



## Town Manager's Report for March 9 – 13, 2015

Items to report from this week include the following:

### Planning/ Building/ Engineering Update:

City Engineer Richard Chiu is out of the office attending a two day leadership training seminar.

The **Public Works crew** completed a major **drainage project** up at **Westwind Barn** which included the excavation of a 3 – 5 foot deep trench, installation of 240 linear feet of 12” drain pipe and 200 feet of 8” perforated pipe. The trench was lined with filter fabric and refilled with 18 tons of drain rock, 9 tons of pea gravel and 3 concrete catch basins. The project was designed in-house and appears to be functioning properly with persistent groundwater seepage no longer flooding the seven hillside paddocks which has rendered them unusable for 4-5 months every year. Instead the groundwater is being intercepted through the perforated pipe and discharging into a detention area at the base of the hill. **Photos are attached.** The WWB Concessionaire is absolutely ecstatic over the drainage improvements and very grateful to Jacob and the Town crew for completing this much needed project.

The **Planning Commission** took the following actions at its March 5 meeting:

- Approved a landscape screening plan for a new residence under construction at **12815 Viscaino Road**
- Approved a landscape screening plan for a new residence nearing completion at **27181 Sherlock Road**
- Approved a landscape screening plan for a new residence under construction at **26970 Orchard Hill Lane**
- Approved an estate home and second unit for an undeveloped property at **11637 Dawson Drive**

The following application was approved at the March 10 **Site Development hearing**:

- Landscape screening plan for a major addition/remodel at **26310 Esperanza Drive**. One neighbor was in attendance and requested additional screening needed for privacy.

The following projects were approved at the March 10 **Fast Track hearing**:

- Major addition and second unit at **13020 La Paloma Road**. No neighbors were in attendance.
- New residence at **25961 Vinedo Lane**. Three neighbors were in attendance and participated in a discussion about construction impacts and view obstruction. Conditions were added to address both concerns, including a requirement to hold a pre-construction meeting on the site to review construction staging and logistics, and a condition to remove some small trees to preserve a view corridor for residents across the street.

## **Public Safety Update:**

The Sheriff's **weekly report** is attached.

## **Administrative Services Update:**

The **Finance and Investment Committee** (FIC) held a meeting on Monday, March 2, 2015. The agenda items included presentation of Mr. Pavletic from the Municipal Financial Services on preliminary findings for the **Town's Sewer Rate Study** and Mid-Year **Budget Review** of FY 2014-15. Both items are scheduled to go to City Council at the next meeting. The updated **report on the FIC key projects and FIC meeting minutes are attached for Council's review.**

Staff responded to the payroll data request from **SHARP**, the Town's Workers Compensation insurance provider. This data will be used in calculation of the Town's FY 2015-16 WC insurance premium.

The Administrative Services Director worked closely with NBS to finalize the FY 2014-15 **annual report** for the Town's **West Loyola** Sewer Assessment District #1 and posted it on the Electronic Municipal Market Access website.

A meeting between Councilmember Larsen, Mr. Epstein, Mr. Sloss and Town's management / engineering staff was held on Tuesday, March 11, 2015 to discuss the Town's **allocation to Sewer Fund**. Attached, please find notes from the meeting prepared by Mr. Sloss.

## **Parks and Recreation Update:**

Los Altos/Los Altos Hills **Little League Opening Day** will be held on **Sunday, March 15<sup>th</sup>**. Mayor Courtenay C. Corrigan will be throwing out the first pitch.

The **Los Altos Hills Youth Commission** is hosting their **4<sup>th</sup> Annual Leadership Conference** at Hidden Villa Sunday, March 22<sup>nd</sup> from 10:00-Noon. Mayor, Courtenay C. Corrigan will be a speaker. They will also cohost with Los Altos Youth Commission a **Dodgeball Tournament** for middle school students (6<sup>th</sup>-8<sup>th</sup>). This event will be held on Friday, March 27<sup>th</sup> from 3:30-6:00pm at the Egan gym.

The **12<sup>th</sup> Annual Hoppin' Hounds Easter Biscuit Hunt** is coming up Saturday, April 4<sup>th</sup> from 9:00-10:30am at Byrne Preserve.

The organization **Los Altos Hills Family (LAHF)** has been unsuccessful in finding new leadership. LAHF has been responsible for: Easter Egg Hunt and the Family Halloween Party and assisted with the 4<sup>th</sup> of July Parade. This week a subcommittee meet to discuss the upcoming **Easter Egg Hunt** scheduled for Saturday, April 4<sup>th</sup> from 11:00am-1:00pm at Purissima Park. The group included: Champa Sreenivas and Kavita Tankha from Parks and Recreation Committee, Helene Karlsson and staff.

**Earth Day Celebration** will be held Sunday, April 26<sup>th</sup> from 1:00-4:00 pm at Westwind Community Barn. This week the marketing outreach begin for exhibitors.

The **Los Altos Hills Pathways Run/Walk** registration went live this week! Sign up before the end of the month and receive \$10 off by using the promo code "earlybird." <http://lahpathwaysrun.org/>

If you have any questions or comments feel free to e-mail or call.

Carl





CAUTION  
SLIPPERY  
SURFACE

PEDESTRIANS &  
EQUESTRIANS  
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CAUTION





**Santa Clara County Office of the Sheriff**  
**Weekly Activity Summary**  
**3/2/2015 – 3/8/2015**  
**LOS ALTOS HILLS**



PATROL ACTIVITY SUMMARY			
DATE	BEAT	ACTIVITY	COMMENTS
3/4	L1	Identity Theft	Between 12/16 and 2/14, unknown suspect(s) used the victim's personal information to file false tax returns for 2013 and 2014 for an unknown total loss. The victim lives in Los Altos Hills.
3/4	L3	Injury Collision	Occurred at 4:27 PM at Page Mill Road and Country Way.
3/6	L3	Identity Theft	Between 2/19 and 3/6, unknown suspect(s) used the victim's personal information to open various credit accounts for an unknown total loss. The victim lives in Los Altos Hills.

DATE / TIME	BEAT	EVENT	TYPE	LOCATION	INFORMATION
<b>DISTURBANCE</b>					
3/2/2015 15:24	L2	15-061-0254	415	DAWNRIDGE DR @ MAGDALENA RD	NO REPORT
3/3/2015 19:24	L5	15-062-0464	415	RAVENSBURY AV @ MAGDALENA RD	NO REPORT
3/7/2015 15:41	L1	15-066-0317	415	LA CRESTA DR @ ARASTRADERO RD	NO REPORT
3/8/2015 10:18	L3	15-067-0147	415	VIA CERRO GORDO @ BRIONES WY	NO REPORT
<b>TRESPASSING</b>					
3/3/2015 22:48	L6	15-062-0526	602	W LOYOLA DR @ EASTBROOK AV	NO REPORT
<b>PHONE THE OFFICE</b>					
3/3/2015 15:15	L1	15-062-0333	1021	71L1	COMPLETE

DATE / TIME	BEAT	EVENT	TYPE	LOCATION	INFORMATION
3/3/2015 18:08	L1	15-062-0430	1021	81L1	COMPLETE
3/3/2015 19:58	L1	15-062-0472	1021	81L1	COMPLETE
3/5/2015 8:36	L1	15-064-0085	1021	71L1	COMPLETE
3/5/2015 14:36	L3	15-064-0320	1021	71L1	COMPLETE
<b>SUSPICIOUS PERSONS</b>					
3/5/2015 17:46	L3	15-064-0451	1066	ARASTRADERO RD @ PAGE MILL RD	NO REPORT
3/7/2015 22:03	L5	15-066-0470	1066	OAK PARK CT @ OAK KNOLL CL	NO REPORT
3/8/2015 18:24	L1	15-067-0339	1066X	W FREMONT RD @ LA PALOMA RD	NO REPORT
<b>ANIMAL COMPLAINT</b>					
3/3/2015 3:48	L2	15-062-0043	1091B	HILLTOP DR @ BARLEY HILL RD	NOISY ANIMAL
3/4/2015 16:47	L4	15-063-0391	1091C	MOODY RD @ MURIETTA LN	INJURED ANIMAL
3/5/2015 10:17	L1	15-064-0150	1091	DE BELL RD @ ESTACADA DR	NO REPORT
3/6/2015 7:27	L4	15-065-0068	1091C	RHUS RIDGE RD @ PECK LN	INJURED ANIMAL
<b>PEDESTRIAN STOP</b>					
3/4/2015 11:21	L3	15-063-0161	1095	PAGE MILL RD @ ARASTRADERO RD	CITATION ISSUED
<b>SUSPICIOUS VEHICLES</b>					
3/3/2015 13:17	L3	15-062-0259	1154	VIA FELIZ @ PAGE MILL RD	NO REPORT
3/7/2015 13:35	L1	15-066-0238	1154	DEER CREEK LN @ PURISSIMA RD	NO REPORT
3/7/2015 23:59	L3	15-066-0525	1154	PAGE MILL RD @ ARASTRADERO RD	NO REPORT
3/8/2015 19:32	L1	15-067-0358	1154	EDITH RD @ W FREMONT RD	NO REPORT
3/8/2015 20:03	L1	15-067-0369	1154	PURISSIMA RD @ DEER CREEK LN	NO REPORT
3/8/2015 20:23	L1	15-067-0377	1154	PURISSIMA RD @ VISCAINO RD	NO REPORT
3/8/2015 22:41	L1	15-067-0431	1154	GOLDEN HILL CT @ LA PALOMA RD	NO REPORT
<b>VEHICLE STOPS</b>					
3/2/2015 17:28	L3	15-061-0301	1195	PAGE MILL RD @ ARASTRADERO RD	WARNING ISSUED
3/2/2015 17:47	L2	15-061-0306	1195	SUMMERHILL AV @ S EL MONTE AV	CITATION ISSUED

DATE / TIME	BEAT	EVENT	TYPE	LOCATION	INFORMATION
3/2/2015 21:51	L1	15-061-0401	1195	FY 280 @ EL MONTE RD	WARNING ISSUED
3/3/2015 11:17	L2	15-062-0175	1195	FY 280 @ MAGDALENA RD	CITATION ISSUED
3/3/2015 13:13	L1	15-062-0256	1195	EL MONTE RD @ HY 280	CITATION ISSUED
3/3/2015 13:57	L2	15-062-0283	1195	FY 280 @ MAGDALENA RD	CITATION ISSUED
3/3/2015 21:27	L1	15-062-0509	1195	DEER CREEK RD @ ARASTRADERO RD	CITATION ISSUED
3/4/2015 8:46	L1	15-063-0079	1195	W FREMONT RD @ CONCEPCION RD	CITATION ISSUED
3/4/2015 10:47	L3	15-063-0144	1195	FY 280 @ PAGE MILL RD	CITATION ISSUED
3/4/2015 11:38	L1	15-063-0174	1195	DEER CREEK RD @ PAGE MILL RD	CITATION ISSUED
3/4/2015 12:33	L1	15-063-0215	1195	PURISSIMA RD @ BAKER LN	CITATION ISSUED
3/4/2015 14:25	L1	15-063-0287	1195	W FREMONT RD @ CAMPO VISTA LN	CITATION ISSUED
3/4/2015 15:18	L2	15-063-0324	1195	FY 280 @ MAGDALENA RD	CITATION ISSUED
3/4/2015 17:55	L2	15-063-0431	1195	FY 280 @ MAGDALENA RD	CITATION ISSUED
3/5/2015 18:49	L5	15-064-0480	1195	EL MONTE RD @ STONEBROOK DR	WARNING ISSUED
3/5/2015 19:21	L1	15-064-0491	1195	W FREMONT RD @ SEVEN ACRES LN	WARNING ISSUED
3/6/2015 10:31	L3	15-065-0161	1195	ARASTRADERO RD @ STIRRUP WY	CITATION ISSUED
3/6/2015 12:38	L3	15-065-0223	1195	ARASTRADERO RD @ STIRRUP WY	CITATION ISSUED
3/6/2015 12:53	L3	15-065-0229	1195	ARASTRADERO RD @ STIRRUP WY	CITATION ISSUED
3/6/2015 13:11	L3	15-065-0235	1195	ARASTRADERO RD @ STIRRUP WY	CITATION ISSUED
3/6/2015 16:31	L3	15-065-0314	1195	ELENA RD @ KRISTE LN	WARNING ISSUED
3/6/2015 17:18	L3	15-065-0340	1195	ELENA RD @ BECKY LN	CITATION ISSUED
3/7/2015 11:19	L1	15-066-0169	1195	OLD PAGE MILL RD @ PAGE MILL RD	CITATION ISSUED
3/7/2015 23:00	L2	15-066-0504	1195	FY 280 @ MAGDALENA RD	WARNING ISSUED
3/8/2015 16:26	L2	15-067-0303	1195	MAGDALENA AV @ SUMMERHILL AV	WARNING ISSUED

**PARKING VIOLATION**

3/5/2015 8:05	L4	15-064-0070	22500	MOODY RD @ MOODY SPRINGS CT	WARNING ISSUED
3/5/2015 18:42	L1	15-064-0478	22500	LA CRESTA DR @ VISCAINO RD	WARNING ISSUED
3/6/2015 15:39	L3	15-065-0298	22500	DUVAL WY @ ROBLEDA RD	WARNING ISSUED
3/8/2015 14:53	L5	15-067-0259	22500	RAVENSBURY AV @ ENCINAL CT	CITATION ISSUED

DATE / TIME	BEAT	EVENT	TYPE	LOCATION	INFORMATION
			<b>RECKLESS DRIVER</b>		
3/4/2015 12:27	L2	15-063-0212	23103	MAGDALENA RD @ FY 280	COMPLETE
			<b>ALARM CALLS</b>		
3/2/2015 7:54	L3	15-061-0059	1033A	HARVARD CT @ LIDDICOAT CL	FALSE ALARM
3/2/2015 8:21	L3	15-061-0066	1033A	ROBLE BLANCO @ PASEO DEL ROBLE	FALSE ALARM
3/2/2015 15:08	L5	15-061-0247	1033A	MAGDALENA RD @ HOOPER LN	FALSE ALARM
3/2/2015 15:51	L3	15-061-0264	1033A	AMHERST CT @ LIDDICOAT DR	FALSE ALARM
3/3/2015 12:10	L6	15-062-0217	1033A	W LOYOLA DR @ BERKSHIRE DR	FALSE ALARM
3/4/2015 13:46	L6	15-063-0270	1033A	W LOYOLA DR @ SUNHILLS DR	FALSE ALARM
3/5/2015 15:58	L2	15-064-0394	1033A	COLINA DR @ HILLTOP DR	FALSE ALARM
3/6/2015 8:57	L5	15-065-0109	1033A	OAK KNOLL CL @ OAK PARK CT	FALSE ALARM
3/6/2015 12:39	L3	15-065-0224	1033A	ALMADEN CT @ ALTAMONT RD	FALSE ALARM
3/6/2015 17:31	L3	15-065-0347	1033A	LIDDICOAT CL @ STANFORD CT	FALSE ALARM
3/7/2015 0:54	L1	15-066-0015	1033S	ORTEGA DR @ ST FRANCIS DR	FALSE ALARM
			<b>9-1-1 ABANDONED CALLS</b>		
3/2/2015 15:06	L5	15-061-0244	911ABN	MAGDALENA RD @ HOOPER LN	COMPLETE
3/5/2015 0:30	L4	15-064-0009	911UNK	PROSPECT AV @ FINN LN	COMPLETE
3/5/2015 9:17	L4	15-064-0111	911CEL	MOODY RD @ CHAPARRAL WY	COMPLETE
3/5/2015 13:59	L1	15-064-0288	911CEL	JUNIPERO SERRA BL @ STANFORD AV	COMPLETE
3/6/2015 14:19	L2	15-065-0261	911CEL	HILLTOP DR @ HILLVIEW RD	COMPLETE
3/6/2015 15:03	L3	15-065-0281	911CEL	EL MONTE RD @ STONEBROOK DR	COMPLETE
3/6/2015 17:01	L4	15-065-0333	911CEL	MOODY RD @ TANGLEWOOD LN	COMPLETE
3/6/2015 17:16	L4	15-065-0339	911CEL	MOODY RD @ TANGLEWOOD LN	COMPLETE
3/7/2015 15:40	L1	15-066-0316	911ABN	LA CRESTA DR @ ARASTRADERO RD	COMPLETE
3/8/2015 14:42	L3	15-067-0252	911CEL	DUVAL WY @ ROBLEDA RD	COMPLETE
			<b>PUBLIC SAFETY ASSISTANCE</b>		
3/6/2015 8:44	L4	15-065-0101	ASSIST	DEER SPRINGS WY @ BYRNE PARK LN	AID TO FIRE
3/7/2015 7:41	L3	15-066-0064	ASSIST	PAGE MILL RD @ FY 280	AID TO CHP

DATE / TIME	BEAT	EVENT	TYPE	LOCATION	INFORMATION
<b>FOLLOW UP</b>					
3/5/2015 8:55	L5	15-064-0094	FU	PROSPECT AV @ EMERALD HILL LN	COMPLETE
<b>INFORMATION ONLY</b>					
3/2/2015 16:01	L3	15-061-0268	INFO	FY 280 @ PAGE MILL RD	INFO TO CHP
3/3/2015 17:37	L2	15-062-0411	INFO	HILLTOP DR @ BARLEY HILL RD	INFORMATION GIVEN
3/3/2015 20:26	L1	15-062-0486	INFO	ROBLEDA CT @ ROBLEDA RD	INFORMATION GIVEN
3/4/2015 13:35	L1	15-063-0260	INFO	BURKE RD @ W FREMONT RD	INFORMATION GIVEN
3/4/2015 19:17	L1	15-063-0473	INFO	DE BELL RD @ MANUELLA RD	INFORMATION GIVEN
3/5/2015 11:42	L1	15-064-0213	INFO	ROBB RD @ MANUELLA RD	INFORMATION GIVEN
3/6/2015 1:15	L3	15-065-0024	INFO	FY 280 @ PAGE MILL RD	INFORMATION GIVEN
3/6/2015 8:48	L4	15-065-0104	INFO	DEER SPRINGS WY @ BYRNE PARK LN	DUPLICATE CALL
3/7/2015 19:43	L1	15-066-0415	INFO	HY 280 @ EL MONTE RD	INFORMATION GIVEN
3/8/2015 7:27	L4	15-067-0101	INFO	LA LOMA DR @ LA LOMA CT	INFORMATION GIVEN
<b>PATROL CHECKS</b>					
3/3/2015 12:39	L1	15-062-0238	PATCK	VISCAINO PL @ VISCAINO	COMPLETE
3/7/2015 22:27	L5	15-066-0479	PATCK	KATE DR @ LAURA CT	COMPLETE
<b>SUSPICIOUS CIRCUMSTANCES</b>					
3/2/2015 11:45	L1	15-061-0153	SUSCIR	FREMONT PINES LN @ W FREMONT RD	NO REPORT
3/3/2015 7:05	L5	15-062-0064	SUSCIR	PROSPECT AV @ EMERALD HILL LN	NO REPORT
3/3/2015 13:34	L1	15-062-0270	SUSCIR	HORSESHOE CT @ HORSESHOE LN	NO REPORT
3/4/2015 21:13	L1	15-063-0513	SUSCIR	ROBLEDA CT @ ROBLEDA RD	NO REPORT
3/3/2015 11:22	L1	15-062-0183	SUSCIR	LA CRESTA DR @ LA CRESTA CT	NO REPORT
<b>TRAFFIC MONITORING</b>					
3/4/2015 8:20	L1	15-063-0065	TRAFIC	GARDNER BULLIS W FREMONT RD @ FREMONT	CITATION ISSUED
3/5/2015 14:06	L1	15-064-0294	TRAFIC	GARDNER BULLIS W FREMONT RD @ FREMONT	CITATION ISSUED
3/4/2015 13:36	L1	15-063-0262	TRAFIC	GARDNER BULLIS W FREMONT RD @ FREMONT	CITATION ISSUED

<b>DATE / TIME</b>	<b>BEAT</b>	<b>EVENT</b>	<b>TYPE</b>	<b>LOCATION</b>	<b>INFORMATION</b>
3/3/2015 8:27	L1	15-062-0086	TRAFIC	GARDNER BULLIS W FREMONT RD @ FREMONT	WARNING ISSUED
3/3/2015 14:17	L1	15-062-0296	TRAFIC	GARDNER BULLIS W FREMONT RD @ FREMONT	CITATION ISSUED
<b>WELFARE CHECK</b>					
3/2/2015 20:57	L3	15-061-0381	WELCK	PAGE MILL RD @ MOON LN	COMPLETE

**Town of Los Altos Hills  
FIC Key Project Report  
March, 2015**

Recurring Items		
Project	Date	Status / Description
Annual Budget	2/20/2014	Staff completed the Town's Mid-Year Budget Review and presented to Council at the February 20, 2014 Council Meeting. Council approved a resolution authorizing to adjust FY 2013-14 General Fund and Non-General Fund budgets by \$474,059 or 4.2% to a total of \$10,930,764. General Fund operating expenditures were amended at \$6,138,029 which is \$231,330 lower than the Adopted FY 2014 budget. Non-General Funds expenditures were adjusted down by \$247,729.
	3/3/2014	Preliminary FY 2014-15 Budget Calendar was presented to the FIC Committee. Staff requests that the FIC and Council hold a joint budget study session the week of May 26th.
	3/31/2014	Administrative Services Director distributed written instructions for the FY 2014-15 Budget, as well as Base Budget Transfer; Expense and Revenue Amendment forms to all departments to use to submit their prioritized budget requests. Once the forms are submitted and reviewed by Finance, they will be presented to the City Manager, who will rank department requests and set priorities for the upcoming budget. While departments are preparing their budget requests, ASD staff is working on closing the 3rd quarter (March 31, 2014) and developing the base budget assumptions for the upcoming FY 2014-15 budget. Staff requests that the Council hold the <b>Joint FIC-Council Budget Study session on Monday, June 2, 2014 at 4pm.</b>
	4/7/2014	A brief update on the FY 2014-15 Budget process was given at the FIC meeting on Monday, April 7th. Staff will be bringing the preliminary FY2014-15 base budget including assumptions and revenue projections for the FIC discussion at the next meeting on May 5, 2014.
	5/5/2014	A brief update on the FY 2014-15 Budget process was given at the FIC meeting on Monday, May 5th. Staff also presented preliminary FY2014-15 base budget revenues and expenditures assumptions used in developing base budget.
	6/19/2014	City Council adopted FY 2014-15 Operating and Capital Budget of \$12,814,875.
	10/6/2014	No active work is done at this time. Staff will start working on a Mid-Year Budget Review in January, 2015.
	1/13/2015	Administrative Services Director reported that the mid-year budget analysis work is underway. Staff will present the Mid-Year Budget Review to the FIC at the next meeting on March 2nd, and to City Council on March 19, 2015.
	3/2/2015	Administrative Services Director presented the mid-year review of FY 2014-15 budget. Budget revisions were made for revenue and expenditure categories where changes were larger than \$10,000 and 5% of the related line item. Governmental (non Sewer) major revenue changes included higher fees from Community Service activities, higher grants, property and other taxes, offset by spending increases due to adjustments for projects previously approved by the Council and the addition of an El Monte roadway rehabilitation project. The proposed changes also included adjustments to the General government overhead cost allocation. Staff proposed to modify the CAP methodology to remove the cost of sewer treatment plant and Committees/Commissions from the overhead calculations. These adjustments totaling approximately \$175,000, benefit the Sewer Fund by \$96,000, yet place additional burden on the General Fund. Projected ending reserve levels will be substantially in excess of the Adopted Budget due to higher FY'14 ending balances than originally estimated in the Adopted Budget. The Mid-Year Budget Review is scheduled to be presented at the next Council meeting on March 30, 2015.
Financial Audit/ CAFR	3/3/2014	No active work is done at this time. Audit work is expected to commence on August 4, 2014 with the Interim Audit field work scheduled for <b>August 4-8, 2014</b> . The Final Audit is scheduled for <b>October 6-10, 2014</b> .
	8/25/2014	Staff reported that the interim financial audit field work was completed on August 8, 2014 without any issues. Staff now continues working on the year-end activities including journal entries, bank reconciliation and accruals for FY 2013-14 in preparation for the Final Audit field work scheduled for October 6-10, 2014.
	10/6/2014	Staff reported that staff finalized the year-end activities including journal entries, bank reconciliation and accruals for FY 2013-14 and as well as PBC document list. The final financial audit field work began on schedule on October 6, 2014. The FIC review of the Town's Financial Statement for the year ended June 30, 2013 is tentatively scheduled for November 17, 2014.
	11/17/2014	Staff presented the Town's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2014, highlighting significant items reported in the document. Mr. Major, the VTD Managing Partner confirmed that the audit was complete. No material weaknesses or significant deficiencies in internal control were noted, no limitations were imposed on the audit scope, no disagreements between management and the auditors, management cooperated as requested and received no consultation with other professional accounting firms in connection with this audit. Staff is finalizing the CAFRa document to format and make minor changes and will be bringing the final report to City Council for consideration and approval in December. The FIC Committee acknowledged staff and auditors for their efforts to complete this work at the earliest time in the past history, and expanding the document format to convert the Basic Financial Statement document that the Town produced in the past into the Comprehensive Annual Financial Report (CAFRa). Staff will be seeking a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association (GFOA) this year, and feels confident that this CAFRa document will qualify for this award.
	1/13/2015	Administrative Services Director reported that the audited Comprehensive Annual Financial Report (CAFR) for Fiscal Year Ended June 30, 2014 has been published and uploaded on the Town's website. The limited number of hard copies are available at Town Hall
	3/2/2015	No active work is done at this time. Audit work is expected to commence on July 6, 2015 with the Interim Audit field work scheduled for July 6-10, 2015. The Final Audit is scheduled for September 29-October 2, 2015.
	3/3/2014	No active work is done at this time. Next review of the Town's investments is tentatively scheduled for July, 2014. Staff will be providing Council with the Town's investments performance report upon closure of this Fiscal Year.
	7/7/2014	Mr. Oblites from PMF presented updates on the current portfolio with yield to maturity and estimated FY 2015 monthly interest

**Town of Los Altos Hills  
FIC Key Project Report  
March, 2015**

Investments Review	8/25/2014	As requested at the previous meeting, Mr. Oblites from PMF proposed and presented changes to the Town's Investment Policy to comply with "best practices" as defined by the "Association of Public Treasurers". The proposed changes in investment strategy related to permitted investments, maximum allocations, maturity and concentration per issuer would not necessarily result in changes to the Town's investment strategy, but would bring the Town's policy to be more consistent with the California Government Code and provide additional investment opportunities that could increase yields and improve diversification. The Committee discussed this proposal and provided suggestions all of which will be incorporated into a new draft to be presented at the next FIC meeting in October. A number of the committee members suggested that the new draft language will not provide for investments in commercial paper. Once the Committee completes its review, any recommendations for changes to the Investment Policy will be forwarded to the City Council for consideration.
	10/6/2014	Mr. Oblites reviewed a draft of the Town's Investment Policy highlighting proposed changes from the prior FIC meeting. Committee members proposed additional changes. A final draft will be prepared and forwarded to staff for presentation to the Council along with an adoption recommendation by the FIC and Mr. Oblites. The committee also discussed the Town's September 30, 2014 quarter ending investment performance and Mr. Oblites responded to questions. The 3d quarter portfolio duration, yield to maturity, and the financial performance are all substantially equivalent to the portfolio benchmark. The investment outlook continues to be for low, slowly increasing interest rates. The impact of rising rates and mark to market was discussed in the meeting noting that rising interest rates will increase returns over time but depresses the price of existing bond holdings, which could result in lowering near term earnings or even some modest losses.
	11/17/2014	The FIC Committee reviewed the final round of the proposed changes to the Town's Investment Policy and a summary memo describing the changes forwarded by Mr. Oblites, Director of PMF Asset Management, LLC, the Town's investment advisor. After some discussion, the Committee recommended a minor modification to the proposed changes lowering the criteria for the Town's Investment Advisor selection from a minimum of \$5 billion to \$1 billion under management. With this change, the Committee unanimously voted in favor of sending the amended draft and memo to Council for review and approval. Staff will be bringing this matter to City Council at the next meeting.
	1/13/2015	<b>Mayor Corrigan reported that the Council approved changes to the Town's Investment Policy proposed by the FIC at the Council meeting in December.</b>
GASB 45 - OPEB Actuarial Valuation	3/3/2014	The Town engaged in a consulting services agreement with Bartel & Associates, LLC for preparation of the GASB 45 -Other Post Employment Benefits (OPEB) Actuarial Valuation Study. Bartel & Associates prepared the Town's June 30, 2011 actuarial valuation for the 2011/12 and 2012/13 fiscal years. The Town is currently funding the full Annual Required Contribution (ARC) with the irrevocable trust CERBT, requiring to the Town have valuations prepared biennially. The June 30, 2013 actuarial valuation will provide 2013/14 and 2014/15 fiscal year information. The preliminary results of the study are scheduled to be presented to the FIC at the next meeting in April.
	4/7/2014	Mr. Pryor from Bartel & Associates presented the Town's June 30, 2013 GASB 45 Actuarial Valuation Report at the FIC meeting on April 7th. Actuarial Value of Assets increased from \$0.7m to \$1.2m primarily due to earnings and additional trust contributions above the annual required contribution (ARC) which is projected to decrease to \$118,000 in FY2014-15. The Town's Actuarial Accrued Actuarial Liability (AAL) decreased by from \$2.6m to \$2.2m mostly due to increasing effect of the second tier implementation for retiree medical (10/11/2007), as well as lower assumptions on premium increases. Additional highlights of the study are presented in the attached FIC minutes.
	5/5/2014	FIC discussed policy options for OPEB funding for the upcoming FY 2014-15 Budget. As part of the FY2014-15 Base Budget, staff proposed limiting funding to 100% of the ARC inclusive of the pay-as-you-go portion of payment obligations to retirees. The FIC favored additional contribution to the CERBT Trust and agreed to bring this item up for the Council's discussion at the Budget Study Session on June 2, 2014.
	6/19/2014	At the Budget Study Session Council approved an additional funding of \$98,000 above the Annual Required Contribution (ARC) to a total OPEB Budget of \$216,000. The FY2014-15 Adopted Budget now assumes the full investment of ARC in the OPEB Trust Fund (CERBT) in addition to a separate line-item budget for direct payments to retirees.
	8/25/2014	Mr. Pryor from Bartel & Associates made corresponding changes to the Town's GASB 45 OPEB Actuarial Valuation report to reflect the Council's action on June 19, 2014 for FY2014-15 budget funding for OPEB as described above and will be submitting a final report to the Town in the next couple of weeks.
	10/6/2014	<b>No active work is done at this time. Bartel &amp; Associates submitted their final valuation report to the Town.</b>
Pension Review	3/3/2014	Item will be placed on the future FIC agenda upon receipt of the next CalPERS valuation report.
	11/17/2014	CalPERS just released the most recent annual actuarial valuation reports for the Town's pension plans. This item has been scheduled for the next FIC agenda in January.
	1/13/2015	<b>Administrative Services Director presented three Annual Valuation Reports of CalPERS pension plan as of June 30, 2013. The one-page handout summarizing changes in pension cost and unfunded liabilities noted in the subject report was distributed at the meeting. The FY 2015-16 employer contribution rates per employee are declining because 1) the Town began taking advantage of implementation of Tier II (2@60) and Tier III (2@62 - PEPPA) from few years ago at a lesser pension benefit to employees and cost to the Town, 2) charges for unfunded liability are now billed separately by CalPERS (\$87,899 in FY 2015-16). However, overall recurring pension cost is still rising. The most tenured Tier I employees are now paying two percent of salary toward their pension, up from zero two years ago. The unfunded liability, that will be reported on the Town's balance sheet for the first time on July 1, 2015 (June 30, 2016 fiscal year end), is also going up because of adverse changes in actuarial assumptions and related reporting methods partially offset by favorable investment performance changes.</b>

**Town of Los Altos Hills  
FIC Key Project Report  
March, 2015**

Active Projects		
User Fee Study	3/3/2014	On February 28, 2013, the Council awarded a contract to Willdan Financial Services for an overhead Cost Allocation Review and a Comprehensive Fee and Rate Study. The scope of the study included a comprehensive analysis of the total cost of providing services, including all applicable direct, indirect, and overhead costs associated with individual development-related services (planning, building, public works, and administration). Impact fee, sewer charges, roadway, and capital related fee were excluded the scope of the study. The results of the study were discussed at the FIC three times and are now being finalized. The FIC Subcommittee completed review and reported findings to FIC at the March 3, 2014 meeting. Upon review FIC found the methodology and results of the study fair and recommended to bring it to the March 20, 2014 Council Meeting. The staff report and presentation is currently in development. Subcommittee will meet one more time with staff and consultant to go over the highlights of the presentation format.
	3/20/2014	Council adopted resolution authorizing amendments to fee schedule for certain Town general services with all Town fees set at 100% recovery rate, except for the building fees in Section II - Building Process: Plan Reviews Permits, and Inspections of the Town's Schedule of Fees, that were set at 90% recovery level.
	4/7/2014	After the Council meeting on 3/20/14, staff received a number of public comments addressed to City Council requesting an appeal of the user fee amendment procedure and methodology. Following an advice received from the City Attorney, staff is bringing this item back to the next Council meeting on 4/17/14 to satisfy a public hearing requirement listed in the Government Code Section 66016.
	4/17/2014	Council held a public hearing and adopted a resolution authorizing amendments to fee schedule for certain Town general services with all Town fees set at 100% recovery rate, except for the building fees in Section II - Building Process: Plan Reviews Permits, and Inspections of the Schedule of Fees, that were set at 90% recovery level.
	5/15/2014	Staff presented another report to Council on May 15th which will list all user fee that increased more than 100% or decreased more than 40%.
	6/16/2014	Revised Schedule of Fees, Deposits, Charges for Services and Other Assessments went into effect on June 16, 2014.
	11/17/2014	<b>The review of the Town's user fees and charges for services will be placed on the future FIC agenda next year</b>
Review of General Liability and Workers comp Insurance	7/7/2014	Item will be scheduled on the next FIC agenda.
	8/25/2014	Mr. Sloss presented his review of the Town's General Liability and Workers Compensation Insurance. Mr. Sloss noted that the ratio of workcomp claims paid to premium was in the low double digit range over the past 12 years and the Town might benefit from looking into other options for a self insured third party administered workers compensation program where the entity's costs would more closely reflect the past experience. Mayor Radford asked staff to further investigate this issue and report back at the next FIC meeting. Other discussions included forming an ad hoc sub-committee including Ms. Carter, Vice Mayor Corrigan , Mr. Karlsson and Mr. Sloss to further review ABAG PLAN's financial position, alternative options for general liability insurance; availability and limit for earthquake property coverage; study of insurer grant awards, etc.
	10/6/2014	Ms. Carter gave a quick update on staff efforts including gathering assessment information from third parties to evaluate the Town's workers compensation and General Liability programs. The Ad Hoc sub-committee comprising of Ms. Carter, Ms. Corrigan, Mr. Karlsson and Mr. Sloss will be meeting with ABAG PLAN management in the next couple of weeks to discuss the PLAN's financial position.
	11/17/2014	<b>The FIC continued their review of the Town's risk management programs, and discussed the Town's general liability and workers compensation coverage. Staff is exploring viability of several options for the workers compensation program, including working with SHARP JPA to review closely the next year's assessment formula for a lower premium due to significant risk reduction associated with outsourcing of the Westwind Barn operations to a concessionaire manager. The other choices involve further study of alternative options for coverage, including self-ensured election with the pool's excess coverage provider. Staff also reported on a meeting held between the Town staff, FIC sub-committee, and ABAG PLAN management to discuss the PLAN's financial positions and services. Staff distributed the latest actuarial update of the ABAG PLAN self-insured liability program, reporting a \$1.5 million decrease of the liability for outstanding claims from the initial estimate, which is a significant favorable reflection on the ABAG PLAN financial position.</b>
Additional Revenue Opportunity	3/7/2014	Appointed committee held the first meeting on March 7, 2014 and discussed potential options for the Town to raise its revenues, including adjustment of user fees, formation of a charter city, special and/or general tax ballot.
	3/3/2014	Public Works Director, Richard Chiu made presentation at the FIC meeting on the projected cost estimate for upgrading 18 public roads to the Town standards of minimum PCI of 77. Staff projects the total cost of improvements to be around \$2.8 million pending results of the upcoming pavement management review, which may increase this figure. Staff and FIC will continue working together to develop funding strategies at future meetings.
	6/16/2014	The grant-funded Pavement Management Program is being updated by an MTC consultant, who begun field work to include the newly recognized public roads. This work is estimated to be completed by October, 2014.

**Town of Los Altos Hills  
FIC Key Project Report  
March, 2015**

Private/Public Roads	1/15/2015	Public Works Director, Richard Chiu made presented 2014 PMI Street Index Report and reported results of the survey to determine the condition of the Town's streets. The overall condition of the Town's streets is 77 which Mr. Chiu characterized as a "good". The Town's repair and maintenance plan follows the report recommendation which calls for giving priority to "maintaining" over "repair" as this is the most cost effective approach. Safety issues and related priorities are addressed separately and work is performed independent of this maintenance and repair effort. The report estimates \$600,000 of 2015 spending to maintain the 77 rating. Mr. Chiu will recommend \$800,000 of 2015 spending to Town Council which is expected to raise the rating to 80. Separately the Chairman Epstein prepared a handout based on the report to show the condition of the converted Streets and estimated cost of \$800,000 to bring them up to Town standards. This estimate is substantially less than the initial assessment of \$3 million that was done prior to the study.
WWB Six Month Review	3/3/2014	FIC will be reviewing accounting data reports and subsidy level in September, 2014.
	8/25/2014	A presentation on the Westwind Barn Six Month Financial Review was distributed to the Committee, but due to lack of time this item was moved to the next FIC meeting in October
	10/6/2014	Mr. Epstein gave a presentation on the Westwind Barn Six Month Financial performance from February through July, 2014 and historical comparative data including occupancy benchmark. Mr. Epstein stated that the Barn's performance under the Concessionaire management (VDE) is slightly better than the initial estimate and substantially better than the Town's budget assumptions. Ms. Carter noted that pursuant to the Town's contract provisions with VDE, staff will be proposing conducting a "performance" audit of VDE at the completion of FY 2014-15.
Sewer Rate Study	3/3/2014	Town engaged in agreement with Municipal Financial Services to prepare a Sewer Rate Study. Project framework was completed in 2013, but the study was placed on hold pending information from Palo Alto on PARWQP upgrade.
	6/19/2014	The FY2014-15 Adopted Budget includes funds to resume a sewer rate study project.
	1/15/2015	Mr. Sloss prepared analysis of the Sewer Fund Revenues and Expenditures projections and presented results of this review in a PowerPoint handout. Mr. Sloss indicated that Sewer rates will need to be increased beginning with property tax bills due this November in order to meet sewer capital, repair and maintenance obligations, current and future Sewage Treatment Plant renovations, and prevent the SSO ("sanitary sewer overflow") increase, which spiked last year. SSOs are closely monitored state wide and if not timely addressed can be the source of expensive third party litigation directed at effective corrective action. The data provided in the analysis and the estimated fee increase recommendation will be finalized upon completion of the mid-year budget review and planned independent sewer rate study work.
	3/2/2015	Mr. Pavletic from the Municipal Financial Services presented preliminary Sewer Service Charge Evaluation Findings The consultant's model forecasted future sewer costs through Fiscal Year 2026 , and proposed alternatives for rate increases to cover future costs and reserves, and considered rates for non residential sewer system users. The current level of spending for repairs and maintenance is significantly higher than historical averages reflecting remedial steps to address recent experience with a higher level of sanitary sewer overflows and are forecasted to continue. Also, estimated costs provided by the City of Palo Alto for a new Biosolids plant and a Long Range Facility Plan are included in the forecast. Staff will continue working with the consultant to include estimated future capital spending, review of methodology for calculating Service Units for nonresidential users, estimated service units presently used by the Town, and confirmation of the City of Palo Alto plans and related dates for billing its users for the Bio Solids and Long Range Facility Plans. The Town's Council can propose new rates for sewer rate payer approval for up to five years. The FIC voted in favor of proposing rate increases of minimum amounts needed to maintain a reserve level between 150 and 270 days of forecast spending with the exception of Mr. Sloss who favored larger annual increases every few years that would obviate the need for continuing smaller annual rate increases. The results of the study are scheduled to be presented at the next Council meeting.
Financial Policies & Procedures	3/7/2014	Item will be scheduled for review on the future FIC agenda, tentatively in July, 2014.
	7/7/2014	Staff presented a draft Internal Financial Procedures and Applicable Policies document that documented the Town's practices and procedures related to procurement, payments, capitalization, cash receipts, payroll, journal entries, and included previously approved policies for Expense & Reimbursement and Fraud in the Workplace. Discussion included suggestions to review similar documents maintained by other agencies and recommendations to update the Fraud in the Workplace policy language (adopted on October 11, 2007) to reflect current best practices and provide for reporting to higher management levels. The item will be scheduled for further discussion on future FIC agenda.
	1/15/2015	Administrative Services Director recapped that the Internal Financial Policies and Procedures previously presented at the FIC have been reviewed by the auditors and are now considered to be completed. However, Ms. Carter invited the Committee to work with staff on developing a broader Fiscal Policies for City Council consideration and adoption, as they relate to long-term financial planning, reserves, cost of services, etc. The Committee recommended for Ms. Carter to prepare a list of broader policies that need to be developed and present at a future FIC meeting.

**DRAFT Finance and Investment Committee Special Meeting  
Town of Los Altos Hills  
Town Hall, Monday, March 2, 2015**

The meeting was called to order at 4:30 pm by Chairman Epstein.

**Members present:** Courtenay Corrigan, Allan Epstein, John Harpootlian, Kjell Karlsson, Jim Lai, Stan Mok, Bill Silver, Roddy Sloss and Chris Welborn.

**Member absent:** Frank Lloyd and Susan Mason,

**Staff present:** Carl Cahill, City Manager, Yulia Carter, Administrative Services Director; Richard Chiu, City Engineer, Pak Lin, Finance Manager

**Guests present:** Tom Pavletic, Consultant, Municipal Financial Services

**Public present:** None

**Approval of minutes**

The prior meeting minutes were approved by members attending the prior meeting.

**Presentation from Tom Pavletic – Preliminary Sewer Service Charge Evaluation Findings**

Mr. Pavletic reviewed slides on the subject matter distributed before the meeting and took questions. The presentation forecasts future sewer costs through Fiscal Year 2026, proposes alternatives for rate increases to cover future costs and reserves, and considers rates for non residential sewer system users. The current level of spending for repairs and maintenance is significantly higher than historical averages reflecting remedial steps to address recent experience with a higher level of sanitary sewer overflows and are forecasted to continue. Also, estimated costs provided by the City of Palo Alto for a new Biosolids plant and a Long Range Facility Plan are included in the forecast. Mr. Chiu believes Town sewer rates are higher than neighboring communities, in part, because of larger lot sizes and fewer commercial users. Missing data includes estimated future capital spending prepared by the City Engineer, review of methodology for calculating Service Units for nonresidential users, estimated service units presently used by the Town, and confirmation of the City of Palo Alto plans and related dates for billing its users for the Bio Solids and Long Range Facility Plans. The Town's Council can propose new rates for sewer rate payer approval for up to five years. The FIC voted in favor of proposing rate increases of minimum amounts needed to maintain a reserve level between 150 and 270 days of forecast spending with the exception of Mr. Sloss who favored larger annual increases every few years that would obviate the need for continuing smaller annual rate increases. A calendar of future accomplishments and meetings to facilitate a rate increase for FY 2016 was included in the presentation. Messrs. Cahill and Pavletic excused themselves from the meeting at this point.

**Report on Council Activities of Interest by Courtenay Corrigan**

Ms. Corrigan reported that the Council's new committee membership minimum requirements call for attendance satisfactory to the Committee Chairperson and completion of Brown Act training by July 1, 2015 by full Committee members. Incomplete training will result in membership status changing to Associate (non voting). Regarding resident requests to convert private roads to public (Town maintained) roads, an ad hoc Council subcommittee comprising Mr. Waldeck and Ms. Corrigan was formed and is meeting with interested parties.

### **Report on Finance department activities of interest by Yulia Carter**

Ms. Carter reported that the Town, for the first time, received the Government Finance Officers Association Distinguished Budget Presentation Award for the June 30 2015 budget. A similar award for the Town's 2014 Financial Statements is under review.

### **Report on midyear Budget Review for FY 2015 by Yulia Carter**

Ms. Carter distributed an eight page Excel style report and a three page memorandum prior to the meeting and presented ten pages of slides in the meeting related to the subject matter. Budget revisions were made for revenue and expenditure categories where changes were larger than \$10,000 and 5% of the related line item. Also, estimated annual results were presented. Governmental (non Sewer) major revenue changes included higher fees from Community Service activities, higher property and other taxes, and higher grants offset by spending increases due to previously approved Council actions and the addition of an El Monte roadway repair project, and to a lesser extent on Community Service activities (related to revenue increases) and storm drain engineering work. Sewer spending increased as a result of budget adjustment for the Root Foaming project previously approved by City Council. Also, included in the foregoing accounting, are accounting changes related to overhead allocations totaling approximately \$175,000 and that benefit the Sewer Fund by \$96,000. While adopted Governmental budget changes reduce reserves substantially, offsetting related future period revenue and estimated but unbudgeted items are expected to restore budgeted reserve changes.] Projected ending reserve levels will be substantially in excess of the Adopted Budget due to higher FY' 14 ending balances than originally estimated in the Adopted Budget.

### **Westwind Barn preliminary financial results by Allan Epstein**

Mr. Epstein prepared seven slides related to the subject matter distributed before the meeting which he presented to the Committee. Highlights include: Financial operating information for the Town's new concessionaire, VDE, for its first twelve months of operation ending January 31, 2015 as well as for the Town during the same period. For the Town, out of pocket costs for subsidies and utilities (excluding capital and allocated costs) were \$16,534 compared to VDE's estimate for the same period of \$38,082 and compared to the Town's same costs for the year ended June 30, 2013 of \$156,383. The Town's projection for these costs for the year ending June 30, 2015 has been revised to \$66,400. The projection includes the addition of directly allocated compensation costs, security costs, and audit costs partially offset by its share of riding lesson proceeds. VDE's experience for its first twelve months of operation is believed to be profitable although all of the related costs have not been measured by the Town or Mr. Epstein. Overall, Mr. Epstein reports that results are significantly better than initial estimates, barn occupancy is good, users' comments have been favorable and VDE appears satisfied with its experience.

### **Presentations from the Floor**

None.

### **Proposed topics and dates for future meetings**

The next FIC meeting date is Monday, April 6, 2015 at 4:30 pm. There are no scheduled topics at this time and members expressed a preference for meeting on Monday, April 13, 2015, if a meeting is needed. Topics for future meetings include reviews of written Town policies, procedures and practices; and accounting and reporting for insurance grants. The annual FIC presentation to Council is scheduled for April 20, 2015.

**Adjournment** - The meeting adjourned at 6:45 pm.

Respectfully submitted by Roddy Sloss, Committee Secretary

DRAFT  
MEMORANDUM

To: File cc: R Larsen, A Epstein, C Cahill, Y Carter, R Chiu  
From: Roddy Sloss  
Subject: NOTES - Committee of 1, Council Chambers LAH Town Hall 3/11/15 3p  
Date: March 13, 2015 (revision #1)

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Councilman Larsen called a meeting to review alternatives and progress on Sewer Overhead Allocation issues. The recipients of this memo plus Jacob and Tina from the Town's Engineering staff were in attendance.

At Councilman Larsen's request, Mr. Sloss provided an overview of 1) work performed to date, and 2) matters where staff and Messrs. Epstein and Sloss were in agreement with staff and not in agreement.

Agreed upon matters related to proposed FY 15 budget adjustments reducing Sewer overhead by approximately \$108,000, by modifying the Cost Allocation (CAP) methodology to remove the cost of sewer treatment and conveyance from the allocation percentage and Committees/Commissions expense from the donor category (\$96,542) and adjustment to the Town Center Allocation to correct percent distribution from 6.59% to 4.33% charged to Sewer Fund (\$11,483).

Also, after discussion, Messrs. Larsen and Cahill agreed that Town use of sewers (Town Hall, Ball Fields, Town Yard, P&R Center, Emergency Communications Center and Barn) should be billed to the Town and offset against billings due to the Town General Fund by the Sewer Fund.

Matters discussed and not agreed upon are the following:

1. Application of agreed allocation adjustments (FY15 \$108,000) to FY 14.

Ms. Carter will prepare a calculation of the applicable amounts for FY 14. In favor of the adjustment, Mr. Sloss stated that consistent with past practice, where better information becomes available, it is appropriate to apply it to the prior periods affected. Ms. Carter noted that methods used for FY 14 were acceptable and based on the best available information at that time. Mr. Epstein pointed out that the excessive FY' 14 charge was identified at the end of FY' 14, but the decision to address both FY' 14 and FY' 15 was deferred to be addressed at the time of the midyear budget review. This matter may be discussed at the next Council meeting.

2. Methodology for CAP allocation related to Council activities.

Mr. Sloss stated he thought the method in use (allocating based on the proportion of Council Meeting Agenda items related to a recipient department or fund) was not as refined as using annual staff provided estimates of their special project time although using Council Meeting agenda items is a widely accepted method.

Mr. Epstein tested the Council Agenda allocation method in a couple of different ways and found small changes in approach produced significant changes in allocation. In one method he used Council meeting time as opposed to the number of Agenda line items as the basis for calculating the allocation accounting for a reduction of \$30,000 in annual overhead allocated to Sewer. He also stated that the Sewer fund was being charged for all Agenda items with the word “sewer” in them even though some should not be charged to the Sewer Fund such as Council time spent on sewer reimbursement agreements and sewer permitting as those items were paid for by the requesting resident and therefore allocated costs should be offset against those payments and not charged to the Sewer Fund as is current practice. Ms. Carter stated that the Staff is comfortable with the current allocation methodology on agenda frequency basis, arguing that the fact that some agenda items are listed on consent calendar and not discussed during the meetings does not eliminate often extensive preparation time and questions from public and Council members outside of the Council meeting times.

3. Methodology for allocation Internal Service Fund (Town Center, Town Vehicles, Corporate Yard) costs to recipient activities.

This item only applies to FY 14 and 15 because Staff presently plans to change this allocation method in FY 16 and incorporate Internal Service Fund costs into the CAP model methodology. The impact of this change in methodology however is unclear. Ms. Carter noted this methodology had been in use for several years and had not been updated in at least the last few years. Mr. Epstein stated that he reviewed the methodology in detail and issued a memorandum on his findings in December of 2014. He concluded the allocation method with respect to the Sewer fund appeared arbitrary and he proposed adjustments favoring the Sewer Fund at the expense of the General Fund totaling approximately \$16,000 and \$23,000 in FY ‘15 and ‘16, respectively. Mr. Cahill called upon Jacob from the Town’s engineering staff to opine on the 25% allocation factor used for the Corporate Yard where he works on a daily basis and Jacob stated the 25% was fair to low as compared to the 10% proposed in Mr. Epstein’s study. Mr. Epstein stated that Jacob’s estimated was based on an allocation of time and not the overall cost of the Yard, which is what is being allocated. Mr. Cahill stated he thought overall ISF allocations to the Sewer fund were fair based on his knowledge of Town activities.

#### 4. Total Overhead Amount Charged to Sewer Fund

Mr. Epstein expressed his believe that the resultant overall charge to the Sewer Fund of \$201,000 for FY'15 proposed by the staff was still too high and should be approximately \$60,000 less at about 5% which would be accomplished by making allocation methodology changes raised in this meeting. Ms. Carter stated that based on feedback from the Town's consultant, the 8.2% of overhead the Town is allocating to the Sewer Fund is well within the range charged by other municipalities he has reviewed. Without some contrary evidence as to what some third party was willing to charge for the work performed by the Town Mr. Cahill was also comfortable with the proposed allocation. Related matters not discussed in this meeting are the Town's in process study of future Sewer rates as well as current and planned Sewer spending. This subject as well as sewer overhead allocations discussed above are expected to come before the Council in its March 30, 2015 meeting. A meeting on March 18 at 3pm was set as the date and time for the next meeting to discuss the results and status of the Sewer Rate study. In that regard, Mr. Epstein is attempting to clarify Palo Alto's position on rate increase timing for planned sewer treatment plant renovation, Mr. Chiu plans to provide a Sewer Fund Capital spending forecast through Fiscal 2026, and Town Staff will provide Mr. Pavletic, the Town's Sewer Rate consultant, midyear budget updates and the changes to overhead allocations as well as sufficient data to propose and update factors used to price non residential sewer rates.

The meeting concluded at approximately 4:45 pm.

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# THE LEADERSHIP CONFERENCE



MARCH  
**22**

10:00 AM  
-12:00 PM

## Making a Difference

The Los Altos Hills Youth Commission is hosting its 4th Annual Leadership Conference for Middle School and High School students who want to learn about making a difference, getting involved and entrepreneurship.

RSVP to [lahyouthcommission@gmail.com](mailto:lahyouthcommission@gmail.com) by March 19, 2015.

**DANA CENTER, HIDDEN VILLA**

26870 Moody Rd, Los Altos Hills, CA 94022



MIDDLE SCHOOL

DODGEBALL



TOURNAMENT

**When**

**Friday, March 27th  
3:30 - 6:00 pm**

Come with a  
team

or

Find one at the event

**Where**

**Egan Jr. High School  
City Gym (Large Gym)**

**Free Entry!**  
Bring money for snacks!

REGISTRY

Register at <http://goo.gl/forms/UJsRtzgQW6>  
Walk - ins are welcome, Pre- registration is preferred!

Be sure to bring the **waivers signed by a legal guardian**  
to the event ~ Waivers can be picked up in the school  
office or email [sgualtieri@losaltoshills.ca.gov](mailto:sgualtieri@losaltoshills.ca.gov)

Event hosted by:

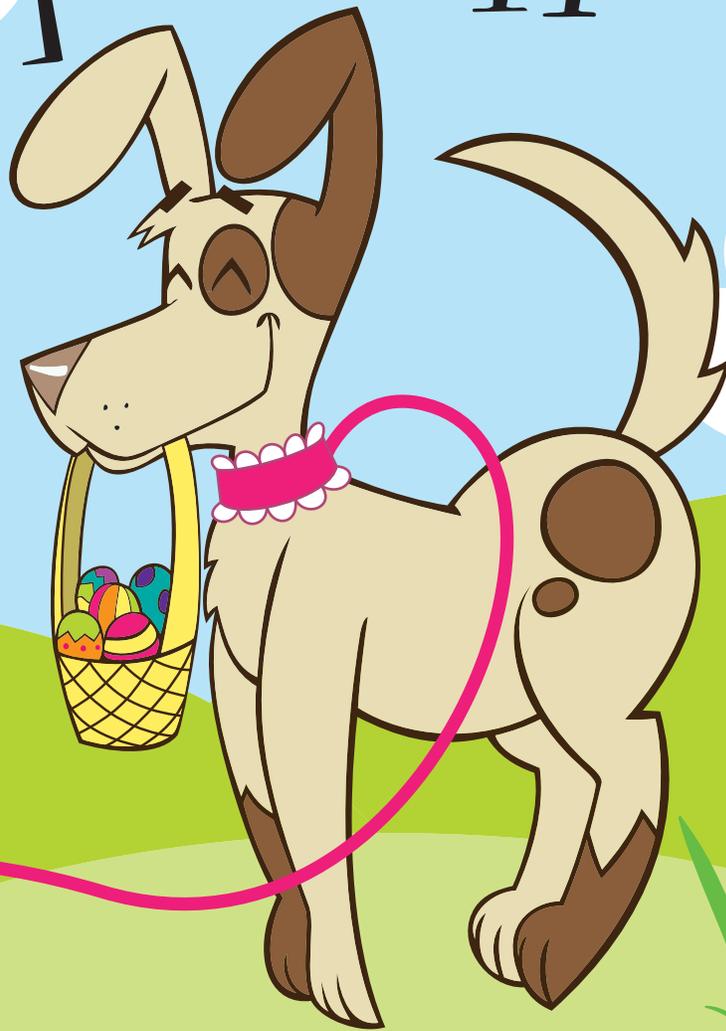


powered by



12th Annual!

# Hoppin' Hounds



Saturday, April 4  
9:00 - 10:30 AM

## Easter Biscuit Hunt

On-leash Easter Biscuit Hunt for dogs!

Sponsored by **K9 Krunchies** &

**ArtyChokers**, who will be donating 10% of their Hoppin' Hounds Sales!

\$5.00 recommended donation

To benefit Palo Alto Animal Services and Shelter

Byrne Preserve at Westwind Community Barn

27210 Altamont Rd, Los Altos Hills

For more information contact 650-947-2518 or [sgualtieri@losaltoshills.ca.gov](mailto:sgualtieri@losaltoshills.ca.gov)

