

June 5, 2007

Honorable Mayor and Town Councilmembers:

Despite Kermit the Frog's assertion that it's not easy being green, green is the theme for the 2007-09 Proposed Budget. After all, green is the color of that terrific commodity that symbolizes the Town's enviable financial health and that makes it easier to take on new challenges. The Town has an enviable reserve of "the green stuff" on hand now and into the foreseeable future. Green is also the color of those initiatives and projects included in the proposed budget designed to begin to locally and specifically address the issue of Global Warming.

Concern about this issue is not new for the Town. Included in the "Basic Assumptions" that underlie the Town's General Plan, adopted April 6, 1988, is the following:

"The shortage of fossil fuels may cause Americans to reconsider their use of natural resources over the coming years. This may result in greater recycling of materials, production of a more efficient means of transportation, and changes in lifestyle."

This excerpt illustrates the Town's recognition, almost twenty years ago, that natural resources should be carefully husbanded. In the ensuing years, the Town has fostered policies and implemented programs that further the protection of the environment and related critical natural resources. For example, through a series of actions, the Town has managed to divert 78% of its waste stream from the landfill. This was accomplished through the development of progressive recycling and composting programs in partnership with its solid waste franchisee, GreenWaste Recovery, Inc., and through the development of mandatory construction and demolition debris recycling rules. The Town has also incorporated rules governing public and private stormwater runoff and strict erosion control and grading restrictions into its building regulations. The preservation of natural resources is a central theme of the General Plan and that theme carries into the Town's Municipal Code and its web of laws.

The specter of Global Warming hangs over everyone. Addressing it cannot be undertaken unilaterally by any one actor on the world stage. Individuals, families, schools, governments, businesses, and multinational organizations must all take a part in adopting new patterns of behavior and new ways of doing business. Efforts to mobilize local governments have been on the rise in recent months. The "Cool Cities Campaign" was initiated by the Mayor of Seattle in 2005, and cities across the country are being asked to adopt the U.S. Mayors Climate Protection Agreement. By adopting the Agreement, cities promise to strive to meet or exceed Kyoto Protocol targets for reducing global warming pollution by taking local actions, such as: (1) increasing the use of clean, alternative energy; (2) making energy efficiency a priority through building code modifications and retrofitting city facilities with energy efficient lighting; (3) practicing and promoting sustainable building practices; (4) increasing the average fuel efficiency of municipal fleet vehicles; (5) maintaining healthy urban forests; (6) increasing pump efficiency in water and wastewater systems; and (7) educating the public about reducing global warming. The Town

Council will have an opportunity to discuss the Agreement at some future Town Council meeting. Another effort that will be before the Town Council in the near future emanates from the City/County Association of Governments (C/CAG). C/CAG has formed a Utilities and Sustainability Task Force to develop an Energy Strategy for San Mateo County. The Council will soon be asked to endorse the development of the strategy and to dedicate resources to energy, water, and climate issues.

The 2007-09 Proposed Budget includes a number of proposals designed to tackle certain aspects of the challenge to respond to Global Warming. It also includes proposals designed to address the Town's ongoing operational needs. The Proposed Budget includes a net total of \$7.1 million in expenditures for 2007-08 and \$6.6 million for 2008-09. The first year of the budget reflects a 43.1% reduction from the current year, almost entirely attributable to the fact that over \$1.9 million for the repayment of General Fund debt and \$4.4 million in capital outlay costs for Barkley Fields and Park were included in the 2006-07 budget and are no longer needed. The Town's financial base remains solid, with reserves continuing to increase each year. This base provides the opportunity to take on several new projects during the upcoming fiscal year and to continue to improve existing services.

The "Green Proposals"

The Town has the opportunity to lead by example as the next fiscal year begins. The following are the major proposals before the Town Council for consideration:

- ✓ *Town Hall Complex and Library Solar Power:* A recent energy audit of the Town Hall Complex indicates that converting to solar power would make sense. A similar audit of the Library will be undertaken. The budget includes funds to support the installation of solar technology at both buildings.
- ✓ *Water Recycling Feasibility Study:* Staff feels that it may be feasible to capture and recycle wastewater from the Town Center, treating it to secondary treatment standards and then using it for landscape purposes. Funds are included in the budget to evaluate this proposal. If feasible, this undertaking would have several benefits. The Town's water usage pattern would be modified, with less demand upon primary water sources through the use of the recycled water. The Town's sewer flow would be somewhat reduced by that part of the wastewater stream that is diverted for treatment by the Town. Finally, the Town will have developed a demonstration project in support of alternative on-site wastewater treatment technologies, something that is becoming an increasingly significant issue as private systems around Town start to age and fail.
- ✓ *Town Hall Green Building Expansion:* During the current fiscal year, the Town had the Town Hall building evaluated, in an attempt to accommodate the overcrowded conditions that exist. It appears that a simple realignment of existing space will not resolve the problem and that some expansion of floor space may be necessary. The proposed budget includes funds for a design study to develop options for future review by the Town Council. This design study will incorporate green building concepts.
- ✓ *Green Building Design Guidelines and Workshops:* Funds have been included for a proposed review and enhancement of the Town's existing design guidelines, incorporating "green" concepts where appropriate, and the

sponsorship of workshops for Town residents and their professionals on the guidelines and other aspects of "green" building.

- ✓ *Town Hall Energy Saving Efforts:* Many of the Town's double paned windows have failed since the building was constructed and many of the lighting fixtures require frequent bulb replacement. The proposed budget includes funds to replace failed panes and to upgrade the lighting fixtures to accommodate more energy efficient bulbs.
- ✓ *Alternative Energy Truck:* The maintenance crew needs a new pick-up truck to replace one of the oldest members of the Town's vehicle fleet. Staff is exploring available alternative energy trucks and is looking into the feasibility of using biodiesel to achieve a significant reduction in fossil fuel dependence.
- ✓ *Environment Fest:* In line with continuing education efforts, the first year of the proposed budget includes funds for the Environment Fest, which has provided a popular public outreach and education effort for several years. The Global Warming theme will be at the center of this year's Fest.

All the Rest

There are several other proposals for the Council's consideration in the 2007-09 Proposed Budget:

- ✓ *Barkley Fields and Park Grand Opening Celebration:* We are planning to throw a town-wide party to celebrate the opening of the park this September. The budget includes funds to support this event, including hiring an event planner to assist staff with this major undertaking.
- ✓ *Continuation of Enhanced Traffic Patrol Services:* On April 24, 2007, the Town Council indicated its desire to continue the services of the dedicated motorcycle traffic patrol unit for the remaining two years of the current agreement for law enforcement services with the County of San Mateo. An amendment to the agreement has been prepared which provides for this continuation, at a cost of \$185,962 in 2007-08 and \$191,541 in 2008-09.
- ✓ *Barkley Fields Operating and Maintenance Costs:* With the completion of the park scheduled for September of this year, the Town will have to provide for the day-to-day operation and maintenance of the park. Funds are included in this budget, pursuant to the Agreement Governing the Gift, to provide for field, landscape, and building maintenance and private security services. The Town will need to operate the park pursuant to the Conditional Use Permit and the aforementioned Agreement Governing the Gift. A park oversight committee, with members chosen by the donors of the land and the Town, will be appointed later this year and staff will work closely to ensure that the Town fully complies with everything that it has covenanted.
- ✓ *Trails User Fee Increase:* The Trails Committee has forwarded a recommendation to increase the Trails User Fee from \$35 per horse to \$50 per horse, in order to raise an additional \$11,000 a year. The recommended increase is tied to an equivalent increase in the General Fund contribution for trails maintenance. The fee and the contribution have not been raised since 2003, although maintenance costs and needs have continued to rise. The Town has received a proposal from the East Bay Conservation Corps for trails projects in the next fiscal year. Under the proposal, the Corps would provide \$50,000 of labor if the Town matches this amount and provides \$20,000 in

materials. Without the fee and contribution increases, the Town will not be in a position to accept the offer and take advantage of a chance to leverage local funds. A postcard has been sent to every holder of a Stable Permit to provide notice that the Town Council is considering the increase recommendation.

- ✓ *On-site Wastewater System Regulations:* The Town has had the update of its on-site wastewater system regulation on its Work Plan for several years. The proposed budget provides funds to support this work being done on a consulting basis. The current regulations are outdated and sometimes difficult to interpret. Bringing these rules up-to-date would greatly facilitate the permit review process for these systems.

There is an issue on the horizon that merits flagging at this juncture. The Town has not had to raise its Sewer Service Use Charges in many years. The Town has received notice that the Board of Supervisors will be considering a significant multi-year adjustment to the sewer charges of the Fair Oaks Sewer Maintenance District on July 24, 2007. If adopted, these adjustments will impact what the Town pays to Fair Oaks on behalf of the users of the Town Center Sewer District. A related pending action is the adjustment by Redwood City of its sewer charges. These adjustments reflect a multi-million dollar capital maintenance program adopted by the South Bay Dischargers Authority, which treats the sewage from Fair Oaks and Redwood City. These charges will be passed along to the Town through the other two agencies, pursuant to the agreements governing sewer transportation and treatment. The 2007-09 Proposed Budget does not include a proposed fee increase for the Town Center Sewer District, although it is highly likely that costs will be greater in the next two years and beyond. Once the full impact of the actions of the other two agencies is known, staff will provide an update for the Town Council. The Town Center Sewer District fund is in sound financial shape and can afford to forego a sewer service charge increase for at least the next year.

When the Town Council convenes to discuss the 2007-09 Proposed Budget, we will have an opportunity to discuss these proposals in more detail and to examine the budget's impact upon the 2007-09 Work Plan. I look forward to those discussions and to working with the staff and the Council on the implementation of those proposals the Council feels warrant adoption.

As always, I'd like to close by giving thanks to my staff for their contributions. This year, two individuals provided direct support in the preparation of the 2007-09 Proposed Budget. My thanks to Gratien Etchebehere for the art work and facts about Global Warming that adorn the departmental budget dividers. And thanks to our Town Clerk, Janet Koelsch, for providing proofing, critiquing, copying, and morale lifting services to me as the document took shape. I couldn't finish it without her!

Respectfully submitted,

Susan George
Town Manager