below grade garages • Restrict the size of basements • Include basements in floor area calculation 	Planning Commission recommended City Council adopt revised wording Scheduled for consideration at the October 18, 2006 City Council meeting
Location of accessory structures <ul style="list-style-type: none"> • Flexibility for lots with three streets • Do not allow structures in front of the main residence 	General Plan Committee decided not to discuss further
House size on smaller lots	General Plan Committee decided not to discuss further
Design review for larger homes	General Plan Committee decided not to discuss further
Green Building/Sustainable Building requirements	Scheduled for discussion at a future General Plan Committee meeting
Impervious surface	Hold discussion pending results of Drainage study
Code Enforcement Officer	Under review by City Council
House size on larger lots (greater than one acre)	General Plan Committee decided not to discuss further



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: CHIEF ROBERT J. BRENNAN

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

SUBJECT: PARK LANE COMMUNITY POLICING PROJECT - UPDATE

RECOMMENDATION:

Council reviews the progress of the Park Lane Community Policing Project.

INTRODUCTION:

Council requested a progress report on the community policing project in the Park Lane area. This project was initiated in response to resident complaints, including but not limited to illegal parking, littering, noise and construction activities in violation of Town ordinances.

ANALYSIS:

The Police Department assigned a police officer to this project on a full-time basis. As part of that assignment, the officer met with residents, contractors and workers. He collected specific complaints and concerns from the residents and relayed these concerns to the contractors working in the Park Lane area. Additionally, the officer educated the contractors and those working upon the worksites on Town Ordinances. Though this assignment has ended, the program's efforts are still benefiting the community.

During the months of May and June 2006, the Police Department received a total of seven (7) calls-for-service on Park Lane related to construction activities. During the months of July, August and September 2006, The Police Department received a total of four (4) parking-related complaints from citizens. During the same period, officers initiated activity on Park Lane for one incident of work starting prior to 8 a.m. and another incident of work continuing after 5 p.m. Warning citations were issued on those two incidents.

In this three-month review, the Police Department had not received any complaints from citizens regarding littering, speeding vehicles, construction prior to 8 a.m. or construction after 5 p.m. Patrol Supervisors assign officers to check the 200 block of Park Lane every business day before 8 a.m. and after 5 p.m. The results of these daily inspections are logged into the dispatch computer. Additionally, the weekend patrol shifts also check Park Lane for any activity.

Officers have received specific direction to continue monitoring the Park Lane area as part of their patrol duties.

FISCAL IMPACT:

N/A.

Prepared by:

Approved by:

Robert J. Brennan
Chief of Police

James H. Robinson
City Manager



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: CHIEF ROBERT J. BRENNAN

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: ADOPTION OF A RESOLUTION OF N.I.M.S. EMERGENCY
MANAGEMENT SYSTEM**

RECOMMENDATION:

Council approves the attached resolution adopting the National Incident Management System into our Disaster Plan.

INTRODUCTION:

The Town of Atherton is required to pass a resolution and implement the National Incident Management (N.I.M.S.) into our existing disaster plan after all personnel have received the required training. All personnel requiring training have been trained.

ANALYSIS:

Homeland Security Presidential Directives (HSPD) 5, issued by the President to outline a national mandate for management of domestic incidents, and HSPD 8, to outline the National Preparedness Plan. From these two directives was born a requirement that we must meet in 2006 and 2007, the National Incident Management System and the National Response Plan, which shows us all how we fit into the federal "big-picture."

The Town of Atherton has achieved NIMS compliance by doing each of the following:

1. Train all employees with an overview and awareness level of NIMS.
2. Train all personnel who would supervise a branch, division, group, or unit in the field or in an emergency operations center during a disaster.
3. Update the Town of Atherton's Emergency Operations Plan to reflect NIMS and the National Response Plan using guidelines provided by California OES.

The final requirement is for Council to adopt a resolution adopting N.I.M.S. into our existing plan. After adoption, the resolution will be forwarded to the Governor's Office of Emergency Services.

FISCAL IMPACT:

N/A.

Prepared by:

Approved by:

Robert J. Brennan
Chief of Police

James H. Robinson
City Manager

RESOLUTION NO. 06-

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
PROVIDING FOR THE INTEGRATION AND UTILIZATION OF THE NATIONAL
INCIDENT MANAGEMENT SYSTEM, TO THE EXTENT APPROPRIATE, INTO THE
EMERGENCY MANAGEMENT SYSTEM**

WHEREAS, the President, in Homeland Security Directive-5, directed the Secretary of the Department of Homeland Security to develop and administer a National Incident Management System, which would provide a consistent nationwide approach for federal, state, local and tribal governments to work together more effectively and efficiently to prevent, prepare for, respond to, and recover from disasters, regardless of cause, size, or complexity; and

WHEREAS, in the early 1970s, the California fire service, in partnership with the federal government, developed the seminal emergency incident command system that has become the model for incident management nationwide; and

WHEREAS, in 1993, California was the first state to adopt a statewide Standardized Emergency Management System for use by every emergency response organization and implemented a system to ensure the continual improvement of the Standardized Emergency Management System; and

WHEREAS, California emergency management professionals have contributed their expertise to the development of the new National Incident Management System; and

WHEREAS, it is essential for responding to disasters that federal, state, local, and tribal organizations utilize standardized terminology, standardized organizational structures, interoperable communications, consolidated action plans, unified command structures, uniform personnel qualification standards, uniform standards for planning, training and exercising, comprehensive resource management, and designated incident facilities during emergencies or disasters; and

WHEREAS, the California Standardized Emergency Management System substantially meets the objectives of the National Incident Management System; and

WHEREAS, the National Commission on Terrorist Attacks (9-11 Commission) recommended adoption of a standardized Incident Command System nationwide; and

WHEREAS, the Governor of the State of California has directed his Office of Emergency Services and Office of Homeland Security in cooperation with the Standardized Emergency Management System Advisory Board to develop a program to integrate the National Incident Management System, to the extent appropriate, into the state's Emergency Management System.

NOW, THEREFORE, BE IT RESOLVED that the Town of Atherton, in the County of San Mateo, will integrate the National Incident Management System, to the extent appropriate, into the Emergency Management System; and

BE IT FURTHER RESOLVED that the Town of Atherton, in the County of San Mateo, utilizes the National Incident Management System which shall be consistent with the integration of the National Incident Management System and the Standardized Emergency Management System in California; and

BE IT FURTHER RESOLVED that a copy of this resolution is forwarded to the Governor's Officer of Emergency Services.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the Town of Atherton at a regular meeting thereof held on the 18th day of October, 2006, by the following vote:

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:

Charles E. Marsala, Mayor
TOWN OF ATHERTON

ATTEST:

Kathi Hamilton
Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes
City Attorney



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES H. ROBINSON, CITY MANAGER

DATE: FOR THE MEETING OF OCTOBER 18, 2006

SUBJECT: RESPONSE TO THE CIVIL GRAND JURY REGARDING CITY POLICIES CONCERNING THE BROWN ACT

RECOMMENDATION:

Staff recommends that the City Council accept the response to the Grand Jury.

INTRODUCTION:

On September 20, 2006, City Manager Jim Robinson received a letter from the San Mateo County Civil Grand Jury requesting a response to an inquiry regarding whether the Town of Atherton had adopted policies for the City Council and/or City Commissions and Committees (those subject to the Brown Act) regarding:

1. Email and electronic conferencing.
2. Specific Brown Act compliance for individual official email accounts.

The Grand Jury requested that the Town of Atherton respond in writing to this inquiry by October 5, 2006. The City Manager responded to the request on September 28, 2006.

ANALYSIS:

See the letter of response to the Grand Jury request.

Attachments

- * Letter of request from the San Mateo County Grand Jury
- * Letter responding to the request by the Grand Jury



2006-2007 Grand Jury

COUNTY OF SAN MATEO

Hall of Justice

400 County Center

Redwood City, CA 94063-1655

(650) 599-1711; Fax (650) 363-4698

September 20, 2006

Town Manager
Town of Atherton
91 Ashfield Road
Atherton, CA 94027

Dear Town Manager:

The San Mateo County Civil Grand Jury is reviewing city policies concerning the Brown Act, particularly in the light of modern communication techniques such as email and electronic conferencing.

We would like to know if you have adopted policies for your City Council, City Commissions, and City Committees (those subject to the Brown Act) regarding these matters generally. Additionally, if your City provides individual official email accounts to your Councilmembers, Commissioners, or applicable Committeemembers we would like to know if you have adopted specific policies regarding Brown Act compliance for those accounts.

The Grand Jury requests that you send, by October 5, 2006, a copy of your city's policies that address the issue of Brown Act compliance relative to electronic communication to:

Civil Grand Jury
c/o Mas Chikasuye
400 County Center, 2nd Floor
Redwood City, CA 94063

Alternatively, if your preference is to respond electronically, please do so via email to Harmnx@gmail.com.

Sincerely,

A handwritten signature in blue ink that reads "Stephen T. Freer".

Stephen T. Freer
Foreperson
San Mateo Civil Grand Jury



**Town of Atherton
Office of the City Manager
91 Ashfield Road
Atherton, California 94027
Phone: (650) 752-0500
Fax: (650) 688-6528**

September 28, 2006

Mr. Stephen T. Freer, Foreperson
San Mateo Civil Grand Jury
County of San Mateo
400 County Center
Redwood City, CA 94063-1655

Re: E-mail Policy/Brown Act
Your letter dated September 20, 2006, to the Town of Atherton

Dear Mr. Freer:

The Town of Atherton has not adopted policies for the city council or any city commissions or committees subject to the State's Open Public Meeting Law, Government Code section 54950 and following (the Brown Act) relative to e-mail and electronic conferencing.

The Town provides official e-mail accounts to the city council members. The Town has not adopted any specific policies regarding Brown Act compliance for these accounts. E-mail accounts are not provided to any other commissioners or committee members.

Very truly yours,

JAMES H. ROBINSON
City Manager

cc: Mas Chikasuye
Civil Grand Jury



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: LISA COSTA SANDERS, DEPUTY TOWN PLANNER

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

SUBJECT: ORDINANCE FOR THE PRESERVATION OF HISTORICAL ARTIFACTS.

RECOMMENDATION:

Staff recommends the City Council adopts the attached Ordinance.

BACKGROUND:

The City Council introduced the Ordinance for the Preservation of Historical Artifacts at its September 20, 2006, meeting. At that meeting, the Council directed staff to cleanup formatting errors and typographical errors in the document and provide a chart of the process.

ANALYSIS:

Staff has corrected the formatting and typographical errors in the Ordinance. Staff will prepare a handout outlining the process for designating and altering historical artifacts. The following chart summarizing the process for altering artifacts;

To be considered a **Historical Artifact**, an artifact must retain sufficient integrity to be recognizable and either be;

- associated with the early development of the Town before 1930, OR
- associated with Lindenwood before 1937

	DESCRIPTION	REVIEW AUTHORITY	APPEAL AUTHORITY
Repair/Minor Alteration	<ul style="list-style-type: none"> • Change color/minor details • Temporary removal from site 	Building Official (over the counter Alteration Permit)	Planning Commission City Council
Major Alteration	<ul style="list-style-type: none"> • Changes to the height or width of a structure such as a wall or gate • Painting of unpainted surfaces • Addition of new elements • Relocation on the property or to another property within Town 	Planning Commission	City Council
Demolition	<ul style="list-style-type: none"> • Demolition • Removal from Town boundaries 	Planning Commissions	City Council

CONCLUSION:

Staff feels the draft Ordinance meets the objective of protecting historical artifacts within the Town while providing a streamlined approach for property owners to move or conduct minor alterations to their artifacts within their property and providing opportunities for property owners wishing to relocate an artifact off of their property within the Town.

ALTERNATIVES:

The Council has the option to adopt the Ordinance as presented or with minor modifications.

FISCAL IMPACT:

Costs of preparing any future implementation of the Ordinance are at the Town expense.

ENVIRONMENTAL IMPACT:

The Ordinance has been determined to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Sections 15305, Class 5 which permits minor alterations in land use limitations which do not result in any changes in land use or density.

FORMAL MOTION:

I move that the City Council adopt the Ordinance.

Prepared by:

Approved by:

Lisa Costa Sanders
Deputy Town Planner

James H. Robinson
City Manager

Attachment:

1. Ordinance

ORDINANCE NO. _____
AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
ADDING CHAPTER 8.14 REQUIRING PRESERVATION OF HISTORICAL
ARTIFACTS WITHIN THE TOWN OF ATHERTON

The City Council of the Town of Atherton does ordain as follows;

SECTION 1: Amendment of Code: Chapter 8.14 is hereby added to the Atherton Municipal Code to read as follows;

- “Historical Artifact” 8.14.010 Purpose
- 8.14.020 Enabling Authority
- 8.14.030 Definitions
- 8.14.040 Review Authority
- 8.14.050 Inventory of Historical Artifacts
- 8.14.060 Criteria
- 8.14.070 Procedures for Designation
- 8.14.080 Preventive Maintenance activities exempt from review
- 8.14.090 Activities Requiring an Alteration Permit
- 8.14.100 Demolition Permits
- 8.14.110 Protection during Construction
- 8.14.120 Consistency with CEQA and other Statutes
- 8.14.130 Cases of Economic Hardship
- 8.14.140 Accidental Damage
- 8.14.150 Alteration Demolition without a permit – Violation – Penalty
- 8.14.160 Fee Schedule

8.14.010 Purpose

The purpose of this article is to promote the general welfare by providing for the identification, protection, enhancement, perpetuation and use of artifacts that reflect special aspects of the Town’s historical, architectural, cultural or aesthetic heritage for the following reasons:

- A. To encourage public knowledge, understanding, appreciation and use of the Town of Atherton’s past;
- B. To foster civic pride in the beauty and character of the Town and the accomplishments of its past;
- C. To preserve the visual character of the Town by preserving artifacts that reflect its history;
- D. To protect property values within the Town;
- E. To balance the concerns of property owners with the community’s interests in preserving artifact’s of the Town’s past.

8.14.020 Enabling Authority

California Government Code Section 37361(b)

8.14.030 Definitions

- A. "Accidental Damage" means unintentional damage by an individual or an act of Nature. This does not include accidental damage during the course of construction on the property where the artifact was not adequately protected.
- B. "Alteration" means any work changing the exterior appearance and visual quality of character-defining features of a historical artifact.
- C. "Alteration Permit" means a permit approving an alteration to a historic artifact, or a property determined eligible for historic artifact designation pursuant to the provisions of this Chapter.
- D. "Artifacts" for the purposes of this ordinance are structures as defined below and objects located on the grounds of single-family homes, landscaped areas of public, commercial, and multifamily housing properties, and adjacent to public roads and streets. Buildings designed for human occupation and objects housed in the interiors of buildings are not subject to the terms of the ordinance.
- E. "Character-defining features" means the elements embodying style, design, general arrangement and components of all of the exterior surfaces of any structure or object, including but not limited to, the type of building materials and type and style of elements related to such structure or object.
- F. "Demolition" means the act or process that destroys, completely or partially, any structure or object.
- G. "Historical Artifact" means a structure or object that meets the criteria for listing on the national, state or local level as described below.
- H. "Historic Integrity" means the authenticity of a resource's physical identity, evidenced by the survival of characteristics that existed during the resource's period of significance. Integrity is evaluated with regard to the retention of location, design, setting, materials, workmanship, feeling and association. It must also be judged with regard to the particular criteria under which a resource is proposed for eligibility.
- I. "Inventory of Historical Artifacts" is the official list of properties subject to the terms of this ordinance. In order to be listed on the Inventory, the artifact must be found to be an appropriate property type and meet the criteria for listing on the national, state or local level as described below. An artifact shall not be included in the Inventory if the owner opposes its listing.
- J. "Major Alteration" means permanent changes to the visual character of a Historical Artifact or its setting, including but not limited to, changes in size, surface treatment or location of historical artifacts as described below.
- K. "Minor Alteration" means changes to the color or minor details of a Historical Artifact, such as for example the replacement of missing or damaged elements. The relocation of a moveable object on the property is a minor alteration, and temporary removal of an artifact from the property during restoration or for its

protection during construction shall be treated as a minor alteration under this ordinance.

- L. "National Register of Historic Places" means the official inventory of districts, sites, buildings, structures, and objects significant in American history, architecture, archaeology and culture which is maintained by the Secretary of the Interior under the authority of the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966 (16 U.S.C. 470 et seq., 36 C.F.R. Sections 60, 63.).
- M. "Object" (as applied in the context of this chapter) means a construction, such as a statue, monument or milepost that may be by nature of design moveable, yet related to a specific setting or environment.
- N. "Owner" means the person(s) whose name appears as the owner of a property on the last tax assessment roll of San Mateo County.
- O. "Preventative Maintenance" means any work to prevent deterioration or damage to the structural integrity or any exterior character-defining feature of a historic resource that does not involve a change in design, material or exterior appearance. Such work includes, but is not limited to, painting, grouting or repainting, foundation work or landscaping in the vicinity of a Historic Artifact.
- P. "Secretary of the Interior's Standards for Rehabilitation and Illustrated Guidelines for Rehabilitating Historic Buildings" means the illustrated version of the Standards and Guidelines for Rehabilitation developed by the Technical Preservation Services Branch, Preservation Assistance Division of the National Park Service, as it may be amended.
- Q. "Secretary of the Interior's Standards for the Treatment of Historic Properties" means principles developed by the National Park Service (36 68.3, as it may be amended from time to time) to help protect historic properties by promoting consistent preservation practices and providing guidance to historic building owners and building managers, preservation consultants, architects, contractors, and project reviewers on how to approach the treatment of historic properties. The Secretary of the Interior Standards for the Treatment of Historic Properties may also be referred to in this chapter as "Secretary of the Interior's Standards."
- R. "State Historical Building Code" means California Code of Regulations, Part 8 of Title 24 (California Building Standards Code), as it may be amended.
- S. "Structure" (as applied in the context of this chapter) means a functional, man-made construction, such as a fence, gate, bridge or tunnel, typically made for purposes other than creating shelter fixed to the property on which it is located.

8.14.040 Review Authority

In addition to the responsibilities described elsewhere in the Municipal Code, the Planning Commission shall

- A. Grant or deny applications that pertain to demolition or major alteration of artifacts included in the Inventory of Historical Artifacts or determined to meet the criteria for inclusion in the Inventory;

- B. Consider and recommend to the City Council additions to (or removals from) the Inventory of Historical Artifacts;
- C. Negotiate with property owners to promote preservation of historical artifacts while respecting the use and enjoyment of the owners;
- D. Promote public awareness of the historical value of artifacts by steps it deems desirable, including but not limited to the issuance of certificates of recognition and the authorization of plaques;
- E. Place special emphasis on the need to inspect, repair, and restore artifacts in the public right-of-way or public parks;
- F. Consider methods other than those described above to enhance and preserve the quality and understanding of the Town's historical artifacts;
- G. Make appropriate recommendations on the general subject of preservation to the City Council, other public and private agencies and bodies, and the general public.

Procedures and Criteria for Designation of Historical Artifacts

8.14.050 Inventory of Historical Artifacts

The Inventory of Historical Artifacts is the official list of properties subject to the terms of this ordinance. In order to be listed on the Inventory, the artifact must be found to be an appropriate property type and meet the criteria for listing on the national, state or local level as described below.

8.14.060 Criteria

Property Types. For the purposes of this ordinance artifacts are structures and objects located on the grounds of single-family homes, landscaped areas of public spaces and schools, and adjacent to public and private roads and streets. Buildings designed for human occupation and objects housed in the interiors of buildings are not subject to the terms of the ordinance. Artifacts shall meet on of the following criteria;

- A. National Register of Historic Places

The quality of significance in American history, architecture, archeology, engineering, and culture is present in districts, sites, buildings, structures, and objects that possess integrity of location, design, setting, materials, workmanship, feeling, and association, and:

 - i. That are associated with events that have made a significant contribution to the broad patterns of the Town of Atherton's history; or
 - ii. That are associated with the lives of significant persons in the Town of Atherton's past; or
 - iii. That embody the distinctive characteristics of a type, period, or method of construction, or that represent the work of a master, or that possess high artistic values, or that represent a significant and distinguishable entity whose components may lack individual distinction; or

- iv. That have yielded or may be likely to yield, information important in history or prehistory.

In order to meet the criteria for listing on the National Register, a property must maintain integrity, defined as “the ability of a property to convey its significance” (NRHP Bulletin 15). The National Register further specifies seven aspects of integrity: location, design, setting, materials, workmanship, feeling, and association. To retain integrity, a property should possess several of these aspects and preferably the majority of them.

Structures and objects located within the Town of Atherton that are listed on the National Register of Historic Places, or determined by a qualified professional to be eligible for listing on the National Register shall be placed on the Inventory of Historical Artifacts following the procedures described below and subject to the terms of this ordinance.

B. California State Historical Landmarks, Points of Interest, and the California Register of Historical Resources

- i. Associated with events that have made a significant contribution to the broad patterns of local or regional history or the cultural heritage of California or the United States.
- ii. Associated with the lives of persons important to local, California or national history.
- iii. Embodies the distinctive characteristics of a type, period, region or method of construction or represents the work of a master or possesses high artistic values.
- iv. Has yielded, or has the potential to yield, information important to the prehistory or history of the local area, California or the nation.

The California Register of Historic Places requires that resources “retain enough of their historic character or appearance to be recognizable as historic resources and to convey the reasons for their significance,” and allows for resources with a lower level of integrity than the National Register criteria.

Structures and objects located within the Town of Atherton that are listed as California State Historical Landmarks, Points of Interest, or on the California Register of Historical Resources, or determined by a qualified professional to be eligible for listing on the California Register shall be placed on the Inventory of Historical Artifacts following the procedures described below and subject to the terms of this ordinance.

C. Local Significance. To be deemed locally significant, an artifact must meet subsection (i) or (ii), and (iii);

- i. Association with the early development of the Town of Atherton, events occurring before 1930 or structures and objects constructed before that date.
- ii. Association with the Lindenwood Historic District which is composed of structures and objects constructed as part of the Flood Estate (Linden Towers) prior to 1937.
- iii. Retaining sufficient integrity of design, materials, and association to be recognizable as artifacts of the historical period of their significance.

8.14.070 Procedures for Designation

Official listing on the Inventory of Historical Artifacts, or removal from listing, shall be approved by the Planning Commission. Artifacts that the Planning Commission or City Council accept for designation as Historical Artifacts are subject to the terms of the ordinance, even in those cases where the property owner objects to inclusion in the official Inventory. An inventory sheet shall be stored in the address file in the Building Division Offices of properties accepted for designation but not published in the official Inventory of Historical Artifacts.

Only those artifacts officially included in the Inventory of Historical Artifacts shall be eligible for grants of public funds, plaques purchased with public funds, or other incentives or benefits that may arise in support of preservation of the artifacts.

- A. **Initiation of listings on the Inventory of Historical Artifacts.**
Designation may be initiated by the Planning Commission, by any resident of the Town, or by the owner of an artifact. Applications for designation must be accompanied by such historical and architectural documentation as may be required to evaluate the artifact's significance under the criteria described above. If the application is filed by a property owner or resident of the Town, the application shall be accompanied by a nonrefundable fee as described below.
- B. **Notice of the Public Hearing.**
Upon receipt of a completed application, the secretary of the Planning Commission shall set a date for the public hearing which shall be held within forty days of the acceptance of the completed application. Written notice by first class mail shall be sent to property owners within 500 feet of the property containing the artifact and shall be posted on the official town bulletin boards within 10 days of the public hearing.
- C. **Planning Commission Action**
The designation of historical artifacts shall be made by resolution of the Planning Commission and shall be communicated to the Building Official, the Director of Public Works, and the Atherton Heritage Association. After thirty (30) days from the Public Hearing, if no written objection is filed by the property owner, the Town shall forward a copy of the resolution to the recorder of the County of San Mateo and to the property owner.

- D. Owner Consent.
Artifacts shall not be listed in the official Inventory of Historical Artifacts over the property owners' written objection, received by the Town within 30 days of the official designation by the City Council.
- E. Stop Work Order
While the application for a designation as a Historical Artifact is pending, prior to the public hearing where the Planning Commission or City Council approves or denies the application, the Building Official may declare a stop work order. During the term of the stop work order, work that would require an alteration permit if the artifact were already designated as a Historical Artifact shall not be carried out. The stop work order will be lifted upon the earlier of the Planning Commission or Council's decision on the proposed designation, the stop work order termination date as adopted by the Building Official, or 180 calendar days from the date of the commencement of the stop work order.

Procedures and Criteria for Reviewable Actions

8.14.080 Preventive Maintenance activities exempt from review

Preventive maintenance activities that maintain or restore the historical appearance of Historical Artifacts are exempt from review. These activities should be carried out in a fashion consistent with good preservation practice. Preventive maintenance activities include cleaning, repainting of stone and masonry, and repainting of previously painted surfaces in the same or similar color.

8.14.090 Activities requiring an alteration permit

- A. Minor alterations
Minor alterations are changes to the color or minor details of a Historical Artifact, such as for example the replacement of missing or damaged elements. Minor alterations to Historical Artifacts that are moveable objects include the relocation of the object on the property. Temporary removal of an artifact from the property during restoration or for its protection during construction shall also be treated as a minor alteration; however, the temporary location of the artifact and a fixed date for the return of the artifact to its site must be provided.

The alteration permit application for a minor alteration is approvable by the Building Official, with appeal to the Planning Commission. An alteration permit for a minor alteration shall be granted within 10 days of a completed application. The Building Official may require such documentation as deemed necessary to make a decision. Copies of the permit application and supporting materials shall be filed with the Historical Artifact Inventory as a permanent record of the alteration.

B. Major alterations

Major alterations include permanent changes to the visual character of an artifact or its setting. Examples of major alteration include:

- Changes to the height or width of a structure such as a gate or wall;
- Painting or otherwise covering of previously unpainted surfaces, such as brick or stone;
- Addition of new elements attached to Historical Artifacts (including but not limited to lighting fixtures, replacement of bases of sculptures or other objects);
- Relocation of a structure on the property;
- Relocation of an object or structure to another property within the Town.

Application for a major alteration permit is approvable by the Planning Commission, with appeal to the City Council. In hearing applications for major alteration permits the Planning Commission shall review the proposed alterations for consistency with the Secretary of the Interior's Standards for the Treatment of Historic Properties and the California Historical Building Code. The Building Official may require documentary materials, including an evaluation of the proposed alterations by a qualified historical preservation professional, to assist the Planning Commission in its determination.

Once an application for a major alteration permit is deemed complete by the Building Official, the Planning Commission shall conduct a public hearing on the application within 60 days. Appeals to the Planning Commission's decision must be filed within 10 days pursuant to section 17.64 to the City Council. Copies of the permit application and supporting materials shall be filed with the Historical Artifact Inventory as a permanent record of the alteration.

8.14.100 Demolition permits

For the purposes of this ordinance demolition includes the removal of all or part of a Historical Artifact either for disposal or otherwise its relocation from within the town boundaries.

Application for a demolition permit for a Historical Artifact is approvable by the Planning Commission, with appeal to the City Council. In approving applications for demolition permits, the Planning Commission shall make findings that an emergency exists that threatens the public health, welfare or safety; and that no feasible alternative can be found to ensure the preservation of the Historical Artifact within the Town. Where no threat to public health, welfare or safety can be identified, the Planning Commission shall consider whether the preservation of the Historical Artifact leaves the property with significantly diminished property value. A finding based on significantly diminished property value shall require documentation by independent experts and a finding that no feasible alternative can be found to ensure the preservation of the Historical Artifact within the Town.

Once an application for a demolition permit is deemed complete by the Building Official, the Planning Commission shall conduct a public hearing on the application within 60 days. Appeals to the Planning Commission's decision must be filed within 10 days in accordance with section 17.64 to the City Council. Copies of the permit application and supporting materials shall be filed with the Historical Artifact Inventory as a permanent record of the alteration.

8.14.110 Protection during construction

Prior to issuance of a grading, demolition or building permit for a property that contains a Historical Artifact, the applicant shall present an Artifact Protection Plan if any activity associated with the permit has the potential to impact a Historical Artifact. The Artifact Protection Plan shall include barriers to prevent accidental damage to artifacts, protection against dirt and debris, and if necessary, temporary removal and storage of the Historical Artifact during the construction project.

8.14.120 Consistency with CEQA and other statutes

If any action under this ordinance is subject to the provisions of the California Environmental Quality Act (CEQA), or other applicable local, state or federal regulations, the time in which such action is taken shall be extended in order to allow time to comply with the provisions of the applicable regulations provided, however, that such action is taken within the time limits imposed by the Permit Streamlining Act.

8.14.130 Cases of Economic Hardship

In those cases where the property owner believes that the preservation of the Historical Artifact leaves a property with no reasonable financial value, the owner may apply for a permit to remove the artifact. Independent evidence of significantly diminished property value shall be required to make a finding of economic hardship.

The Town, in its discretion, may in its judgment waive any or all fees for alteration permits in cases where in its judgment the fee is an undue financial burden to the applicant.

Enforcement and Fees

8.14.140 Accidental damage

In the event of accidental damage to a Historical Artifact, no fines or penalties shall be imposed. Repairs shall be subject to review as described above. In the event the damage to the artifact creates an unsafe situation, the property owner may mitigate the hazard and bring the artifact to a safe situation without the issuance of a permit. Such work must be reported to the Town within 72 hours. In the event the artifact is damaged by an act of nature, the property owner shall not be required to fully restore the artifact beyond

bringing the artifact to a safe condition. Failure to adequately protect the artifact from accidental damage does not relieve the property owner from the duty to restore the artifact.

8.14.150 Alterations/Demolitions without a permit – Violation – Penalty

- A. Any person causing the alteration of a Historical Artifact in a manner which exceeds Preventive Maintenance as defined above without an alteration permit shall submit a penalty in the amount of Five Thousand Dollars (\$5,000.00) to be deposited into a fund reserved for projects that preserve, restore or enhance Historical Artifacts on the official inventory of Historical Artifacts as a civil penalty in addition to the penalties as outlined in Chapter 1.20.
- B. Any person causing a Historical Artifact to be removed or demolished without a demolition permit shall submit a penalty in the amount of Ten Thousand Dollars (\$10,000.00) to be deposited into a fund reserved for projects that preserve, restore or enhance Historical Artifacts on the official inventory of Historical Artifacts as a civil penalty in addition to the penalties as outlined in Chapter 1.20.
- C. In the event the Historical Artifact can be restored to its appearance at the time of its designation or at the time of the most recent alteration permit or demolition permit, no civil penalty shall be imposed. Otherwise, as part of a civil action brought by the Town, a court may assess against any person who commits, allows, or maintains a violation of any provision of this Chapter, the civil penalties as described in Section A and B above.
- D. A civil action may be commenced to abate, enjoin, or otherwise compel the cessation of violation of any provision of this chapter. In a civil action brought pursuant to this chapter in which the Town prevails, the court may award to the Town all costs of investigation and preparation for trial, the costs of trial, reasonable expenses including overhead and administrative costs incurred in prosecuting the action and reasonable attorneys' fees.
- E. Upon any guilty plea of judgment or conviction, in any criminal proceeding brought for the violation of this chapter, where the defendant is entitled by law to probation, then the court may require the payment to the Town of the costs and expenses as described above as one of the conditions of such probation.

8.14.160 Fee Schedule

The following fees shall not apply to action taken by a property owner on his/her property.

Application for designation of a Historical Artifact.....\$750

Appeal of designation of a Historical Artifact.....\$750

Minor Alteration Permit.....	no charge
Appeal of Minor Alteration Permit.....	\$750
Major Alteration Permit.....	\$750 plus the cost of historical evaluation if not already completed.
Appeal of Major Alteration Permit.....	\$750
Demolition or Removal Permit.....	\$750
Appeal of Demolition of Removal Permit.....	\$750

SECTION 2: That the City Council hereby declares that it would have passed this Ordinance sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions in this Ordinance are severable and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not affect the validity of the remaining parts of this Ordinance.

SECTION 3: CEQA Exemption. This ordinance is exempt from the provisions of Chapter 3 (commencing with Section 21100) of Division 13 of the Public Resources Code (California environmental Quality Act (CEQA)) pursuant to the State CEQA Guidelines Section 15308 as an action that assures the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment.

SECTION 4: This Ordinance shall be posted in at least three public places according to law and shall take effect and be in force from and after 30 days after its passage and adoption.

Introduced this 20th day of September, 2006

Passed and adopted as an Ordinance of the Town of Atherton at a regular meeting thereof held on the 18th day of October, 2006, by the following vote

AYES:	Council Members
NOES:	Council Members
ABSTAIN:	Council Members
ABSENT:	Council Members

Charles E. Marsala
MAYOR, Town of Atherton

ATTEST

Kathi Hamilton
Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes
City Attorney



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: WENDÉ C. PROTZMAN, ASSISTANT TO THE CITY MANAGER

DATE: FOR THE MEETING OF OCTOBER 18, 2006

**SUBJECT: ADOPTION OF RESOLUTION AUTHORIZING HOURLY SALARY
RANGES FOR PART-TIME AND TEMPORARY EMPLOYEES FOR
FISCAL YEAR 2006-07**

RECOMMENDATION

Staff recommends that the City Council adopt the proposed resolution authorizing hourly salary ranges for unrepresented part-time and temporary employees for Fiscal Year 2006-07, effective October 22, 2006.

BACKGROUND

The Town utilizes part-time employees in a number of capacities throughout the organization to fill temporary, seasonal, or permanent positions that require less than a full-time employee. Proposed is a resolution which would set unrepresented part-time employee hourly salary ranges for Fiscal Year 2006-07. The last time the rates were adjusted was in October of 2003. It is recommended that these rates become effective October 22, 2006. These hourly rates were set by using comparator positions from other San Mateo County cities and by using the salary calculation methodology of eliminating the highest and lowest cities compensated and setting the Town of Atherton salaries at the 70th percentile or setting salaries as a percentage of existing full-time positions.

FISCAL IMPACT

Implementing the proposed increases would cost the Town approximately \$15,700 for FY 2006-07 for the part-time and temporary employees currently employed by the Town. There is sufficient appropriations within departmental budgets to cover the increased cost.

CONCLUSION

In order for the Council to take official action authorizing the new hourly salary ranges, it is recommended that the City Council adopt the attached Resolution.

Prepared by:

Approved by:

Wendé C. Protzman
Assistant to the City Manager

James H. Robinson
City Manager

Attachment: Proposed Resolution

RESOLUTION NO. 06-___

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
ADOPTING HOURLY SALARY RANGES FOR PART-TIME AND TEMPORARY
EMPLOYEES FOR FISCAL YEAR 2006-07**

The City Council of the Town of Atherton hereby resolves as follows:

WHEREAS, the City Council has determined that it is in the best interests of the Town to bring uniformity to the salaries of Part-time and Temporary employees in the form of a resolution; and

WHEREAS, Attachment A to this Resolution specifies the hourly salary ranges for Part-time and Temporary employees for the Fiscal Year 2006-07.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the Town of Atherton that the hourly salary ranges for Part-time and Temporary employees of the Town of Atherton shall be as stated in Attachment A.

* * * * *

I hereby certify that the foregoing Resolution was duly and regularly passed and adopted by the City Council of the Town of Atherton at a regular meeting thereof held on the ___ day of _____, 2006, by the following vote.

*AYES: Council Members:
NOES: Council Members:
ABSENT: Council Members:
ABSTAIN: Council Members:*

Charles E. Marsala, Mayor
Town of Atherton

ATTEST:

Kathi Hamilton, City Clerk

APPROVED AS TO FORM:

Marc Hynes, City Attorney

**TOWN OF ATHERTON
PART-TIME AND TEMPORARY EMPLOYEES
HOURLY SALARY RANGES
FISCAL YEAR 2006-07**

Position	Step A	Step B	Step C	Step D
Per Diem Police Dispatcher	\$30.55	32.34	34.14	35.94
Reserve Police Officer – Level 1*	\$27.14	28.73	30.33	32.00
Administrative Assistant to the Police Chief	\$24.77	26.23	28.77	29.22
Part-Time Maintenance Worker	\$17.25	18.38	19.39	20.29
Part-Time Recreation Assistant **	\$12.91	14.53	15.33	16.14
Part-Time Post Office Counter Assistant	\$19.36	20.49	21.63	23.08
Part-Time Finance Assistant	\$27.98	29.25	30.64	32.18
Temporary Employee** (open range; no steps)	\$10.00			\$60.00

*Note: Reserve Police Officer – Level 2 is an unpaid volunteer position.

** Temporary Employee, and Part-time Recreation Assistant: No change in range from 2005-06. No positions filled with Part-Time Recreation Assistant title at this time.



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: DUNCAN L. JONES, PUBLIC WORKS DIRECTOR

DATE: FOR THE MEETING OF OCTOBER 18, 2006

**SUBJECT: PURCHASE OF STREET SWEEPER FOR ATHERTON PUBLIC WORKS
DEPARTMENT**

RECOMMENDATION:

Staff recommends that the council approve the purchase of an Allianz 3000 3-wheeled street sweeper from Nixon-Egli Equipment Company for \$140,000.

BACKGROUND:

The Town of Atherton is a tree city and must deal with all the debris associated with trees. It also has a lot of residential construction which affects not only the address undergoing the construction but also the entire Town as trucks and equipment drive the streets dropping and tracking dirt, gravel and sometimes litter on its streets. The Town has an extensive bike lane system, and many people walk in the streets because there are no sidewalks.

Currently the Town's waste provider, Allied Waste, is under contract to sweep about 16.5 miles of the Town's streets on a monthly basis. These are streets that have curb and gutter, valley gutter or a bike path. Marsh Road is also included because of the curb next to the Atherton Channel.

Currently, sweeping is done on the first Saturday of each month. The average amount of miles reported (which includes travel back and forth from the San Carlos facility, fueling, dumping and other non-sweeping miles) is about 40 miles. The average amount of materials collected is about 6 cubic yards. Recently, in November and December of 2005, they doubled their cubic yards to about 12 (due to high leaf yield). For informational purposes, these sweepers hold 6 yards of

materials when full to the very top. So when the operator dumps at the end of the day, he is probably inclined to report dumping a full hopper, whether or not it was actually full.

The Town currently pays Allied Waste \$822 per month for sweeping.

ANALYSIS:

The Public Works Department began looking into the feasibility of doing its own street sweeping in October of 2005. The reasons for this were many, including:

Deficiencies in Current Sweeping Contract

- Lack of response from Allied Waste of many kinds, but including reporting of miles and amount swept and responding to poor performance complaints. They are difficult to contact during the day on the phone. Their drivers are unfamiliar with our streets with the exception of the ones they sweep for us on a monthly basis. To give them an instruction after a storm such as “go out and sweep drain inlets in the Town” is not possible, as they do not even know the Town limits.
- Poor performance. The Town just generally looked dirty in many locations, especially after the first few rains. The bike paths, valley gutters, center medians, shoulder striping and right sides of streets (where pedestrians walk) all need attention after each rain event. Allied Waste is under no contractual agreement to sweep any more than once a month. The areas they do sweep during a non-rainy month could be done better. They can only accommodate our sweeping needs on Saturdays, which is not an optimum day for sweeping due to the additional parked cars on the street.
- Allied Waste’s sweeper fleet is made up of very large sweepers, which makes it difficult to sweep streets with the unique tree canopy of our Town. This causes a lot of areas to be missed, as the sweeper swerves around trees. It does do well with the curb and gutter locations such as the Lloyd Park neighborhood.
- Currently, the Town’s maintenance agreement with Caltrans does not include a provision for street sweeping. We are totally dependent on Caltrans Maintenance forces sweeping the right shoulders and center divide. Staff observance is that Caltrans currently sweeps that section of highway 2 times per year, and only that often after incessant complaints from town staff.

Benefits of Town-Owned Sweeper

- The new NPDES permit currently under review by the RWQCB will require more sweeping of streets to keep particulate matter out of the storm drains and the bay.
- Increased level of maintenance for Town residents. Having our own sweeper will allow us to continue sweeping the areas our contractor currently does at a higher level of service. We will also be able to sweep other locations on an as-needed basis. We can hit “weak” areas as the needs arise, such as the now heavily burdened areas of Park Lane and the highlands area, where home construction keeps the streets in a less than desirable condition. The sweeper can also pick up litter episodes, such as when the wind blows papers down El Camino Real from Redwood City.

- Storm clean up. After a rain storm (especially with high winds), the streets get covered by leaves, needles, sticks, cones and other debris from trees. This debris totally obliterates lane lines, makes walking/biking difficult and tends to make the travel way slippery. A quick response is needed to clear covered drain inlets before the next storm arrives. After a major storm, nearly every drain in town is covered to the point of rendering the drain inoperable. Most of our entire public works force needs to respond to clean these drains to prevent flooding in the next storm. Having a sweeper of our own will allow a single operator to clear a significant portion of these drains within a short period of time. Mudslides can also be cleaned up quickly with this machine
- Other maintenance operations. This piece of equipment will allow us to perform other maintenance duties in a safer, more cost effective and more expedient manner. Some of these duties include cleanup after asphalt dig outs, ditch cleaning, park parking lot cleaning, corporation yard recycle area clean-up, spill response and construction zone violation clean-up (which we can bill back to property owner/contractor).
- This sweeping would be best performed by someone who really knows our streets and has a stake in the performance of sweeping duties.

Public Works staff began seriously shopping for a sweeper at the beginning of January because of the extensive debris left by the New Year's storm. Criteria used to determine which sweeper would be right for us were the following;

- Initial cost
- Operational cost (including service, wear parts and daily maintenance)
- Safety (noise, blind spots, ergonomics, accident record)
- Type of sweeper (regenerative air or broom type – if you could only have one, which would be best?)
- Sweeper effectiveness (for all types of debris – leaf, sticks, dirt, mud, litter)
- Specifications best for getting around our trees, low profile, driver vision, low noise output, low dust, Cal. Emissions.
- Maintenance - who would be able to repair/service for us?

It became immediately apparent that we needed a highly maneuverable sweeper due to our abundance of trees jutting out into the roadway and our many dead-end streets (courts). A sweeper with as low a profile as possible was also important because of the tree canopy. Either a three-wheeled sweeper or a small regenerative air sweeper would be the best for maneuvering.

We asked superintendents, supervisors and operators from many agencies including Palo Alto, County of San Mateo, Redwood City, San Mateo, Berkeley, Alameda and Los Altos: "If you could only have one type of street sweeper (regenerative air or broom), which would it be?" Unanimously, the answer was a broom sweeper. The reason for this was that an air sweeper works best for dry leaves and litter while a broom sweeper sweeps up everything.

We tested a small regenerative air sweeper (TYMCO model 210) borrowed from the County of San Mateo on the valley gutters on Atherton Avenue between Elena and Selby. The gutter was full of soil type debris. The machine performed poorly, putting the material from the gutter into the street but only picking up about 40% of the material, and leaving an ugly mess behind.

We then went to the City of Palo Alto who runs the Elgin Pelican 3-wheeled sweepers. These have the steering wheel at the rear of the sweeper. This sweeper did a very good job of sweeping. It was rather loud both inside and outside of the cab, and had a large blind spot on the left side.

The City of Alameda has a fleet of sweepers made up entirely of 3-wheeled sweepers, both Elgin Pelican and Allianz 3000 sweepers. These two sweepers are the only 3-wheeled, broom type street sweepers on the market. The Allianz 3000 differs from the Elgin Pelican by having a lower profile, a bigger storage hopper (5.6 yards) and a front-centered operator cab. The biggest difference is that the cab and steering wheel are at the front of the machine, making it drive like a regular truck and dramatically improving visibility, making it much easier to miss obstacles. An operator who has driven both types of sweepers for the past 15 years said they both do a great job of sweeping, and are both very reliable, but he said the Allianz 3000 is more operator friendly with hands down the best visibility (he said they hit stuff all the time with the Pelican). The Allianz 3000 is more ergonomic, has a bigger hopper and is less likely to clip overhanging trees. The Allianz also has a higher dead-head speed than the Pelican (26mph vs. 20 mph).

Based on the criteria of safety, driver vision, load capacity, dead-head speed, noise, profile and ease of operation, the Allianz sweeper is recommended for use in Atherton.

FISCAL IMPACT:

Preliminary pricing for a new Allianz 3000 is \$140,000. Nixon-Egli is the Allianz representative for the west coast. Bids will be solicited through Nixon-Egli from various public works purchase lists to potentially reduce the bid cost below \$140,000.

The sweeper has a one-year warranty and Nixon-Egli has service staff that can come to Atherton to take care of services and repairs, saving considerable drive time for maintenance.

Existing Public Works staff will run this sweeper. The time spent sweeping would have been spent doing the same work by hand. We estimate that the time saved on various tasks will more than make up for the additional monthly sweeping time. It is anticipated that this machine will run an average of 60 hours per month during the spring, summer and fall and about 80 hours a month during the winter months.

We will need an agreement with either the City of Redwood City, the County of San Mateo or West Bay Sanitary District to clean the sweeper at the end of each shift. The sweeper can dump at our corporation yard, but a NPDES compliant wash down area is needed for the daily cleanup. This will cost approximately \$2,500 per year. Other costs such as service, wear parts and maintenance will come out of Public Works operating expenses.

The following table summarizes the annual costs to operate the sweeper:

Item	Cost	Unit	Times per year	Annual cost
Sweeper service	\$760.00	Each	2	\$1,520.00
Mechanical work (unforeseen)	\$95.00	Hour	8	\$760.00
Gutter Brooms	\$131.43	Set	4	\$525.72
Pick-up broom	\$115.00	Each	1	\$115.00
Drag shoes	\$321.99	Each	1	\$321.99
Elevator blades	\$153.73	Set	1	\$153.73
Clean-up fees	\$2,500.00	Annual	1	\$2,500.00
			Cost per year	\$5,896.44

The new AB 1546 funding this year will pay \$5773.23 towards NPDES related costs. This funding will be used to pay for these operating expenses. This sweeper will replace the Allied Waste sweeping contract, saving \$9,864 per year. Caltrans is currently in the process of re-evaluating our current maintenance agreement for the section of El Camino Real (Route 82) that dissects Atherton. Staff estimates based on other city's agreements is \$6000 per year, but the exact price needs to be negotiated with Caltrans once the Town has a sweeper.

Prepared by:

Approved by:

Duncan L. Jones, P.E.
Public Works Director

James H. Robinson
City Manager

Attachments: Picture of sweeper
Municipal Maintenance Activities BMPs from draft revised NPDES permit



Allianz Johnston 3000 World's Safest Three Wheel Sweeper

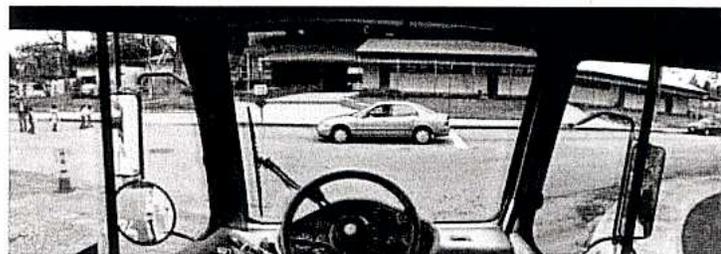
With superior visibility, handling and comfort the 3000 is built tough to satisfy your toughest demands and still provide the best value with the lowest operating cost per swept mile and easy, low cost maintenance.

3000 Features and Benefits

- The 3000 offers the best operating visibility of any three wheel street sweeper on the market.
- Front-and-center cab location provides an unobstructed view of the street, curb and gutter brooms at all times.
- Maximum visibility means increased sweeping efficiency, better operator effectiveness and faster, safer sweeping performance.

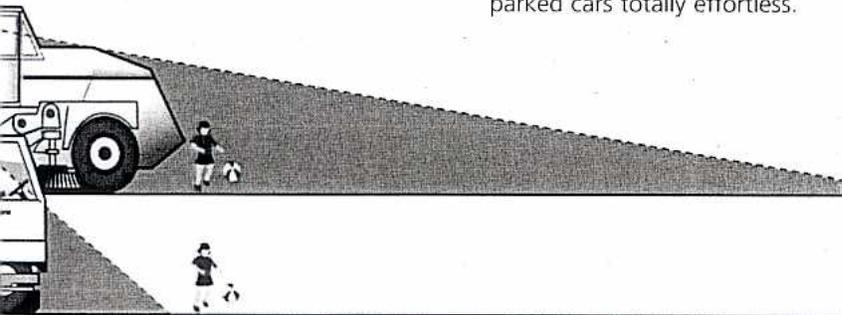
- The 3000 is designed to make routine maintenance easy, so your sweeper spends more time on the street and less time in the garage.
- A centralized, weatherproof systems locker fully protects electrical and hydraulic components.
- Full 125 in. (3175 mm) sweeping path offers unsurpassed pick-up ability even when handling the heaviest of workloads.
- The 3000's tight compact design, 12.5 ft (3.8 m) turning radius lets your operator maneuver easily on cul-de-sacs and in close quarters.
- Outstanding visibility and car-like handling make turning sharp corners or moving around parked cars totally effortless.

BELOW
Panoramic view
from inside the cab



Outline Specifications Allianz Johnston 3000

Engine:	100HP (75KW) @ 2,500 RPM John Deere 4045T turbo-charged diesel
Hopper:	5.6 cu.yd. (4.3 m ³), mild steel
Payload capacity:	12,000 Lbs (5443 kg)
Road speed:	23 MPH (37 km/h)
Sweeping path:	125 in. (3175 mm)
Turning radius:	12.5 ft. (3.8 m)
Water capacity:	200 gal (757 L)
Gutter broom:	47 in. (1193 mm)



LEFT
3000 Superior visibility
versus old style
three wheel
visibility

Municipal Maintenance Activities

Baseline List of BMPs	Level of Implementation	Recording/Reporting
<p>Public Streets, Roads and Highways Operation and Maintenance</p> <p><u>Street and Road Sweeping and Cleaning</u></p> <p>a) Sweeping frequency, timing and efficiency (equipment used)</p> <p>1. Identify and designate streets, roads, and agency's parking lots sweeping within the Permittee's jurisdictional areas high, medium or low sweeping priorities based on the volume trash present and/or rate at which debris is generated as assigned below:</p> <ul style="list-style-type: none"> • High Priority: Streets, road segments and/or agency parking lots designated as high priority may include, but not limited to, high traffic zones, heavy commercial and industrial districts, shopping malls, high density residential dwellings and plazas. These areas consistently generate high volumes of trash, debris, and other storm water pollutants; • Medium Priority: Streets, road segments and/or agency parking lots designated as medium priority may include, but not limited to, medium traffic zones, warehouse districts, and medium commercial 	<p>a.1) Identify and map designated streets, roads, and public parking lots for sweeping by _____(6 months after permit adoption).</p> <p>a.1) Sweep streets/Roads/Parking lots as follows:</p> <ul style="list-style-type: none"> • High Priority areas at average of at least twice per month; • Medium Priority areas at average of at least once per month; and • Low Priority areas as necessary, but at least twice before the onset of the wet season. <p>a.1) Where street sweeping is not technically feasible (i.e., streets and/or road segments do not have curbs or gutters), demonstrate trash/litter control procedures to minimize pollutant discharges to storm drains and creeks.</p> <p>a.1) For effective pollutant reduction, employ efficient street sweeping methods that are capable of removing fine particulates.</p> <p>a.1)Conduct seasonal efforts to remove leaves, especially during fall season.</p>	<p>1. In the first reporting year, identify the high, medium, and low priority areas. Annually identify any changes thereafter.</p> <p>2. Keep records of types of sweepers used, swept curb miles, volume or weight of materials removed.</p> <p>3. Submit staff training records.</p> <p>4. Submit a summary of seasonal leaf removal program efforts.</p> <p>5. Identify agency's public outreach efforts to improve sweeping efficiency</p> <p>6. Report information for items 2-5 in summary form in the Annual Report.</p>



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: LISA COSTA SANDERS, DEPUTY TOWN PLANNER

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: ORDINANCE AMENDMENT DEFINING BUILDABLE AREA AND
REGULATING BASEMENTS**

RECOMMENDATION:

Staff recommends that the City Council conduct the public hearing and adopt the attached Ordinance based on the following finding for the reasons outlined in this staff report:

1. The proposed amendment is required to achieve the objectives of the Zoning Plan and the General Plan.

BACKGROUND:

The City Council requested the General Plan Committee review the current regulation limiting basements to “under the footprint of buildings located within the buildable area.” The General Plan Committee discussed this item at its September 13, 2006, meeting and voted to recommend the Planning Commission and City Council consider the attached Ordinance Amendment and also requested the City Council authorize the Committee to further study the item. The Planning Commission, at its September 27, 2006, meeting voted to recommend the City Council adopt the Ordinance amendment as attached.

ANALYSIS:

In 2001, the City Council adopted a moratorium to limit the construction of basements to under the footprint of the main building and requested the General Plan Committee and Planning Commission study the issue further. Prior to the moratorium, basements were allowed within five feet of any property line. The General Plan Committee and Planning Commission studied this issue and recommended the City Council adopt an Ordinance to limit the area in which a basement could be constructed to the “under the footprint of buildings located within the buildable area.” Committee members and Commissioners both determined that allowing basements outside of the main building area reduces the ability to adequately landscape screen the site and could impact heritage trees on

adjacent properties. The City Council adopted the Ordinance at its November 2002 meeting.

Questions were raised at a recent Council meeting regarding the use of the term “buildable area.” This term is not a defined term in the zoning code and questions were raised if it included any portion of a lot in which a building could be located. If “buildable area” were interpreted as any portion of the lot in which a building could be located, it would allow basements under accessory structures that could be constructed 10’ from a side or rear property line. This was clearly not the intent of the Committee, Commission and Council in adopting the regulations. The intent was to restrict basements to below buildings located within the area that the main dwelling is permitted to be located. For a standard acre lot, the front and rear setback is 60’ and the side yard setback is 50’. The area within those setbacks is considered the “building or dwelling area” as defined in section 17.08.080.

Staff recommends that the current basement regulations be amended to replace “buildable area” with “main building area” and replacement of the definition of “building or dwelling area” to “main building area means the area within a lot in which the main dwelling may be constructed.”

As indicated above, the General Plan Committee requested the City Council authorize the Committee to further study the item. There was interest at the meeting to possibly change the regulations to allow basements at other portions of the lot. If authorized by the Council, the Committee will discuss this item further at its next meeting scheduled for January 10, 2007.

CONCLUSION:

It is Planning staff’s professional opinion that the proposed Ordinance Amendment is consistent with the General Plan and will better define the area in which a basement is permitted to be located.

ALTERNATIVES:

The City Council could further modify the Ordinance or not adopt the changes.

FISCAL IMPACT:

Costs associated with the implementation of the ordinance will be borne by applicants.

ENVIRONMENTAL IMPACT:

The proposal has been determined to be exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Sections 15305, Class 5 which permits minor alterations in land use limitations which do not result in any changes in land use or density.

FORMAL MOTION:

I move that the City Council adopt the Ordinance Amendment based on the finding listed in the staff report for the reasons listed in the staff report.

I further move that the General Plan Committee be authorized to further study this item.

Prepared by:

Approved by:

Lisa Costa Sanders
Deputy Town Planner

James H. Robinson
City Manager

Attachments:

1. draft Ordinance
2. Planning Commission minutes (excerpt)
3. General Plan Committee minutes (excerpt)
1. Staff Report – September 18, 2002 City Council, with attachments

ORDINANCE NO. ____
AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
AMENDING SECTION 17.08.080 and 17.36.190 THE ATHERTON MUNICIPAL CODE
PLACING LIMITS ON BASEMENTS WITHIN THE TOWN OF ATHERTON

The City Council of the Town of Atherton does ordain as follows:

SECTION 1: Section 17.08.180 of the Atherton Municipal Code is hereby amended to read as follows:

“17.08.080 “Main Building Area ~~Building or dwelling area~~” means the area within a lot in which the *main* dwelling may be constructed”.

SECTION 2: Section 17.36.190 of the Atherton Municipal Code is hereby amended to read as follows:

“17.36.190 Basements

Basements shall not exceed two feet in height above the surrounding average natural grade. Exceptions to the requirements of this section for hillside properties (where the average cross-slope is greater than twenty percent as determined under Section 16.24.050) may be permitted upon issuance of a conditional use permit. Basements are only permitted under the footprint of buildings located within the *main building* ~~buildable~~-area. Areas for stairways and light wells may extend beyond the footprint of buildings, but shall be limited to the *main building* ~~buildable~~ area.”

SECTION 2: CEQA Exemption. This ordinance is categorically exempt from the provisions of Chapter 3 (commencing with Section 21100) of Division 13 of the Public Resources Code (California Environmental Quality Act (CEQA) pursuant to the State CEQA Guidelines Section 15305, minor alterations and land use limitations of the CEQA Guidelines as an action that assures the maintenance, restoration, enhancement, or protection of the environment where the regulatory process involves procedures for protection of the environment. The City Council further finds that adoption of this ordinance does not require review under the California Environmental Quality Act (CEQA) because it is not a project (CEQA guidelines section 15378), and there is not possibility that the ordinance may have a significant effect on the environment (CEQA guidelines section 15.61.b).

SECTION 3: That the City Council hereby declares that it would have passed this Ordinance sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions on this Ordinance are severable and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not effect the validity of the remaining parts of this Ordinance.

SECTION 4: This Ordinance shall be posted in at least three public places according to law and shall take effect and be in force from and after 30 days after its passage and adoption.

Introduced this ____ day of _____, 2006

Passed and adopted as an Ordinance of the Town of Atherton at a regular meeting thereof held on the ____ day of _____, 2006, by the following vote

AYES: COUNCIL MEMBERS
NOES: COUNCIL MEMBERS
ABSTAIN: COUNCIL MEMBERS
ABSENT: COUNCIL MEMBERS

Charles E. Marsala
MAYOR, Town of Atherton

ATTEST

Kathi Hamilton
Acting City Clerk

APPROVED AS TO FORM:

Marc G. Hynes
City Attorney

DRAFT MINUTES
PLANNING COMMISSION MEETING
September 27, 2006
6:00 p.m.

ATHERTON TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California

REGULAR MEETING

Chair Andrews called the meeting to order at 6:00 p.m.

ROLL CALL:

PRESENT: **Bob Andrews**
 Rose Hau
 Jim Dobbie
 Marion Oster
 Kristi Waldron (excused at 7:00pm)

City Attorney Marc Hynes, Deputy Town Planner Lisa Costa Sanders and Town Arborist Kathy Hughes Anderson were also present.

PUBLIC HEARINGS

Ordinance Amendment – Ordinance Amendment amending Chapter 17.08.080 and 17.36.190 of the Atherton Municipal Code defining building area and regulating basements.

Lisa Costa Sanders presented the staff reported and indicated that the General Plan Committee recommended the Planning Commission approve the change to the basement regulations to better define the area in which a basement can be located to under structures located within the main building area. The Committee also requested the Council authorize the Committee to study the item further.

MOTION to recommend the City Council adopt the Ordinance Amendment based on the following finding;

M/S Oster/Dobbie Ayes: 5 Noes: 0

Finding:

1. The proposed amendment is required to achieve the objectives of the Zoning Plan and the General Plan.

Respectfully submitted,

GENERAL PLAN COMMITTEE
SPECIAL MEETING
DRAFT MINUTES

TOWN OF ATHERTON

September 13, 2006

6:00 P.M.

TOWN COUNCIL CHAMBERS
94 ASHFIELD ROAD

1. **ROLL CALL:**

PRESENT: Barbara Shoor
James Ransohoff
Elizabeth Lewis
Randy Lamb
Todd Beardsley
Alan Carlson

Marc Hynes, City Attorney, Lisa Costa Sanders, Deputy Town Planner, and Laura Jones were also present.

8-C. Permitted Locations for Basements

Staff indicated that this item is before the Committee as the term "buildable area" is not a defined term and the Council requested the Committee look at the item and provide direction. Staff reference past actions, staff reports and minutes, indicating that the record is clear that the intent at the time the regulations were adopted was to limit basement to structures located within the setbacks for the main building and not allow them under accessory structures within 10' of a side or rear property line. Staff recommended the Committee recommend the Planning Commission and City Council consider utilizing a defined term as "main building area".

OPEN PUBLIC COMMENT

Steve Dunster requested that the Committee allow basements under accessory structures outside main dwelling area. He requested that the Committee reconsider the Code- only prohibit basements if cause impact to heritage trees.

Steve Ackley, 55 Bellbrook, stated basements should be allowed under accessory structures outside the main dwelling are and distributed photographs of some homes.

Scott Mitchell, 158 Greenoaks, stated that basements in accessory structures are ok in the Town. There is no impact and the Committee should reconsider allowing them.

Melinda Fevis, 88 Tallwood stated she was concerned with the impact to drainage.

Gary Lecenoni noted the varied soil condition within the Town.

Harriet Tuckman, 95 Maple Leaf Way, stated her concerned with having basements under accessory structures outside the main dwelling area.

Carol Flarety stated that some basements do not have any impact (i.e. a wine cellar, or mechanic room. Some result in a lower above-ground floor area.

Phil Lively, 24 Hawthorn feels that basements should not be allowed under accessory structures.

CLOSE PUBLIC COMMENT

Committee discussion;

- Concern was expressed with light wells
- Committee member indicated interest in allowing basements under accessory structures if not adjacent to a heritage tree.
- Requested the item be studied further before any changes are adopted.
- Concerned with basements outside the main building, especially on hillside properties.
- Builder can mitigate drainage issues. Should to allow basements under accessory structures.
- Would like the Town Arborist at the next meeting to address questions of the tree dripline.
- Staff will provide an update at the next meeting regarding the timeline of the Drainage Study.

M/S Hau Carlson to have the Planning Commission approve the wording and request the Council direct the Committee to discuss further. Motion passed 6-2 (No Lamb, Beardsley)

9. ADJOURN

The next meeting is scheduled for January 10, 2007. The meeting adjourned at 9:25 p.m.

Respectfully submitted,

Lisa Costa Sanders, Deputy Town Planner

DATE: FOR THE CITY COUNCIL MEETING OF SEPTEMBER 18, 2002
TO: THE CITY COUNCIL
FROM: LISA COSTA SANDERS, DEPUTY TOWN PLANNER
ORDINANCE PLACING LIMITATIONS ON BASEMENT AREAS

RECOMMENDATION:

Staff recommends that the City Council conduct the public hearing and adopt the attached Ordinance placing limitations on the construction of basements outside of the building main buildable area based on the following findings for the reasons outlined in this staff report:

1. The ordinance is necessary to achieve the objectives of the Zoning Plan and the General Plan.
Basis for finding: The Municipal Code and General Plan policies require the preservation of landscaping and heritage trees, specifically in the tree preservation area. Limiting basements to the footprint of the building will help preserve trees and other landscaping in the tree preservation area.

INTRODUCTION:

Limitations to basements have been discussed at numerous General Plan Committee meetings, Planning Commission meetings and City Council meetings. In anticipation of an ordinance amendment, the City Council passed a moratorium limiting basements outside of the main buildable area. The General Plan Committee at their meeting on January 9, 2002 most recently reviewed limitations to basements. At that meeting, the Committee recommended the Planning Commission consider the Ordinance as attached to this staff report.

The Planning Commission at their September 12, 2002 meeting reviewed the proposed ordinance and voted to recommend that the City Council adopt the ordinance as proposed.

ANALYSIS:

The Atherton Municipal Code is currently interpreted to allow the construction of basements within five feet of any property line. Staff has noticed recent interest among builders to maximize basement areas. Concern has been expressed with the resulting tree preservation area when a basement could be constructed within five feet of any property line.

The General Plan Committee and Planning Commission recommends the following wording for the basement ordinance:

“Basements are only permitted under the footprint of buildings located within the buildable area. Areas for stairways and light wells may extend beyond the footprint of buildings, but shall be limited to the buildable area.”

The proposed language, prohibits basements from being constructed outside of the buildable area. It does allow for the construction of a basement under an accessory structure, only if the accessory structure is located within the buildable area. It therefore prohibits basements to be located under accessory structures when constructed on other areas of the lot (within 10' of the side or rear property line). The proposed language limits the area in which basement could be constructed and thereby allows for substantial tree planting and retaining the tree preservation area.

CONCLUSION:

It is Planning staff's professional opinion that the proposed ordinance would not be contrary to the purpose and intent of the General Plan and the Zoning Code.

ALTERNATIVES:

The Council could choose not to adopt the ordinance, or could modify the ordinance.

FISCAL IMPACT:

Cost of preparing the ordinance are paid for by the Town of Atherton.

ENVIRONMENTAL IMPACT:

The proposed Ordinance Amendment is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15305, Minor Alterations in Land Use Limitations of the CEQA guidelines.

FORMAL MOTION:

I move that the City Council adopt the attached Ordinance placing limitations on basements within the Town of Atherton based on the findings and for the reasons incorporated in the Staff Report.

Lisa Costa Sanders, Deputy Town Planner

Attachments:

1. Draft Ordinance
2. Planning Commission September 12, 2002 draft meeting minutes
3. General Plan Committee January 9, 2002 meeting minutes

ORDINANCE NO. _____
AN ORDINANCE OF THE CITY COUNCIL OF THE TOWN OF ATHERTON
AMENDING THE ATHERTON MUNICIPAL CODE PLACING LIMITS ON
BASEMENTS WITHIN THE TOWN OF ATHERTON

The City Council of the Town of Atherton does ordain as follows:

SECTION 1: Section 17.36.190 of the Atherton Municipal Code is hereby amended to read as follows:

17.36.190 **Basements**

"Basements shall not exceed two feet in height above the surrounding average natural grade. Exceptions to the requirements of this section for hillside properties (where the average cross-slope is greater than twenty percent as determined under Section 16.24.050) may be permitted upon issuance of a conditional use permit. *Basements shall not extend outside the footprint of the main building or accessory structure, with the exception of areas for stairways and light wells, which shall be limited to the main buildable area. Basements are not allowed below accessory structures located outside of the main buildable area.*"

SECTION 2: That the City Council hereby declares that it would have passed this Ordinance sentence by sentence, paragraph by paragraph, and section by section, and does hereby declare that any provisions on this Ordinance are severable and, if for any reason any sentence, paragraph or section of this Ordinance shall be held invalid, such decision shall not effect the validity of the remaining parts of this Ordinance.

SECTION 3: This Ordinance shall be posted in at least three public places according to law and shall take effect and be in force from and after 30 days after its passage and adoption.

Introduced this ____ day of _____, 2002

Passed and adopted as an Ordinance of the Town of Atherton at a regular meeting thereof held on the ____ day of _____, 2002, by the following vote

AYES:	COUNCILMEMBERS	_____
NOES:	COUNCILMEMBERS	_____
ABSTAIN:	COUNCILMEMBERS	_____
ABSENT:	COUNCILMEMBERS	_____

MAYOR, Town of Atherton

ATTEST

Sharon Barker, City Clerk

**DRAFT MINUTES
PLANNING COMMISSION MEETING
SEPTEMBER 12, 2002
6:30 p.m.**

**ATHERTON TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California**

SPECIAL MEETING

Chair Lively called the meeting to order at 6:30 p.m.

1. ROLL CALL:

PRESENT: Philip Lively
Robert Andrews
Jennifer Acheson
Rose Hau
Marion Oster

City Attorney Marc Hynes, Building Official Mike Hood and Deputy Town Planner Lisa Costa Sanders were also present.

PUBLIC HEARINGS

Ordinance Amendment – Basement Ordinance – Modifications to the limitations on basements. Atherton Municipal Code Section 17.36.190.

Lisa Costa Sanders presented the staff report.

MOTION – to recommend the City Council adopt the Basement Ordinance based on the following finding:

M/S Oster/Hau Ayes: 5 Noes: 0

Finding:

1. The ordinance is necessary to achieve the objectives of the Zoning Plan and the General Plan.

GENERAL PLAN COMMITTEE
APPROVED MINUTES

TOWN OF ATHERTON
REGULAR MEETING
January 9, 2002, 6:00 p.m.
TOWN COUNCIL CHAMBERS
94 ASHFIELD ROAD

ROLL CALL:

PRESENT: Phil Lively, Shirley Carlson, Sandy Kaye, Rose Hau, Jim Dobbie,
Joan Sanders

EXCUSED: Dianne Fisher
Alan Carlson

BASEMENT LIMITATION

Mike Hood provided information on soil conditions and water tables in the Town. He stated that most of the water tables are located 40' below ground and can be found between 40' and 80' and again between 100' and 150'. He stated that basements will not have much if any effect on water flow underground. Mr. Hood stated that if everyone in Town were to construct basements at their maximum ability, it might have the effect of raising the ground water table +/- 2'. With the type of groundwater circulation, it may increase the water velocity rather than shift the water outwards. Mr. Hood also noted that many of the wells in town are pulling out more water than is being injected into the ground. The Town is seeing some signs of ground settlement which is a sign of over drafting of the water table. Need to get clean water back into the ground. Mike Hood stated that there is no real problem with the basement depth.

M/S Dobbie/Sanders to recommend the Planning Commission consider the following wording for basements; "Basements are only permitted under the footprint of buildings located within the buildable area. Areas for stairways and light wells may extend beyond the footprint of buildings, but shall be limited to the buildable area." Motion passed.



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JOHN P. JOHNS, FINANCE DIRECTOR

DATE: FOR THE MEETING OF OCTOBER 18TH, 2006

SUBJECT: PHASE III BUILDING DEPARTMENT AUDIT REPORT

RECOMMENDATION:

Accept the findings and recommendations contained within the Phase III of the Building Department permit and processes audit.

INTRODUCTION:

At the regularly scheduled meeting of August 16th, 2006 the City Council directed staff to proceed with Phase III of the Building Department Permit and Process Audit.

In accordance with the project plan approved by the City Council, the scope and objectives of this Phase III audit were as follows:

- To identify exceptions in building permit files for the purpose of identifying systematic deficiencies within the Building Department's plan check, permit issuance and building inspection processes; and,
- To identify and recommend improvements in the Building Department's business and recordkeeping practices to enhance organizational effectiveness.

To accomplish these objectives, audit staff implemented a five-part audit program consisting of the following tasks and activities:

- Assessment of physical and electronic recordkeeping systems;
- Risk assessment and selection of building permit files for review;
- Substantive testing of building permit files;
- Additional inquiries and physical observation; and,
- Communicating the results of the review.

Transmitted herewith is a report that documents the findings and recommendations of audit staff.

Scope of reporting and additional considerations

In presenting the proposed audit program to the City Council, audit staff recommended performing an analytic review of the data contained within the Building Department's computerized permit tracking system. Based upon the results of this analytic review and based upon other information, staff had also proposed selecting between 40 and 60 building department files for substantive testing.

The purpose of the substantive testing was to:

- Identify exceptions within the Building Department files that suggested non-compliance with established policies and local building and zoning ordinances;
- Ascertain whether such exceptions (if any) occurred on a recurring basis and were indicative of deficiencies in the Department's operations that were systematic in nature; and,
- Formulate the basis for recommending improvements within the Building Department's recordkeeping systems and/or business practices to increase the level of assurance that the Building Department was effective in performing its designated function.

In performing the fieldwork on this audit, staff encountered certain circumstances which affected the manner in which the audit was conducted and the level of resources required to complete the audit. Most notably:

- Through an extraction of the data contained within the Department's computerized permit tracking system, audit staff was able to generate a substantial volume of information which was useful in assessing both the integrity and reliability of Department's business practices and recordkeeping systems. Such information was of much greater use in identifying opportunities for improvement and in formulating the basis for audit recommendations than had been anticipated.
- The Department's physical records, particularly those contained on microfiche format, had not been preserved in an orderly fashion. As a result, audit staff concluded that an

extensive examination of a large number of files would be highly labor intensive and would yield little if any additional insight than would performing less extensive substantive testing.

Accordingly, audit staff performed a limited review of 48 permit files, instead of the comprehensive review of between 40 to and 60 files that had been planned originally. Consequently, audit staff was able complete this audit in approximately 200 hours or 120 fewer hours than the 320 hours that had been budgeted.

In communicating the scope and objectives of the audit, the City Council was advised of the following scope limitations:

- Despite the limited size of our sample, audit staff would not be able to render a definitive judgment as to whether a particular project had in fact met all of the building and zoning requirements applicable; and,
- The audit was not connected with any personnel investigation.

Phases I and II of the Building Department permit and process audit identified a number of weaknesses in the Department's physical and electronic recordkeeping systems. Audit staff therefore recommended that planning for a new permit tracking system be initiated immediately.

At the regularly scheduled meeting of the City Council on August 16th, 2006, the Council expressed a strong desire to obtain information that would be useful to the Building Department in implementing a new permit tracking system. Pursuant to the City Council's instructions, we have included information within the body of this report that is intended to be useful in the Department's modernization efforts. However, the findings and recommendations within this report extend beyond needed improvements in the Building Department's physical and electronic recordkeeping systems, notably:

- Administrative controls over the permit intake and plan check process;
- Ensuring compliance with building codes and administrative requirements during the project construction and close-out phases; and,
- The level of discretion afforded to a local Building Official in interpreting the building code and zoning ordinances.

Accordingly, this internal audit report includes recommendations that, in addition to improving recordkeeping systems, are intended to provide greater assurance that the Town's building and zoning ordinances are enforced fully and equitably.

FISCAL IMPACT:

Acceptance of the attached report is not anticipated to affect appropriation requirements or estimated revenues.

Prepared by:

John P. Johns
Finance Director

Attachment III: Phase III Audit Report Findings and Recommendations

Finding 1: The lack of administrative controls over the plan check and permit issuance process has hampered the Building Department's ability to ensure that a construction project is in conformity with applicable building and zoning ordinances prior to the release of a building permit.

Prior to allowing construction to proceed on major remodeling, additions to residential structures and new residences, an applicant is required to submit a complete set of plans to the Building Department for review by a qualified plan checker.

Elements required of the applicant's plans include:

- A site plan identifying the location, size and purpose of all proposed structures and geographic location of the proposed project;
- A grading and drainage plan that identifies any and all movement of earth;
- A topographic survey;
- Electrical, mechanical and plumbing plans;
- A graphic depiction of the exterior of the building at certain compass points;
- Detailed structural plans and supporting calculations; and,
- A depiction of the interior of the building identifying the purpose and locations of rooms and fixtures within the structure.

In reviewing the proposed plans, the responsibility of the plan checker is to ensure that the proposed construction conforms to all applicable requirements within chapters 15 and 17 of the Atherton Municipal Code. Significant project elements subject to plan review include:

- Building height and setbacks;
- Floor area coverage; and,
- Compliance with state building code requirements adopted by the Town.

Upon completion of the initial plan review, it is a standard practice for the plan reviewer to provide a list of changes that are necessary in order for the proposed project to be in compliance with applicable building codes and zoning regulations. This is commonly communicated in the form of plan review notes as well as comments and suggestions noted in pencil on the plan itself.

In conducting our assessment of the plan review process, we performed the following activities

- Randomly selected several plans on active construction projects along with the files associated therewith;
- Obtained and reviewed all documentation available from the Department which would indicate:

- The procedures used and evaluative criteria applied by plan review staff; and,
 - The manner in which the results of the plan review were communicated to the applicant.
- Performed follow-up inquiries of plan review and supervisory staff as necessary.

Based upon the activities described above, audit staff identified the following weaknesses in the plan review process.

- The Building Department does not have a current and complete set of instructions for plan reviewers to follow in conducting plan reviews. As a result uncertainty exists among plan reviewers as to the extent to which local building and zoning ordinances apply. As an example, the most recent document available for plan reviewers to use as a guide in evaluating conformity with the Town's zoning ordinances was created in 1995 and most recently updated in 2002.
- The Department has not established a standard template for plan reviewers to use as a guide in reporting upon the results of a plan review to the applicant. As a result, the Department is unable to ensure that plan check comments provided to applicants constitute a thorough and objective review of the plans and that reporting protocols are consistently followed by plan check staff. Additionally, the lack of a standard template makes it more difficult to verify that subsequent iterations of plans submitted by the applicant were fully responsive to the concerns of plan review staff.
- There is an absence of a commonly accepted process for documenting the approval of the plans upon completion of the plan review. As a result it is difficult, if not impossible to confirm that approval had been granted by a duly qualified and properly authorized Building Department employee. Based upon a physical examination of several approved plan sets, audit staff identified three different methods used to document plan check approval:
 - Use of a stamp alone;
 - Use of a stamp combined with the plan checker's initials; and,
 - Use of a stamp, combined with clerical staff's initials in the name of a plan reviewer.

The lack of sufficient competent evidence that plans have been subject to a thorough and complete review prior to release of such plans by the Building Department has been further compounded by what appears to have been an informal authority granted to Building Department clerical staff to sign building permits in the name of plan reviewers who had performed the plan review.

Recommendations

To improve the overall integrity of the permit intake and plan review process, the Building Department should:

- Update and disseminate to plan check staff standardized plan review instructions based upon the current building and zoning code;
- Prepare a plan review template for the purpose of documenting the results of plan reviews to building permit applicants and to ensure consistency amongst reviewers in communicating the results of said plan reviews; and,
- Instruct plan review staff to initial plans and to sign permits themselves rather than to rely upon clerical staff to perform such recordkeeping functions on behalf of plan review staff.

Finding 2: The Building Department does not have a complete or accurate accounting of events that have transpired subsequent to the issuance of a building permit. As a result, the Department is unable to demonstrate that it has been effective in ensuring compliance with chapters 15 and 17 of the Atherton Municipal Code during the project construction and close-out phases.

The Building Department's electronic and physical records contain in excess of 34,000 entries dating back to as early as 1941. This repository of information is essential in demonstrating that improvements to real property have been conducted in accordance with an approved set of plans and that a host of administrative requirements associated with the construction project have been adhered to.

In examining the Department's reliability and completeness of the Department's accounting of events during the project construction and close-out phases, we performed the following activities:

- Extracted and analyzed data pertaining to construction projects that had been in an active status during calendar years 2000 through 2006;
- Selected for follow-up review 48 building permit files which appeared to be problematic based upon the results of the analysis of the permit tracking system data; and,
- Performed inquiries of Building Department personnel for the purpose of obtaining explanations for the apparent exceptions found within the Department's physical and electronic records.

Based upon the activities described above, we identified a number of weaknesses in the Department's business and recordkeeping practices that have adversely affected the ability of the Department to effectively enforce Chapters 15 and 17 of the Atherton Municipal Code once construction has been allowed to proceed.

These problems are described as follows:

Contrary to established policy, the Department has routinely scheduled inspections on construction projects without having ensured that certain administrative requirements have been met. For example, a detailed review of six projects that were either in the advanced stages of construction or that had been completed found only one file containing evidence of having satisfied all of the following requirements:

- Certification of compliance height limitations and minim setback requirements;
- Payment of school impact fees; and,
- Signed and notarized landscape screening agreements.

According to the Department's longstanding policy, an inspection by a building inspector is required within each 180-day period for the permit to remain active. Additionally Departmental policy indicates that permits for which there have been no inspections in 12 months may need to be resubmitted. However, an analytic review of permits issued since calendar year 2000 indicates that this policy is not being enforced. For example, the Department's permit tracking system lists a total of 537 permits are currently listed in an active status for which an inspection has not been performed for 12 months or more.

There is no ongoing analytic review of the information contained within the Department's permit tracking system to ensure that the information contained within the electronic database accurately reflects the status of the project. Based upon a sample of 46 permit files for which no inspections had been performed during the past 12 months, staff identified 33 permit files for which the Department no longer maintained a physical record. Of these 33 files, the senior building inspector was unable to determine the status of the project for 17 of these records. Additionally, nine of the 33 projects listed as active in the Department's permit tracking system had been issued a certificate of occupancy and therefore should have been identified as having been closed-out.

The Department does not perform a final review of its building permit files prior to project close-out. Additionally, the Department has not retained the field inspection reports within the permanent record. A result audit staff identified 36 projects that had been finalized despite the fact that the final entry in the record indicated that inspections were either incomplete or had resulted in an unsatisfactory condition.

Recommendations:

To ensure that construction projects conform to all applicable building and zoning codes during the construction and project close-out phases, the Building Department should:

- Adhere to its standard practice of requiring that certain administrative requirements be met prior to the scheduling of interim and final inspections;

- Through the use of a project close-out checklist provide an objective means of verifying that all project requirements have been met prior to the release of a certificate of occupancy; and,
- Ensure that both a project close-out checklist and copies of field inspection reports are retained within the permanent record.

Finding 3 The Building Department’s permit tracking system (Q&A) lacks the features and functions to adequately support the Building Department’s business objectives. Additionally, since much of the data contained within Q&A is unreliable, validating and converting data contained within Q&A to a new permit tracking system will add significantly to system replacement costs.

In conducting this review, audit staff evaluated the features, functions and capabilities of the Department’s permit tracking system. The evaluative criteria applied by audit staff were as follows:

Reliability – input controls, edit functions and other checks and balances should be in place to minimize the potential for errors.

Functionality– data collection activities and transactions processes should be automated to the maximum extent possible. In particular redundant or overly labor-intensive data collection activities should be avoided.

Accessibility – standard and ad-hoc reports should be either readily available or easy to produce in order to facilitate workload planning and to assist management in evaluating organizational of organizational effectiveness.

Verifiability – evidence within the physical or electronic record should document that a transaction has been executed according to established procedures and by a properly authorized individual.

In conducting this review, audit staff:

- Examined the format, content and structure of the database used by the Department to record and track building activity;
- Performed inquiries of Building Department staff as to the intended and actual application of the permit tracking system; and,
- Attempted to acquire any documentation which would describe the features, functions and capabilities of the permit tracking system.

Based upon these activities audit staff determined that Q&A lacks both the features and functions to adequately support the Building Department’s core business processes.

Additionally Q&A lacks a reporting capability that can effectively support management’s planning and analysis functions.

To assist the Building Department in planning for a new system, audit staff has prepared a table that identifies a number of features and functions that are currently unavailable within Q&A and that are warranted for consideration in the design of a new system. This list is not intended to be comprehensive or complete definition of system requirements, rather it is intended to support the preparation of a business case for a new system and to help define the scope and objectives of a permit tracking system replacement project.

System element/attribute	Desired Capability
Database Design	<p>Ability to incorporate all pertinent information including project parameters and inspection results within a single record.</p> <p>Utilization of relational rather than a flat file database format, thereby enabling staff to access and update records properties based upon multiple parameters and at various stages in the permit life-cycle.</p>
Security	<p>Identity-based user access tree that limits access to features and functions consistent with the user’s job classification.</p> <p>Implementation of an audit trail.</p>
Workflow Management	<p>Generation of sequentially numbered unique record locators for each permit.</p> <p>Ability to incorporate of results of plan review activities.</p> <p>Remote capture of field inspection results.</p> <p>Generation of certificates of occupancy upon project close-out.</p>
Decision Support	<p>Generation of standard and ad hoc reports that provide useful information on the productivity and organizational effectiveness including but not limited to:</p> <ul style="list-style-type: none"> • Plan check turnaround times; • Complaint tracking/incident reporting; and, • Number and duration of field inspections conducted by building inspectors.

In addition, audit staff has prepared a brief description of the major tasks that the Building Department should consider including within the scope of its permit tracking system modernization efforts. These tasks are outlined as follows:

Project Phase	Major Tasks
Requirements definition and evaluation of solution alternatives	Define features and functions needed in a new system.
Vendor selection	Preparation of a request for proposal (RFP) for software and system implementation support services (if off-the-shelf software is purchased) or software design services (if a custom solution is to be created).
Implementation and acceptance testing	Installing new software on the network
Data migration	Converting and hosting legacy data to the new application

During the course of this Phase III audit, a number of problems were identified with the manner in which data within Q&A was being maintained, these include:

- An absence of data entry controls which are designed to reduce the likelihood of records being entered into the system with either invalid or incomplete data;
- A lack of access controls or physical security surrounding the system that would prevent individuals who are not properly authorized from altering the records;
- A limitation on the size of the fields designed to capture the results of field inspections, necessitating the creation of duplicate records containing a second inspection screen for the purpose of capturing inspection data on complex projects
- An absence of an audit trail which would enable a supervisor to verify entries to the system were properly authorized and duly recorded; and,
- A lack of an exception reporting capability to identify files that are indicative of non-compliance with established business rules.

The following table presents the results of our analysis of the data within Q&A indicating the exception noted, exception frequency and apparent underlying cause.

Exception Identified	Exception Count	Underlying System Limitation or Process Weakness
Invalid permit numbers	25	Lack of data entry controls within permit tracking system
Duplicate records	314	Inability of permit tracking system to accommodate number of inspections resulting in a need to create a second permit record for complex properties.
Unaccounted for gaps in permit sequence numbers	684	Insufficient controls over pre-printed permit card stock
Expired permits listed in active status	537	Absence of a systematic method to identify and follow-up on inactive projects
Total exceptions	1,560	
Total Records Analyzed	6,647	
Exceptions as a percent of Records Analyzed	23%	

Given the significant number of exceptions identified within Q&A, it will be necessary to perform an extensive effort to audit and correct the entries in the current system prior to migrating such data to a new system. Such an effort is likely to add substantially to the acquisition costs of a new system.

Recommendation

To ensure that a new permit tracking system effectively supports the Building Department's business process and management reporting capability, the Building Department should implement a phased approach to its system replacement effort that includes:

- A careful and deliberate assessment of the functional requirements for a new system; and,
- An intensive data effort to rectify errors within the current permit tracking system prior to migrating such data to a new permit tracking system.

Finding 4: By relying upon discretionary powers afforded to the Chief Building Official, the Building Department has allowed residential construction to proceed that does not conform to the intent, if not the letter, of chapter's 15 and 17 of the Atherton Municipal Code.

Introduction

Chapter 15 the Atherton Municipal Code contains the body of ordinances which regulate building activity within the Town of Atherton. Pursuant to Section 15.04 and 15.20 of the Atherton Municipal Code, the local building official is granted discretion in interpreting local ordinances concerning residential construction.

Chapter 17 of the Atherton Municipal Code contains the body of ordinances which is intended to ensure that construction within the geographic boundaries of the Town conforms to the General Plan. Although Chapter 17 constitutes a separate body of regulations, it has been generally accepted within the Town that the discretionary authority granted to the Chief Building Official pursuant to Sections 15.04 and 15.20 of the Atherton Municipal Code applies to zoning ordinances as well.

During the course of this Phase III audit, a number of construction projects came to the attention of audit staff which suggested that either the former Building Official or his designees had allowed construction to proceed that did not conform to the intent if not the letter of one or more key provisions within chapters 15 and 17 of the Atherton Municipal Code, notably:

- Height and setback limitations;
- Size, configuration and location on accessory structures; and,
- Permit expiration provisions.

As indicated in staff's August 16th memorandum to the City Council, this audit was not intended to render a definitive judgment as to whether specific properties were in compliance with the Atherton Municipal Code. However, based upon an examination of physical and electronic records and based upon a visual inspection of selected construction sites, audit staff did encounter four projects which were problematic in a number of respects. Of these four projects, three are in an active permit status and have been referred to the City Attorney and the Building Official for a determination as to the appropriate disposition.

This observation suggests that the Town's current organizational structure lacks sufficient checks and balances to ensure that the discretionary authority granted to a Building Official is not applied improperly.

For this reason audit staff believes that it would be prudent for the Town to consider revising the organizational structure of the Town to either:

- Elevate the status and extend the scope of responsibility of the Town Planner; or,

- Incorporate within the scope of responsibility of the Code Enforcement Officer to investigate and make recommendations to the City Manager on possible violations of the Town's building and zoning ordinances on permitted construction projects that are in progress.

The following is a description of the cases examined by audit staff.

Property A

Apparent violation: Allowance of an accessory structure with a basement outside of the buildable area.

At the regularly scheduled meeting of September 18th, 2002 the City Council approved Ordinance Number 536, amending Section 17.36.190 of the Atherton Municipal Code. This newly adopted ordinance had the effect of limiting the construction of basements to areas within the buildable area of a lot. The ordinance became effective on October 17th, 2002.

The apparent intent of the Ordinance 536 was to protect heritage trees on neighboring properties that could be damaged as a result of excavation activity close to the property line.

In November, 2002 a homeowner approached the Building Department with tentative plans for the construction of a guesthouse with a basement to be located approximately 12' from the owner's property line and therefore outside of the main buildable area.

In response to the applicant's initial request for a permit, the Building Department advised that, pursuant to the adoption of Ordinance Number 536, the proposed structure was no longer permissible. In response to the Building Department's instruction, the applicant's attorney submitted a letter to the Building Official requesting reconsideration of staff's denial for a permit for the following reasons:

- The applicant had been in consultation with the Building Department and had received assurances from staff that the passage of an ordinance prohibiting the type of structure contemplated was unlikely in the near future.
- Having been given assurances from Building Department staff as to the permissibility of the proposed structure, the property owner had invested a considerable sum of money in planning and design services.
- The wording of the ordinance adopted by Council was not entirely clear as to whether the structure being proposed was in fact prohibited.

Pursuant to the objections raised by the applicant's attorney, the Building Official reversed the decision of his staff to deny the issuance of a permit. According to the physical record, the plans were reviewed and approved by the former Building Official personally and a permit was issued to the applicant in December of 2002.

Based upon discussions with the City Attorney and the Town Planner, the action taken by the former Building Official was made without their consultation or consent.

Property B

Apparent violation(s): Building height and floor area in excess of maximum allowable

In early 2005, the Building Department received an application and plans to construct a three story residence with a detached garage on a heavily sloped lot in west Atherton.

Pursuant to a first review of the plans submitted for the subject property, the Building Department followed its standard practice in determining the average natural grade of the site for the purpose of calculating the maximum building height. The Building Department's standard practice for determining average natural grade represented a slight departure from that prescribed in the section 17.08.052 of the Atherton Municipal Code. However, the result of the Department's calculation was consistent with that of an independent engineer retained by the Town after the fact to independently calculate average natural grade in strict accordance with the provisions of the Code.

The Building Department's determination of the height of the proposed elevation resulted in a calculated building height, as measured by the elevation of the highest point of the roofline of the proposed structure minus the average natural grade, to be 31'. As such the Building Department determined that the height of the proposed structure was one foot in excess of the maximum allowable building height.

In rebuttal to the Building Department's plan review comments, the applicant's engineer proposed a determination of average natural grade at approximately one and one-half feet higher than that determined by the Building Department. Under the applicant's proposed average natural grade calculation, the distance between the uppermost point on the roof and the floor of the building (as determined by average natural grade) would be 29' 6" or one-half foot less than the 30' maximum. However, the approach used by the applicant's engineer to render its determination of average natural grade constituted a significant departure from both that prescribed in section 17.08.052 of Atherton Municipal Code and from the Building Department's established practice. (Rather than calculate average natural grade based upon an average of the high and low points within footprint of the Building, the applicant used no fewer than 30 data points located along the perimeter of the foundation).

Based upon discussions with the initial plan reviewer, it appears as though the former Building Official accepted the applicant's assertion of average natural grade even though the approach used by the applicant was inconsistent with both the letter of the Atherton Municipal Code and the Department's longstanding practice.

Audit staff also asked the Building Department to re-calculate the square footage of the main residence and detached garage and to compare the total square footage of the residence with the maximum floor area ratio as prescribed in the Atherton Municipal Code (18% of total floor area).

In re-calculating the floor area of the subject property, Building Department staff determined that the original calculation as approved by the former Building Official did not include significant elements of the proposed project, notably a 1,100 square foot detached garage and a 3,217 square foot basement.

Based upon a subsequent analysis of the plans and permit files, the exclusion of the detached garage appears to have been an oversight on the part of plan check review personnel due to the fact that it had been issued under a separate structure. However, the Building Department's exclusion of the basement for the purpose of floor area ratio calculations was improper due to the following circumstances:

- As indicated on the plans, the basement *was* included in the floor area calculations as provided by the project architects; and,
- The basement has been designed so that it stands in excess of 2' above the average natural grade of the building site. As a result, Section 17.08.054 of the Atherton Municipal requires the basement to be included as floor area for the purpose of calculating maximum floor area.

When including the basement, the detached garage and other project elements, the floor area of the property amounts to approximately 2,500 square feet in excess of the maximum floor area allowable for the size of the lot upon which it has been built.

Property C

Apparent Violation: Construction initiated on expired building permit.

In early 2002, the Building Department issued a permit for an accessory structure with a basement. The size of the structure, including the basement was approximately 1,100 square feet.

As indicated on the face of the building permit, the applicant was notified of provisions within the California Uniform Building Code which render the permit null and void if construction is not initiated within 180 days from the date the permit is issued or if construction is suspended for 180 days or more. (A permit may be granted a one-time extension of 180 days upon written approval from a building official however.) As such the maximum amount of time for which a permit may remain valid without the initiation of construction on the project is 360 days.

Despite the provisions in state law, the Building Department maintained the permit in an active status until the time the applicant initiated construction on the project in May, 2005. Hence the

Building Department allowed the permit to remain active for more than 24 months beyond the maximum time frame allowed by statute.

In the intervening two years the Council approved two changes to the Town's building and zoning ordinances which had the effect on rendering the structure approved by the Building Department to be non-conforming, including:

- A prohibition on basements under accessory structures outside the buildable area; and,
- A requirement that fire sprinkler systems be installed on new construction with basements in excess of 250 square feet.

In reviewing the subject property with the building inspector who performed inspections on the subject property, the employee acknowledged that the structure did not conform to the current building code but indicated that that he had relied upon the authority of the Chief Building Official to allow the construction.

Property D:

Apparent violation: Improper reinstatement of an expired permit

In February 1978 the Building Department issued a permit to construct a new single family residence. The permitted value of the structure amounted to approximately \$170,000 and was issued to an individual who was acting as his own contractor.

According to the Building Department's records, construction ensued on the project for 17 years, a rate of progress that was unsatisfactory to both the Building Department's field inspectors and to neighboring residents.

Citing the intermittent pace of construction as a concern, one entry to the Department's inspection logs indicated that the residence had been allowed to remain exposed to the elements for an extended period of time. As a result, the inspection log indicated that instead of having made any substantial progress on the project, the work being inspected appeared to be limited to repairing weather-related damage that had occurred since the previous inspection.

In 1995, the longstanding presence of a partially completed structure combined with an accumulation of unsightly construction related debris prompted neighboring residents to retain an attorney and to demand that the City Manager declare the construction project a nuisance pursuant to Chapter 8 of the Atherton Municipal Code.

The City Manager then consulted with the newly appointed Building Official at the time as to what if any action should be taken with respect to the subject property. In response, the Building Official advised the City Manager that, since the City was unable to demonstrate that the property owner had ceased construction for a period of 180 days or more, the Building Official was of the opinion that the builder still had an active permit. The Building Official also advised

the City Manager that, based upon discussions with the owner-builder of the property, he was confident that construction on property would be completed within a reasonable time frame.

Subsequent to the Building Official's preparation of his 1995 memorandum to the City Manager, the file for the subject residence was sent off to be reproduced on Microfiche and the original documentation destroyed. Additionally, based upon an examination of the Building Department's permit tracking system, the electronic record associated with the project was deleted at some point in time between calendar years 1995 and 2002, only to be recreated between calendar years 2002 and 2004. Additionally, there is no indication in either the physical or electronic records of any inspection activity having occurred at the job site until calendar year 2005.

These observations suggest that at some point in time between 1995 and 2002 the Building Department considered the project to have been abandoned, only to reactivate the file between 2002 and 2005.

A physical inspection of the property in September, 2006 combined with an examination of the San Mateo County Assessor's tax roll indicates that the property continues to remain in a work-in-progress stage 29 years after the time the permit was issued.

Recommendation:

To provide greater assurance that both the letter and intent of the Town's building and zoning ordinances are enforced, the City Manager, in consultation with the City Council, should consider:

- Granting the Town Planner a status equivalent to that of the Building Official and vest within the Town Planner the authority to interpret and enforce Chapter 17 of the Atherton Municipal Code; or,
- Empower the code enforcement officer to review of permitted projects currently under construction and to take actions as necessary to ensure that such projects comply with Chapters 15 and 17 of the Atherton Municipal Code.



Town of Atherton

CITY COUNCIL STAFF REPORT

**TO: HONORABLE MAYOR AND CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: WENDÉ C. PROTZMAN, ASSISTANT TO THE CITY MANAGER

DATE: FOR THE MEETING OF OCTOBER 18, 2006

**SUBJECT: APROVAL TO RELEASE THE PERMIT TRACKING SOFTWARE
REQUEST FOR PROPOSAL**

RECOMMENDATION

Staff recommends that the City Council approve the release of the permit tracking software request for proposal.

BACKGROUND

During the past few months the Town has conducted three audits into the business practices and procedures of the Building Department and hired a contracted Planning/Building Administrator to evaluate the needs of the department. One of the discoveries is a lack of consistent tracking from the moment a building application is accepted through to final inspection of the project. The recommendation from both the Phase III Audit Report and the Planning and Building Department Services Report is to purchase permit tracking software.

ANALYSIS

Over the past couple of months, staff reviewed permit tracking software products currently being used by Bay Area cities to get a clearer understanding of what these systems offer and if they have the capability to meet the needs of the Town's Building Department. The overall impression is that a permit tracking system would meet the objective of providing consistent tracking from the moment an application is accepted through to final inspection.

To assist with the purchasing process, staff will retain the services of a professional to review the RFP before submittal; review, evaluate, and provide recommendations on the proposals received; and assist in the negotiation process with the chosen vendor.

FISCAL IMPACT

Staff plans to hire a consultant to assist with the evaluation of the RFPs received at a cost not to exceed \$15,000.

Prepared by:

Approved by:

Wendé C. Protzman
Assistant to the City Manager

James H. Robinson
City Manager

October 18, 2006

REQUEST FOR PROPOSAL

For

Permitting Software and Related Services

The Town of Atherton is requesting proposals for the services listed herein at the Town Hall, 91 Ashfield Road, Atherton, CA 94027 by 2 p.m. on November 27, 2006.

INTRODUCTION

The Town of Atherton is seeking proposals from qualified firms for the procurement of an automated Permit Tracking System to process all permits and licenses and to support the processing of all development-related functions in the Town of Atherton.

For the past several years, the Town of Atherton has used Q&A, a DOS based program that was modified for tracking permit projects. The Town is seeking a Permit Tracking System that will track all activity related to a permit from application to final inspection, that provides streamlined entry form displays, and has standard report building features that are easy to use. The Town is also interested in acquiring the ability to display permit information online, receive permit applications and fees online, and to update inspection reports in the field.

1. SCOPE OF SERVICES

The Town of Atherton is seeking a provider who can accomplish the best combination of performance and price of the following:

- Deliver, plan, install, implement, and verify operations of a Permit Tracking System that meets the requirements identified in this RFP, including
- Provide all hardware, software, and interfaces that are required for the system to operate within the Town's existing computing infrastructure;
- Evaluate all forms and permits currently used by the Town and provide recommendations to customize online forms;
- Provide data conversion services and ensure that essential data currently residing in Q&A (Current System) database is converted into a retrievable format;
- Provide training and documentation on the use, operations, and maintenance of the Permit Tracking System, including at a minimum;
 - A pre-installation meeting to evaluate conversion of data, permit process, and access issues;
 - Onsite training upon installation for a minimum of eight (8) staff members;
 - Refresher training six (6) months after cut over to new Permit Tracking System;
 - Copy of complete help manual either in electronic or paper form for users;

- Copy of complete help manual either in electronic or paper form for system administrator;
- Technical assistance via phone and/or e-mail with reasonable response times;
- Provide maintenance and customer support for problems, new releases, upgrades, and revisions for five (5) years; and
- Provide one project manager for the duration of the entire project that shall respond to issues the same day.

2. USER REQUIREMENTS

The Building Department issues all construction-related permits for the Town. The department issues about 1,000 – 2,000 permits a year with a valuation of \$75 million. The permits are almost exclusively for single-family residential uses. About 15 parcels are not classified as residential, including Town-owned properties, 5 public schools, a country club, 1 fire station, 1 public park, and 3 private schools. The Town has no commercial or industrial properties.

Currently, Building is staffed with five (5) full-time employees:

- Department Head/Building Official
- Senior Building Inspector/Plan Checker
- (2) Building Inspector2/Plan Checkers
- Office Specialist

Two (2) contract staff assist with plan checks.

The public interacts with staff at a counter in Town Hall. Permits are issued over the counter from 8:00 a.m. to 12:00 noon and 1:00 p.m. to 5:00 p.m.

The Public Works Department shall also access the Permit Tracking System; the department is involved in approving grading permits. Up to two (2) engineers will use the Permit Tracking System.

Description of Activities

- Accept permit applications, plans, and supporting documentation (information is entered by staff to Permit Tracking System).
- Review plans for conformance to municipal code, state, and federal laws. This responsibility is shared with Fire, Public Works, Engineering, and Planning.
- Issuance of building, grading, and encroachment permits.
- Track permit, plan check, and inspection expiration dates and provide notices to owners as needed.
- Revise permits and associated fees as needed.
- Calculate and collect fees, penalties, and deposits.
- Process bonds, including generating expiration notices and releasing bonds.
- Schedule inspections at the request of contractors and owners.

- Maintain information regarding special conditions of approval, mitigation measures, flood zones, urban wildland interface, backwater protection, square footage limits, school fees, recorded documents, landscape signoffs, recycling plans, and certificates of occupancy.
- Prepare general and targeted mailings to contractors, owners, architects, designers, and the general public.
- Generate reports regarding division and department activities, including monthly performance measures, “stop work” lists, backwater valve inspections, sewer and water test, NPDES inspections, etc.
- Perform 15-30 building inspections daily.
- Respond to customer information requests.
- Balance cash receipts twice a week.
- Expired permit tracking & notification.

Software Requirements

Permits – the proposed system must:

- Provide a fully functioning, web-based capability and interface that supplies status information regarding building permits and plan checks to the public and to contractors.
- Provide data management capabilities for a master permit that will tie together and distinguish between trade permits for a single address and allow access to related trade permits through the master permit.
- Be able to provide a designation for each permit that is specified as an “over-the-counter” type of permit and have the ability to compile a report showing the total number of “over-the-counter” permits for any specified time period.
- Provide data management capabilities for any type of permit and the ability to add additional permit types as needed.
- Duplicate part or all of the data from one permit record to another to allow for entering multiple permits for one contractor without duplicating data entry.
- Restrict the issuance of permits for certain parcels based on access authority set by Town (e.g. certain permits require approval by flood plan administrator, fire chief, engineer or planning).
- Calculate fees in accordance with the Town’s fee schedule and assures mandatory fees are collected.
- Print a receipt, upon payment, that includes accounting codes for different types of fees.
- Assign permit numbers that distinguish between types of permits when the application data is entered. The numbering scheme should be explained in the proposal.
- Allow for accounting functions and corrections to be performed as part of the payment process. This includes correction of fees paid based on a recalculation of fees due, processing for refunds for complete or partial fees, the addition of fees based on additional scope of work,

payment of fees in multiple payments, and the payment of fees by debit accounting. (The Permit Tracking System must complete all of these transactions and print a new receipt without affecting previous payment information for the permit unless the user elects to override previous fee calculations).

- Ability to cross reference cash receipting data to General Ledger (Wintegrate system).
- Cancel a permit with money paid removed from the record of accounts received.
- Document suspension of a permit with the money paid retained in the record of account received without removing the permit records from the system.
- Display data entry forms tailored specifically to the type of permit application being entered.
- Provide interactive permit application forms to the public, which can be printed (Eventually the Town is seeking to accept some simple permit applications online).
- Provide options to flag properties that have special status or restrictions including flood zone status, stop work, and code enforcement actions.
- Allow searches for information by address, owner name, permit number, assessor parcel number, contractor, issue date, inspector, site and common names for the property/project.
- Prompt users to enter contractor license information as required, including bond and workers' compensation.
- Track vacant lots that may not have an assigned address.
- Automatically cross-reference by state license number to multiple tables to automatically display contractors', engineers', or architects' names, addresses and specialties on the permit data entry form.
- Ability to segregate key duties including building inspection, plan check, and permit application receipting.
- Allow searches for owner, contractor, engineer, and architect information by license number, company name, or principal name without exiting the data entry form.
- Have a user-friendly report generation feature that requires no specialized knowledge of the computer programming or data tables.
- Have report features that can sort through a minimum of 6,000 permits for annual reports.
- Be able to compile a Report showing the total duration of the permit, from application to final inspection.
- Provide report templates for common building department tasks such as compiling lists of active and expiring permits, inspection histories, inspection activities, stop works, penalties and fee collection.
- Generate and print labels in multiple copies from selected information in permit entry forms to be used in labeling plans.
- Provide a simple method of updating fee schedules on a regular basis. This process must not

be labor intensive on the part of staff, nor should it require specialized knowledge of computer programming.

- Explain the method by which the vendor will verify and certify quality assurance for the accuracy of all information programmed into the system, including verification of the fee schedule.

Plan Review – The proposed system must:

- Provide data management capabilities for tracking plan review by address and review results from multiple reviewers in multiple Town departments.
- Provide for logging dates received, reviewed, rejected, or approved for multiple reviewers, a comment area for each reviewer, reviewers' initials, and a code table of common reasons for rejection. This would also include the updating of review dates for plan revisions.
- Track multiple submittals on any given project.
- Document building data such as, construction type, (user group), estimated cost of construction building dimensions, floor area ratio, occupancy loads, and data such as height, number of bedrooms, bathrooms, parking spaces etc.
- Compile reports of all data, dates and comments for all reviewers from the plan review screen, and generate a submittal timeline.
- Provide a standard list of comments for plan review.

Inspections – The proposed system must:

- Provide data management capabilities for scheduling regular inspections and tracking.
- Provide template reports regarding inspection schedules, results, corrections, and histories.
- Must be capable of retaining indefinitely inspection results of selected types of permits.
- Include data management capabilities for tracking inspections initiated by community complaints instead of permit applications.
- Allow entry of inspection requests by permit number or address for a specific date, type, and time.
- Allow inspections to be assigned by default to the sole building inspector or to an alternate inspector designated by the user.
- Flag the need for cancellation and re-inspection fees.
- Allow the inspector(s) to enter the results of their inspections including items for correction in the field either online or offline.
- Provide predefined standard comments regarding inspection. These predefined statements should be grouped to enable the system to present appropriate candidate statements based on the content of the inspection and its current phase.
- Generate a daily worksheet for the Inspector including all scheduled inspections, a checklist of items to be reviewed specific to the type of inspection, and provide a history of previous inspections for the same address with the inspector's comments, list of corrections, scope of

work permitted, superintendent's/contractor's name and phone number (online & paper copy - Laptop in vehicle - wireless).

Encroachment Permits – the proposed Permit Tracking System must:

- Allow for the entry, issue and tracking of encroachment and grading permits.
- Allow for the assignment or reassignment of property addresses to assessors parcel numbers.
- Have the capability to link to a GIS system.

Subdivision Maps – the proposed Permit Tracking System must:

- Assign parcel map number, initiate processing, review, and finalization of subdivision maps, assigning lot combination or lot-line adjustment number and processing of the same.
- Track project status and access of information for previously approved maps.
- Provide a means to log encroachment permits for utility companies, private property owners, public agencies, and contractors.
- Attach project drawings to an individual encroachment permit (most drawings are available in .pdf format).

3. SYSTEM REQUIREMENTS

General Requirements:

- The proposed system must be compatible with the Town's existing hardware and software. The proposal must indicate the minimum workstation requirements.
- The proposed system must be accessible from PC workstations connected to the Town's LAN. The proposed system must support multi-user access with a minimum of five simultaneous users. The proposal should state if there is a maximum number of simultaneous users or other restrictions on seat licenses and impacts to system performance.
- The proposed system must provide an interface that is menu – driven, easy-to-use, and supports a graphical user interface.
- All project comments, correspondence, and activities should be linked with the permit and allow any Town user immediate on-line access to the comprehensive record associated with the permit.
- The proposed system must be table-driven as much as possible to facilitate the validation of data and retention of common data to prevent redundancy and to preserve data integrity. (If the data changes in one place it should be reflected automatically on all screens and documents). This should be facilitated with the use of relational database technology and should use a common, non-proprietary DBMS such as MS SQL or Sybase.
- The proposed system must have efficient recovery mechanisms to quickly restore data. The system also must have adequate roll back features to avoid incomplete transactions. The Internet based software should specify the hosting operation and predicted reliability.
- The proposed system must support a minimum of three (3) mobile data collection devices which will be specified by the proposer (the Town is open to considering pocket PCs, Palm OS devices, tablets, or laptops) and should have wireless capabilities. The proposed system must provide the capability to upload and download information between mobile devices and the

new Permit Tracking System. The Town will consider proposals for either online or offline updates in the field (currently the Town does not use update inspection information in the field).

- The proposed system should have response times at the local workstations not exceeding 2 seconds.
- The vendor selected to deliver the software must provide and maintain a one-person contact who will deal with all the technical issues. This person must act as a liaison between the Town and the vendor's technical services group throughout the planning and implementation of the project.
- The proposed system should minimize the use of proprietary hardware and software so that the Town of Atherton may easily replace or substitute components. Where proprietary hardware and software are used the proposal must identify them.
- The proposed system must allow for user-defined fields, which can be sorted for reporting purposes. Access to the user-defined fields should not require specialized knowledge of computer programming languages.
- The proposed system must have the ability to archive and retrieve from archive the complete historical record of permits, plan submittals, reviews and comments by all departments.
- The proposed system must have built-in file and record locking capabilities and provide an audit trail of changes by date and individual.
- The proposed system must include multi-level security functions that can allow or deny access to change information on any screen to individual users or groups of users and can lock records based on criteria to prevent further changes to the data.
- The proposed system should support the ability to scan, store, retrieve, and print documents related to the permitting and inspection process. The proposed system should support a seamless interface with Microsoft Word or Excel and Adobe Acrobat.
- The proposed system should interface with the WAN for nightly back-ups
- The proposed system must include data management capabilities for a Master Address file to store approximately 3,000 assessor parcel numbers and accompanying related data/information. This file must be in a standard open data format that can be accessed by data management systems on a variety of platforms.
- The proposed system must include the capability to enter and track unlimited amounts of narrative information associated with any record and this information must be easily accessible and searchable from data entry screens (e.g. comments, modifications, review results, etc.).
- The proposed system must provide the user with the capability to create or alter reports without vendor assistance or additional costs. The report generation feature should be easy to use allowing user-defined fields for data analysis and printouts. Similarly, the system must include the ability to build ad hoc queries and reports for any combination of tables containing related data. Simple and complex data extractions should be exportable to industry standard file formats such as Excel, Word, Acrobat and Microsoft Access. Building queries and reports should not require specialized knowledge of computer languages.

- The proposed system should come with a data dictionary and documented data model to allow for easy ad hoc report creation.
- The proposed system should support a block lookup of permits that allow the operator to enter an address block to view all permits in the block.
- The proposed system must have the ability to generate and display all reports on the screen and to print reports using the Town's LAN print queues.
- The proposed system must include standard monthly and annual reports to replace all reports being generated by the existing systems.
- The proposed system must be capable of generating form letters and labels that include data from the system (e.g. Notice of Violation, Notice of Expiring Permits, No Activity Letter, Certificate of Occupancy, etc.). The system should note the date such forms are generated.
- The proposed system must include the ability to easily add new form letters or modify existing form letters.
- The proposed system must be capable of printing form letters without exiting the data entry screens.
- The proposed system must allow the user to download data into a standard PC-based data analysis package such as Microsoft Access or Excel to obtain graphic display of statistical data.
- The proposed system should allow the user to import data from such files as Excel files or text files for any necessary bulk data loading, applying system edits and validation rules before acceptance into the database.
- The proposed system must have the capability to print standard reports automatically to print queues based on criteria and initiated by changes in the data or the current date.
- The proposal system should have future capabilities of work flow and inspection management.
- The vendor must provide and install all existing reports.
- The proposal must include a fee schedule for the preparation of custom reports.

4. INFORMATION TECHNOLOGY REQUIREMENTS

A. Data Conversion

- The vendor must propose a plan for a successful conversion of data into the new record format, validation, and acceptance of the entire system.
- The vendor must assist the Town in the testing of values against prior year generated values to isolate data discrepancies or conversion problems.

B. General System Integration

- The proposed system must be capable of easily interfacing with San Mateo County's assessor's records, owner name, address, and legal description must be retrieved from these files and automatically entered into the permit data entry form.

- Ideally, the proposed system should be capable of interfacing with the Finance Department's financial system Wintegrate.
- The proposed system should be capable of interacting with Harris Business License system to verify contractor business licenses and expirations dates.
- The proposed system must interface directly with the California Contractor State Licensing Board (CSLB), with the Town's website and with the San Mateo County Assessor's database.
- The proposed system should have the ability to cross-link with imaging systems. The Town will be looking at document imaging systems in the future and would like the capability to attach documents to projects through the Permit Tracking Software.
- San Mateo County – updates APNS monthly.

C. Maintenance and Support

- The vendor must include a minimum of one (1) year warranty period, after final acceptance of the system, for all proposed software during which time the support payments need not be made. The vendor must specify when support payments should begin.
- The system must submit a plan for supporting the software for an additional four (4) years including estimated costs.
- Plan for training – ongoing.
- The vendor must provide support for all software proposed under this RFP. This service must include provisions of regular updates and new releases, as well as technical consultation and dial-up support.
- The vendor must have a hot-line available to Town staff for problem resolution turn-around time of one hour from 8:00 am to 5:00 pm on weekdays. This hot-line must be available to all management staff designated by the Town on a list provided to the vendor.
- In the event the vendor is no longer able to provide support, the vendor must provide a licensed copy of the software to enable the Town to continue to operate the Permit Tracking System, the software source codes, along with program level documentation and other relevant information for software and applications developed or customized to satisfy the requirements in this RFP.
- The vendor must identify any user groups currently in existence or 'in the future' when they are formed or aware of the need to create such groups.
- The vendor must identify the location of his/her main offices and all satellite offices.

D. Hardware

- The vendor must specify the warranty period for each hardware component proposed. The vendor must provide a brief description of what the warranty includes.
- The proposal must include information about fixed cost of on site-maintenance (Monday-Friday 8:00 a.m. 5:00 p.m.) for all equipment proposed.
- The proposal must provide a list that specifies the hardware items that the Town may choose to purchase at its option.

5. INSTALLATION AND TRAINING

- The contractor must install the entire system. The proposal must provide detailed information regarding the configuration of the proposed system in order to facilitate its installation in accordance with Town regulations and policies regarding system installations. The vendor must ensure that the system is fully operational and performing as designed.
- The vendor must provide complete training and documentation on all aspects of the system implemented. This training should include any hardware, software, installation, administration, security, communications, and database and storage management.
- The vendor must provide training at a pre-determined Town site.
- The vendor must provide data security through the use of designated passwords that are selectable by each user.
- The vendor must provide a description of the proposed training; identify the site, the method (classroom training or other), and any limits to the number of persons that can be trained in a session. The vendor must describe different training programs for the various types and levels of users.
- The project manager/ liaison must be present onsite and involved on the 'go live' (cut over) date.
- Before final acceptance of the system by the Town, the vendor must provide system documentation such as user manuals, hardware, and peripheral documentation including manufacturer-supplied documentation and reference manuals to assist Town of Atherton programmers in developing applications. The user manuals must fully acquaint the user with the overall concept of the system and detail the specific instructions for operating the system.
- No testing of the proposed system must be assumed or expected either during the installation or after any installed upgrades. All changes and/or updates must be tested and verified to be fully functional without Town staff intervention. The vendor must test the system and verify that updates or changes to the system have not affected the functionality of other parts of the system.
- The proposal must include two installation plans:
 - 1) Expedited installation
 - 2) Normal installation

The proposal must include a proposed implementation and acceptance plan.

CURRENT COMPUTING ENVIRONMENTS

Hardware Environment

The Town of Atherton operates Dell Poweredge-based servers in its data center. Most servers are configured as follows:

- Windows 2003
- P4 2.4g HZ
- 1 Gig memory
- Raid 5 26g free

The 7 servers support the following Apps:

- Financial Database
- User Data
- MS Exchange
- Domain Controllers (DHCP / DNS)
- Printer Server
- CAD
- VPN

The Town's desktops are running a combination of Windows XP and Windows 2000. The Town has standardized upon the use of Microsoft Office 2003 Professional production suite.

Permit Tracking Software

The Town utilizes a modified version of Q&A as its permit tracking software and produces performance reports from this system. Only the Building Division uses the software.

LAN Environment

The Town operates an enterprise-wide network that supports various applications. The Public Works site is connected to the Town Hall Data Center via fiber, and the Park is connected via a cable internet connection. The fiber backbone is running at 100Mbit FDx with local LAN connections running at 100Mbit. The default network protocol is TCP/IP – based with two servers acting as a DHCP server. These servers provide network addresses to the local pc connections on each independent subnet. The Town has various networking equipment including Cisco routers and HP switches.

Server Software Environment

The Town of Atherton is running Windows Server 2003 with an active Directory Schema in Windows 2003. All network able printers and copiers in the Town are connected to a printer server on the LAN. This print server acts as a spooler for all the client's printing needs

GIS

The Public Works Department is currently using ArcView as its GIS system; features include parcel maps, infrastructure, shape maps for all utilities, and topography.

6. ATTACHMENTS

Attachment A is a sample blank Town Contract Agreement Form.

7. PROJECT SCHEDULE AND VENDOR SELECTION

A. Schedule for Vendor Selection

Proposals Due	November 13, 2006
Interview Vendors.....	Week of November 27
Negotiate scope and contract	Week of February 20
Select Proposed Vendor	Week of December 18

Town Council approval..... Week of January 15
Award Contract With Approval following Council approval
Begin System Implementation..... AS SOON AS POSSIBLE

The dates shown above are *tentative*. The consulting firm shall state in the proposal if the firm can commit to the project schedule outlined above (including project staffing resources). The consulting firm may propose an alternative project schedule for deliverables.

B. Proposal Guidelines and Requirements

Each proposal shall follow the structure and format set forth in this RFP:

- The name, address, and phone number of the person(s) who will respond to issues included in the proposal must be included.
- Only proposals of systems with current installations of similar size and complexity as the system required by this solicitation will be considered for award.
- Staff proposed to work on this project must have prior experience with a system similar to the one being proposed. Profiles of the staff to be assigned to the project, references, and illustrative examples of similar work performed which clearly demonstrates the experience shall be included in the proposal.
- Proposals must contain evidence of the vendor's experience and ability in the specified area and other disciplines directly related to the proposed work.
- Proposals shall be clearly identified. The top line of each page shall show the vendor's name, section being addressed, and the page number of the proposal.
- The vendors shall submit seven copies (one original and six copies) of their proposal.
- Mandatory requirements relating to the system are indicated within this RFP by the term "must" and / or "shall." Each proposal will be evaluated to determine the extent to which the proposal meets these mandatory requirements. Other requirements specified by the term "should" will also be considered.
- It is the Town's intent to satisfy most, if not all, of the "must" and "shall" requirements. The inability of a vendor to satisfy a "must" or "shall" requirement does not automatically remove the vendor from consideration, however, depending on the item, it may seriously affect the overall rating of the vendor's proposal.

Each proposal must contain the following sections in the order presented to be considered:

Section I - Executive Summary

A general description of the proposal, including key features of the products, services to be provided, and experience. Outline a brief history of the proposed system, including when it was developed and major milestones in the product history. The underlying technical approach must be discussed. This discussion must address the key system requirements; awareness of Atherton's computing goals and directions, and the outlined requirements of this RFP. Brevity is encouraged.

Section II - Response to Requirements

Describe at length how the proposed system will meet user requirements.

Section III- Data Conversion Plan / Integration Plan

A brief discussion that describes the plan for data conversion must be provided. The proposal shall address the specifics of converting the existing and historical data from the old system to the new Permit Tracking System. The proposal shall state how the existing data in the current Permit Tracking System can be archived or integrated into the new Permit Tracking System so that the system is complete, retrievable, and legible. While the Town desires a full conversion of data from the existing Permit Tracking System, it appreciates that the cost to retain all information online may be prohibitive. Thus the proposer may offer alternatives that provide minimal historical information on-line (permit number associated with date of issue and address), as paper copies of all previously issued permits are located in files at the Building division.

Section IV - Maintenance and Support Plan

Provide a description of the tasks relative to the product support infrastructure. Discuss hours of availability for product support by telephone and response time for onsite assistance for all hardware (option A only) and software problems and response times. Describe backup plans for failures of software or hardware. Describe a plan for upgrades to the Town and resolution of conflicts that may arise due to a Permit Tracking System upgrade. Describe the support that will be provided for the input of new data at the beginning of each new fiscal year.

Section V - Installation and Training Plan

Provide a timeline for installation of all components, initial debugging, verification that all system components function as designed, and training of Town staff in use of the system. Describe training required and number of hours per person as well as onsite training included in the contract.

Section VI - Project Scheduling and Management Plan

The name, title, and qualifications of each staff proposed for the project, and a proposed work plan must be included. Fully describe project schedules for the installation. Details must include meetings, reports, deliverables, training, and support.

Section VII – Statement of Qualifications

Provide a summary of the firm's information, direct work experience, references, and the resumes of all team members.

C. Cost Proposal and Payment

The cost proposal should be submitted separately within a sealed envelope, plainly marked, and shall include the following items:

- A spreadsheet, which shows the dollar, cost by task and hours for each project personnel. Provide on the same spreadsheet the total dollar cost for each task (row total), the total dollar cost for each project personnel (column total), and the total not-to-exceed fee for the project.
- Fees paid to the consultant will be on a time and materials basis as justified by "percent of work completed" up to the negotiated maximum amount per signed contract. Any extra work deemed necessary by the consultant must be pre-approved and authorized by the Town in

writing. No payment will be made on any unauthorized work performed by the consultant or sub-consultants.

- The contract that results from this RFP will include the provision of any hardware, software, consultation, customization, data conversion, integration, installation, training, maintenance, and all other services required to implement a fully functioning permit management system.
- The Town may choose to purchase discretionary items. Provide a table that lists all peripheral items. Include the cost of the items and installation or maintenance charges, if applicable.
- The proposal shall identify the price for hand held devices to support the system. The vendor should recommend the minimum number of devices that would be needed to support electronic data entry in the field.
- The proposal must provide pricing options for multiple users (e.g. 1 – 6 users; 7 – 12; users; etc.)
- The proposal must provide rates for consulting services that may become necessary in the future.
- Any optional recommended components should be identified and priced.
- The proposal must include pricing for and expedited installation and separate pricing for a normal installation.
- The proposal should included a milestone payment plan

D. Project Management

The Town expects to enter negotiations and award the contract for the Permit Tracking System in January 2007. Project planning must begin immediately thereafter with implementation to follow.

- The proposal shall describe the approach and provide a proposed work plan, including tasks, dates, and staffing levels, to be used to implement the system. This plan must include methods, steps, services, deliverables, comments on time requirements, and proposed staffing levels (for Town users, Town IT personnel and the vendor's personnel) for at least the following major project phases:
 - 1) Phase requirements
 - 2) Verification
 - 3) System design and development
 - 4) Prototype
 - 5) System installation and testing
 - 6) Training
 - 7) Documentation
 - 8) Data conversion
 - 9) System testing
 - 10) Acceptance
- The proposal shall include a description of the management methods proposed for this project, including the team configuration, the roles, and responsibilities of each team member, and the estimated days of participation.

- The proposal shall include a brief resume for each team member showing education and prior experience.
- The proposal shall include a list of local governments, key contact persons, and phone numbers where the vendor has implemented or converted documents for a Permit Tracking System comparable to the one proposed.
- The vendor shall submit to the Town of Atherton Project Manager weekly written reports covering the general progress of the project. The reports must include descriptions of any problems and/or modifications to the project schedule.
- The proposal must propose a Work Plan that has, at minimum, the following components:
 - 1) Attend a scoping “kick-off meeting” with Town staff to discuss the project, design parameters, work scope, schedule, and other project development concerns.
 - 2) Arrange and coordinate meetings with various department representatives to gather information.
 - 3) Meet with Town staff as necessary to update project status and seek input and comments.
 - 4) Verify functionality of all installed system components and meet with Town staff to resolve any and all outstanding issues.

E. Billing

During the course of the project and to support each and every invoice the consultant shall furnish control reports that shall include the following:

- A narrative progress report of specific accomplishments during the reporting period, problems encountered or anticipated, plans for resolution of problems, accomplishments scheduled for the next reported period, and results of any significant activities.
- A cost report for each task showing:
 - 1) Current period and cumulative expenditures to date.
 - 2) Estimated cost to complete and at completion.
 - 3) Estimated date to complete.
 - 4) Approved budget and approved contract amount.
 - 5) A comparison of the estimated cost at completion with the approved budget to show any variance.
- Completed reports are to be submitted monthly, together with invoice submittal, unless directed otherwise by the Town’s project manager. The invoice shall be accompanied by a cost breakdown showing specific person and classification being billed for the period by task.
- The consultant shall state his or her willingness to accept the terms and conditions in the Agreement for Professional Services attached. This is the Town’s standard agreement and the consultant’s shall list any items, which cannot be met, and the alternative working if necessary to ensure proper agreement terms.

8. ACCEPTANCE PLAN

After the new Permit Tracking System is successfully implemented and tested an acceptance process can begin. The acceptance process will include, but not be limited to, the following system development milestones:

- 1) Data collection
- 2) System design and development
- 3) Prototype
- 4) Data conversion
- 5) System installation and testing
- 6) Training
- 7) System documentation
- 8) Acceptance

9. INSURANCE REQUIREMENTS

The selected consultant will be required to furnish evidence of insurance in the amounts as listed below:

Professional Liability.....	\$2,000,000
Public Liability.....	\$2,000,000
Property Damage	\$500,000
Worker's Compensation Insurance per State Law	

10. EVALUATION PROCESS

A. Methodology

A selection committee comprised of Town of Atherton staff will review and evaluate all proposals. This committee will identify firms that may be invited to submit more detailed proposals, deliver oral presentations and demonstrations, or a combination of all of these. The committee will have only the response to this solicitation for its review and selection of finalists. Therefore, it is important that each vendor emphasize specific information that is considered pertinent to this project.

B. Criteria

Evaluations will be based on the following criteria:

- 1) Responsiveness - The extent to which the proposal meets the requirements of the solicitation and the extent to which the vendor is likely to be able to achieve the desired results, including:
 - The methodology and work plan proposed.
 - The extent to which the proposed solution meets the specific “**must**” and “**shall**” requirements and the extent to which the proposed solution includes the “**should**” requirements.
 - The flexibility of the system (e.g. the extent to which the solution is able to interface with other applications and the ease of modifying the system).

- 2) Responsibility - The capability, integrity, and reliability of the vendor including:
 - Experience and history of the firm in the disciplines covered by the solicitation;
 - Positive feedback from reference sources about the vendor's credentials and integrity;
 - Qualifications, experience, and availability of the assigned staff members.
- 3) Qualifications – The vendor must have installed similar systems in at least three (3) public agencies within the last five (5) years. Such references must be provided to the Town.
- 4) Reliability - The demonstrated reliability of the proposed system and the implementation plan, including:
 - Management approach
 - Project work plan
 - Training
 - Maintenance
 - Support plan
- 5) Price - The competitive cost of the system and services to be provided.

After reviewing all proposals, the Town will interview the most qualified consultants. The Town will select the top most qualified consultant for the project and negotiate the contract. If unsuccessful, the next most qualified consultant will be contacted, and so on.

Seven copies of the proposal (one original and six copies) must be submitted to:



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES H. ROBINSON, CITY MANAGER

DATE: FOR THE MEETING OF OCTOBER 18, 2006

**SUBJECT: ACCEPTANCE OF THE REPORT REGARDING THE ASSESSMENT OF
THE TOWN OF ATHERTON'S PLANNING AND BUILDING
DEPARTMENT**

RECOMMENDATION:

That the City Council receive and accept the report of the Interim Planning and Building Administrator regarding the Assessment of the Town of Atherton Planning and Building Department and provide appropriate direction to staff .

BACKGROUND:

Gary Binger was hired in July of 2006 to serve as the Interim Planning and Building Administrator and to assist in the operation and management of the Building / Planning services of the Town of Atherton. During this interim period, it was also requested that Mr. Binger conduct and prepare an assessment of the Building Department staffing levels and operational procedures, as well as zoning and code enforcement. The attached report is a result of his review and provides a number of recommended changes for the Town's consideration. An assessment of the code enforcement and related recommendations is contained in a report by Bob Cushing of CSG in a separate agenda item.

Assessment of Town of Atherton Planning and Building Department

Prepared by Gary Binger, Interim Planning and Building Administrator

This report evaluates the operation of Atherton's Planning and Building Department. It suggests actions for improving service quality, efficiency and accountability. Topics include staffing, operational procedures, zoning and code enforcement.

Staffing; work load and level of service

The department is budgeted with a full-time director/building official although it is currently managed by a part-time Interim Planning/Building Administrator and a part-time Acting Building Official. Permanent full-time staff includes a senior inspector, two plan checkers/inspectors, and an office specialist. The Town occasionally contracts with firms and individuals for plan checking and inspection services.

Planning services are handled on a contract basis by the firm of Neal Martin and Associates, under supervision of the department director. Planning activity has focused on managing planning commission review of conditional use permits, heritage tree issues and zoning ordinance amendments dealing with length of construction, basements under accessory buildings, heritage artifact protection, etc. Over the next year, planning staff will need to participate in the state-mandated regional housing need allocation process and to amend and update the housing element of the Town's general plan.

Support on building and planning related activities is provided by a Town arborist, who is currently within the Public Works Department. The majority of the arborist's tasks is associated with current private development activity and focuses on guiding and enforcing heritage tree protection rules and landscape screening.

Permits applied for over the past three fiscal years (July 1-June 30) are summarized below. These totals do not include accessory garages or minor mechanical, electrical, plumbing, or small kitchen, bath and window replacement permits.

	2003-04	2004-05	2005-06
New Homes without Basements	36	41	27
New Homes with Basements	16	19	13
New Home Additions	32	36	28
Remodelings	82	74	72
Accessory Guest Houses	10	9	5
Accessory Pool Houses	8	22	11
TOTAL	184	201	156
Home Reroofings	89	44	52
Accessory Building Reroofings	26	11	18

The amount of time plan checkers/inspectors have to do their work is impacted by numerous questions from contractors, realtors and homeowners who phone or come into the office on a daily basis inquiring about zoning rules and building code requirements. There has been a 30-45 day backlog of initial plan reviews on new home and remodeling plans for many months. Inspection requests on private development are handled on a 24-48 hour turn-around cycle, unless one of the inspectors is on leave.

At the present time, the Public Works Department is not involved in assessing the drainage and grading aspects of development plans, although the Town arborist is involved in reviewing and monitoring heritage tree and landscape screening issues.

Continuing education is mandated by the State of California for inspectors and plans examiners. Arrangements could be made to enable one of the plans examiners, who has begun the engineer in training (EIT) program, to be registered as an engineer, thereby allowing complex developments to be reviewed in-house and for the Town to retain the full plan check fees on those projects. Another plans examiner, who is a registered architect, could be encouraged to secure LEED (green building) certification which could be valuable in energy-related environmental design regulation, or to join the AIA (American Institute of Architects) and participate in its continuing education program. Another option would be to support these professionals in securing AICP (American Institute of Certified Planners) certification.

Staffing Recommendations

1. Complete a recruiting effort and select a permanent full-time department director/building official as soon as possible. Demonstrated experience, knowledge and success in interpreting and enforcing building-related codes, as well as management expertise and effective communication skill are essential.
2. Provide a full-time permit technician to work at the front counter in the department, assist in maintaining permit tracking and other records, issue minor permits and plan reviews, and respond to general questions from realtors, contractors and residents. This person should have certification as a Permit Technician from the International Council of Building Officials. Such a staffing change is intended to provide better service to the general public and applicants, assure that permit records are complete, and speed up plan checking services by reducing the need for plan checkers and inspectors having to handle day-to-day over-the-counter tasks.
3. Have a qualified independent professional sign off on the zoning compliance of new homes and major additions. This should be done prior to the issuance of building permits, and again in conjunction with final inspections performed prior to the issuance of any certificate of occupancy.

4. Involve public works staff or outside civil engineers in reviewing grading, drainage and other site development aspects of proposed new private development. Such reviews must, however, be effectively managed to avoid delays in plan reviews and inspections.
5. Establish contractual relationships with outside individuals or firms to supplement town staff in the review and inspection of private development. This outside expertise should be available to assist in the following:
 - A. Reviewing engineering calculations used in the design of new homes. These reviews should be performed by civil or structural engineers and done concurrently with plan checking being handled by staff on other aspects of the project.
 - B. Performing field inspections when staff is shorthanded.
6. Transfer the Town arborist, currently working within the Public Works Department, to the Planning and Building Department. This person would continue to perform reviews and inspections related to heritage trees and landscape screening and could also assist in evaluating and enforcing private construction, operations and parking plans as time allows.
7. Provide project management, record keeping, and technical training for all personnel in the department.

Any additional costs for these recommendations can be recovered from private development permit fees. Such cost recovery is consistent with California state law (Government Code 66014) which provides that localities may assess fees for review and inspections associated with building permits, so long as those fees do not exceed the estimated reasonable cost of providing this service.

Procedures; efficiency and transparency

Until very recently, most of the scheduling and logging of daily applications, permit reviews and inspection activity has been performed manually, in conjunction with a computerized tracking system of limited ability. Permit processing has been performed without automated permit fee calculation, or any significant reliance on technology for managing project documentation, routing procedures, performance measurement, etc. Within the last 60 days, the department has implemented a number of changes to temporarily improve this aspect of the operations.

A separate system for filing all active permit-inspection cards has recently been established and is maintained within the Building Department office. Each inspector now

places soils reports, engineer's reports, etc., as well as daily inspection approvals or correction notices, with the individual permit/inspection cards.

A growing number of localities are posting procedural information, unique requirements and application forms related to building permits online. In addition, a few cities allow applicants to apply for, and be issued, minor permits online. Some localities websites have been designed to provide transparency to applicants and the public on the status of permit applications and inspections.

Procedural Recommendations

1. Establish a comprehensive computer-based program to improve the adequacy and streamlining of record keeping on building permit applications and processing. Such a system should include features which track inspection activities, receipts of money, support online permit application and approval, assist in performance analysis, and be web-based in order to allow for online permit applications, etc. Elements recommended for inclusion in a new permit tracking program are specified in "*Request for Proposals for Permitting Software and Related Services.*" It is expected to take 3-4 months to select and install such a system, and for staff to become fully trained on its use.
2. Provide easy-to-read handouts that advise potential applicants and the public about various local requirements dealing with construction operations. This would include such matters as hours of operation and overall length of construction, tree screening and protection, noise, construction parking, and the location of construction trailers and sanitary facilities. These documents should also be available online.
3. Consider adjusting the current \$/square foot method of valuation to reflect the scope of work performed, provide equitable valuations, and assure that fees will match costs to operate Planning and Building Department staffing and related operations. Fees could be adjusted on a percentage basis, and be derived from the level of work required (for example, the level of effort to review and inspect a detached garage or certain remodeling activities is different from that required on a new home) A survey of different jurisdictional approaches with comparable levels and types of construction should be performed as part of any fee adjustment process.

Zoning; clarify intent and eliminate inconsistencies

The last comprehensive review of the zoning code was performed in 1985. Since that time the code has been amended a number of times, resulting in a hard-to-read document with a number of internal inconsistencies. This lack of clarity has led to questions about

appropriateness of staff determinations, the need to make interpretations of zoning intent on a case-by-case basis, and occasional internal staff differences on interpretations.

Zoning Recommendations

1. Reorganize the zoning code to improve its clarity to staff, applicants and the general public. The goal of this recommendation is also to eliminate any internal inconsistencies.
2. Clarify possible errors and areas of confusion in the current zoning code. Examples of possible areas of examination could include:
 - A. Section 17.08.070, the definition of building height.
 - B. Section 17.36.030 B which states that second dwelling units shall meet all setback requirements for residential structures. It appears that it should say “setback requirements for the main residence.” Section 17.36.030 H says second dwelling units are to be located only in the rear yard. (the rear yard is defined as the area between the rear property line and rear setback line for the main residence).
3. Consider the need to reassess and clarify methods used in determining maximum building height in areas of the Town with steeper terrain. Staff has collected information summarizing approaches in other communities which could be useful if this issue is pursued.

Code enforcement; existing development and new construction

Some residents have raised issues about the enforcement of controls governing construction practices so as to adequately protect the quality of life in existing neighborhoods.

The enforcement of existing building and zoning codes has been handled by Atherton building inspectors, with support from the Police Department. In July of this year, the Town Council contracted with an outside firm to assess the extent of code enforcement needs and activity. The consultant assigned to this task also handled code enforcement cases over the past 60 days.

Code Enforcement Recommendation

1. Modify and increase code enforcement on an ongoing and as-needed basis. Specific findings and recommendations are included in the “*2006 Code Enforcement Assessment Report.*”

[Prepared October 12, 2006]

Summary of Recommendations

Atherton Planning and Building Department Assessment

Staffing

1. Complete a recruiting effort and select a permanent full-time department director/building official as soon as possible. Demonstrated experience, knowledge and success in interpreting and enforcing building-related codes, as well as management expertise and effective communication skills are essential.
2. Provide a full-time permit technician to work at the front counter in the department; assist in maintaining permit tracking and other records; issue minor permits and plan reviews; and respond to general questions from realtors, contractors, and residents. This person should have certification as a Permit Technician from the International Council of Building Officials. Such a staffing change is intended to provide better service to the general public and applicants, assure that permit records are complete, and speed up plan checking services by reducing the need for plan checkers and inspectors having to handle day-to-day over-the-counter tasks.
3. Have a qualified independent professional sign off on the zoning compliance of new homes and major additions. This should be done prior to the issuance of building permits, and again in conjunction with final inspections performed prior to the issuance of any certificate of occupancy.
4. Involve public works staff or outside civil engineers in reviewing grading, drainage and other site development aspects of proposed new private development. Such reviews must, however, be effectively managed to avoid delays in plan reviews and inspections.
5. Establish contractual relationships with outside individuals or firms to supplement Town staff in the review and inspection of private development. This outside expertise should be available to assist in the following:
 - A. Reviewing engineering calculations used in the design of new homes. These reviews should be performed by civil or structural engineers, and done concurrently with plan checking being handled by staff on other aspects of the project.
 - B. Performing field inspections when staff is shorthanded.
6. Transfer the Town arborist, currently working within the Public Works Department, to the Planning and Building Department. This person would continue to perform reviews and inspections related to heritage trees and landscape screening, and could also assist in evaluating and enforcing private construction, operations and parking plans as time allows.

7. Provide project management, record keeping, and technical training for all personnel in the department.

Procedures

1. Establish a comprehensive computer-based program to improve the adequacy and streamlining of record keeping on building permit applications and processing. Such a system should include features which track inspection activities, receipts of money, support online permit application and approval, assist in performance analysis, and be web-based in order to allow for online permit applications, etc. Elements recommended for inclusion in a new permit tracking program are specified in *“Request for Proposals for Permitting Software and Related Services.”* It is expected to take 3-4 months to select and install such a system, and for staff to become fully trained on its use.
2. Provide easy-to-read handouts that advise potential applicants and the public about various local requirements dealing with construction operations. This would include such matters as hours of operation and overall length of construction, tree screening and protection, noise, construction parking, and the location of construction trailers and sanitary facilities. These documents should also be available online.
3. Consider adjusting the current \$/square foot method of valuation to reflect the scope of work performed, provide equitable valuations, and assure that fees will match costs to operate Planning and Building Department staffing and related operations. Fees could be adjusted on a percentage basis, and be derived from the level of work required (for example, the level of effort to review and inspect a detached garage or certain remodeling activities is different from that required on a new home) A survey of different jurisdictional approaches with comparable levels and types of construction should be performed as part of any fee adjustment process.

Zoning

1. Reorganize the zoning code to improve its clarity to staff, applicants and the general public. The goal of this recommendation is also to eliminate any internal inconsistencies.
2. Clarify possible errors and areas of confusion in the current zoning code. Examples of possible areas of examination could include:
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3. Consider the need to reassess and clarify methods used in determining maximum building height in areas of the Town with steeper terrain. Staff has collected information summarizing approaches in other communities which could be useful if this issue is pursued.

Code enforcement

1. Modify and increase code enforcement on an ongoing and as-needed basis. Specific findings and recommendations are included in the “*2006 Code Enforcement Assessment Report.*”

[Prepared October 12, 2006]



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES H. ROBINSON, CITY MANAGER

DATE: FOR THE MEETING OF OCTOBER 18, 2006

SUBJECT: ACCEPTANCE OF THE CODE ENFORCEMENT ASSESSMENT REPORT

RECOMMENDATION:

Review and accept the Code Enforcement Assessment Report from Bob Cushing of CSG Consultants Inc., regarding code enforcement recommendations for the Town of Atherton.

BACKGROUND:

The City Council accepted a proposal and approved a needs assessment of Code Enforcement Services by CSG Consultants, Inc. Bob Cushing of CSG has completed an initial report of Code Enforcement needs for the Town of Atherton based on his onsite review for the past two months. The attached report addresses some nine individual areas of Code Enforcement. The assessment was to address the status of the existing code enforcement program and evaluate the needs for a Code Enforcement Officer for the Town of Atherton.

Attachments: Report from CSG Consultants, Inc.
Staff Report of May 17, 2006
Staff Report of April 19, 2006



**1700 South Amphlett Boulevard
San Mateo, CA 94402 (408) 522-2500**

**TO: HONORABLE MAYOR AND ATHERTON CITY COUNCIL
JAMES H. ROBINSON, CITY MANAGER**

FROM: ROBERT L. CUSHING, CSG CONSULTANTS INC.

DATE: FOR THE MEETING OF OCTOBER 18, 2006

SUBJECT: CODE ENFORCEMENT ASSESSMENT REPORT

CSG Consultants Inc. is pleased to present the following code enforcement assessment report for your consideration.

CITY OF ATHERTON
2006 CODE ENFORCEMENT ASSESSMENT REPORT

A. PROGRAM SCOPE

The Code Enforcement Assessment was conducted by CSG during the months of August and September 2006 for the Town of Atherton with particular focus on the following components:

1. Existing Code Enforcement Program
2. Customer Service
3. Communication
4. Data Collection and Storage
5. Staffing
6. Citations
 - Courtesy Notices
 - Administrative Citations
 - Criminal Citations
7. Complaint Intake and Investigation
8. Fees and Costs
9. Overall Recommended Action

B. BACKGROUND

The Town of Atherton comprises approximately 2500 households and 7200 residents. The Town has no commercial businesses and does not have the severe code enforcement and blight issues found in other communities. However, the code enforcement issues that face the Town are each important in their own right and reflect community values.

In June 2006, the Council funded an assessment of code enforcement in Atherton. The Council envisioned that staff would hire a consultant to investigate the effectiveness of the Code Enforcement Program with the stipulation that an assessment of the future code enforcement needs of the Town also be made.

In July, the City Council directed the City Manager to hire a consultant to make a determination of the code enforcement needs for the Town as well as to review the status of existing programs including staffing. Direction was given to make recommendations to augment or modify these programs if necessary and to suggest additional programs if appropriate. In August, CSG Consultants Inc., a local firm headquartered in San Mateo, was retained to conduct an assessment. In response to reduced staffing created by the retirement of the Chief Building Official, the City Manager hired a contract code enforcement inspector through CSG to work concurrently on the assessment and to begin investigating complaints that had been accumulating. The target date for the assessment

to be presented to the City Council was determined to be the City Council meeting on October 18, 2006.

The Code Enforcement Program has been under the administration of the Acting Director of the Planning and Building Department since August 2006. Previously, code enforcement was administered through the use of Town building inspectors with supervision from the Chief Building Official. Additionally the Atherton Police Department was responsible for investigating various code enforcement-related complaints especially construction hour violations, construction parking violations and noise. The Police Department primarily investigates complaints during the evening and on weekends when there are no code enforcement officers available.

C. ANALYSIS

1. EXISTING CODE ENFORCEMENT PROGRAM

Prior to this assessment, the Chief Building Official and various building inspectors handled code enforcement-related cases, primarily on a reactive basis. There was no emphasis on proactively generating complaints because of lack of direction and the staff impact that this would create. When a complaint was received in the Building Department, the office assistant compiled the appropriate details and gave the information to the building official. The building official was the most knowledgeable individual with respect to code enforcement procedures, contractors, residents and Town properties. (It should be noted that some code enforcement cases were received by the Police Department or transferred to the Police Department). There was a good understanding of priorities between the building official and the Police Department. Cases that were handled by the Police Department were not entered into a formal database other than information compiled while investigating vehicles or specific individuals.

The Chief Building Official sometimes would assign the case to a building inspector to investigate while they were in the community conducting an inspection. Generally, little information was recorded or entered into a database. The emphasis was on quick response and often there was no complaint file assembled.

Several other departments in Atherton including the arborist, planners, and public works inspectors are involved in resolving code violations. Violations ranging from illegal dumping, defacing, or illegal removal of trees and heritage trees and right-of-way encroachments fall within the job expertise of these employees; but when it comes to actual enforcement, the responsibility for enforcement may be better suited with a code enforcement officer.

An ACCESS based system to manage code enforcement data was developed; however, it was not consistently used. Staff was not adequately trained to use the system, and the

system became a barrier to staff's ability to perform its job responsibilities. Staff has ceased using the system.

The system, located on the Town server on the P drive, is titled "Town of Atherton-Code Enforcement Complaint Tracking System-Version 2000. Early reviews of the system show that it has the capability to run the Town code enforcement system, especially complaint tracking. The system will be explored further later in this report under "Data Collection & Storage."

RECOMMENDATION: Establish a specific protocol and written procedures for handling code enforcement cases. Train appropriate office and field staff to input complaints into an approved code enforcement tracking system.

2. CUSTOMER SERVICE

Customer service traditionally was limited to meeting with requesting parties at the front counter, telephone conversations, or meetings in the field. While this is normally satisfactory for routine complaints and concerns, there are instances where more interested or more involved community representatives require more attention.

The Town has a good supply of various handouts and brochures that can be used when a customer asks for information or when staff needs to illustrate a point related to the activity in question.

In the past, the building official would generally handle more complex concerns. Without entering complaint tracking data into the established system, the Town relied almost completely on the knowledge and experience of the building official.

Building staff who did not generally handle customers at the counter or in the field were at a disadvantage when a customer came into the office and the staff person was the only one available to help. Additionally, training was badly needed.

During the course of this assessment, there were instances where customers came to the counter for help and the appropriate staff was not available to help them. Staff always seemed to do its best to help, but often this is not enough and can be frustrating to all involved.

There is no "Request for Service" for Code Enforcement. Another department, Public Works, has developed one for its needs and this form could be modified for use in receiving code enforcement complaints and requests for service.

RECOMMENDATION:

- Provide additional training to all staff, field and office in customer service. There are many excellent sources of information in this field, and both staff and customers will be considerably more comfortable in exchanging information.
- A “Request for Code Enforcement Service” should be developed.
- A review of available handout and educational materials should be conducted to determine if information needs to be updated or renewed.

3. COMMUNICATION

- **Communication Tools**
- **Interdepartmental Communication**
- **Community Forums**
- **Neighborhood Survey**

There are numerous communication tools and opportunities available to the Town. In addition to the information outlined under customer service, additional fliers and written material can be developed to illustrate such things as the “Ten Most Common Code Violations,” code enforcement tips for residents and excerpts from the municipal code.

Communication is vital for all departments involved in solving violations created by code enforcement violations, especially the Police Department, which has a half-time position funded by the Building Department to handle various violations anytime but particularly during the evening hours and on weekends. The most common violations handled by the Police Department are construction parking violations, construction hour violations, and noise-related violations. By expanding the use of informational materials and through the use of the media, these problems can be reduced.

The City Manager’s office, building inspection, planning, public works and the arborist, all involved in code enforcement-related issues, can use their resources to inform contractors and the public of the Town’s expectations.

Most of these employees would be better served by concentrating on their regularly assigned duties. They are frequently distracted by having to focus on complaints; and because of this, they are not as productive. In the case of police officers, while they are skilled in handling the limited code enforcement cases assigned to them, they can better serve the community by concentrating on criminal and law enforcement-related cases. They should continue addressing parking, construction, and noise issues that occur during the evening and on weekends.

A community forum element is an extremely important part of the Atherton code enforcement program. Without formal input from residents and community leaders, it is difficult to assess the code enforcement needs of the community. Some community members, usually the more connected ones, will come forward to offer their input, perhaps at a City Council meeting. Often this input is critical of the status quo and of the

Town and as long as it is an issue of constructive criticism, should be utilized to build allies with the community. CSG's inspector has committed time each week to meetings, in the office and in the field, with representatives. One of the more effective types of meetings has been an early morning meeting with various neighborhood representatives with the focus on a small number of streets that were reviewed by either walking or driving tours.

This style of meeting is very effective as it eliminates the formality of the office environment and allows the participants to react to situations in a more natural manner. As of the date of this report, five longtime residents have been added to the list of individuals who want to participate in the improvement of the community, and each has offered his/her assistance. Two individuals have already hosted meetings in their own homes and are eager to continue.

Additional contact with the community can be promoted by setting aside certain times when code enforcement personnel are available to meet with residents in the office. Often, it is not unusual for individuals to walk into the office without an appointment. This is an important link to the community, and the Town should make it known that the code enforcement officer is in the office or available by phone at specific times.

Another tool that should be employed is the use of publications such the *Athertonian*. A regular column published on a quarterly basis in the publication can serve the community by focusing on issues such as "What is Code Enforcement," who the code enforcement personnel are, what types of common violations are found in the community, how to report violations, etc.

A neighborhood survey was conducted in September. The survey consisted of polling residents as they were encountered by staff as well as following up on written and telephone complaints. CSG's discussion with community representatives indicated that a significant number of individuals care deeply about their neighborhoods and are willing to work with the Town to promote improved code compliance. The issues that were brought forward were blight (debris, refuse and weeds), fence violations, building violations, construction hours, and construction parking issues, as well as various general code enforcement violations. These individuals represented three of the major geographic areas of Atherton, Lindenwood, Park Lane, and Walsh Road.

RECOMMENDATION:

- A series of articles on code enforcement should be provided to the publications such as the *Athertonian*,
- Office hours for code enforcement personnel should be established and contact information should be published as well as posted in the office, and a meeting schedule with community representatives should be completed.

- Communication, especially interdepartmental communication, needs to be improved in order to promote an understanding of code enforcement solutions throughout the city organization and the community. There should be a thorough understanding of the responsibility for handling code enforcement complaints between departments. Written material on the most common code enforcement violations and solutions should be created, and a systematic approach to communicate the results of code enforcement investigations should be developed.
- Regular community forums should be scheduled with established neighborhood leaders and groups. These meetings should include the results of routine neighborhood surveys to demonstrate the Town's knowledge of specific neighborhood concerns and appropriate solutions.
- Staff involved in code enforcement activities should begin a series of meetings and field visits (ride-a-longs) with the police officers who handle code enforcement violations. This will provide a better understanding of the types of cases that can be handled by code enforcement, helping to free an officer's time to concentrate on criminal cases. This will also promote a partnership between the two departments and more efficiency in resolving cases resulting in a higher level of community service. If the town decides to hire or designate a dedicated code enforcement officer this interdepartmental relationship should continue.

4. DATA COLLECTION & STORAGE

The ACCESS system described previously has useful features that could be utilized for code enforcement. It is incumbent on the City to make a timely decision on an appropriate system. Ideally, the system selected will encompass all of the facets of the department, including building, code enforcement, permits, planning, and financial tracking.

The software currently on the P drive of Atherton's server entitled "Town of Atherton-Code Enforcement Complaint Tracking System" should be investigated to determine if it has the capability to effectively track the Town's code enforcement complaints. The assessment study indicates that it does and that it should be considered for full-time use. In addition, the system may need to be reviewed by qualified IT staff to ensure that it is compatible with the current operating system.

The industry also offers other solutions which electronically updates cases as an inspector develops information. This system, and several others like it, will be reviewed later under a separate report. The system is very versatile, utilizing GPS, case links, online photographs, drop-down letters and reports. Any system, including the current one, requires adequate staff training and commitment. CodeTrak and other systems employ and begin advanced enforcement and data recording tools and can improve Atherton's Building and Code Enforcement programs.

RECOMMENDATION: Review various code enforcement software options available and select and test a system that meets the financial and data management needs of the Town. Provide additional training to all staff, field, and office personnel in the use of the system(s).

5. STAFFING

Atherton currently does not have a regularly assigned code enforcement officer. This puts a strain on the building and planning staff as well as the police department and other employees. Employees from these departments have regular assignments that cannot be completed if they are sidelined with code enforcement duties.

RECOMMENDATION: Atherton should consider employing the use of a contract code enforcement officer for a minimum of eight hours per week on a 6-month trial basis to handle the immediate concerns of residents and Town staff. The Town should re-evaluate the code enforcement assignment after the trial period and determine if the amount of hours per week should be increased or decreased. Specific tasks and timing for carrying out this recommendation are identified below:

6. CITATIONS

- Administrative
- Criminal
- Appeals

Administrative citations are often employed by municipalities to supplement or replace the use of criminal citations. The Town of Atherton is not currently using administrative citations and relies on warning letters issued by building staff and criminal and infraction citations issued by the Atherton Police Department to gain compliance.

Current practice by most jurisdictions is to eliminate criminal citations and infractions in favor of administrative citations for most municipal code violations. The rationale is that criminal citations require a considerable amount of time to prosecute, are an unnecessary drain on resources, and return little of the cost or penalties for violations. On the other hand, administrative citations deliver much larger penalties and cost on a continual basis and require very little staff resources when compared with criminal and infraction citations.

In an ongoing effort to remain customer friendly in dealing with issues constituting minor violations of the municipal code, inspectors frequently use a courtesy notice door hanger. This is particularly effective for communicating concerns to residents when they are not home.

An inspector identifies the issue during a visit to a particular area, writes a message to the resident, and hangs the card on the residence door. The content of the message, while courteous and low key, calls attention to a specific issue or violation on the property and encourages the resident to call the issuing officer or employee to discuss. The form that is being recommended is small and easy to handle; and since it is a two part form, it provides a copy for the officer as a reminder of the event.

The use of an official warning notice (OWN) is a valuable tool in the enforcement process. Not all respondents are cooperative; and while the courtesy notice process has been well received, there are certain times when a stronger message is needed. The "Official Warning Notice" is the recommended course of action without employing the more punitive "Administrative Citation."

Often, individuals that did not respond to the courtesy notice will respond to an OWN, viewing it as serious from the officer. The individual views the OWN as similar to a citation and although they may be reluctant to follow recommendations under a courtesy notice, they will obey the instructions in the OWN. The OWN is often bound in a book, similar to a citation book, which adds a certain level of seriousness to its appearance.

Since January 2006, code enforcement officers/building inspectors in Atherton have issued some warning notices and letters and have found violations have been corrected; however, the time lag before correction can be excessive. No administrative citations have been issued by building staff, although some criminal and infraction citations have been issued by police officers.

RECOMMENDATION: The use of administrative citations is not recommended at this time; however the use of administrative citations should be revisited in six months if a code enforcement officer has been hired. It is also recommended that the use of code enforcement criminal and infraction citations be reviewed to determine their effectiveness. The analysis must include a survey to determine the number of citations issued, the amount of bail that these citations currently are assigned, the results of the judgment for each citation including the time required to arrive at a judgment, and how much revenue including costs and penalties were realized as a result of their use.

7. COMPLAINT INTAKE & INVESTIGATION

As outlined earlier, Atherton currently employs a Code Enforcement Officer from CSG Consulting Inc., on a contractual basis. This code enforcement officer not only conducted an assessment of the Town code enforcement needs but also responded to code enforcement complaints that were generated by the public and other code-related issues assigned by Town staff. In addition, the officer was free to generate complaints pro-actively. Town staff gives code enforcement-related customer service requests to the code enforcement officer for investigation and follow-up.

The cases can be logged into a database, currently assigned to the Town server using the “Code Enforcement Complaint Tracking System.” The system is a standard Windows based database incorporating typical value fields such as case number, entry date, complaint category and location of violation with adequate space for inspector’s notes. NOTE: The system as described is not currently being used; however, it could easily be converted for Code Enforcement Use. This is especially important because the system that is being proposed for use in the Building Division has not been programmed for code enforcement use.

Proactive inspections, while potentially burdensome because of the increased number of cases that they generate, often prove invaluable in assessing current conditions and level of compliance within the community. Three random Saturday visits to Atherton neighborhoods were conducted in September by the code enforcement officer. These visits were intended to determine if illegal Saturday construction was occurring. The officer concluded that little if any construction during prohibited hours was being conducted.

In the first 60-days, the contract code enforcement officer has handled approximately 65 cases. Fifteen (15) were construction parking related, twenty-five (25) were building related, ten (10) were nuisance or blight related, five (5) were zoning related, and the remainder were general code related.

As expected, a high percentage of these cases were related to building permit and planning issues such as building without permits, accessory building violations, improper storage of construction-related materials and various zoning violations.

8. FEES & COSTS

- Recovery
- Penalties

Enforcement cost and penalty recovery (cost recovery through code enforcement) is almost entirely associated with administrative citations or administrative law decisions. There is not enough justification through code enforcement in Atherton at this present time to warrant the use of administrative penalties and cost recovery except in those few cases where the City Attorney may pursue a case through civil litigation.

Between twenty-five and forty percent of construction projects generate two or more code enforcement-related complaints during the course of construction. It is reasonable to assess a code enforcement monitoring fee to reduce these complaints and to pay for response to complaints. At least two additional complaints related to parking violations per construction project are generated. These are handled almost exclusively by the Atherton Police Department.

RECOMMENDATION: If a later study determines that administrative citations are needed as an enforcement tool, and if the use of administrative citations are approved, the use of administrative penalties can be revisited.

It is recommended that the Council authorize the City Manager to study the feasibility of charging costs related to code enforcement to construction projects when violations such as illegal construction hours, improper construction parking or the improper storage of construction equipment or placement of building materials are found.

9. SUMMARY & RECOMMENDATIONS

The City Council adopt the report and direct the City Manager to consider hiring a part-time code enforcement officer to investigate code enforcement complaints and authorize the City Manager to have staff review and analyze database alternatives and implement a system that demonstrates the capability and highest level of reliability for tracking code enforcement data.

NOTE In Addition to specific recommendations outlined in each section of the report the following additional recommendations and target dates should be considered.

TABLE 1

<i>City of Atherton should invest appropriate resources in data tracking and identifying training and staffing needs for code enforcement staff.</i>		
A.	<i>Code Tracking and Management of Code Enforcement & Compliance Activities</i>	
<i>Task</i>		<i>Target Date</i>
1.	<i>Complete a thorough review of the Code Enforcement system and determine if another system or the existing available system is adequate to manage the data. Formulate recommendations for improvement, including additional sub-programs, ordinances, training & procedures.</i>	10/10/06
2.	<i>Present assessment report and recommendations to City Council</i>	10/18/06
3.	<i>Develop a code enforcement procedures manual. Research and implement a system to track code enforcement complaints.</i>	12/31/06
4.	<i>Review the effectiveness of the code enforcement tracking system.</i>	2/1/07
5.	<i>Measure the success of all recommended changes and consider any additional actions.</i>	5/1/07
B.	<i>Training and Staffing Needs for CE Staff</i>	
1.	<i>Interview and hire a part-time code enforcement officer</i>	12/1/06
2.	<i>Review the impact of having a part-time code enforcement officer.</i>	3/1/06



Town of Atherton

CITY COUNCIL STAFF REPORT

TO: HONORABLE MAYOR AND CITY COUNCIL

FROM: JAMES H. ROBINSON, CITY MANAGER

DATE: FOR THE CITY COUNCIL MEETING OF OCTOBER 18, 2006

**SUBJECT: REVIEW OF CALENDAR OF CITY COUNCIL MEETINGS FOR THE
REMAINDER OF 2006**

RECOMMENDATION:

Review the calendar of City Council Meeting dates for the remainder of 2006, and consider changing the date of the December 20th meeting to December 13th.

BACKGROUND:

The Regular City Council Meetings for the remainder of 2006 are as follows:

November 15
December 20

Since December 20 is only a few days prior to Christmas Eve and the Christmas holiday, the Council may want to consider moving this meeting to a Special Meeting date, such as December 13th, in order to accommodate Council Members' and the public's holiday plans.

Additionally, the three Council Members who were appointed in lieu of an election need to take an Oath of Office in the same manner as if they were elected, either at a Regular or Special meeting in December. The December meeting is traditionally when the City Council chooses a Mayor and Vice Mayor. The Atherton Municipal Code, Section 2.04.030 states that the "city council shall meet at least annually to choose one of its members as mayor and one of its members as vice mayor." Since Mayor Marsala was selected in December 2005, it is recommended that the new Mayor be selected at a meeting in December in order that the selection takes place in 2006. This selection process could occur at a Regular Council Meeting or a Special Meeting in December.

SUMMARY OF RECOMMENDATIONS

ATHERTON CODE ENFORCEMENT ASSESSMENT

EXISTING CODE ENFORCEMENT PROGRAM

- Establish a specific protocol and written procedures for handling code enforcement cases. Train appropriate office and field staff to input complaints into an approved code enforcement tracking system.

CUSTOMER SERVICE

- Provide additional training to all staff, field and office personnel in customer service. There are many excellent sources of information in this field, and both staff and customers will be considerably more comfortable in exchanging information.
- A “Request for Code Enforcement Service” should be developed.
- A review of available handout and educational materials should be conducted to determine if information needs to be updated or renewed.

COMMUNICATION

- A series of articles on code enforcement should be provided to the publications such as the *Athertonian*,
- Office hours for code enforcement personnel should be established and contact information should be published as well as posted in the office and a meeting schedule with community representatives should be completed.
- Communication, especially interdepartmental communication needs to be improved in order to promote an understanding of code enforcement solutions throughout the city organization and the community. There should be a thorough understanding of the responsibility for handling code enforcement complaints between departments. Written material on the most common code enforcement violations and solutions should be created and a systematic approach to communicate the results of code enforcement investigations should be developed.
- Regular community forums should be scheduled with established neighborhood leaders and groups. These meetings should include the results of routine neighborhood surveys to demonstrate the Town’s knowledge of specific neighborhood concerns and appropriate solutions.

- Staff involved in code enforcement activities should begin a series of meetings and field visits (ride-a-longs) with the police officers who handle code enforcement violations. This will provide a better understanding of the types of cases that can be handled by code enforcement helping to free an officer's time to concentrate on criminal cases. This will also promote partnership between the two departments and more efficiency in resolving cases resulting in a higher level of community service. If the Town decides to hire or designate a dedicated code enforcement officer this interdepartmental relationship should continue.

DATA COLLECTION & STORAGE

- Review various code enforcement software options available and select and test a system that meets the financial and data management needs of the town. Provide additional training to all staff, field and office personnel in the use of the system(s).

STAFFING

- Atherton should consider employing the use of a contract code enforcement officer for a minimum of 8 hours per week on a 6-month trial basis to handle the immediate concerns of residents and city staff. The town should re-evaluate the code enforcement assignment after the trial period and determine if the amount of hours per week should be increased or decreased. Specific tasks and timing for carrying out this recommendation are identified below:

CITATIONS

- The use of administrative citations is not recommended at this time; however, the use of administrative citations should be revisited in six months if a code enforcement officer has been hired. It is also recommended that the use of code enforcement criminal and infraction citations be reviewed to determine their effectiveness. The analysis must include a survey to determine the number of citations issued, the amount of bail that these citations currently are assigned, the results of the judgment for each citation including the time required to arrive at a judgment and how much revenue including costs and penalties were realized as a result of their use.

FEES & COSTS

- If a later study determines that administrative citations are needed as an enforcement tool and if the use of administrative citations are approved the use of administrative penalties can be revisited.

- It is recommended that the Council authorize the City Manager to study the feasibility of charging costs related to code enforcement to construction projects when violations such as illegal construction hours, improper construction parking or the improper storage of construction equipment or placement of building materials are found.

IMPLEMENTATION PROCESS

TABLE 1

<i>City of Atherton should invest appropriate resources in data tracking and identifying training and staffing needs for code enforcement staff.</i>		
A.	<i>Code Tracking and Management of Code Enforcement & Compliance Activities</i>	
<u><i>Task</i></u>		<u><i>Target Date</i></u>
1.	<i>Complete a thorough review of the Code Enforcement system and determine if another system or the existing available system is adequate to manage the data. Formulate recommendations for improvement, including additional sub-programs, ordinances, training & procedures.</i>	10/10/06
2.	<i>Present assessment report and recommendations to City Council</i>	10/18/06
3.	<i>Develop a code enforcement procedures manual. Research and implement a system to track code enforcement complaints.</i>	12/31/06
4.	<i>Review the effectiveness of the code enforcement tracking system.</i>	2/1/07
5.	<i>Measure the success of all recommended changes and consider any additional actions.</i>	5/1/07
B.	<i>Training and Staffing Needs for CE Staff</i>	
1.	<i>Interview and hire a part-time code enforcement officer</i>	12/1/06
2.	<i>Review the impact of having a part-time code enforcement officer.</i>	3/1/06