CITY OF DALY CITY

Regular Meeting - CITY COUNCIL

AGENDA

Monday, March 24, 2025 - 7:00 PM

City Hall Council Chambers – 2nd Floor
City Hall 333 – 90th Street
Daly City, CA 94015

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PUBLIC PARTICIPATION
There are three ways to submit public comments: (1) submit written comments by meeting day, (2) submit written comments during the meeting, and (3) attend the meeting in person.

1. To submit written comments by meeting day, please email cityclerk@dalycity.org and include "Public Comment" in the subject line. All written comments received by 4:00 pm on meeting day will be provided to the City Council prior to the meeting.

Please note: Any emailed comments received after 4:00 p.m. on the meeting date are not guaranteed to be received by the City Council prior to the meeting. Comments are not read aloud into the record.

2. During the meeting, you may visit www.dalycity.org/agendas to submit comments using the Public Comment form to address the City Council on a specific item, or during the public comment period, and such comments are delivered to the City Council and City Staff during the meeting, and may be read into the record at the time they are received.

3. To speak at the meeting in person, please complete a Speaker Card located at the entrance to the Council Chamber and submit it to a Staff Member as early in the meeting as possible.

Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting should call the office of the City Clerk at (650) 991-8078 as soon as possible.

CALL TO ORDER

The City of Daly City acknowledges that we are on the ancestral lands of the Ramaytush (rah-my-toosh) Ohlone (O-lon-ee) peoples. We recognize their enduring connection to this region and honor their history, culture, and contributions. As the Indigenous protectors of this land, we affirm their sovereign rights as the original inhabitants of this land and pay respects to the Ancestors, Elders, and Relatives of the Ramaytush Ohlone peoples.

PLEDGE TO THE FLAG:

AVAILABILITY OF PUBLIC RECORDS:

All public record to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, that are distributed to a majority of the legislative body will be available for public inspection at the City Clerk's Office, City Hall located at 333 90th Street, Daly City, CA during normal business hours, at the same time that the public records are distributed or made available to the legislative body.

ROLL CALL:

APPROVAL OF MINUTES:

1. Regular Meeting of March 10, 2025

APPROVAL OF AGENDA:

2. Regular Meeting of March 24, 2025

ORAL COMMENT:

NOTE: Speakers are limited to two minutes, unless modified by the Mayor.
The Council cannot take action on any matter raised under this item.

CONSENT AGENDA

All items listed on the Consent Agenda are considered to be routine and may be approved by one roll call vote of the City Council. There shall be no separate discussion of the matters on the Consent Agenda unless requested by a member of the City Council. If discussion is required, that item will be removed from the Consent Agenda and will be considered separately at the end of the Agenda.

Communications:

3. Receive and File Housing Successor Agency Annual Report For Fiscal Year 2023-2024

Resolutions:

4. Set Time and Place of Public Hearing Regarding Linda Vista Area of Benefit Fiscal Year 2025-2026 **(Set Time: 5/12/25)**

5. Accept and Appropriate $800,000 from HUD Community Project Funding Grant for Childcare Center at 1401 Sullivan Street

6. Set Time and Place for a Public Hearing to Consider One-Year HUD Action Plan for Fiscal Year 2025-26 **(Set Time: 5/12/25)**

7. Set Time and Place of Public Hearing – Proposed Increases and Updates to the Master Fee Schedule **(Set Time: 4/28/25)**

END OF CONSENT AGENDA

COMMUNICATIONS:

8. Approval of First Amendment to Exclusive Rights Negotiating Agreement between the City of Daly City and JM McLennan Development for Property at 1837 Junipero Serra Boulevard, Daly City, California

   STAFF: Tatum Mothershead, Rose Zimmerman

   RECOMMENDATION: Adopt Resolution by Roll Call Vote

9. Finding of Public Convenience and Necessity PCN-10-24-16665 to Sell Alcoholic Beverages for Off-Site Consumption at Sprouts Farmer's Market at 301 Gellert Boulevard (Type 21 License)

   STAFF: Brian Paland

   RECOMMENDATION: Adopt Resolution by Roll Call Vote

10. Resolution to Adopt a City Council Internal Discipline and Censureship Policy

    STAFF: Rose Zimmerman

    RECOMMENDATION: Adopt Resolution by Roll Call Vote

APPOINTMENTS: Board/Commission Membership Committee Appointments

REPORTS:

11. Council Committee

12. City Council

13. Staff

ADJOURNMENT:

CITY OF DALY CITY
MINUTES – REGULAR MEETING – CITY COUNCIL
MARCH 10, 2025

Visit https://www.youtube.com/@DalyCityGov/streams to view the City Council meeting

CALL TO ORDER:

Mayor Daus-Magbual called the regular meeting to order at 7:00 P.M. and read the City's Land Acknowledgement:

The City of Daly City acknowledges that we are on the ancestral lands of the Ramaytush (rah-my-toosh) Ohlone (O-lon-ee) peoples. We recognize their enduring connection to this region and honor their history, culture, and contributions. As the Indigenous protectors of this land, we affirm their sovereign rights as the original inhabitants of this land and pay respects to the Ancestors, Elders, and Relatives of the Ramaytush Ohlone peoples.

ROLL CALL: <u>Councilmembers Present</u>:
Roderick Daus-Magbual, Mayor
Glenn R. Sylvester, Vice Mayor
Pamela DiGiovanni
Juslyn C. Manalo
Teresa G. Proaño

<u>Staff Present</u>:
Thomas J. Piccolotti, City Manager
Rose L. Zimmerman, City Attorney
K. Annette Hipona, City Clerk

PRESENTATIONS:

<u>Proclamation - Women's History Month</u>

Councilmember Manalo thanked her colleagues on the unanimous vote to create a Women's Commission, emphasizing that through persistence and perseverance, the City can ensure that the voices of the community, especially women, are at the forefront.

APPROVAL OF MINUTES:

<u>Regular Meeting of February 24, 2025</u>

It was moved by Councilmember Manalo, seconded by Councilmember DiGiovanni and carried to approve the minutes of February 24, 2025.

APPROVAL OF AGENDA:

It was moved by Councilmember Proaño, seconded by Councilmember DiGiovanni and carried to approve the agenda.

Note on Public Comments:
To provide public comments, members of the public have the option to- 1) attend in person, 2) email the City Clerk, or 3) submit comments through the public comment portal on the City's website. Persons with disabilities who require auxiliary aids or services in attending or participating in this meeting are instructed to call the office of the City Clerk at 991-8078 prior to the meeting.

CONSENT AGENDA:

It was moved by Councilmember DiGiovanni, seconded by Councilmember Sylvester and carried to approve the consent agenda with the exception of items 5 and 6 which were removed for discussion.

Resolutions:

Authorize the City Manager to Approve a Purchase Agreement for four Service Truck Bodies for the Department of Water and Wastewater Resources (DWWR)

Resolution 25-36, Approving A Purchase Agreement With National Auto Fleet Group For Four Service Truck Bodies For The Department Of Water And Wastewater Resources

Approve Written Response to the 2023-2024 Civil Grand Jury Report Titled "Restaurant Exteriors: The Neglected Space"

Assistant to the City Manager Leilani Ramos provided the City's response to the findings and recommendation by the Grand Jury with regard to the unsightly and unsanitary conditions of the exterior trash areas of food service businesses. City Manager Thomas Piccolotti addressed questions on enforcement concerns and noted that the City has implemented the Grand Jury's recommendation.

It was moved by Councilmember Manalo, seconded by Councilmember Proaño and carried to adopt the resolution.

Resolution 25-37, Approving Written Response To The 2023-2024 Civil Grand Jury Report Titled "Restaurant Exteriors: The Neglected Space"

Approve Reservoir 7 Tank Replacement Design

Water & Wastewater Resources Maintenance Manager Michael Patolo provided the staff report requesting the approval of an agreement with West Yost to provide engineering design services for the subject project. Water & Wastewater Resources Director Joshua Cosgrove addressed questions on the timeline for the project, seismic safety measures, and the potential for recycling reservoir materials.

It was moved by Councilmember Manalo, seconded by Councilmember Proaño and carried by voice vote to adopt the resolution.

Resolution 25-38, Authorizing Execution Of A Professional Services Agreement With West Yost To Provide Engineering Design Services For Reservoir 7 Tank Replacement Design

END OF CONSENT OF AGENDA

COMMUNICATIONS:

Approve and Authorize City Manager to Execute Agreement for the Improvements and Use of the Athletic Fields at Marchbank Park

City Manager Piccolotti provided the staff report requesting approval to enter into an agreement with Sacred Heart Cathedral Preparatory (SHCP) for improvements and use at Marchbank Park. Previously, the City entered into an MOU with SHCP in 2022 to capture the benefits of having a public/private partnership.

Dr. Melinda Skrade, President of SHCP, provided a brief history of the school and its mission. Phil Freed, Athletic Director, presented the partnership projects that SHCP has been involved in, the proposed improvements for Marchbank Park, partnership benefits from the project and the terms of agreement. Dr. Skrade addressed questions that were raised by the Council in 2022, including ensuring access to underserved youth to participate in SHCP's athletics programming.

Mark Baginski, Verde Design, addressed questions on using synthetic turf versus natural grass, entryways into the parking structure, seating capacity, and the backstop design. Phil Freed addressed questions on impacts to neighborhood parking, plans for the playground area, and the potential to accommodate other sports at the park. Dr. Skrade addressed questions on stadium lights, renovation costs, coordination of park use scheduling, and whether the park will display SHCP's logos.

City Manager Piccolotti addressed questions on City events held at Marchbank Park, plans for the park's walking path, current revenues from Marchbank Park, and the scheduling for the City's annual event, Kasayahan. Piccolotti also noted the project would provide an opportunity for the fastest growing sport of girls flag football. City Attorney Zimmerman addressed questions on the terms of the agreement.

It was moved by Councilmember Manalo, seconded by DiGiovanni and carried by unanimous roll call vote to adopt the resolution.

Resolution 25-39, Authorizing Execution Of Agreement With Sacred Heart Cathedral Preparatory School For The Improvements And Use Of Marchbank Park

AWARD OF BIDS/CONTRACTS:

Appropriate Funds and Award Construction Contract for the Santa Barbara Ave. & Vista Grande Ave. Green Stormwater Infrastructure and Pedestrian Improvement Project

Civil Engineering Associate Alex Yuen provided the staff report to accept all bids, award the contract to FJ&I Engineering Inc. in the amount of $ 173,495, and authorize the requested funding allocations to fund the project. Staff addressed questions on the proposed pedestrian safety improvements and the outreach to surrounding schools and residents in the area.

It was moved by Councilmember Manalo, seconded by Proaño and carried by unanimous roll call vote to adopt the resolution.

Resolution 25-40, Authorizing Appropriation Of Funds And Execution Of Construction Contract With FJ&I Engineering Inc. For The Santa Barbara Avenue & Vista Grande Avenue Green Stormwater Infrastructure And Pedestrian Improvement Project

ORDINANCES:

Second Reading, Ordinance No. 1480, Amending the Daly City Zoning Map, Rezoning 2150 Geneva Avenue From Light Commercial to Heavy Commercial (C2)

City Attorney Zimmerman provided the second reading of Ordinance 1480 and addressed Council's concerns.

It was moved by Councilmember Manalo, seconded by Councilmember DiGiovanni and carried by unanimous roll call vote to adopt the ordinance.

Ordinance 1480, Amending the Daly City Zoning Map By Rezoning 2150 Geneva Avenue From Light Commercial (C1) to Heavy Commercial (C2) (APN 005-050-020) 2150 Geneva Avenue, Daly City

Second Reading, Ordinance No. 1481, Approving Development Agreement Between the City of Daly City and Cormorant Energy Storage, LLC

It was moved by Councilmember Manalo and seconded by Councilmember DiGiovanni to adopt the ordinance.

The project sponsor addressed Councilmember Proaño's request to have additional outreach to the residents of the Bayshore, and addressed questions on the outreach conducted by Cormorant thus far. The Council made deliberations and came to a consensus to have additional outreach by way of mailers to a 1-mile radius surrounding the project site. Councilmember Manalo accepted the friendly amendment to her motion.

It was moved by Councilmember Manalo, seconded by Vice Mayor Sylvester and carried by unanimous roll call vote to adopt the ordinance, as amended.

Ordinance 1481, An Uncodified Ordinance Approving A Development Agreement Between The City Of Daly City And Cormorant Energy Storage, LLC (APN 005-050-020) 2150 Geneva Avenue

APPOINTMENTS:

It was moved by Councilmember Sylvester, seconded by Mayor Daus-Magbual and carried to appoint Cristina Bernal to the Personnel Board.

REPORTS:

Council Committee:

San Mateo County Pre-Hospital Emergency Medical Services Group (Sylvester)
Emergency Services Council (Sylvester)
CDBG Advisory Committee (Daus-Magbual/Manalo)
Development Committee (Daus-Magbual/Manalo)
Peninsula Clean Energy (PCE) (Daus-Magbual)
City/County Association of Governments of San Mateo County (C/CAG) (Manalo)
Ethics Committee (Daus-Magbual/Sylvester)

City Council

Councilmember Manalo reported attendance at the following events: the Sunset Soiree with Skyline College featuring the South San Francisco and Daly City Colma Chambers of Commerce to highlight their programs, along with Councilmember Proaño; the 25th anniversary of the Walkabout Celebration; the Leadership Summit with AAPI leaders, legislators and elected officials from across the state at the Warner Brothers Studio; the Black History Month celebration at City Hall; the Bocce Ball event with Fire and Police personnel, along with Marian Mann and local seniors; the Council of Cities Dinner at Original Joe's, thanking Mayor Daus-Magbual for his leadership; as a committee appointee, two meetings with the San Mateo Housing and Community Development Committee (HCDC) which makes recommendations to the Board of Supervisors related to housing funds; the Daly City Colma Chamber of Commerce Crab Feed; the Budget Study Session; and the Bites & Beats For a Cause event, a woman empowerment event to highlight women organizations, hosted at Ling Nam Restaurant.

Councilmember Proaño reported on upcoming events: the President's Breakfast for Skyline College hosted by the President's Council on Thursday, March 20 at 7:30 AM at Skyline College; the DCPLA's St. Patrick's Day Luncheon to help Daly City's libraries on Thursday, March 13; and the 100- year anniversary of the Our Lady of Perpetual Help Church with a kick-off mass on March 15 at 10:00 AM.

Councilmember DiGiovanni noted the Town of Colma having its own police dispatch services. DiGiovanni reported attendance at the following events: the Walkabout exercise event, along with Councilmembers Proaño and Manalo; the Bocce Ball event, acknowledging the Police Department, Marian Mann, Andrea and Director Brown; and the Budget Study Session, acknowledging Director Nevin, Assistant to the City Manager Ramos, and City Manager Piccolotti.

Mayor Daus-Magbual reported on upcoming events: the Women's History Month celebration at City Hall on March 27 at 5:30 PM, to be followed by the inaugural meeting of the Women's Commission on the same day; the debut of Korean market Jagalchi at Serramonte Center on March 28; the inaugural Arab American Heritage Month celebration at City Hall on April 5 from 12:00-3:00 PM; and the Mayor's State of the City Address on March 24 at 5:30 PM.

Staff

City Manager Piccolotti notified the Council regarding staff's preparations for the potential storms.

ADJOURNMENT:

Mayor Daus-Magbual adjourned the meeting at 9:36 in memory of Pat Saunders and Flordevince Michael Morales Reyes.

Approved as submitted, this 24th

day of March, 2025.

____
City Clerk

Roderick Daus-Magbual
Mayor

City Council Agenda Report

Item # ______

Meeting Date: March 24, 2025

Subject: **Receive and File Housing Successor Agency Annual Report For Fiscal Year 2023-2024**

Recommended Action

It is recommended that the City Council receive and file the Housing Successor Agency Annual Report for Fiscal Year 2023-2024.

Background

The City of Daly City is the Housing Successor Agency to the former Daly City Redevelopment Agency, as established by resolution in January 2012. The Housing Successor Agency is required to complete an Annual Report regarding the Low and Moderate Income Housing Asset Fund pursuant to California Health and Safety Code Section 34176.1. The purpose of the report is to provide the governing body of the Housing Successor Agency with an annual report on the housing assets and activities of the Housing Successor Agency. The current report sets forth certain details of the City of Daly City's Housing Successor Agency activities for Fiscal Year 2023-2024.

The report is due to the California Department of Housing and Community Development ("HCD") by April 1st of each year and must be posted to the City's website. The report for Fiscal Year 2023-2024 will be submitted to HCD following official receipt by the City Council.

Discussion

In the Annual Report, for the Fiscal Year 2023-2024, the Housing Asset Fund received a total of $284,314 in revenues and expended a total of $202,199, of which $165,117 was administrative costs and $34,171 to provide emergency rental assistance through a contract with Daly City Partnership and critical home repairs through a contract with Rebuilding Together Peninsula, The Housing Asset Fund balance consists of cash, investments and assets held by the Housing Successor which as of June 30, 2024 has a fund balance of $4,264,444.

Summary/Conclusion

Staff recommends the City Council receive and file the Housing Successor Annual Report for Fiscal Year 2023-2024. Staff is available to provide any additional information desired by the Mayor or City Council Members.

Respectfully submitted,

Lenelle Suliguin
Housing and Community Development Manager

Tatum Mothershead
Director of Economic and Community Development

Attachment: Daly City Housing Successor Annual Report for Fiscal Years 2023-2024

HOUSING SUCCESSOR ANNUAL REPORT
FOR FISCAL YEAR 2023-24
City of Daly City

TABLE OF CONTENTS

INTRODUCTION

Following the dissolution of redevelopment in 2012, all former redevelopment agencies were required to designate a housing successor agency to receive all existing housing assets and assume any ongoing responsibilities related to the former agency's mandated 20% set aside for affordable housing. The City of Daly City established itself as the Housing Successor Agency ("Housing Successor") to the former Daly City Redevelopment Agency ("Agency") with the adoption of Resolution No. 12-11 dated January 23, 2012. In addition to overseeing housing assets and ensuring that all remaining funds are spent on affordable housing efforts, housing successors must report annually on their activities as required by Senate Bill 341. The Housing Successor Annual Report ("Annual Report") details the activity of the Housing Successor and establishes whether it is in compliance with various expenditure and asset requirements as outlined in Health and Safety Code ("HSC") Section 34176.1(f).

SCOPE OF THIS HOUSING SUCCESSOR ANNUAL REPORT

The Annual Report is limited to the City's activities as they relate to its role as Housing Successor, rather than all housing functions of the City in general. Housing successors typically establish a separate fund in order to isolate the former redevelopment agency housing assets and activities from any other City housing funds and activities. Prior to FY 2021-22, the City had maintained Housing Successor assets and activities in the Daly City Housing Development Finance Agency Fund (Fund 12) which also included non-Housing Successor fund sources not subject to Senate Bill 341 requirements. However, during FY 2021-22, the City established a separate Housing Set-Aside Fund (Fund 11) and transferred all housing successor assets, liabilities, and related activities to this fund. This Annual Report is based on funds and activity reported in Fund 11 for FY 2023-24.

The Annual Report is due to the State of California ("State") Department of Housing and Community Development ("HCD") by April 1 annually and must be accompanied by an independent financial audit. The City's audited financial statements will be posted on the City's website when available.

ASSETS TRANSFERRED TO THE HOUSING SUCCESSOR

Upon the statewide dissolution of redevelopment in 2012, all rights, powers, committed assets, liabilities, duties, and obligations associated with the housing activities of the Agency were transferred to the Housing Successor. The Housing Successor prepared a Housing Asset Transfer ("HAT") Form that provided an inventory of all housing assets transferred from the Agency to the Housing Successor. This included:

1. Real properties;
2. Personal Property;
3. Low- and Moderate-Income Housing Fund ("LMIHF") encumbrances;
4. Loans/Grants Receivables; and
5. Deferrals.

The HAT was approved by the California Department of Finance ("DOF") on August 30, 2012. It is important to distinguish that housing assets that were not transferred from the former Agency or generated by or purchased with assets from the former Agency, are not subject to HSC Section 34176.1.

A copy of the HAT is provided as Appendix 1.

BACKGROUND

This Section summarizes the legal requirements for use of Housing Successor assets that are addressed in this Report.

LEGAL REQUIREMENTS PERTAINING TO HOUSING SUCCESSORS

In general, housing successors must comply with three major requirements pursuant to HSC Section 34176.1:

1. Expenditures and housing production are subject to income and age targets.
2. Housing successors may not accumulate an "excess surplus," or a high unencumbered cash balance based on certain thresholds.
3. Properties must be developed with affordable housing or sold within five to ten years of DOF approving the HAT.

Appendix 2 provides a more detailed summary of the reporting requirements that are addressed in this Report.

PERMITTED USES OF HOUSING ASSET FUNDS

Pursuant to HSC Section 34176.1, former Agency assets and the revenues generated by those assets, are to be maintained in a Low- and Moderate-Income Housing Asset Fund ("Housing Asset Fund"). In the case of Daly City, Housing Successor funds and activities are recorded in Fund 11, also known as the Housing Set-Aside Fund. Housing Asset Funds may be spent on:

- **Administrative costs** for operation of the housing successor agency. The law allows a housing successor to spend the greater of:
    - $200,000 per year adjusted annually for inflation, or
    - 5% of the statutory value of real property owned by the housing successor and any loans or grants receivable on the HAT ("Portfolio"), whichever is greater.

  According to HCD, the $200,000 per year limit adjusted for inflation for FY 2023-24 is $263,100. The net value of the Housing Successor's Portfolio (after an allowance for uncollectibles) is $3,366,888, of which 5 percent is $168,344. Therefore, Daly City's FY 2023-24 annual administrative cost limit is $263,100, the greater of these two limit amounts.

- **Homeless prevention and rapid rehousing services** up to $250,000 per year if the former redevelopment agency did not have any outstanding inclusionary housing or replacement housing production requirements as of 2012. Daly City is eligible for this expense because the former Agency met its inclusionary housing and replacement housing production requirements upon dissolution.

- **Affordable housing development** assisting households up to 80 percent of the Area Median Income ("AMI"), subject to specific income and age targets over a five- or ten-year period.

  Five-Year Income Proportionality on Development Expenditures: Any Housing Asset Funds may be spent on development of affordable housing projects affordable to low, very low, and extremely low-income households. "Development" is defined in HSC Section 33413 as new construction, acquisition, rehabilitation, or the preservation of affordable housing developments.

  During each five-year compliance period, the first one running from FY 2013-14 through FY 2018-19 and the second (current) one beginning July 1, 2019, at least 30 percent of any development expenditures must assist extremely low-income households (up to 30 percent AMI), while no more than 20 percent may assist low-income households (between 60-80 percent AMI). The balance of such expenditures may be used on very low-income households (households earning between 30-60 percent AMI).

Note that housing successors must report expenditures by category each year, but compliance with income proportionality limits is measured every five years. For example, a housing successor could spend all its funds in a single year on households earning between 60-80 percent AMI, as long as it was 20 percent or less of the total expenditures during the five-year compliance period.

Should a housing successor not spend at least 30 percent of its development expenditures for extremely low-income households, or exceeds the amount spent on low-income households, future expenditures are subject to greater restrictions until these proportionality targets are met.

Specifically, if a housing successor is unable to spend at least 30 percent of its development expenditures on extremely low units, it is required to increase this spending to 50 percent until compliant with the 30 percent threshold; a housing successor that spends more than 20 percent of its development expenditures on low-income units cannot spend any further funds on low-income developments until it is at or below the 20 percent threshold. As such, tracking these expenditures and their progress over the corresponding five-year period is an important function of the Annual Report.

Ten-Year Age Proportionality: If more than 50 percent of the total aggregate number of rental units produced by the city, housing successor, or former redevelopment agency during the past 10 years are restricted to seniors, the housing successor may not spend more Housing Asset Funds on senior rental housing.

It is important to stress that Housing Successor expenditure and production requirements are measured on different timeframes:

- **One-Year Limits:** Administrative Allowance and Homeless Prevention Allowance. Compliance evaluated annually and resets every year.

- **Five-Year Limit:** Expenditures by Income Level. Compliance evaluated over a fixed five-year period set by law. The second (current) period runs from July 1, 2019, to June 30, 2024.

- **Ten-Year Limit:** Number of Senior Deed-Restricted Units Assisted. Compliance evaluated based on a rolling ten-year period that is different every year.

Appendix 3 describes Housing Asset Fund expenditure requirements in more detail, including the types of costs eligible in each category.

LIMITS ON THE ACCUMULATION OF HOUSING FUNDS (EXCESS SURPLUS)

State law limits how much cash a housing successor may retain and, if it fails to commit and spend these funds in a reasonable timeframe, the housing successor must transfer unspent funds to HCD for use on State housing programs.

HSC Section 34176.1(d) establishes a limit, known as an "excess surplus" on the amount of unencumbered Housing Asset Fund cash based on the greater of:

- $1,000,000, or

- The total amount of deposits made into the Housing Asset Fund over the preceding four years.

Only amounts in excess of this threshold are considered an excess surplus. Once an excess surplus is determined, a housing successor must account for these funds separately and encumber said monies within three years. If after the third year the excess surplus has not been fully encumbered, the remaining balance of the excess surplus is to be transferred to HCD within 90 days. HCD is permitted to use these transferred excess surplus funds anywhere in the State under its Multifamily Housing Program or the Joe Serna, Jr. Farmworker Housing Grant Program.

As part of the Annual Report, a housing successor must disclose any excess surplus and describe the housing successor's plan for eliminating this excess surplus.

HOUSING ASSET FUND ACTIVITY

This section of the Report details the Housing Successor's activities during FY 2023-24 as reported in the City's Fund 11.

DEPOSITS AND FUND BALANCE

Table 1 reports the value of funds which were deposited into the Housing Asset Fund in FY 2023-24. The Housing Successor had net deposits of $284,314 consisting mostly of an allowable pass-through of tax increment revenue from the former Agency's Recognized Obligations Payment Schedule ("ROPS"). The other deposits consist of funds from investment earnings and loan repayments.

Table 1: Housing Asset Fund Deposits

Deposit Type		FY 2023-24
Investment Earnings		17,143
Loan Repayment		10,112
ROPS Payment		257,059
Total	**$**	**284,314**

Source: City of Daly City

EXPENDITURES

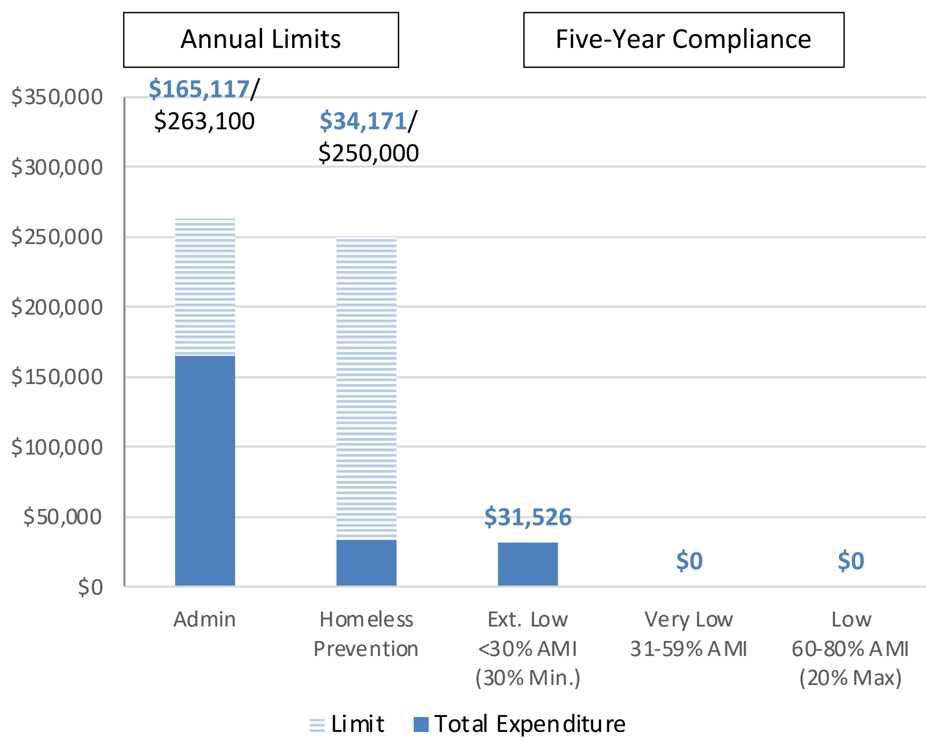
The Housing Successor may expend Housing Asset Funds to cover administrative costs, homeless prevention and rapid rehousing programs, or to assist the development of affordable housing. Administrative and homeless prevention expenditures are subject to annual compliance limits, while housing development expenditures are subject to five-year proportionality requirements.

The Housing Successor expended a total of $202,199 during FY 2023-24. Of the total amount expended, $165,117 was spent on administrative costs and $34,171 was used for emergency rental assistance through a contract with Daly City Partnership and critical home repairs contract with Rebuilding Together Peninsula. The administrative spending was well below the annual expenditure limit for FY 2023-24 of $263,100.

The Housing Successor has made two housing development related expenditures in the current five-year compliance period, FY 2019-20 through FY 2023-24. The first being $25,704 spent in FY 2022-23 on 493 Eastmoor, a 72-unit project being developed by The Core Companies. The second being $2,911 spent in FY 2023-24 on the same development. The project will be affordable to households earning up to 60 percent AMI. However, the Housing Successor's assistance is being allocated to assist 15 extremely low-income units within the project. Therefore, the Housing Successor is in compliance with the 30 percent spending threshold for extremely low-income households.

Figure 1 below illustrates the Housing Successor's compliance with annual and five-year expenditure requirements in FY 2023-24.

Figure 1: Compliance with Expenditure Limits FY 2023-24



The Housing Successor will ensure it continues to meet all annual and five-year compliance requirements for administrative, housing assistance, and development expenditures for the remainder of the five-year compliance period.

ENDING CASH AND FUND BALANCE

The Housing Asset Fund balance consists of cash, investments, and assets held by the Housing Successor. The Housing Asset Fund balance as of June 30, 2024, was $4,264,444, as summarized in

Table 2. It should be noted that the City's loans receivable are offset as "uncollectible" in the fund balance table because repayment is not expected unless borrowers fail to comply with certain deed restrictions.

Table 2: Housing Asset Funding – Ending Balance

Asset	FY 2023-24
Cash	$ 935,883
Gain/ (Loss) on Investment	38,698
Property Held for Development	3,366,888
Loan Receivable	2,409,888
Accounts Payable	(26,671)
Accrued Payroll	(2,060)
Allowance for Uncollectible	(2,409,888)
Encumbrances	(48,293)
Total Fund Balance	**$ 4,264,444**

Source: City of Daly City

HOUSING SUCCESSOR PORTFOLIO

The Housing Successor Portfolio includes two properties and several loans transferred from the former Agency on the HAT. Since dissolution, the Housing Successor has disposed of one property and added one new loan. As of FY 2023-24, the City had a portfolio value of $3,366,888, as detailed in Table 3 below.

As noted earlier, the value of the City's loans receivable is not included in the total portfolio value because repayment is not expected unless the borrowers fail to comply with deed restrictions.

Table 3: Real Properties and Loans Receivable

Asset	APN	FY 2023-24
Real Properties		
Carter/Martin	005 050 240	$ 3,366,888
Subtotal		$ 3,366,888
Loan Receivables		
First-Time Homebuyer Loans		
Loan - Mercy Housing 52		$ 1,456,109
Loan - 301 Habitat Way		23,168
Loan - 303 Habitat Way		23,168
Loan - 305 Habitat Way		23,168
Loan - 307 Habitat Way		23,168
Loan - 309 Habitat Way		23,168
Loan - 311 Habitat Way		23,168
Loan - 313 Habitat Way		23,168
Loan - 523 Delong St.		25,454
Loan - 529 Delong St.		38,182
Loan - 533 Delong St.		38,182
Loan - 539 Delong St.		38,182
Loan - Sweeney Lane[1]		3,078,390
Loan - Hillcrest Senior Housing		479,349
Loan - 7555 Mission St[2]		3,034,137
Loan - 7555 Mission St II[2]		898,800
Subtotal		*$ 9,248,961*
Allowance for uncollectible[3]		*$ (9,248,961)*
Portfolio Value		**$ 3,366,888**

Source: City of Daly City

(1) Sweeney Lane is a 52-unit affordable housing development built in 2015 and 2016 on assembled sites that include the former 206 and 208 Miriam properties.
(2) The sum of the original 7555 Mission St. loans ($3,034,137+$898,800) were divided and split amongst 36 homebuyers.
(3) The City does not expect payment on any of their loans, therefore the value of the loans is recorded as uncollectible.

REAL PROPERTY AND DISPOSITION STATUS

HSC Sections 33334.16 and 34176.1(e) require that all real properties acquired by the former Agency prior to February 1, 2012, and transferred to the Housing Successor be developed for affordable housing purposes or disposed of within five years from the date DOF approved the HAT, or August 30, 2017. If the City is unable to meet this deadline, the law allows for a five-year extension via adoption of a resolution. In the event that physical development for this purpose has not begun by the end of the extended period, the property shall be sold, and the proceeds shall be deposited into the Housing Asset Fund.

Pursuant to the HAT, the former Agency transferred two real properties to the Housing Successor and has since disposed of one. The City did not adopt a resolution extending the property disposition deadline but has been actively working to dispose of the one remaining property.

Properties Disposed

- Mission/ Miriam (APN 003-172-130, 140, 150, 170, and 003-160-170) - One property located at Mission and Miriam was sold to Mid-Peninsula Housing in 2015 for redevelopment as the Sweeney Lane Project, which consists of 52 housing units affordable to very low- and low-income households. A loan receivable from the developer of $2,420,000 was recorded in FY 2015, although the City does not expect repayment unless the developer fails to comply with its affordable housing loan agreement.

Properties Retained

- Carter/ Martin (APN 005-050-240) – Since 2020 the City has been in exclusive negotiations with Bridge Housing on a Disposition and Development Agreement to redevelop this property into more than 200 units of affordable housing. During FY 2022-23 the City determined that the site was subject to the Surplus Lands Act which has resulted in a delay in the anticipated development schedule for the site. Therefore, no agreement has been finalized as of yet. The City anticipates consideration of a finalized agreement during 2025. No Housing Successor Agency funds have been committed to this project.

LOANS RECEIVABLE

Nineteen loans receivable were transferred from the former Agency to the Housing Successor as part of the HAT approved by DOF on August 30, 2012. Since then, one new loan has been added to the Housing Successor's Portfolio.

- Mercy Housing 52 Loans: Three separate redevelopment loans were issued to Mercy Housing 52 to assist the development of two affordable housing projects including 24 units at Vista Grande and 47 units at School House Station. The three loans were combined into one loan at dissolution which continues to accrue interest.

- Habitat for Humanity Loans: The City oversees several Habitat for Humanity Loans to assist first-time homebuyers at multiple properties including 7 units at Habitat Way, 4 units at Delong Street, 2 units at Miriam Street, and 36 units 7555 Mission. None of the loans accrue interest and the City does not expect to collect on any of the loans unless the borrowers fail to comply with deed restrictions.

- Sweeney Lane: A total of $2,420,000 was loaned to assist the development of 52 affordable housing units located at 6800 Mission Street, on property that was transferred to the City on the HAT and sold in 2015. The Regulatory Agreement for Sweeney Lane stipulates that “no less than 49 percent of the units be occupied by households with incomes at or below 50% AMI and the remaining units be available to households with incomes not exceeding 85% AMI”.

- Hillcrest Senior Housing: The former Agency loaned $480,000 to Hillcrest Senior Housing Corporation in 2006 for the construction of a 39-unit affordable housing development. The Affordable Housing Covenant restricts occupancy of all 39 units to seniors living at 50% AMI or below for a term of 55 years. Annual payments on the loan shall be made with residual receipts, if any. At the end of the 55-year term, the note shall be forgiven in full if the property remains affordable.

SENIOR RENTAL HOUSING LIMIT COMPLIANCE

Pursuant to HSC Section 34176(b), a maximum of 50 percent of deed-restricted rental housing units assisted by the former Agency, Housing Successor, or City in the previous 10 years may be restricted to seniors. The Housing Successor, City, and former Agency have assisted four projects in the past ten years, which have no senior-restricted units, as shown in Table 4. Therefore, the City is in compliance with this requirement.

Table 4: Deed-Restricted Units Assisted – Prior 10 Years

FY 2014-15 through FY 2023-24

Property[1]	Year Assisted	Senior Units	%	Non-Senior Units	%	Total Units
Sweeney Lane	FY 16-17	0	0%	52	100%	52
1293 Hillside	FY 16-17	0	0%	18	100%	18
Midway Village Phase 1	FY 22-23	0	0%	145	100%	145
Total		**0**	0%	**215**	100%	**215**

Total Deed-Restricted Senior Units: 0%

Source: City of Daly City

(1) This list includes units that were assisted by the former Agency, Housing Successor, or City with a ground lease executed in the last 10 years

EXCESS SURPLUS

The Housing Asset Fund may not accumulate an "excess surplus", which is an unencumbered amount that exceeds the greater of $1 million or the sum of deposits in the prior four fiscal years. This requirement ensures that housing successors are actively spending available Housing Asset Funds on affordable housing.

Over the past four years, the Housing Successor had deposits totaling $980,580, which is less than $1 million, therefore the excess surplus limit for FY 2023-24 is $1 million. As of FY 2023-24, the Housing Successor had an unencumbered cash balance of $777,935, which is less than the $1,000,000 limit. Therefore, the Housing Successor did not have an excess surplus for FY 2023-24. This calculation, as shown in Table 5, follows the excess surplus methodology applied by HCD prior to redevelopment dissolution.

Table 5: FY 2023-24 Excess Surplus Elimination

Step 1: Determine Unencumbered Cash Balance From Financials				
FY 23-24 Beginning Cash Balance		826,228		
Less: Encumbered Funds[1]	$	(48,293)		
Unencumbered Amount			$	**777,935**

Step 2: Determine Greater of $1M or Last 4 Deposits						
$1 Million, or			$	1,000,000		
Last 4 years' deposits			$	980,580		
2022-23	*$*	*260,251*				
2021-22	*$*	*243,857*				
2020-21	*$*	*231,811*				
2019-20	*$*	*244,661*				
Result: Larger Number					**$**	**1,000,000**

Step 3: Excess Surplus is Amount Step 1 Exceeds Step 2			
(1) Unencumbered Amount	$	777,935	
(2) Less: Larger Number From Step 2	$	1,000,000	
Excess Surplus			**None**

Source: City of Daly City

(1) As of June 30, 2024

The Housing Successor will continue to ensure it does not accumulate an excess surplus in future years.

OTHER INFORMATION

TRANSFERS TO OTHER HOUSING SUCCESSORS

There were no transfers to another housing successor entity for a joint project pursuant to HSC Section 34176.1.

HOMEOWNERSHIP UNIT INVENTORY

Table 6 presents an inventory of affordable homeowner units assisted by the former Agency or Housing Successor that require restrictions, covenants, or an adopted program that protects Housing Asset Fund monies.

Table 6: Assisted Unit Inventory - Homeownership

Project Name / Address	Unit No.	Covenant Expiration	Affordability Period (Yrs)	Notes	Agency Loan amount
301 Habitat Way	na	11/30/50	45		$ 23,168
303 Habitat Way	na	11/30/50	45		$ 23,168
305 Habitat Way	na	11/30/50	45		$ 23,168
307 Habitat Way	na	11/30/50	45		$ 23,168
309 Habitat Way	na	8/2/66	45	resold	$ 23,168
311 Habitat Way	na	1/7/65	45	resold	$ 23,168
313 Habitat Way	na	11/30/50	45		$ 23,168
523 Delong St.	na	7/10/51	45		$ 25,454
529 Delong St.	na	7/10/51	45		$ 38,182
533 Delong St.	na	7/10/51	45		$ 38,182
539 Delong St.	na	7/10/51	45		$ 38,182
206 Miriam	na	4/22/56	45		$ 95,000
208 Miriam	na	4/20/56	45		$ 95,000
7555 Mission St.	101	6/24/58	45		$ 109,248
7555 Mission St.	102	6/21/58	45		$ 109,248
7555 Mission St.	103	6/13/58	45		$ 109,248
7555 Mission St.	104	7/3/58	45		$ 109,248
7555 Mission St.	105	6/20/58	45		$ 109,248
7555 Mission St.	106	6/12/58	45		$ 109,248
7555 Mission St.	107	8/30/58	45		$ 109,248
7555 Mission St.	108	6/24/58	45		$ 109,248
7555 Mission St.	109	8/30/58	45		$ 109,248
7555 Mission St.	110	7/31/58	45		$ 109,248
7555 Mission St.	111	8/26/58	45		$ 109,248
7555 Mission St.	112	10/31/58	45		$ 109,248
7555 Mission St.	201	6/19/58	45		$ 109,248
7555 Mission St.	202	6/21/58	45		$ 109,248
7555 Mission St.	203	8/6/58	45		$ 109,248
7555 Mission St.	204	6/14/58	45		$ 109,248
7555 Mission St.	205	6/12/58	45		$ 109,248
7555 Mission St.	206	6/26/58	45		$ 109,248
7555 Mission St.	207	6/21/58	45		$ 109,248
7555 Mission St.	208	6/11/58	45		$ 109,248
7555 Mission St.	209	6/11/58	45		$ 109,248
7555 Mission St.	210	6/24/58	45		$ 109,248
7555 Mission St.	211	6/21/58	45		$ 109,248
7555 Mission St.	212	7/31/58	45		$ 109,248
7555 Mission St.	301	8/16/58	45		$ 109,248
7555 Mission St.	302	6/17/58	45		$ 109,248
7555 Mission St.	303	6/18/58	45		$ 109,248
7555 Mission St.	304	6/18/58	45		$ 109,248
7555 Mission St.	305	8/7/58	45		$ 109,248
7555 Mission St.	306	6/27/58	45		$ 109,248
7555 Mission St.	307	3/10/59	45		$ 109,248
7555 Mission St.	308	6/20/58	45		$ 109,248
7555 Mission St.	309	8/1/58	45		$ 109,248
7555 Mission St.	310	6/12/58	45		$ 109,248
7555 Mission St.	311	6/24/58	45		$ 109,248
7555 Mission St.	312	8/7/58	45		$ 109,248

Source: City of Daly City

APPENDIX 1 – HOUSING ASSET TRANSFER FORM

DEPARTMENT OF FINANCE
HOUSING ASSETS LIST
ASSEMBLY BILL X1 26 AND ASSEMBLY BILL 1484
(Health and Safety Code Section 34176)

Former Redevelopment Agency: Daly City Redevelopment Agency

Successor Agency to the Former Redevelopment Agency: City of Daly City as Successor Agency to the Former Daly City Redevelopment Agency

Entity Assuming the Housing Functions of the former Redevelopment Agency: Daly City Housing Development Finance Agency

Entity Assuming the Housing Functions

Contact Name: Donald W. McVey | Title: Director of Finance and Administrative Services | Phone: 650/991-8048 | E-Mail Address: dmcvey@dalycity.org

Entity Assuming the Housing Functions

Contact Name: Brian Millar | Title: Director of Economic & Community Develo[pment | Phone: 650/991-8156 | E-Mail Address: bmillar@dalycity.org

All assets transferred to the entity assuming the housing functions between February 1, 2012 and the date the exhibits were created are included in this housing assets list.
The following Exhibits noted with an X in the box are included as part of this inventory of housing assets:

Exhibit A - Real Property	X
Exhibit B- Personal Property	
Exhibit C - Low-Mod Encumbrances	
Exhibit D - Loans/Grants Receivables	X
Exhibit E - Rents/Operations	
Exhibit F- Rents	X
Exhibit G - Deferrals	

Prepared By: **Betsy ZoBell**

Date Prepared: **7/30/12**

Exhibit A - Real Property

City of Daly City
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of Asset a/	Legal Title and Description	Carrying Value of Asset	Total square footage	Square footage reserved for low-mod housing	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant b/	Date of transfer to Housing Successor Agency	Construction or acquisition cost funded with Low-Mod Housing Fund monies	Construction or acquisition costs funded with other RDA funds	Construction or acquisition costs funded with non-RDA funds	Date of construction or acquisition by the former RDA	Interest in real property (option to purchase, easement, etc.)
1	Low-Mod Housing with Commercial Space	Mission/Miriam properties APN 003 172 170 APN 003 172 160 APN 003 172 130 APN 003 172 150 APN 003 172 140	$3,308,784	15,246	15,246	no		1/1/12	$3,308,784			October 2007	Fee
2	Mixed Income Housing	Carter/Martin property APN 005 050 240	$3,366,878	609,840	609,840	no		7/25/12		$3,366,878		December 1999	Fee
3													
4													
5													
6													
7													
8													
9													
10													
11													
12													
13													
14													
15													
16													
17													
18													
19													
20													

a/ Asset types may include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

b/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

City of Daly City
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Was the Low-Mod Housing Fund amount issued for a loan or a grant?	Amount of the loan or grant	Date the loan or grant was issued	Person or entity to whom the loan or grant was issued	Purpose for which the funds were loaned or granted	Are there contractual requirements specifying the purposes for which the funds may be used?	Repayment date, if the funds are for a loan	Interest rate of loan	Current outstanding loan balance
1	Loan	$315,508.00	7/26/95	California Limited Partnership (Vista Grande)	Affordable Housing Development	yes	12/31/68	3.00%	$315,508
2	Loan	$278,459.00	8/14/96	California Limited Partnership (School House Station)	Affordable Housing Development	yes	12/31/67	3.00%	$278,459
3	Loan	$234,041.00	8/14/96	California Limited Partnership (School House Station)	Affordable Housing Development	yes	12/31/67	3.00%	$234,041
4	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (301 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
5	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (303 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
6	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (305 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
7	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (307 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
8	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (309 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
9	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (311 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
10	Loan	$23,168.00	6/23/03	Habitat for Humanity GSF (313 Habitat Way)	Affordable Housing Development	yes	11/30/50	0.00%	$23,168
11	Loan	$25,454.00	5/24/04	Habitat for Humanity GSF (523 Delong St.)	Affordable Housing Development	yes	6/1/51	0.00%	$25,454
12	Loan	$38,182.00	5/24/04	Habitat for Humanity GSF (529 Delong St.)	Affordable Housing Development	yes	6/1/51	0.00%	$38,182
13	Loan	$38,182.00	5/24/04	Habitat for Humanity GSF (533 Delong St.)	Affordable Housing Development	yes	6/1/51	0.00%	$38,182
14	Loan	$38,182.00	5/24/04	Habitat for Humanity GSF (539 Delong St.)	Affordable Housing Development	yes	6/1/51	0.00%	$38,182
15	Loan	$95,000.00	7/29/09	Habitat for Humanity GSF (206 Miriam)	Affordable Housing Development	yes	7/29/54	0.00%	$95,000
16	Loan	$95,000.00	7/29/09	Habitat for Humanity GSF (208 Miriam)	Affordable Housing Development	yes	7/29/54	0.00%	$95,000
17	Loan	$480,000.00	7/1/06	Hillcrest Senior Housing Inc.	Affordable Housing Development		7/1/61	0.00%	$480,000
18	Loan	$3,034,137.00	8/12/09	Habitat for Humanity GSF (7555 Mission St.)	Affordable Housing Development	yes	45 years from date of Certificate of Occupancy	0.00%	$3,034,137
19	Loan	$898,800.00	8/12/09	Habitat for Humanity GSF (7555 Mission St.)	Affordable Housing Development	yes	45 years from date of Certificate of Occupancy	0.00%	$898,800

Exhibit F - Rents

City of Daly City
Inventory of Assets Received Pursuant to Health and Safety Code section 34176 (a) (2)

Item #	Type of payment a/	Type of property with which the payments are associated b/	Property owner	Entity that collects the payments	Entity to which the collected payments are ultimately remitted	Purpose for which the payments are used	Is the property encumbered by a low-mod housing covenant?	Source of low-mod housing covenant c/	Item # from Exhibit A the rent is associated with (if applicable)
1	Rent	Low/Mod Housing with Commercial Space	Daly City Housing Development Finance Agency	Daly City Housing Development Finance Agency	Daly City Housing Development Finance Agency	Property Maintenance and Affordable Housing	no		1
2									
3									
4									
5									
6									
7									
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9									
10									
11									
12									
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17									
18									
19									
20									

a/ May include rents or home loan payments.

b/ May include low-mod housing, mixed-income housing, low-mod housing with commercial space, mixed-income housing with commercial space.

c/ May include California Redevelopment Law, tax credits, state bond indentures, and federal funds requirements.

APPENDIX 2 - HOUSING SUCCESSOR ANNUAL REPORT REQUIREMENTS

Health and Safety Code Section 34176.1(f)	
Housing Asset Fund Revenues & Expenditures	Total amount deposited in the Housing Asset Fund for the fiscal year. Amount of deposits funded by a Recognized Obligation Payment Schedule (“ROPS”). Statement of balance at the close of the fiscal year. Description of Expenditures for the fiscal year, broken out as follows: • Homeless prevention and rapid rehousing • Administrative and monitoring • Housing development expenses by income level assisted Description of any transfers to another housing successor for a joint project.
Other Assets and Active Projects	Description of any project(s) funded through the ROPS. Update on property disposition efforts (note that housing successors may only hold property for up to five years, unless it is already developed with affordable housing). Other “portfolio” balances, including: • Statutory value of any real property either transferred from the former Agency or purchased by the Housing Asset Fund • Value of loans and grants receivable Inventory of homeownership units assisted by the former Agency or the housing successor that are subject to covenants or restrictions or to an adopted program that protects the former Agency’s investment of monies from the Low- and Moderate-Income Housing Fund.
Obligations & Proportionality	Description of any outstanding production obligations of the former Agency that were inherited by the Housing Successor. Compliance with proportionality requirements (income group targets), which must be upheld on a five-year cycle. Percentage of deed-restricted rental housing restricted to seniors and assisted by the former Agency, the Housing Successor, or the City within the past ten years compared to the total number of units assisted by any of those three agencies. Amount of any excess surplus, and, if any, the plan for eliminating it.

APPENDIX 3 – HOUSING ASSET FUND EXPENDITURE REQUIREMENTS

Health and Safety Code Section 34176.1		
Expense Category	Limits	Allowable Uses
Administration and Compliance Monitoring *Annual Limit*	**$263,100 limit** for FY 2023-24 (limit varies each year)	Administrative activities such as: • Professional services (consultant fees, auditor fees, etc.) • Staff salaries, benefits, and overhead for time spent on Housing Successor administration • Compliance monitoring to ensure compliance with affordable housing and loan agreements • Property maintenance at Housing Successor-owned properties Capped at $200,000 and adjusted annually for inflation or 5% of the statutory value of real property owned by the housing successor and the value of loans and grants receivable from the HAT ("Portfolio"), whichever is greater.
Homeless Prevention and Rapid Rehousing Solutions *Annual Limit*	**$250,000 maximum** per fiscal year	• Services for individuals and families who are homeless or would be homeless but for this assistance, including: • Contributions toward the construction of local or regional homeless shelters • Housing relocation and stabilization services including housing search, mediation, or outreach to property owners • Short-term or medium-term rental assistance • Security or utility deposits • Utility payments • Moving cost assistance • Credit repair • Case management • Other appropriate activities for homelessness prevention and rapid rehousing of persons who have become homeless.
Affordable Housing Development	No spending limit, but must comply with income and age targets	"Development" includes: • New construction • Acquisition and rehabilitation • Substantial rehabilitation • Acquisition of long-term affordability covenants on multifamily units • Preservation of at-risk units whose affordable rent restrictions would otherwise expire over the next five years

Health and Safety Code Section 34176.1		
Expense Category	Limits	Allowable Uses
	Income Targets *Fixed Five-Year Compliance Period: FY 2019-20 to FY 2023-24*	Every five years, Housing Asset Funds must meet income targets: • At least 30% on extremely low-income rental households (up to 30% AMI or "Area Median Income") • No more than 20% on low-income households (60-80% AMI) Moderate and above moderate-income households may not be assisted (above 80% AMI). Failure to comply with the extremely low-income requirement in any five-year compliance period will result in having to ensure that 50 percent of remaining funds be spent on extremely low-income rental units until in compliance. Exceeding the expenditure limit for low households earning between 60-80% AMI in any five-year reporting period will result in not being able to expend any funds on these income categories until in compliance.
	Age Targets *Rolling Ten-Year Period*	For the prior ten years (resets every year), a maximum of 50% of deed-restricted rental housing units assisted by the Housing Successor or its host jurisdiction may be restricted to seniors. If a housing successor fails to comply, Housing Asset Funds may not be spent on deed-restricted rental housing restricted to seniors until in compliance.

City Council Meeting Agenda Report

Item # _____

Meeting Date: March 24, 2025

Subject: **Setting Time and Place of Public Hearing Regarding Linda Vista Area of Benefit Fiscal Year 2025-2026**

Recommended Action

Set May 12, 2025 as the date for public hearing to establish the services and assessments for Linda Vista Area of Benefit for Fiscal Year 2025-2026.

Background

The City Council established the Linda Vista Area of Benefit on February 12, 1990, to provide for the maintenance of storm water detention basins and other storm facilities within the Linda Vista and Bay Ridge Subdivisions and the downstream Outfall Channel, through annual Benefit Assessments. It is necessary to re-establish each year the assessment rate for the coming fiscal year.

Discussion

Per the Government code that empowers the City Clerk to proceed, I have set the Public Hearing for the Linda Vista Assessment District for the Regular City Council Meeting of May 12, 2025, at 7:00 P.M.

All agencies, districts and parties interested will be notified by mail. The Notice of Hearing will also be posted in the Linda Vista Area of Benefit area as well as in City Hall and the public libraries.

Summary/Conclusion

Staff is available to provide any additional information desired by the Mayor or Councilmember.

Respectfully submitted,

K. Annette Hipona

K. Annette Hipona
City Clerk

City Council Agenda Report

Item # ______

Meeting Date: March 24, 2025

Subject: Accept and Appropriate $800,000 from HUD Community Project Funding Grant for Childcare Center at 1401 Sullivan Street

Recommended Action

It is recommended that the City Council accept and appropriate $800,000 from the Community Project Funding Grant awarded to the City by the U.S. Department of Housing and Urban Development for the purpose of development of a childcare center at 1401 Sullivan Street.

Background

In November of 2022, the Council voted to allocate $1,000,000 in American Rescue Plan Act funds to develop a new childcare facility that would serve low-income Daly City families. Subsequently, the Council voted to authorize the use of City-owned property located at 1401 Sullivan Avenue for the purpose of developing a 4,000 square foot early learning center and that the project be recognized as a capital project under the City's Capital Improvement Plan. Council also authorized entering into a Memorandum of Understanding with Peninsula Family Services to operate the proposed center.

Since 2023 an additional $570,230 has been allocated to the project from the City's regular Community Development Block Grant funds. An architectural contract with Dorman Associates was executed in December of 2023 and conceptual drawings should be available for City consideration in April of 2025.

In April of 2022 the City submitted a proposal to the Office of Congresswoman Jackie Speier for additional funding for the envisioned childcare facility. The City's proposal was accepted as one of 15 that the Congresswoman forwarded to House Appropriations Committee for funding in 2023. A contract with HUD for the $800,000 was executed in March of 2024.

Fiscal Impact

This will increase the available budget of the project by $800k funded by the Community Project Funding Grant for the development of a childcare center at 1401 Sullivan St.

Summary/Conclusion

Staff recommends the City Council adopt a resolution to accept and appropriate $800,000 in Community Project Grant Funding from HUD for the proposed childcare center. Staff is available to provide any additional information desired by the Mayor or City Council Members.

Respectfully submitted,

Tatum Mothershead
Economic and Community Development Director

City Council Meeting Agenda Report

Item # _____

Meeting Date: March 24, 2025

Subject: **Set Time and Place for a Public Hearing to Consider One-Year HUD Action Plan for Fiscal Year 2025-26**

Recommended Action

Set a Public Hearing for May 12, 2025 for the purpose of citizen review and comment on Daly City's One-Year Action Plan under the Community Development Block Grant (CDBG) and HOME programs for FY 2025-26, the third year of a Five Year HUD Consolidated Plan.

Background

The One-Year Action Plan identifies how CDBG and HOME monies will be allocated. Prior to Council allocating these funds for FY 2025-26, the Department of Housing and Urban Development (HUD) requires the City to hold a public hearing to allow for citizen comment on Daly City's proposed One-Year Action Plan for Fiscal Year 2025-26.

Discussion

CDBG funds can be used for various activities including Administration, Economic Development, Capital Projects, Housing and Public Services. HOME funds may be used for activities that expand the supply of decent, affordable housing for lower income families.

The City has not yet been informed of its FY 2025-26 CDBG and HOME allocations. However, in order to ensure compliance with public review requirements for the draft Action Plan, the City has prepared the draft FY 2025-26 Action Plan and incorporated contingencies should the actual CDBG and HOME allocations differ from what is estimated in its FY 2025-26 CDBG budget. The draft Action Plan will be finalized and submitted to HUD only after the City receives official notification of its FY 2025-26 CDBG and HOME allocations.

Pursuant to the City's Community Participation Plan, the City's HUD Action Plans will be available for a 30-day public comment period prior to the public hearing and Council consideration. Daly City's draft FY 2025-26 Action Plan will be available at City Hall and all City libraries for a 30-day review period beginning April 10 through May 12. Notice of the availability of this document and a summary of the draft FY 2025-26 Action Plan will be published in *The Examiner* and made available on the City's web site.

Summary/Conclusion

Staff is available to provide any additional information desired by the Mayor or Councilmembers.

Respectfully submitted,

Lenelle Suliguin

Lenelle Suliguin
Housing and Community Development Supervisor

Tatum Mothershead
Director, Economic & Community Development

City Council Agenda Report

Item # _____

Meeting Date: March 24, 2025

Subject: **Set Time and Place of Public Hearing – Proposed Increases and Updates to the Master Fee Schedule**

Recommended Action

It is recommended that the City Council set the time and place for a public hearing on April 28, 2025, at 7:00 pm to review Proposed Increases and Updates to the Master Fee Schedule.

Background

At its meeting on July 11, 2022, the City Council reviewed the Daly City User Fee Study and adopted an updated Daly City Master Fee Schedule. At that meeting, staff recommended that the City Council review the Master Fee Schedule and any proposed increases and updates to the Schedule on an annual basis. The public hearing proposed for April 28, 2025, is to approve the recommended FY 2026 Master Fee Schedule increases and updates.

Discussion

Staff recommends that the City Council approve increases and updates to the Master Fee Schedule at the City Council meeting on April 28, 2025. Copies of the proposed fee increases will be available for public inspection no later than Thursday, April 17, 2025, on the City's website at www.dalycity.org.

Staff is available to provide any additional information desired by the Mayor or City Councilmembers.

Respectfully submitted,

Amanda Halbur
Assistant Director of Finance and
Administrative Services

Meeting Date: March 24, 2025

Subject: Approval of First Amendment to Exclusive Rights Negotiating Agreement between the City of Daly City and JM McLennan Development for Property at 1837 Junipero Serra Boulevard, Daly City, California

Recommendation

Approve the First Amendment to the Exclusive Negotiating Agreement ("First Amendment to ERNA"), authorizing an extension of term between the City of Daly City and JM McLennan Development, and authorizing the City Manager or his designee to execute said agreement.

Background

After the release of an RFP and an extensive review and interview process, the City Council selected JM McLennan as the preferred developer for the City-owned property at 1837 Junipero Serra Boulevard at its regular meeting on October 24, 2022.

On March 13, 2023, the City Council approved a draft Exclusive Rights Negotiating Agreement executed on January 8, 2024. ("ERNA") The ERNA established a ten-month term to complete the negotiations, project design, and preparation of a Disposition and Development Agreement with the option for the City Manager to extend for an additional six months. It further allows a second six-month extension by the City Council, which is what is before the City Council this evening.

The ENRA is currently set to terminate on May 8, 2025, unless extended by mutual written agreement of the City and Developer. The Parties desire to continue to negotiate in good faith for the development of the Property and have made substantial progress in the negotiations. They now desire to amend the term and extend the ERNA for an additional six (6) months to November 8, 2025.

Discussion

The JM McLennan Development proposal reflected a mixed-use hotel/residential concept, including 180 hotel rooms, 40 studios for flexible use (short-term rentals, extended stay, or apartments), ten top-floor condominium units, a 30,000-square-foot conference center, and a 30,000-square-foot athletic club. JM McLennan has continued to show due diligence by refining the project design and pursuing financing for the project.

The Parties now seek to amend the ERNA Term for an additional six months to November 8, 2025, with further amendments to include the City Manager may extend the term for up to two additional six-month periods if the City Manager determines that the Parties have made substantial negotiations to merit such extensions. Any further extension beyond the extended terms shall require approval by the City Council.

All prior terms and conditions in the ENRA and subsequent extensions remain in full force and effect. Any inconsistent provisions are hereby repealed and replaced with the terms outlined in this First Amended Agreement. Both the City and the Developer will continue to be bound to the original terms for the extended term of this First Amendment to ERNA.

The ERNA does not commit the City to selling or the developer to buy the property. It is a contract whereby the City and Developer agree to negotiate in good faith during the term of the ENA to prepare a Disposition and Development Agreement (DDA) for future consideration by the City Council.

Conclusion

Staff recommends that the City Council approve the attached Draft First Amendment to the Exclusive Rights Negotiating Agreement and authorize the City Manager or his designee to execute said agreement.

Respectfully submitted,

Tatum Mothershead
Director, Economic and Community Development

Rose Zimmerman
City Attorney

Attachment

1. Exclusive Negotiating Rights Agreement (ERNA)
2. Draft First Amendment to Exclusive Negotiating Rights Agreement (First Amendment to ENRA)

EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT

THIS EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this "**Agreement**") is entered into effective as of January 8, 2024 ("**Effective Date**") by and between the City of Daly City, a municipal corporation (**"City"**) and JM McLennan Development (Partnership/LLC) ("**Developer**"). City and Developer are hereinafter referred to collectively as the "**Parties**."

RECITALS

A. The former Daly City Redevelopment Agency ("Dissolved Redevelopment Agency") owned that certain property located at 1837 Junipero Serra Blvd., Daly City, California, as more fully described and mapped in the attached Exhibit A (the **"Property"**) prior to dissolution of the Dissolved Redevelopment Agency pursuant to California law.

B. The Dissolved Redevelopment Agency acquired the Property to assist in the redevelopment of the Property consistent with the goals and objective of the Junipero Serra Redevelopment Plan (the "Redevelopment Plan"), which goals and objectives include the alleviation of blighting conditions and the stimulation of development in the former Daly City Redevelopment Project Area (the "Project Area").

C. In accordance with Health and Safety Code Section 34191.5 the Successor Agency prepared a Long-Range Property Management Plan (the "LRPMP") which LRPMP was approved by the Oversight Board to the Successor Agency and the California Department of Finance.

D. The LRPMP designates the Property to be transferred to the City for future development.

E. The City is the owner of the Property as more particularly described in Exhibit A.

F. The City has solicited and evaluated development proposals for the Property, and based upon such evaluation, has selected Developer as the entity with which to enter exclusive negotiations for redevelopment of the Property.

G. After the release of an RFP and an extensive review and interview process, the City Council selected Developer to develop the Property. Since that time, staff was made aware of the requirements of the Surplus Lands Act (SLA) and has sought to pursue a development that would comply with or be exempt from the provisions of the SLA.

H. Developer has proposed developing the Property with a Mixed-Use Development project further described in Exhibit "B" (the "**Project**"). Developer proposes a development mix that could include 300 residential units (25% would be affordable), 63 hotel rooms, a 34,000 square foot athletic club, and a 7,000 square foot conference center. While some of these features may change as more refined plans are prepared, the residential unit count and affordability, which could comply as an exemption of the SLA.

I. The purpose of this Agreement is to establish the procedures and standards for the negotiation of a potential disposition and development agreement (**"DDA"**) that would address: (i) the disposition of the Property from the City to Developer, and (ii) Developer's development of the Project on the Property. As more fully set forth below, this Agreement does not obligate the City to execute a DDA or convey the Property, or any portion thereof, to Developer, nor does it grant Developer the right to develop the Project on the Property.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Incorporation of Recitals. The Recitals set forth above, and all defined terms set forth in such Recitals and in the introductory paragraph preceding the Recitals, are hereby incorporated into this Agreement as though set forth in full.

2. Good Faith Efforts to Negotiate. The Parties shall use their best efforts to negotiate a DDA that will describe the terms and conditions governing the conveyance of the Property and the development of the Project on the Property. The Parties shall diligently and in good faith pursue such negotiations. This Agreement does not impose a binding obligation on City to convey any portion of, or interest in, the Property to Developer, nor does it obligate City to grant any approvals or authorizations required for the Project (including the DDA). Without limiting the generality of the foregoing, Developer expressly acknowledges that any agreement resulting from the negotiations contemplated hereby shall become effective only if the agreement is approved by the City Council following compliance with all applicable notice and hearing requirements and compliance with all other requirements of law, including without limitation the California Environmental Quality Act (**"CEQA"**).

3. Developer's Exclusive Right to Negotiate With City. City agrees that it will not, during the term of this Agreement (**"Term"**), directly or indirectly, through any officer, employee, agent, or otherwise, solicit, initiate or encourage the submission of bids, offers or proposals by any person or entity with respect to the acquisition of any interest in the Property or the development of the Property, and City shall not engage any broker, financial adviser or consultant to initiate or encourage proposals or offers from other parties with respect to the disposition or development of the Property or any portion thereof. Furthermore, City shall not, directly, or indirectly, through any officer, employee, agent or otherwise, engage in negotiations concerning any such transaction with, or provide information to, any person other than Developer and its representatives with a view to engaging, or preparing to engage, that person with respect to the disposition or development of the Property or any portion thereof.

4. Term. The Term shall commence on the Effective Date and shall terminate Ten (10) months thereafter, unless extended or earlier terminated as provided herein. The Term may be

extended for up to a maximum of six (6 additional months upon the mutual written agreement of Developer and City or upon approval of the City Manager if the City Manager determines in his sole discretion that the Parties have made substantial progress in their negotiations to merit such extension. The Parties may, with City Council approval, agree to additional extensions. If a DDA has not been executed by the City and Developer (or an entity related to Developer and approved by the City) by the expiration of the Term (as the Term may have been extended pursuant to this Section), then this Agreement shall terminate, and neither Party shall have any further rights or obligations under this Agreement except such rights and obligations that expressly survive termination.

5. Good Faith Deposit. In consideration for this Agreement, Developer has, prior to City's execution of this Agreement, provided to City a cash deposit in the amount of Two-Hundred Fifty Thousand Dollars ($250,000) (the "**Good Faith Deposit**"). During the Term, City shall invest the Good Faith Deposit for purposes of earning interest thereon. If the Parties enter a DDA, the Good Faith Deposit shall be disposed of as specified in the DDA. If this Agreement is terminated without execution of a DDA for any reason, other than an Event of a Default (as hereinafter defined) by Developer, then the Good Faith Deposit and any interest earned thereon, less any amounts expended to reimburse City for City Costs as provided in Section 6 below, shall be refunded promptly to Developer. If this Agreement is terminated as a result of an Event of Default, then the Good Faith Deposit and any interest earned thereon shall be disposed of as more fully provided in Section 12.4. If at any time prior to the Parties entering into a DDA, City Costs (as defined in Section 6) are incurred in an aggregate amount that equals or exceeds the amount of the original Good Faith Deposit, the Developer shall replenish the Good Faith Deposit in increments of Ten Thousand Dollars ($10,000) each upon the written request of the City, subject to a maximum amount of expenses to be reimbursed of Forty Thousand Dollars ($40,000).

6. Costs and Expenses. The Good Faith Deposit may be used to cover consulting costs and legal fees reasonably incurred in accordance with this Agreement for the development of Property. (collectively, "**City Costs**"). City shall notify Developer monthly in writing of the amount drawn by City to pay City Costs. The notice shall include copies of all invoices paid from the Good Faith Deposit.

7. Termination.

7.1 Termination by Agreement. This Agreement may be terminated at any time by the mutual written consent of the Parties. In the event of such termination, subject to Section 7.4, the remaining Good Faith Deposit shall be repaid to Developer neither Party shall have any further rights against or liability to the other under this Agreement.

7.2 Termination by City for Cause. City shall have the right to terminate this Agreement upon City's good faith reasonable determination that Developer is not negotiating diligently and in good faith, which shall be the tasks described under the schedule of performance set forth in Exhibit "B" City shall exercise such right by delivering not less than ten (10) business days' advance written notice to Developer describing the nature of Developer's default and the termination date. If Developer does not commence to cure the default and resume negotiations in good faith within such ten (10) business day period, City may terminate this Agreement effective as of the termination date stated in the notice. In the event of termination by the City pursuant to this Section 7.2, subject to Section 7.4, the remaining Good Faith Deposit and any interest earned thereon shall be repaid to Developer and neither Party shall have any further rights against or liability to the other under this Agreement.

7.3 Termination by Developer. Developer shall have the right to terminate this Agreement upon Developer's good faith reasonable determination that City is not negotiating diligently and in good faith. Developer shall exercise such right by delivering not less than ten (10) business days' advance written notice to City describing the nature of City's default and the termination date. If City does not commence to cure the default and resume negotiations in good faith within such ten (10) business day period, Developer may terminate this Agreement effective as of the termination date stated in the notice. In addition, Developer shall have the right to terminate this Agreement, effective upon ten (10) days' written notice to City, if Developer determines, in the exercise of Developer's sole discretion, that the results of Developer's investigation of the Property are unsatisfactory with respect to Developer's desired development activities or if Developer is unable to obtain other necessary approvals, rights or interests. In the event of termination by the Developer pursuant to this Section 7.3, the remaining Good Faith Deposit and any interest earned thereon shall promptly be repaid to Developer and subject to Section 7.4, neither Party shall have any further rights against or liability to the other under this Agreement.

7.4 Effect of Termination. Upon the expiration of the Term as such may be extended, or upon the earlier termination of this Agreement, without the Parties having successfully negotiated and executed a DDA, this Agreement shall forthwith be void, and there shall be no further liability or obligation on the part of either of the Parties or their respective officers, employees, agents or other representatives; provided however, the provisions of Section 9.1 (Studies), Section 9.2(Access; Indemnity), Section 10 (Confidentiality), Section 12.4 (Liquidated Damages), and Section 14.7 (Indemnification) shall survive such termination. In no event shall either Party have the right to seek an award of damages as a result of the termination of this Agreement.

8. Compliance with CEQA. The Parties acknowledge that the Project description set forth in this Agreement is preliminary in nature and shall be described in further detail in the DDA to be negotiated during the Term. The Parties acknowledge that development of the Property for the Project will require the grant of discretionary land use entitlements subject to the City's normal review and approval process, that the Project must comply with CEQA, and that nothing in this Agreement is intended to or shall be interpreted as the grant of any approvals for development of the Project or the Property, or the modification or waiver of any City procedures or requirements. Without limiting the foregoing, the Parties acknowledge that the City retains discretion to (i) modify the Project as City may, in its discretion, determine to be necessary to comply with CEQA, (ii) select other feasible alternative and/or impose mitigation measures to avoid or minimize significant environmental impacts; (iii) balance the benefits of the Project against any significant environmental impacts prior to taking final action, if such impacts cannot otherwise be avoided; and/or (iv) determine not to proceed with the Project.

The Parties acknowledge that nothing in this Agreement shall be deemed a commitment by the City or Developer to enter into an agreement for conveyance or acquisition respectively of any interest in the Property or for the development of the Project. In addition, the Parties acknowledge that the final form of any agreement governing the development of the Property may contain matters not covered in this Agreement, and the provisions herein are not intended to exclude or preclude any other issues that may arise during negotiations.

Developer acknowledges that the Project must be evaluated under CEQA prior to City's approval of the DDA. If City determines that CEQA compliance requires preparation of an Environmental Impact Report ("EIR") for the Project, then provided this Agreement has not been terminated pursuant to and in accordance with Article 7 hereof i) City and Developer will select the consultant for preparation of the EIR; and ii) Developer will pay City's costs for environmental review, including the cost of City's EIR consultant. Developer's obligation to pay such costs shall be in addition to Developer's obligation to pay City expenses pursuant to Section 6.

9. Developer's Studies; Right of Access.

9.1 Developer's Studies. During the Term of this Agreement, Developer may prepare, at Developer's sole expense, any studies, surveys, plans, specifications, and reports (**"Developer's Studies"**) Developer deems necessary or desirable in Developer's sole discretion, to determine the suitability of the Property for the Project. Such studies may include, without limitation, title investigation, relocation analyses, marketing, feasibility, soils, seismic and environmental studies, financial feasibility analyses, and design studies. All this information will be submitted as part of CEQA compliance. Developer shall not be obligated to provide proprietary or financial information. . Developer's obligation to provide reports and studies pursuant to this Section 9.1 shall survive the expiration or earlier termination of this Agreement. Upon the expiration of the Term as such may be extended, or upon the earlier termination of this Agreement, without the Parties having successfully negotiated and executed a DDA.

9.2 Right of Access. Developer shall have the right of reasonable access to the Property for the purposes of inspection, environmental assessments, soils testing, and similar work. Developer shall be responsible for obtaining any additional rights of access to the Property from third parties that may be necessary to prepare Developer's Studies. The City may impose reasonable limitations on access to the Property and may require Developer to provide City with proof of insurance in compliance with City's requirements prior to performance of studies on the Property. ECD Director's written approval. g, Developer shall repair, restore, and return the Property and all improvements located thereon substantially similar to their condition immediately prior to any such testing at Developer's sole cost and expense. Developer shall at all times keep the Property free and clear of all liens and encumbrances related to Developer's inspection activities on the Property. .

Developer shall indemnify, defend, and hold the City and its elected and appointed officers, officials, employees, consultants, agents and representatives (collectively, the **"Indemnitees"**) harmless from and against all liability, loss, cost, claim, demand, action, suit, legal or administrative proceeding, penalty, deficiency, fine, damage and expense (including without limitation reasonable attorney's fees and of litigation) (all of the foregoing, collectively "**Claims**") arising out of Developer's and Developer's agents, employees, consultants, representatives and contractor's entry on the Property or otherwise arising out of the exercise of this right of access, provided that Developer shall have no obligation related to Claims resulting from the Indemnitees' gross negligence or willful misconduct, or Developer's mere discovery of information regarding the Property. Developer's defense and indemnity obligations pursuant to this Section 9.2 shall survive the expiration or earlier termination of this Agreement.

10. Confidentiality of Information. While desiring to preserve its rights with respect to treatment of certain information on a confidential or proprietary basis, Developer acknowledges that City will need sufficient, detailed information about the proposed Project to make informed decisions about the content and approval of the DDA. City will work with Developer to maintain the confidentiality of proprietary information subject to the requirements imposed on City by the Public Records Act (Government Code Section 6250 *et seq.*). Developer acknowledges that City may share information provided by Developer of a financial and potential proprietary nature with third party consultants who have been contractually engaged to advise City concerning matters related to this Agreement and/or the DDA and to City Council members as part of the negotiation and decision-making process. City shall inform third party consultants of the confidential nature of such financial and potential proprietary information. If this Agreement is terminated without the execution of a DDA, City shall return to Developer any confidential information submitted by Developer under this Agreement. If any litigation is filed seeking to make public any information Developer submitted to City in confidence, City and Developer shall cooperate in defending the litigation if Developer elects not to make public the information in question.

11. Execution of Definitive Agreement. The City shall have no legal obligation to grant any approvals or authorizations for the Project prior to City Council approval of the Project and related agreements following compliance with CEQA and all other applicable requirements of law.

12. Defaults and Remedies.

12.1 Default. In the event either Party breaches its obligations under this Agreement, the non-defaulting Party shall give written notice of a default to the defaulting Party specifying the nature of the default and the required action to cure the default. If a default remains uncured ten (10) days after receipt by the defaulting Party of such notice, the non-defaulting Party may exercise the remedies set forth in Subsections 12.2, 12.3, and 12.4 below, as applicable.

12.2 Remedies for City Default. In the event of an uncured default by City hereunder, Developer's sole remedy shall be to terminate this Agreement upon which termination, Developer shall be entitled to repayment of the remaining Good Faith Deposit and any interest earned thereon, as further provided in Section 5 and neither Party shall have any further right, remedy or obligation under this Agreement; provided however, any obligation under a specific provision of this Agreement for a Party to pay or reimburse the other Party for a cost or to provide indemnity and defense shall survive such termination. Except as expressly provided herein, neither Party shall have any liability to the other for damages or otherwise for any default, nor shall either Party have any other claims with respect to performance under this Agreement. Each Party specifically waives and releases any such rights or claims they may otherwise have at law or in equity.

12.3 Remedies for Developer Default. In the event of an uncured default by Developer, City's sole remedy shall be to terminate this Agreement and to retain the Good Faith Deposit and any interest earned thereon as further set forth in Subsection 12.4 below. Following such termination, neither Party shall have any right, remedy, or obligation under this Agreement; provided however, any obligation under a specific provision of this Agreement for a Party to pay or reimburse the other Party for a cost or to provide indemnity and defense shall survive such termination.

12.4 Liquidated Damages. IN THE EVENT OF TERMINATION DUE TO DEVELOPER'S DEFAULT AS DESCRIBED IN THIS SECTION 12 ABOVE, THE GOOD FAITH DEPOSIT (OR, AS APPLICABLE, SUCH PORTION THEREOF WHICH HAS NOT BE DRAWN AGAINST BY THE CITY FOR CITY COSTS) MAY BE RETAINED BY CITY AS LIQUIDATED DAMAGES AND AS ITS PROPERTY WITHOUT ANY DEDUCTION, OFFSET OR RECOUPMENT WHATSOEVER. THE PARTIES AGREE THAT THE DAMAGES SUFFERED BY CITY BY REASON OF A DEVELOPER DEFAULT WOULD BE UNCERTAIN AND THAT SUCH DAMAGES WOULD INVOLVE SUCH VARIABLE FACTORS AS THE CONSIDERATION THAT ANOTHER DEVELOPER WOULD PAY FOR THE PROPERTY; THE EXPENSES OF CONTINUING THE OWNERSHIP AND CONTROL OF THE PROPERTY AND OF IDENTIFYING OTHER INTERESTED PARTIES AND NEGOTIATING WITH SUCH PARTIES; POSTPONEMENT OF TAX REVENUES TO THE COMMUNITY; AND THE FAILURE OF CITY TO EFFECT ITS PURPOSES AND OBJECTIVES WITHIN A REASONABLE TIME, RESULTING IN ADDITIONAL IMMEASURABLE DAMAGE AND LOSS TO CITY. IT IS IMPRACTICABLE AND EXTREMELY DIFFICULT TO FIX THE AMOUNT OF SUCH DAMAGES TO CITY, BUT THE PARTIES ARE OF THE OPINION, UPON THE BASIS OF ALL INFORMATION AVAILABLE TO THEM, THAT SUCH DAMAGES WOULD APPROXIMATELY EQUAL THE AMOUNT OF THE GOOD FAITH DEPOSIT HELD BY CITY AT THE TIME OF THE DEFAULT OF DEVELOPER, AND THE AMOUNT OF SUCH GOOD FAITH DEPOSIT SHALL BE PAID TO CITY UPON ANY SUCH OCCURRENCE AS THE TOTAL OF ALL LIQUIDATED DAMAGES FOR ANY AND ALL SUCH DEFAULTS AND NOT AS A PENALTY. IN THE EVENT THAT THIS PARAGRAPH SHOULD BE HELD TO BE VOID FOR ANY REASON, CITY SHALL BE ENTITLED TO THE FULL EXTENT OF DAMAGES OTHERWISE PROVIDED BY LAW. DEVELOPER AND CITY SPECIFICALLY ACKNOWLEDGE THIS LIQUIDATED DAMAGES PROVISION BY THEIR SIGNATURES HERE:

City: ____________ Developer: ____________

13. City Rights Following Expiration or Termination. Following expiration or termination of this Agreement, unless a DDA is executed by the Parties, City shall have the absolute right to pursue disposition and development of the Property in any manner and with any party or parties it deems appropriate; provided, however, nothing herein shall be deemed to preclude or disqualify Developer from responding to future requests for qualifications and/or proposals, if any, that City may publicly issue to qualified firms with respect to development of the Property.

14. Miscellaneous.

14.1 Assignment. The qualifications and identity of Developer are of concern to City. It is because of those unique qualifications and identity that City has entered into this Agreement with Developer. Accordingly, except as provided below, Developer may not assign its rights under this Agreement to any other person or entity, without the prior written approval of City. Any purported voluntary or involuntary assignment of Developer's exclusive negotiation rights without such City written approval shall be null and void. Notwithstanding the foregoing, Developer may assign its rights under this Agreement to a limited liability company or partnership in which Developer or an affiliated entity: (a) is a managing member or general partner; (b) is responsible for managing the day-to-day entitlement and development activities of such entity; and (c) has a controlling interest in such entity.

14.2 Notices. Except as otherwise specified in this Agreement, all notices to be sent pursuant to this Agreement shall be made in writing and sent to the Parties at their respective addresses specified below or to such other address as a Party may designate by written notice delivered to the other parties in accordance with this Section. All such notices shall be sent by: (i) personal delivery, in which case notice is effective upon delivery; (ii) certified or registered mail, return receipt requested, in which case notice shall be deemed delivered on receipt if delivery is confirmed by a return receipt; or (iii) nationally recognized overnight courier, with charges prepaid or charged to the sender's account, in which case notice is effective on delivery if delivery is confirmed by the delivery service.

City: City of Daly City
Attn: Director of Economic and Community Development
333 90th Street
Daly City, CA 94015

Copy: City of Daly City
Attn: City Attorney
333 90th Street, Third Floor
Daly City, CA 94105

Developer: JM McLennan Development (Partnership/LLC)
Attn. Bob McLennan

2945 Junipero Serra Blvd.
Daly City, CA 94014

14.3 No Commissions. Each Party represents and warrants that it has not entered into any agreement, and has no obligation, to pay any real estate commission in connection with the transaction contemplated by this Agreement. If a real estate commission is claimed through either Party in connection with the transaction contemplated by this Agreement or any resulting DDA, then the Party through whom the commission is claimed shall indemnify, defend, and hold the other Party harmless from any liability related to such commission. The provisions of this Paragraph shall survive termination of this Agreement.

14.4 Relationship of the Parties. The Parties agree that nothing in this Agreement shall be deemed or interpreted to create between them the relationship of lessor and lessee, of buyer and seller, or of partners or joint venturers.

14.5 Authority; Disclosure. Developer warrants that to Developer's knowledge none of its principals, officers, general partners, joint venturers, employees, associates, or affiliates who have any economic interest in this Agreement or the contemplated development of the Property or the Project, have a familial, financial, or other material relationship with any elected or appointed official or employee of the City. Each person executing this Agreement on behalf of Developer does hereby covenant and warrant that (a) Developer is created and validly existing under the laws of the state of formation, (b) Developer has and is duly qualified to do business in California, (c) Developer has full corporate power and authority to enter into this Agreement and to perform all of Developer's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Agreement on behalf of Developer is duly and validly authorized to do so. Each person executing this Agreement on behalf of City does hereby covenant and warrant that (a) City has full power and authority to enter into this Agreement and to perform all of City's obligations hereunder, and (b) each person (and all of the persons if more than one signs) signing this Agreement on behalf of City is duly and validly authorized to do so.

14.6 Waiver of Lis Pendens. It is expressly understood and agreed by the Parties that no lis pendens shall be filed against any portion of the Property with respect to this Agreement or any dispute or act arising from this Agreement. This Section shall survive the expiration of termination of this Agreement.

14.7 Indemnification. Developer hereby covenants, on behalf of itself and its permitted successors and assigns, to indemnify, hold harmless and defend the Indemnitees (defined in Section 9) from and against all Claims (defined in Section 9) arising out of or in connection with the actions of Developer or Developer's agents, employees, officers, representatives, contractors or consultants pursuant to this Agreement; provided however, Developer shall have no indemnification obligation with respect to the gross negligence or willful misconduct of any Indemnitee. This Section shall survive the expiration or earlier termination of this Agreement.

14.8 Severability. If any term or provision of this Agreement or the application thereof shall, to any extent, be held by a court of competent jurisdiction to be invalid or unenforceable, such term or provision shall be ineffective to the extent of such invalidity or unenforceability without invalidating or rendering unenforceable the remaining terms and provisions of this Agreement or the application of such terms and provisions to circumstances other than those as to which it is held invalid or unenforceable unless an essential purpose of this Agreement would be defeated by loss of the invalid or unenforceable provision.

14.9 Entire Agreement. This Agreement contains the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior or contemporaneous agreements and understandings, oral or written, between the Parties with respect to such subject matter.

14.10 Amendments. This Agreement may be amended only by a written instrument executed by the Parties or their permitted successors in interest.

14.11 Successors and Assigns; No Third-Party Beneficiaries. This Agreement shall be binding upon and inure to the benefit of the Parties and their respective permitted successors and assigns; provided however, that except as expressly permitted by this Agreement, neither Party shall transfer or assign any of such Party's rights hereunder by operation of law or otherwise without the prior written consent of the other Party, and any such transfer or assignment without such consent shall be void. Subject to the immediately preceding sentence, this Agreement is not intended to benefit, and shall not run to the benefit of or be enforceable by, any other person or entity other than the Parties and their permitted successors and assigns.

14.12 Captions; Interpretation. This Agreement shall be interpreted as though prepared jointly by the Parties. Titles and captions are for convenience of reference only and do not define, describe, or limit the scope or the intent of this Agreement or any of its terms.

14.13 Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of California without reference to conflicts of laws principles. Venue for any action under this Agreement shall be in the County of San Mateo, California.

14.14 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original and all of which together shall constitute one agreement.

SIGNATURES ON FOLLOWING PAGE.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

CITY OF Daly City, a municipal corporation

By: ______________________
, City Manager

APPROVED AS TO FORM:

By: ______________________
, City Attorney

DEVELOPER:

Bob Mclennan

By: ______________________

Print Name: BOB MC LENNAN

Title: Managing Partner

Exhibit A

PROPERTY

(Attach legal description.)

EXHIBIT B

SCOPE OF NEGOTIATIONS/SCHEDULE OF PERFORMANCE

The goal of negotiations is to prepare a Disposition and Development Agreement ("DDA) acceptable to both parties that will then be submitted to the City Council for consideration at a public meeting. The proposed DDA contemplates the conveyance of the Site to the Developer at fair market value pursuant to a third-party appraisal or broker opinion of value to be paid for by the Developer, subject to various conditions precedent and the subsequent redevelopment of the Site into a high-quality commercial development.

The Project Goals

The City encourages development of the Site into a high-quality Project that will maximize tax revenues to the City, create a significant number of job opportunities, and provide goods and services currently lacking in the community. The Developer shall seek cooperation from the property owners to the north and south of the Site to create integration with reciprocal rights of ingress/egress and parking.

Developer conceptualizes a development mix that could include 300 residential units (25% would be affordable), 63 hotel rooms, a 34,000 square foot athletic club, and a 7,000 square foot conference center. While some of these features may change as more refined plans are prepared, the residential unit count and affordability will have to remain as proposed as a minimum standard.

Responsibilities/Schedule of Performance

The developer shall complete the following tasks during the Exclusive Negotiation Period:

1. Conduct community outreach to receive public input for the project.
2. Submit a site plan and building elevations to City for the Project.
3. Identify the critical infrastructure currently available to the Site and any improvements needed to support the Project.
4. Provide the City with real estate valuation input to help determine the cost of the Site for purposes of the DDA with the City. This may include proformas detailing the value of the development parcel and the associated public and private improvement costs to produce a parcel that is ready for development. This should also include an estimate of governmental fees to be paid.
5. Provide the City with other cost/benefit information to enable its consultants to prepare a fiscal benefit analysis for presentation to the City Council. This analysis typically includes the number of construction jobs created, the number of permanent jobs created

the cost to maintain the public improvements upon dedication, the value of completed development, and the various tax revenues associated with development operations.

6. Provide a tentative schedule for acquisition and development of the Project.
7. If it is determined to be necessary condition precedent to the City's consideration of the DDA, the Developer shall submit an application for environmental review by the City and pay all normal and customary fees related thereto. The developer shall submit an application to amend the Planned Development to allow for the uses identified in the project description. Environmental review in conformance with the California Environmental Quality Act will be required.

OFFICE OF THE CITY MANAGER
CITY OF DALY CITY
333 – 90TH STREET
DALY CITY, CA 94015-1895
(650) 991-8125

November 12, 2024

Bob McLennan
JM McLennan Development Company

Re: Extension of ENA

Dear Bob,

Thank you for your recent request regarding extending the Exclusive Negotiating Rights Agreement (ENA) between the City of Daly City and JM McLennan Development Company, granted initially on January 8, 2024.

We appreciate your significant progress over the past ten months, including developing a hotel and housing plan, selecting a contractor, and initiating communications with Bridge Housing. We understand the challenges associated with qualifying the site within the Qualified Census Tract for tax credit eligibility and will work with you regarding the qualification in the Census Tract.

Based on the information, we will grant an extension of the ENA through May 8, 2025, providing additional time for the necessary due diligence and continued planning.

Thank you for your efforts, and we look forward to continuing our partnership on this project.

Sincerely,

Thomas J. Piccolotti
City Manager

FIRST AMENDMENT TO EXCLUSIVE RIGHTS NEGOTIATING AGREEMENT

THIS FIRST AMENDMENT TO THE EXCLUSIVE NEGOTIATING RIGHTS AGREEMENT (this "First Amended Agreement") is entered into effective as of _____________, 20__ ("**Effective Date**") by and between the City of ____________, a municipal corporation (**"City")** and JM McLennan Development (Partnership/LLC) ("**Developer**"). City and Developer are hereinafter referred to collectively as the "**Parties**."

RECITALS

A. WHEREAS, the City and Developer entered into an Exclusive Negotiating Rights Agreement ("ENRA") on January 8, 2024, for the purpose of developing certain property located at 1837 Junipero Serra Blvd., Daly City, California (the "Property"); see Attachment "A"

B. WHEREAS, on January 8, 2025 the City and Developer agreed to a six-month extension by letter approval by the City Manager; see Attachment "B"

C. WHEREAS, the ENRA, by its own terms, is currently set to terminate on May 8, 2025, unless extended by mutual written agreement of the City and Developer;

D. WHEREAS, the Parties continue to negotiate in good faith for the development of the Property and have made substantial progress in the negotiations and now desire to amend the term and extend the ERNA for an additional six (6) months to November 8, 2025.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree

A. Section 4. of the ERNA is amended in its entirety as follows:

4. Term. The term of the is hereby amended and extended for an additional six months from to November 8, 2025. The City Manager may extend the term for up to two additional six-month periods, if the City Manager determines that the Parties have made substantial negotiations to merit such extensions. Any further extension beyond the extended terms shall require approval by the City Council.

If a Development Disposition Agreement has not been executed by the City and Developer (or an entity related to Developer and approved by the City) by the expiration of the Term (as the Term may have been extended pursuant to this Section), then this Agreement shall terminate, and neither Party shall have any further rights or obligations under this Agreement except such rights and obligations that expressly survive termination.

B. All prior terms and conditions in the ENRA dated January 8, 2024, and subsequent extensions remain in full force and effect. Any inconsistent provisions are hereby repealed and replaced with the terms set forth in this First Amended Agreement. Both the City and the Developer shall continue to be bound to the original terms for the extended term of this First Amended Agreement.

IN WITNESS WHEREOF, the Parties have executed this First Amended Agreement as of the date first written above.

CITY OF DALY CITY, a municipal corporation

By: ______________________________
, City Manager

APPROVED AS TO FORM:

By: __________________________
, City Attorney

DEVELOPER:

Bob Mclennan

By:________________________________

Print Name:_________________________

Title:_______________________________

DRAFT

Meeting Date: March 24, 2025

Subject: **Finding of Public Convenience and Necessity PCN-10-24-16665 to Sell Alcoholic Beverages for Off-Site Consumption at Sprouts Farmer's Market at 301 Gellert Boulevard (Type 21 License)**

Recommended Action

Consider a finding that the public convenience or necessity would be served by the issuance of a liquor license by the State Department of Alcohol Beverage Control (ABC).

Background

The applicant, Terri Dickerhoff, representative for Sprouts Framer's Market, has filed an application with ABC to sell distilled spirits in addition to (currently allowed) beer and wine for off-site consumption at the existing store located at 301 Gellert Boulevard (see Attachment A – Site Location). The application is to upgrade their existing Type 20 (Beer and Wine only) to a Type 21 (includes distilled spirits). There would be no increase to total sales floor area that would be dedicated to the display of alcoholic beverages.

ABC has determined that a finding of Public Convenience and Necessity (PCN) by the Daly City City Council is necessary before it can issue the license. The store will be located in a high-crime reporting district and the census tract in which it is located is considered by ABC as over-concentrated by one Type 21 License. The approval of this request would make the area over concentrated by two Type 21 licenses.

In considering the request, the City Council must determine whether the issuance of the license will serve the public convenience or necessity.

Discussion

Staff has prepared the following list of facts that the City Council may find useful in determining whether issuance of the license at the Sprouts Farmer's Market would serve the public convenience or necessity:

1. Sprouts has applied for a Type 21, which would allow the sale of beer, wine, ***and*** distilled spirits for off-site consumption.

2. The applicant is applying for a license to sell beer, wine, and distilled spirits at a premises that is in a crime reporting district where a higher-than-average crime rate exists. State law requires that the ABC defer to the local governing body where the premises are located to determine whether the public convenience or necessity would be served by the issuance of the license.

3. The ABC uses crime statistics data from all crime reporting districts within the local jurisdiction to determine if the location for which the application for a new license or a premise-to-premise transfer is being made, is located in a high crime reporting district. The ABC defines a high crime reporting district as one where there is a 20 percent greater number

of reported crimes than the average number of reported crimes, as determined from all reporting districts within the jurisdiction of the local law enforcement agency.

4. There are a total of 14 crime reporting districts in Daly City. According to the Daly City Police Department, there was a total of 44 police reports taken with the address of 301 Gellert Boulevard listed. The date range searched for was from January 1, 2020 to December 31, 2024. They range from theft, burglary, battery to domestic disturbances.

5. Sprouts is located in the C-1 Light Commercial zoning district, located southeast of the Serramonte Boulevard/Gellert Boulevard intersection, inside the Gellert Marketplace property, where retail stores are a permitted use. The surrounding area is characterized predominately by retail uses.

6. The following are the uses within close proximity of Sprouts that specifically attract and/or serve youth (see Attachment B – Uses That Attract or Serve Youth):

   Gellert Park, located at 55 Wembley Drive.
   Serramonte Main Library Branch, located at 55 Wembley Drive
   Junipero Serra Elementary School, located at 151 Victoria Street

9. Below is a list of existing establishments that sell alcoholic beverages that are located within or in close proximity to Census Tract 6016.04, where the subject property is located. The classifications identified are those used by ABC.

   Type 20 — Retail outlets selling beer and wine for off-site consumption
   Jagalchi – 63 Serramonte Boulevard (pending)
   Shell Service Station, 398 Gellert Boulevard
   7-Eleven, 411 Gellert Boulevard
   Shell Service Station, 390 Hickey Boulevard

   Type 21 — Retail outlets selling beer, wine, and distilled spirits for off-site consumption
   Cost Plus World Market, 150 Serramonte Center
   Target Retail Store, 133 Serramonte Center
   Total Wine & More, 311 Gellert Boulevard
   CVS Pharmacy, 375 Gellert Boulevard
   Flyers Service Station, 501 Serramonte Boulevard (applicant agreed not to sell distilled spirits)

   Type 41 — Restaurants selling beer and wine for on-site consumption
   Fung Wong Chinese Restaurant, 427 Gellert Boulevard
   Yoshi Ramen and Sushi, 127-H Serramonte Center
   California Fish Grill, 153C Serramonte Center,
   Super Duper Burgers, 3 Serramonte Center
   Mod Pizza, 3 Serramonte Center

   Type 47 -- Restaurants selling beer, wine, and distilled spirits for consumption on-site
   Buffalo Wild Wings, 5B Serramonte Center
   Dave and Busters, 130 Serramonte Center (pending)
   Koi Palace Restaurant, 365 Gellert Boulevard

Outback Steakhouse, 371 Gellert Boulevard
Celia's Mexican Restaurant, 379 Gellert Boulevard

As indicated above, six of these establishments sell alcoholic beverages for off-site consumption, similar to the proposed sale (see Attachment C – Existing Establishments Selling Alcoholic Beverages for Off-Site Consumption).

Summary

The City Council may desire to:

1. Deny the request that the public convenience or necessity would be served by the issuance of a Type 21 license to sell beer, wine, and distilled spirits at Sprouts located at 310 Gellert Boulevard; or

2. Find that persons living in Census Tract 6016.04 are not adequately served by the existing alcoholic beverage sales outlets and that the public convenience or necessity would be served by the issuance of a license for the off-sale of beer, wine, and distilled spirits by Sprouts located at 310 Gellert Boulevard.

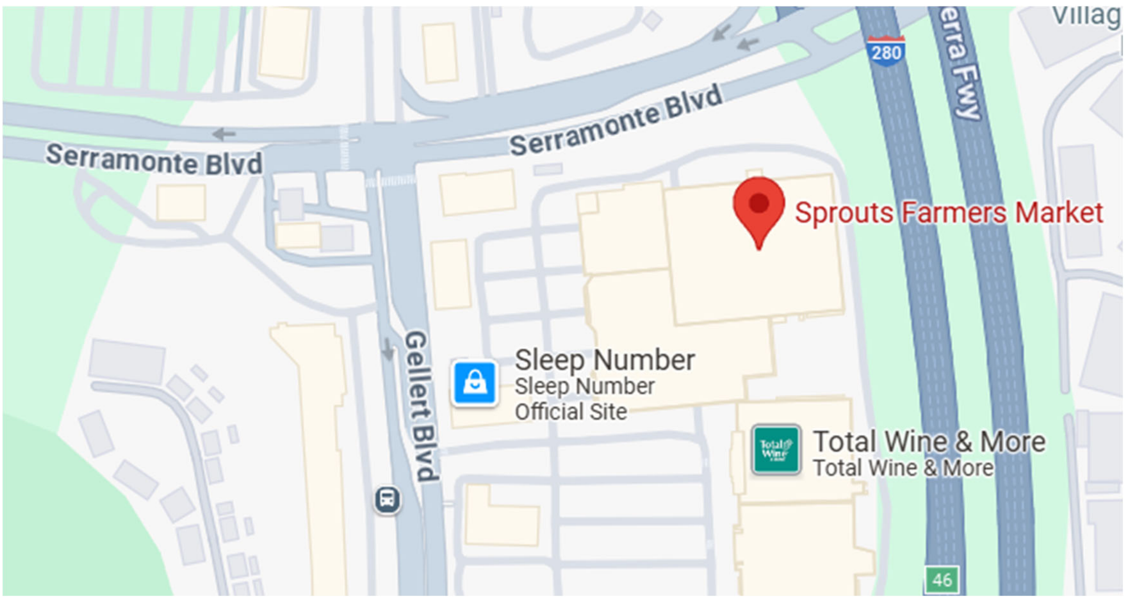
Respectfully submitted,

Brian Paland	Tatum Mothershead
Assistant Planner	Director of Economic and Community Development

Attachments

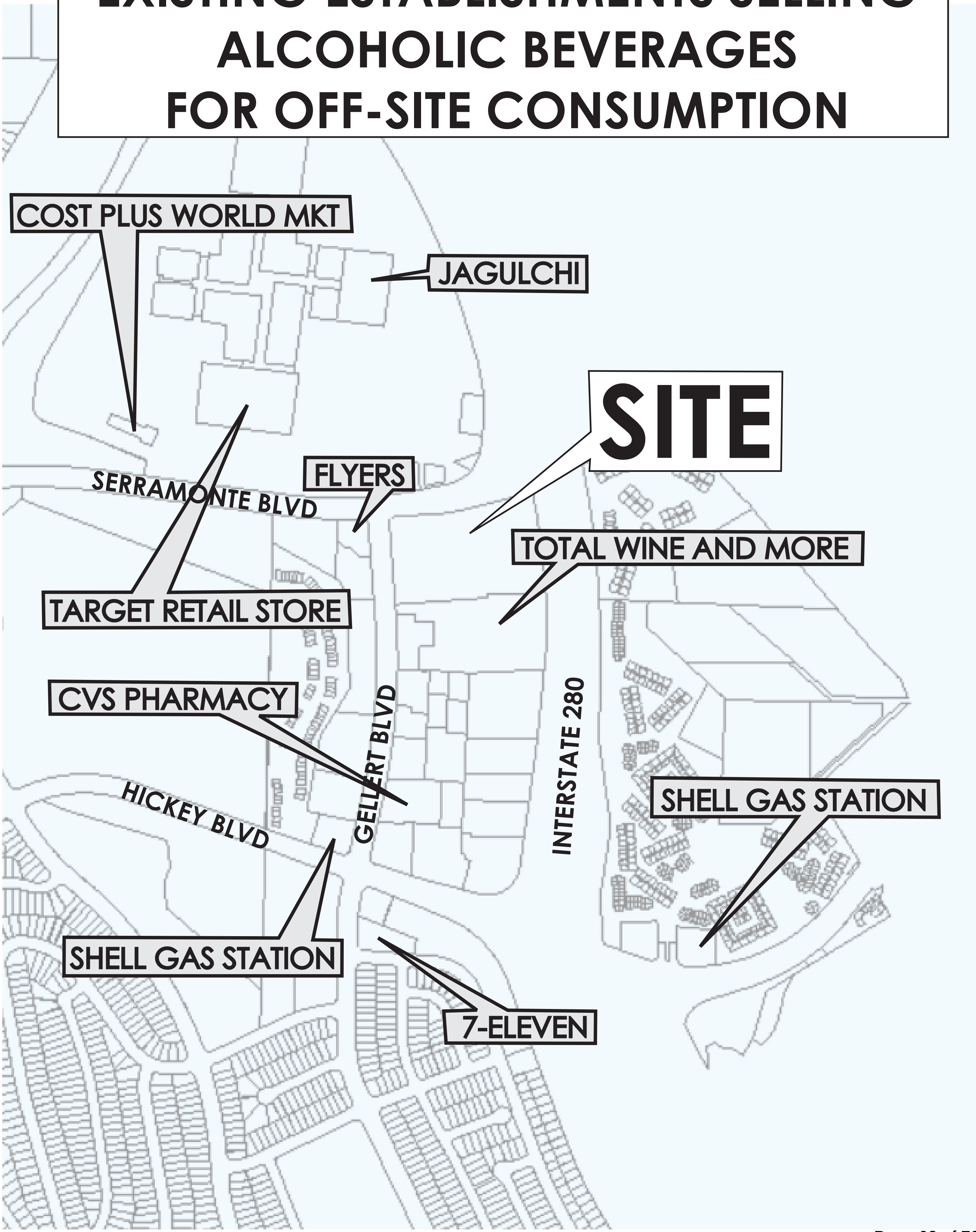
Attachment A – Site Location
Attachment B – Uses that Attract or Serve Youth
Attachment C – Existing Establishments Selling Alcoholic Beverages for Off-Site Consumption

SITE LOCATION



USES THAT ATTRACT OR SERVE YOUTH

EXISTING ESTABLISHMENTS SELLING ALCOHOLIC BEVERAGES FOR OFF-SITE CONSUMPTION



City Council Meeting Agenda Report

Item # _____

Meeting Date: March 24, 2025

Subject: Resolution to Adopt a City Council Internal Discipline and Censureship Policy

Recommended Action

Staff recommends that the City Council adopt the proposed City Council Internal Discipline and Censureship Policy as outlined in the attached resolution.

Background

The Ethics Committee, composed of Mayor Daus-Magbual and Vice Mayor Sylvester, convened to evaluate the necessity of a formal discipline and censure policy for the City Council. The Committee recognized that Daly City currently lacks a structured mechanism to address potential misconduct by its elected officials.

Unlike many neighboring cities that have adopted similar policies to ensure accountability and ethical conduct within their councils, Daly City does not have an established framework for addressing disciplinary concerns. The absence of such a policy creates ambiguity in addressing potential misconduct, making it difficult to uphold transparency and ethical governance. As a result, the committee proposed the draft City Council Internal Discipline and Censureship Policy to provide guidelines and procedures for addressing violations of ethical standards, city policies, and legal obligations by Council members.

Discussion

The proposed policy establishes a transparent, fair, and consistent process for handling allegations of misconduct by City Council members. It enhances accountability and ethical governance through a structured review process and defines the scope and applicability of disciplinary actions, covering misconduct violations, ethical breaches and criminal activities. The policy provides a complaint submission process that enables public members, city staff, and officials to submit written complaints regarding alleged violations. It also outlines a comprehensive investigation and review process, ensuring due process through consultations with the City Attorney and internal investigative mechanisms.

The policy establishes tiers of disciplinary actions, ranging from letters of reprimand and statements of disapproval to formal admonitions and, in severe cases, censure hearings. It defines the censure process, including provisions for public hearings, written notice, and procedural safeguards for the accused Council member. This policy aims to ensure transparency, fairness, and due process while reinforcing public trust in local government.

Fiscal Impact

There are no direct fiscal impacts associated with the adoption of this policy.

Conclusion

The implementation of the City Council Internal Discipline and Censureship Policy will provide a structured and enforceable mechanism to uphold ethical standards among Council members.

Staff is available to provide any additional information requested by the Mayor or Councilmembers**.**

Respectfully submitted,

Rose Zimmerman
City Attorney

Attachment

Draft Resolution of Censure and Discipline of City Council and City Council Internal Discipline and Censureship Policy (Exhibit A)

RESOLUTION NO.___________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY APPROVING THE CITY COUNCIL INTERNAL DISCIPLINE AND CENSURESHIP PROCEDURE POLICY

WHEREAS, the City of Daly City currently lacks an internal discipline and censure policy for City Council members; and

WHEREAS, a policy will allow for discipline with violations and opportunities for the offender to correct the offending behavior; and

WHEREAS, the City Council of the City of Daly City desires to approve a discipline policy to establish procedures for discipline of members of the City Council.

NOW, THEREFORE, the City Council of the City of Daly City does hereby RESOLVE as follows**:**

SECTION 1. Recitals. The above recitals are true and correct, and hereby made a part of this Resolution by this reference.

SECTION 2. Discipline Policy. The Internal Discipline and Censure Policy, attached as Exhibit "A" to this Resolution and incorporated herein, is approved and adopted by the City Council of the City of Daly City.

SECTION 3. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Resolution, or its application to any person or circumstance, is for any reason held to be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this Resolution, or its application to any other person or circumstance. The City Council of the City of Daly City hereby declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause or phrase hereof, irrespective of the fact that any one or more other sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof is declared invalid or unenforceable.

SECTION 4. Effective Date. This Resolution shall take effect immediately.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY APPROVING THE CITY COUNCIL INTERNAL DISCIPLINE AND CENSURESHIP PROCEDURE POLICY

I hereby certify the foregoing to be a true copy of a Resolution adopted by the City Council of Daly City, California, at a regular meeting thereof held on the __________day of ________________, 2025, by the following vote of the members thereof:

AYES, and in favor thereof, Councilmembers: ______________________________

____

NOES, Councilmembers: ______________________________

ABSENT, Councilmembers: ______________________________

____
CITY CLERK OF THE CITY OF DALY CITY

APPROVED:

____
MAYOR OF THE CITY OF DALY CITY

EXHIBIT A

CITY COUNCIL INTERNAL DISCIPLINE AND CENSURE POLICY

I. PREAMBLE.

It is the intent of the City Council of the City of Daly City in enacting this policy to achieve fair, ethical, and accountable local government for the City of Daly City; to assure that individuals and interest groups in our society have a fair and equal opportunity to participate in government; to embrace clear and unequivocal standards of disclosure and transparency in government; to help reinforce public trust in governmental institutions; and to assure that this policy is vigorously enforced to achieve fair, ethical, and accountable local government for the City of Daly City.

The people of the City of Daly City expect their public officials to comply with both the letter and the spirit of the laws of the United States of America, the State of California, the Daly City Municipal Code, policies of the City of Daly City and ethical conduct. affecting the operations of local government. All persons covered by this policy shall aspire to meet the highest ethical standards in the conduct of their responsibility as a public official of the City of Daly City.

II. APPLICABILITY AND PURPOSE.

This Discipline Policy applies to the City Council of Daly City ("City") and provides directives for efficient and consistent administration of complaints against individual City Councilmembers by or from members of the public, third-party consultants, City staff, appointed officials, and fellow Councilmembers (together, "Complainants").

The scope of disciplinary action is expanded beyond violations of federal, state, and local laws to include breaches of by-laws, standing orders, policies of the City Council, or any other unethical or improper, offense behavior, conduct. Additionally, any criminal activities committed by a Councilmember may be subject to disciplinary action under this policy. This policy must be construed and executed in coordination, and not in conflict with, all applicable State and Federal laws, the Daly City Municipal Code, criminal matters, applicable City Department policies, including all whistleblower statutes, complainant and victim privacy and confidentiality statutes, administrative matters and the California Public Records Act. Investigations conducted under this policy shall not commence before the completion of, or interfere with, any investigations related to or required for criminal prosecutions, administrative enforcement, or any Government Code claims, litigation, or other legal actions.

III. PROCEDURE.

a. **Public's Right to Submit Complaint.** Any member of the public who would like to submit facts or allegations pertaining to an alleged violation by a Councilmember of misconduct, violations of laws, City policies, or criminal activity involving a City Councilmember. Complaints may be submitted in writing with a return receipt to the City of Daly City.

b. **Consultation with City Attorney.** A Councilmember seeking to submit a request for discipline or to make a statement regarding specific complaints or allegations is advised to meet with the City Attorney's Office before doing so.

c. **Request for Discipline.** A request for discipline or censure may be submitted by any Councilmember in writing to the City Attorney or City Clerk. Any Councilmember's request for discipline is a matter of public record subject to the California Public Records Act's requirements, including all applicable exemptions. A Councilmember seeking to provide information to the Council concerning the specific conduct for which discipline is requested must submit written information to the City Manager for distribution to the whole Council. The request must contain the specific charges on which the proposed discipline or censure is based, and sufficiently specific facts and allegations as to the charges. The request may include or append a public complaint referenced or conducted.

d. **Council Consideration of Discipline Short of Censure.** The City Attorney may place the matter on a Council regular or special meeting agenda for the Council to determine whether further investigation is required, or whether discipline short of censure is warranted, or to move towards censure. Discipline short of censure may be one or a combination of the items in subsections (a) through (d) below. This discussion is a matter of public record and must take place during an open, noticed, and public meeting of the City Council.

e. **Consultation with Mayor.** At the direction of the City Council, an informal consultation with the Mayor may be required of the member who is the subject of the request. If the subject of the request is the Mayor, the consultation shall be with the Vice-Mayor.

f. **Letter of Reprimand from the City Council.** At the direction of the City Council, the Mayor, or Vice-Mayor if the Mayor is the subject of the discipline, shall coordinate with the City Manager and/or City Attorney on issuing a letter of reprimand to the subject Councilmember. The reprimand shall be based on a particular action (or set of actions) that is determined to be in violation of law or City policy but is considered by the Council to be not sufficiently serious to require formal censure. The letter of reprimand may include recommendations for corrective actions or behaviors.

g. **Statement of Disapproval.** By a resolution of the City Council, the Council may adopt a statement expressing disapproval or displeasure with the conduct of a Council member including recommendations for corrective action or behavior.

h. **Admonition.** By a resolution of the City Council, an admonition that a particular type of behavior or action may become or is a violation of law or City policy.

i. **Proceedings.** The City Attorney may place the matter on the agenda for a regular or special Council meeting to determine if further investigation is warranted, if discipline short of censure is appropriate, or if a censure hearing should be pursued. Disciplinary actions determined short of censure may include an informal consultation with the Mayor and the ad hoc Ethics Committee, a formal letter of reprimand, a statement of disapproval, or an admonition warning of potential violations of law or policy. These proceedings must be conducted in an open and public meeting.

IV. CENSURE PROCEDURE.

If the Council decides to set the matter for censure hearing, it shall schedule the hearing no sooner than two weeks after its determination to hear the matter. The Council shall not schedule the matter during any previously subject of an alleged violation shall be ineligible to vote on any matter related to a disciplinary action including, but not limited to, agendizing the hearing and adopting a resolution of censure. Censure hearings may take place at regular or special City Council meetings and are open to the public.

a. **Written Notice.** Written notice of the hearing shall be delivered in person to the Councilmember subject to the censure hearing at least ten (10) days in advance of the scheduled hearing

b. **Hearing procedures.** At the censure hearing, the Councilmember who is the subject of the request for censure shall be given the opportunity to make an opening and a closing statement, to call witnesses on his or her behalf and to question his or her accusers. The subject Councilmember may be represented by a person or persons of his or her choice and may have that representative speak or question witnesses on his or her behalf. The questioning or cross- questioning of witnesses may be reasonably limited by the Mayor, or Vice Mayor if the Mayor is the subject of the censure. Testimony shall be taken only from witnesses having direct knowledge of facts or circumstances relevant to the specific charges under consideration. However, the rules of evidence and judicial procedure applicable in courts of law shall not apply to this hearing, and the procedures shall be generally informal.

V. CENSURE ACTION.

If, at the close of the censure hearing, a majority of the City Council finds that the subject member's conduct violates federal, state or local law, or any by-law, standing order, or policy of the City Council, the Council may take one or more of the following measures in addition to or in combination with the actions in subsections (a) through (d) of Section V.:

a. **Direction to Correct.** The direction shall be given to the subject Councilmember to correct the result of the behavior that violated law or City policy.

b. **Direction to Attend Training.** Direction shall be given to the subject Councilmember to attend training related to the behavior that violated law or City policy. The Council could also find that Council privileges shall be withheld or unavailable until evidence or independent certification is provided by the subject Councilmember to the City Council that the training was completed.

c. **Resolution of Censure.** The City Council may adopt a resolution of censure based on clear and convincing facts supporting the allegations of misconduct giving rise to the censure. A resolution of censure may include the imposition of sanctions against the Councilmember as the City Council deems appropriate. Such sanctions may include removal from internal standing or ad hoc committees, removal from an external committee to which the member had been appointed restrictions on City-related travel privileges, and/or other appropriate penalties.

If violations involve criminal activities or serious breaches of conduct, the findings and any Resolution of Censure may be forwarded to the District Attorney's Office, the State Attorney General's Office, law enforcement agencies, or administrative bodies for further review and further action.

VI. Enforcement.

The enforcement of this policy shall be the responsibility of the City Council. The City Attorney shall oversee compliance and ensure that disciplinary actions are carried out consistently. Any Councilmember who fails to adhere to imposed disciplinary measures may face further sanctions or legal consequences as deemed necessary by the City Council.