CITY OF DALY CITY

Regular Meeting - CITY COUNCIL

AGENDA

Monday, September 10, 2012 - 7:00 PM
City Hall Council Chambers – 2nd Floor
333 – 90th Street, Daly City, CA 94015

Live Telecast: Comcast Channel 27, Astound 26, AT&T U-Verse 99

Webcast: www.dalycity.org/meetings

DRAFT

For those wishing to address the City Council on any Item on the Agenda or under Public Appearances/Oral Communications, please complete a Speaker Card located at the entrance to the Council Chambers and submit 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 991-8078 as soon as possible.

CALL TO ORDER:

PLEDGE TO THE FLAG:

ROLL CALL:

PRESENTATIONS:

Presentation by the Daly City Public Library Associates to the Daly City Public Library of a $3,200 Grant from the Serramonte Shopping Center and a $2,000 Grant from the Italian Catholic Federation

Proclaiming National Preparedness Month (Matt Lucett, Community Emergency Planning and Preparedness Chief)

Proclaiming September 15 - October 15, 2012 as National Hispanic Heritage Month (Bayshore Elementary School District Board Member Rachel Garibaldi)

APPROVAL OF MINUTES:

Regular Meeting of July 23, 2012

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.

APPROVAL OF AGENDA:

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.

Resolutions:

1. Accepting and Appropriating a $3,200 Grant from the Daly City Public Library Associates and Serramonte Shopping Center

2. Accepting and Appropriating a $2,000 Grant from the Daly City Public Library Associates and the Italian Catholic Federation

3. Accepting and Appropriating an Office of Traffic Safety Grant/ DUI Enforcement and Prevention Campaign 2012/2013

4. Accepting and Appropriating an Office of Traffic Safety Grant for Continuing the "Avoid the 23" DUI Traffic Enforcement Program

5. Adopting FEMA Flood Insurance Rate Maps

6. Authorizing the City Manager to Execute a Funding Agreement between the Metropolitan Transportation Commission and the City of Daly City for Lifeline Transportation Program Funds (Bayshore Shuttle Service)

7. Approving the Annual Agreement between the City of Daly City and the Daly City/Colma Chamber of Commerce for Fiscal Year 2012-13

8. Authorizing City Manager to Execute an Agreement with the Jefferson Elementary School District and Appropriate Grant Funds for the After School Education and Safety Program

END OF CONSENT AGENDA

PUBLIC HEARINGS:

9. An Ordinance of the City Council of the City of Daly City Amending Chapter 8.36 of the Daly City Municipal Code Regulating Secondhand Smoke

   Staff:

Curran
Recommended Action:
Open/Close Hearing
Motion for City Attorney to Read by Title Only
Councilmember Introduce Ordinance

10. Public Hearing on Claim to Lien Property at 302 Northgate Avenue

Staff:
Campbell
Recommended Action:
Open/Close Hearing
Adopt Resolution
Roll Call

COMMUNICATIONS:

11. Use Permit UPR-3-12-5226 and Design Review DR-3-12-5228 for the Conversion of Second Floor Commercial Offices to Six Residential Apartment Units at 6755 Mission Street

A. EA (Categorical Exemption)
B. Findings
C. UPR-3-12-5226, DR-3-12-5228

Staff:
Engfer
Recommended Action:
Motion on A
Adopt Resolutions B & C
Roll Call

12. Approval of Written Response to the 2011-2012 San Mateo County Civil Grand Jury Report: Does San Mateo County Need 13 Separate Police Dispatch Centers

Staff:
Martel
Recommended Action:
Motion to Accept Report and Authorize City Manager to Prepare Written Response

RESOLUTIONS:

13. Authorizing the Issuance and Sale of Water Revenue Refunding Bonds

Staff:
McVey

Recommended Action:
Adopt Resolution
Roll Call

PUBLIC APPEARANCES/ORAL COMMUNICATIONS:

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

APPOINTMENTS: Board/Commission Membership Committee Appointments

REPORTS:

14. Council Committee

A Council Committee Meetings, August 27 - September 9, 2012

15. City Council

16. Staff

ADJOURNMENT:

CITY OF DALY CITY
MINUTES – REGULAR MEETING - CITY COUNCIL
JULY 23, 2012

The meeting was called to order by Vice Mayor Buenaventura at 7:00 P.M.

Vice Mayor Buenaventura wanted everyone to join in a moment of silence for the victims of the Aurora, Colorado tragedy.

ROLL CALL: Councilmembers Present:

Raymond A. Buenaventura, Vice Mayor
David J. Canepa
Michael P. Guingona
Carol L. Klatt

Councilmembers Absent:

Sal Torres, Mayor

Staff Present:

Patricia E. Martel, City Manager
Kerry Burns, Assistant City Manager
Rose L. Zimmerman, City Attorney
K. Annette Hipona, City Clerk

APPROVAL OF MINUTES:

Regular Meeting of June 25, 2012

It was moved by Councilmember Canepa, seconded by Councilmember Guingona and carried to approve the minutes of June 25, 2012.

APPROVAL OF AGENDA:

It was moved by Councilmember Guingona, seconded by Councilmember Canepa and carried to approve the agenda.

CONSENT AGENDA

RESOLUTIONS:

Amending Traffic Regulations to Install a Stop Sign on Guttenberg Street at Frankfort Street

Resolution No. 12-113, Establishing Traffic Regulations

CONSENT AGENDA: Continued

RESOLUTIONS: Continued

Committing $83,520 in HOME CHDO Funds to Human Investment Project

Resolution No. 12-114, Authorizing Commitment of HOME CHDO Funds to Human Investment Project and Authorizing Agreement Committing Funds to HIP for Development of Affordable Housing

CHECK REGISTERS:

Check Registers for the Month of June 2012

END OF CONSENT AGENDA

It was moved by Councilmember Canepa, seconded by Councilmember Klatt and carried to approve and adopt the Consent Agenda.

PUBLIC HEARINGS:

An Ordinance of the City Council of the City of Daly City Adding Chapter 8.62 of Title 8 of the Daly City Municipal Code Re: Prohibiting Food Vendors from Using Polystyrene-based Disposable Food Service Ware

Assistant to the City Manager Joseph Curran stated this is a first reading of an ordinance that would prohibit food vendors in Daly City from using polystyrene-based (styrofoam) disposable food service ware.

The City Council reviewed a draft polystyrene food service ware ban ordinance at its Study Session on March 5, 2012. To date, the City has received no objections to the ordinance. Notice of the public hearing was published in the San Francisco Examiner on July 1, 2012.

We do not anticipate any fiscal impact on the City. The San Mateo County Department of Environmental Health will enforce the ordinance and provide outreach assistance to affected Daly City businesses.

The proposed ordinance prohibits all food vendors in Daly City, including restaurants, delis, cafes, markets, fast-food establishments, vendors at fairs, and food trucks from using polystyrene containers. It does not prohibit the use of polystyrene for pre-packaged foods in markets, and it does not apply to non-food businesses that use polystyrene for packaging.

PUBLIC HEARINGS: Continued

An Ordinance of the City Council of the City of Daly City Adding Chapter 8.62 of Title 8 of the Daly City Municipal Code Re: Prohibiting Food Vendors from Using Polystyrene-based Disposable Food Service Ware – Cont'd.

The proposed ordinance will return for a second reading on August 13, 2012 and become effective and enforceable 30 days after the second reading, but enforcement would be suspended until January 1, 2013 in order to give businesses adequate time to exhaust their inventory and acquire food ware containers that are compliant with the ordinance.

The proposed ordinance does comply with the provisions of CEQA under Title 14 of CEQA. The ordinance is exempt from the requirements because it is not a project that has the potential for causing a significant effect on the environment.

Vice Mayor Buenaventura opened the public hearing.

It was moved by Councilmember Klatt, seconded by Councilmember Canepa and carried to close the public hearing.

It was moved by Councilmember Klatt, seconded by Councilmember Guingona and carried that Ordinance No. 1362 be read by title only by the City Attorney.

Ordinance No. 1362, Adding Chapter 8.62 of Title 8 of the Daly City Municipal Code Re: Prohibiting Food Vendors from Using Polystyrene Based Disposable Food Service Ware

Councilmember Canepa introduced the ordinance.

AWARD OF BIDS/CONTRACTS:

Authorization to Contract for Professional Services to Conduct Competitive Process for Award of Solid Waste Franchise

Director of Finance and Administrative Services Don McVey requested authorization to contract with HF&H Consultants LLC for professional services to assist in conducting a competitive process for award of the next franchise for collection and disposal of solid waste.

The current Franchise Agreement for Integrated Solid Waste Management Services expires in December 2014. In accordance with direction provided by the City Council, staff has begun the process of providing for a competitive process to select the company that will provide solid waste services under the next franchise agreement. This approach will allow for an open and competitive process and provides the opportunity to take advantages of advancements and improvements in the industry.

AWARD OF BIDS/CONTRACTS: Continued

Authorization to Contract for Professional Services to Conduct Competitive Process for Award of Solid Waste Franchise – Cont'd.

Although our rates are in the mid-range for our area, a competitive process will help to ensure that we are providing the best rates possible for the services that are provided. The process will also allow us to engage an expert consulting firm to assist us to gain the greatest level of service for our community.

HF&H Consultants has previously assisted the City with franchise negotiations. They have substantial experience in the Bay Area and know the local market well.

As we move forward, the City faces some unique challenges. We have many multi-family units, which presents a real challenge to recycling and the topography in other parts of the City is challenging. We hope an open process will encourage everyone who chooses to submit a proposal to help deal with those issues in the best possible manner.

We anticipate the successful proposal would be selected around the fall of 2013, which would allow a long transitional period, should it be necessary to a new company.

Bob Hilton, President of HF&H Consultants, LLC, and Peter Deibler, Senior Project Manager, gave a PowerPoint presentation on the background of the solid waste collection program and rates, and an overview of some of the options and the process the City will be undertaking.

Discussion ensued with Mr. Hilton and Mr. Deibler answering Councilmember Canepa's questions regarding sole source negotiations verses RFPs.

Councilmember Guingona stated when the City negotiated with the same company it had been working with for many years, people questioned why not be more competitive. He felt hiring an experienced firm will give us the ability and opportunity to learn more on the latest improvements.

Councilmember Klatt stated the last time this contract was approved, we promised the community we would go out to an RFP when this contract was up.

It was moved by Councilmember Klatt, seconded by Councilmember Guingona and carried by unanimous roll call vote to adopt the following resolution:

Resolution No. 12-115, Authorizing the Execution of a Professional Services Agreement with HF&H Consultants LLC

COMMUNICATIONS:

Use Permit UPR-1-12-5048, Design Review DR-1-12-5050, and CEQA-1-12-5049 Prologis - SFMTA Offices, Auto Return & Auction Tenant Improvement at 2650 Bayshore Boulevard

Assistant Planner Steve Engfer gave a PowerPoint presentation on the project site and reviewed the applicant's request for approval of a proposed tenant improvement. The existing 232,000 square foot building, a 12.72-acre lot for SFMTA will be used to operate a facility for the storage of impounded vehicles, their return, auction and facility to house their parking enforcement operations at 2650 Bayshore Boulevard.

The site is an existing developed M- Industrial zoned site that was the home of the United States Postal Service (USPS) Distribution Center until 2010. Other previous uses included food warehousing, distribution products and manufacturing of cans and bottle tops.

Councilmember Klatt was concerned about the facility being open 24-hours a day, increased traffic congestion on MacDonald Street, and trucks using Talbert Street. She asked if we could limit the use of Talbert Street at night.

Kristin Magary, SFMTA representative, Lorraine Fuqua, administer of the towing contract on behalf of SFMTA, and Donavan Fulmar, Vice President of Operations for Auto Return, were present to answer Councilmember Klatt's questions. Mr. Fulmar stated we can do whatever is required in order to mitigate our impact on the community.

Councilmember Klatt wanted to add a condition restricting towed vehicle access from Talbert Street between the hours of midnight to 5:00 a.m.

It was moved by Councilmember Klatt, seconded by Councilmember Canepa and carried that this project will not have a significant effect on the environment and instructed that a Mitigated Negative Declaration be filed.

It was moved by Councilmember Guingona, seconded by Councilmember Klatt and carried to affirm the findings of the Planning Commission as contained in their communication on file in the Office of the City Clerk.

It was moved by Councilmember Guingona, seconded by Councilmember Klatt and carried by unanimous roll call vote to adopt the following resolution:

Resolution No. 12-116, Adopting Findings of Fact Following Public Hearing on Use Permit (UPR-1-12-5048), Design Review (DR-1-12-5050) and Environmental Assessment (CEQA-1-12-5049) San Francisco Municipal Transportation Agency (SFMTA) Offices, Auto Return and Auction Tenant Improvement 2650 Bayshore Boulevard, Daly City, California

COMMUNICATIONS: Continued

Use Permit UPR-1-12-5048, Design Review DR-1-12-5050, and CEQA-1-12-5049 Prologis - SFMTA Offices, Auto Return & Auction Tenant Improvement at 2650 Bayshore Boulevard – Cont'd.

It was moved by Councilmember Klatt, seconded by Councilmember Canepa and carried to approve Use Permit (UPR-1-12-5048), Design Review (DR-1-12-5050), subject to the Conditions of Approval, as amended.

PUBLIC APPEARANCES/ORAL COMMUNICATIONS:

Judith Christensen, Original Daly City Protective Association President, stated in the current time, many people in Daly City are either unemployed, facing serious financial crisis or foreclosure. She stated that 67% of Daly City fulltime employees earned more than $100,000 in 2011. Nine percent of all Daly City employees earned more than $200,000. She asked the Council if we are getting our money's worth.

Marian Mann, Daly City resident, spoke in support of the Council, appointed officials and staff.

APPOINTMENTS:

Board/Commission Membership Committee Appointments

There were no appointments.

REPORTS:

Council Committee

There were no reports.

City Council

Vice Mayor Buenaventura reported at a City Council Study Session, the idea of designating a district with a Filipino American designation was discussed. Also discussed was the promoting of Daly City businesses by doing short videos and advertising them on our own Facebook page that we create, or advertise them on the City's website.

REPORTS: Continued

Staff

City Manager Patricia Martel announced, in commemoration of the City's centennial, the City is offering the opportunity to purchase a commemorative brick for $100 that will surround a circular bronze medallion located at the new plaza at the Top-of-the-Hill. She reported that a large commemorative sign will be posted from the Top-of-the-Hill to the BART Station as "John Daly Boulevard/Centennial Way" with the 100th Year logo on it.

ADJOURNMENT:

It was moved by Councilmember Guingona, seconded by Councilmember Klatt and carried to adjourn the meeting at 8:25 P.M. in memory of Elinor Crump, Linda Kelley, Rey Singson, Ralph Giannini, Earl Homan and Nancy Martinson.

____
City Clerk

Approved as submitted, this __________

day of ______________________, 2012.

____
Vice Mayor

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Accepting and Appropriating a $3,200 Grant from the Daly City Public Library Associates and Serramonte Shopping Center

Recommended Action

It is recommended the City Council accept a $3,200 grant from the Daly City Public Library Associates and Serramonte Shopping Center to fund the purchase of free-standing display units.

Background/Discussion

Four Acco Quartet Show-It! Portable Display Systems, one for each library branch, would be purchased for the display of community-created artwork, photos, science projects and poetry in our libraries. These six-panel portable units can be modified to be either floor or table-standing. They are portable and may be transported to community events where the Department of Library and Recreation Services promotes its service.

Fiscal Impact

The funds would be appropriated to 61-120-120-3840, Private Contributions account of the Library budget. These grant funds were received and will be expended in Fiscal Year 2012/13.

Summary/Conclusion

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

Respectfully submitted,

Chela Anderson
Library Services Manager
Daly City Public Library

Kerry E. Burns
Assistant City Manager and
Interim Director – Department of
Library and Recreation Services

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Accepting and Appropriating a $2,000 Grant from the Daly City Public Library Associates and the Italian Catholic Federation

Recommended Action

It is recommended the City Council accept a $2,000 grant from the Daly City Public Library Associates and the Italian Catholic Federation to fund the purchase of library materials for the visually impaired.

Background/Discussion

The Daly City Public Library hosts a circulating collection of large-type books for adults, both fiction and nonfiction. This collection is based at the Serramonte Main Library and selections from it are rotated periodically among the three other library locations. This grant will enable the library to enhance this collection of specialized materials with approximately 100 new popular and classic titles.

Fiscal Impact

The funds would be appropriated to 61-120-120-3840, Private Contributions account of the Library budget. These grant funds were received and will be expended in Fiscal Year 2012/13.

Summary/Conclusion

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

Respectfully submitted,

Chela Anderson
Library Services Manager
Daly City Public Library

Kerry E. Burns
Assistant City Manager and
Interim Director – Department of
Library and Recreation Services

City Council Agenda Report

Item #_____

Meeting Date: September 10, 2012

Subject: **Accepting and Appropriating an Office of Traffic Safety Grant/ DUI Enforcement and Prevention Campaign 2012/2013**

Recommended Action

Accept grant funding from the California Office of Traffic Safety for $160,000 for overtime and equipment funding to be used to assist the Daly City Police Department Traffic Safety Program.

Background

In partnership with the Office of Traffic Safety, the Daly City Police Department will work to decrease driver and pedestrian injury collisions by increasing our enforcement efforts related to driving under the influence (DUI). OTS has provided funds to purchase four fully-equipped motorcycles and has also provided overtime funds for the department to conduct twenty-six (26) two-officer saturation patrols.

Discussion

Funds provided by the OTS Grant will be utilized to increase enforcement levels related to driving under the influence violations. These funds will be expended on an overtime basis to staff operations and meet grant reporting requirements.

Fiscal Impact

This OTS Grant is overtime reimbursable.

Summary/Conclusions

Staff is available to provide any additional information desired.

Respectfully submitted,

Patrick Hensley
Captain

Manuel Martinez Jr.
Chief of Police

City Council Agenda Report

Item #______

Meeting Date: September 10, 2012

Subject: **Accepting and Appropriating an Office of Traffic Safety Grant for Continuing the "Avoid the 23" DUI Traffic Enforcement Program**

Recommended Action

Accept a grant from the California Office of Traffic Safety for $175,000 for overtime and equipment funding for the "Avoid the 23" DUI Traffic Enforcement Program.

Background

San Mateo County has been a leading participant in the successful statewide "Avoid" Driving Under the Influence programs since their inception over twenty years ago. Funding for the County's Avoid the 23 DUI Enforcement Program has been provided to maintain a multi-agency collaborative effort throughout the Christmas/New Year's, Memorial Day, Labor Day, and Independence Day holiday periods.

Discussion

This grant provides a total of $175,000 in overtime and equipment funding that can be used by all law enforcement agencies in the County for DUI checkpoints and strike teams. The Daly City Police Department has been chosen to act as the lead agency for this grant and will be provided with funding to coordinate the grant activities and all related financial matters.

Fiscal Impact

There is no cash match. Funding runs from October 1, 2012 through September 30, 2013.

Summary/Conclusions

Staff is available to provide any additional information desired.

Respectfully submitted,

Patrick Hensley
Captain

Manuel Martinez Jr.
Chief of Police

City Council Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Adoption of FEMA Flood Insurance Rate Maps

Recommended Action

Staff recommends that the City Council approve the accompanying resolution adopting Flood Insurance Rate Maps for the City of Daly City.

Background

The National Flood Insurance Program (NFIP) is a Federal program created by Congress and administered by the Federal Emergency Management Agency (FEMA) to mitigate future flood losses nationwide through sound, community-enforced building and zoning ordinances and to provide access to affordable, federally backed flood insurance protection for property owners in flood hazard areas. The NFIP is designed to provide an insurance alternative to disaster recovery assistance in response to the escalating cost of repairing damage to buildings and their contents caused by floods.

Participation in the NFIP is based on an agreement between local communities and the Federal Government. For property owners to be eligible for federally sponsored flood insurance the local municipality must adopt and enforce a floodplain management ordinance to reduce future flood risks to new construction in Special Flood Hazard Areas (SFHAs). Once Flood Insurance rate Maps (FIRM's) and floodplain management regulations are adopted the Federal Government will make flood insurance available to property owners within the community as a financial protection against flood losses.

The City of Daly City has been a participant in the National Flood Insurance Program (NFIP) since August 1975. Due to the City's participation in the NFIP, residents of Daly City have been able to purchase federal flood insurance to protect their real and personal property. In addition, membership in the NFIP has allowed the City and its residents to obtain federal disaster relief funds.

Discussion

FEMA has developed new Flood Insurance Rate Maps (FIRMs) for San Mateo County. As part of this process, FEMA has revised the coastal flood hazard zone, V Zone, along the Daly City coastline. The V Zone reflects areas along coasts subject to inundation by the 1-percent-annual-chance flood event with additional hazards associated with storm-induced waves. Because detailed coastal analyses have not been performed, no base flood elevations (BFEs) or flood depths are shown on the new FIRM's.

In order to continue its participation in the NFIP, FEMA requires the City to adopt the newly applicable FIRMs, including the new V Zone along the coastline. FEMA has advised that this action must occur by October 16, 2012 for property owners to remain eligible for flood insurance.

In adopting the FIRMs, the City is required to designate the areas within the V as restricted land upon which no new structures, as defined in Title 44 of the Code of Federal Regulations (CFR) 59.1, will be permitted. Structure means, a walled and roofed building, including a gas or liquid storage tank that is primarily above ground, as well as a manufactured home. Additionally, proposed repairs and maintenance of City owned facilities in the V Zone are to be reviewed to assure that all necessary permits have been received from those governmental agencies from which approval is required by Federal or State law. Mandatory flood insurance purchase requirements also apply to private properties within the designated zone.

Adoption of the Flood Insurance Rate Maps will promote the safety and welfare of Daly City residents and enable the City's continued participation in the NFIP. Daly City residents will benefit by continuing to be able to purchase federal flood insurance.

FEMA has contracted with BakerAECOM to perform a detailed coastal engineering study (modeling and analyses) of the Pacific coast of California. Results from this study will be used to remap the coastal flood risk and wave hazards for the California coast, including the coastlines along Daly City, Pacifica, Half Moon Bay and San Mateo County. It is anticipated that the preliminary maps will be available for review in 2013.

Fiscal Impact

The City does not have structures, as defined above, within the zone that would be subject to the insurance requirements. Maintenance and repairs at Mussel Rock and Avalon Canyon within the V Zone would be subject to similar permitting requirements as to that for work within the current water line. Flood insurance for City facilities would be limited to lender financing and grant funding requirements.

Summary/Conclusion

Staff recommends the City Council adopt a resolution adopting the FEMA Flood Insurance Rate Map Revisions in the City of Daly City.

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

Respectfully submitted,

Robert Ovadia	John L. Fuller
Senior Civil Engineer	Director of Public Works

Attachment: Flood Insurance Rate Maps
Draft Resolution

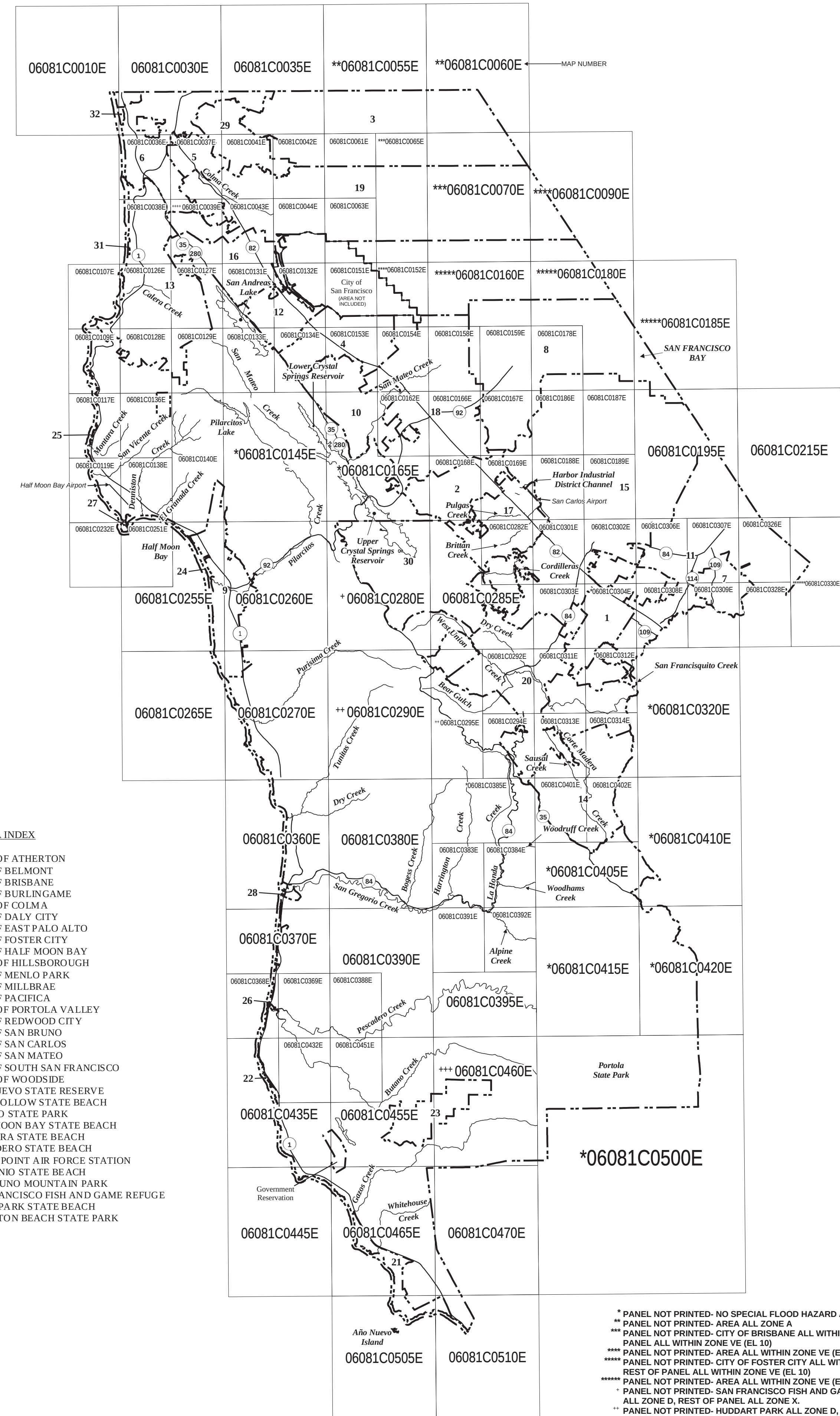
MAP DATES

This FIRM Index displays the map date for each FIRM panel at the time that this Index was printed. Because this Index may not be distributed to unaffected communities in subsequent revisions, users may determine the current map date for each FIRM panel by visiting the FEMA Map Service Center (MSC) website at http://msc.fema.gov, or by calling the FEMA map information eXchange (FMIX) at 1-877-336-2627.

Communities annexing land on adjacent FIRM panels must obtain a current copy of the adjacent panel as well as the current FIRM index. These may be ordered directly from the Map Service Center at the numbers listed above.

NOTE TO USER

Future revisions to this FIRM index will only be issued to communities that are located on FIRM panels being revised. This FIRM index therefore remains valid for FIRM panels dated October 16, 2012 or earlier. Please refer to the "most recent FIRM panel date" column in the Listing of Communities table below to determine the most recent FIRM index date for each community.



AREA INDEX

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31 SHARP PARK STATE BEACH
32 THORNTON BEACH STATE PARK

MAP REPOSITORIES

(Maps available for reference only, not for distribution.)

ATHERTON, TOWN OF:
Town Hall
91 Ashfield Road
Atherton, California 94027

BELMONT, CITY OF:
City Hall
One Twin Pines Lane
Belmont, California 94002

BRISBANE, CITY OF:
City Hall
50 Park Place
Brisbane, California 94005

BURLINGAME, CITY OF:
City Hall
501 Primrose Road
Burlingame, California 94010

COLMA, TOWN OF:
Town Hall
1198 El Camino Real
Colma, CA 94014

DALY CITY, CITY OF:
City Hall
333 90[TH] St.
Daly City, CA 94015

EAST PALO ALTO, CITY OF:
City Hall
2415 University Avenue
East Palo Alto, California 94303

FOSTER CITY, CITY OF:
City Hall
610 Foster City Boulevard
Foster City, California 94404

HALF MOON BAY, CITY OF:
City Hall
501 Main Street
Half Moon Bay, California 94019

HILLSBOROUGH, TOWN OF:
Town Hall
1600 Floribunda Avenue
Hillsborough, California 94010

MENLO PARK, CITY OF:
City Hall
701 Laurel Street
Menlo Park, California 94025

MILLBRAE, CITY OF:
City Hall
621 Magnolia Avenue
Millbrae, California 94030

PACIFICA, CITY OF:
Building & Planning Division
1800 Francisco Boulevard
Pacifica, California 94044

PORTOLA VALLEY, TOWN OF:
Town Hall
765 Portola Road
Portola Valley, California 94028

REDWOOD CITY, CITY OF:
City Hall
1017 Middlefield Road
Redwood City, California 94063

SAN BRUNO, CITY OF:
City Hall
567 El Camino Real
San Bruno, California 94066

SAN CARLOS, CITY OF:
City Hall
600 Elm Street
San Carlos, California 94070

SAN MATEO, CITY OF:
City Hall
330 West 20[th] Avenue
San Mateo, California 94403

SAN MATEO COUNTY
(UNINCORPORATED AREAS):
County Offices
555 County Center
Redwood City, California 94063

SOUTH SAN FRANCISCO, CITY OF:
City Hall
400 Grand Avenue
South San Francisco, California 94080

WOODSIDE, TOWN OF:
Town Hall
2955 Woodside Road
Woodside, California 94062

FIRM Panel Dates For Printed Panels of San Mateo County, CA And Incorporated Areas

Panel	Effective Date	Panel	Effective Date	Panel	Effective Date
0010E	OCTOBER 16, 2012	0159E	OCTOBER 16, 2012	0313E	OCTOBER 16, 2012
0030E	OCTOBER 16, 2012	0162E	OCTOBER 16, 2012	0314E	OCTOBER 16, 2012
0035E	OCTOBER 16, 2012	0166E	OCTOBER 16, 2012	0326E	OCTOBER 16, 2012
0036E	OCTOBER 16, 2012	0167E	OCTOBER 16, 2012	0328E	OCTOBER 16, 2012
0037E	OCTOBER 16, 2012	0168E	OCTOBER 16, 2012	0360E	OCTOBER 16, 2012
0038E	OCTOBER 16, 2012	0169E	OCTOBER 16, 2012	0368E	OCTOBER 16, 2012
0041E	OCTOBER 16, 2012	0178E	OCTOBER 16, 2012	0369E	OCTOBER 16, 2012
0042E	OCTOBER 16, 2012	0186E	OCTOBER 16, 2012	0370E	OCTOBER 16, 2012
0043E	OCTOBER 16, 2012	0187E	OCTOBER 16, 2012	0380E	OCTOBER 16, 2012
0044E	OCTOBER 16, 2012	0188E	OCTOBER 16, 2012	0383E	OCTOBER 16, 2012
0061E	OCTOBER 16, 2012	0189E	OCTOBER 16, 2012	0384E	OCTOBER 16, 2012
0063E	OCTOBER 16, 2012	0195E	OCTOBER 16, 2012	0388E	OCTOBER 16, 2012
0107E	OCTOBER 16, 2012	0215E	OCTOBER 16, 2012	0390E	OCTOBER 16, 2012
0109E	OCTOBER 16, 2012	0232E	OCTOBER 16, 2012	0391E	OCTOBER 16, 2012
0117E	OCTOBER 16, 2012	0251E	OCTOBER 16, 2012	0392E	OCTOBER 16, 2012
0119E	OCTOBER 16, 2012	0255E	OCTOBER 16, 2012	0395E	OCTOBER 16, 2012
0126E	OCTOBER 16, 2012	0260E	OCTOBER 16, 2012	0401E	OCTOBER 16, 2012
0127E	OCTOBER 16, 2012	0265E	OCTOBER 16, 2012	0402E	OCTOBER 16, 2012
0128E	OCTOBER 16, 2012	0270E	OCTOBER 16, 2012	0432E	OCTOBER 16, 2012
0129E	OCTOBER 16, 2012	0282E	OCTOBER 16, 2012	0435E	OCTOBER 16, 2012
0131E	OCTOBER 16, 2012	0285E	OCTOBER 16, 2012	0445E	OCTOBER 16, 2012
0132E	OCTOBER 16, 2012	0292E	OCTOBER 16, 2012	0451E	OCTOBER 16, 2012
0133E	OCTOBER 16, 2012	0294E	OCTOBER 16, 2012	0455E	OCTOBER 16, 2012
0134E	OCTOBER 16, 2012	0301E	OCTOBER 16, 2012	0465E	OCTOBER 16, 2012
0136E	OCTOBER 16, 2012	0302E	OCTOBER 16, 2012	0470E	OCTOBER 16, 2012
0138E	OCTOBER 16, 2012	0303E	OCTOBER 16, 2012	0505E	OCTOBER 16, 2012
0140E	OCTOBER 16, 2012	0306E	OCTOBER 16, 2012	0510E	OCTOBER 16, 2012
0151E	OCTOBER 16, 2012	0307E	OCTOBER 16, 2012		
0153E	OCTOBER 16, 2012	0308E	OCTOBER 16, 2012		
0154E	OCTOBER 16, 2012	0309E	OCTOBER 16, 2012		
0158E	OCTOBER 16, 2012	0311E	OCTOBER 16, 2012		

LISTING OF COMMUNITIES

COMMUNITY NAME	COMMUNITY NUMBER	LOCATED ON PANELS	INITIAL ID DATE	INITIAL NFIP MAP DATE	INITIAL FIRM DATE	MOST RECENT FIRM PANEL DATE
ATHERTON, TOWN OF[1]	060312	302, 303, 304[2], 306, 308, 311, 312[2]				
BELMONT, CITY OF	065016	165[2], 167, 168, 169, 285	JULY 19, 1974	JULY 19, 1974	MARCH 9, 1982	OCTOBER 16, 2012
BRISBANE, CITY OF	060314	35, 41, 42, 55[2], 60[2], 61, 65[2], 70[2]	MAY 24, 1974	MAY 24, 1974	MARCH 29, 1983	OCTOBER 16, 2012
BURLINGAME, CITY OF	065019	132, 134, 151, 152[2], 153, 154	JUNE 28, 1974	JUNE 28, 1974	SEPTEMBER 16, 1981	OCTOBER 16, 2012
COLMA, TOWN OF	060316	30, 36, 37, 41	OCTOBER 16, 2012	OCTOBER 16, 2012	OCTOBER 16, 2012	OCTOBER 16, 2012
DALY CITY, CITY OF	060317	30, 35, 36, 37, 38, 39[2]	OCTOBER 16, 2012	OCTOBER 16, 2012	OCTOBER 16, 2012	OCTOBER 16, 2012
EAST PALO ALTO, CITY OF	060708	307, 309, 326, 328	SEPTEMBER 19, 1984	SEPTEMBER 19, 1984	SEPTEMBER 19, 1984	OCTOBER 16, 2012
FOSTER CITY, CITY OF	060318	158, 159, 160[2], 166, 167, 178, 180[2], 185[2], 186, 195	JUNE 14, 1974	JUNE 14, 1974	JANUARY 7, 1977	OCTOBER 16, 2012
HALF MOON BAY, CITY OF	060319	138, 140, 145[2], 251, 255, 260, 265, 270	JUNE 3, 1986	JUNE 3, 1986	JUNE 3, 1986	OCTOBER 16, 2012
HILLSBOROUGH, TOWN OF	060320	134, 145[2], 153, 154, 162, 165[2]	OCTOBER 6, 1999	OCTOBER 6, 1999	OCTOBER 6, 1999	OCTOBER 16, 2012
MENLO PARK, CITY OF	060321	195, 215, 302, 304[2], 306, 307, 308, 309, 311, 312[2], 320[2], 326, 328, 330[2]	JUNE 14, 1974	JUNE 14, 1974	FEBRUARY 4, 1981	OCTOBER 16, 2012
MILLBRAE, CITY OF	065045	131, 132, 133, 134, 151	JULY 19, 1974	JULY 19, 1974	SEPTEMBER 30, 1981	OCTOBER 16, 2012
PACIFICA, CITY OF	060323	36, 38, 39[2], 107, 109, 126, 127, 128, 129	JUNE 28, 1974	JUNE 28, 1974	FEBRUARY 4, 1981	OCTOBER 16, 2012
PORTOLA VALLEY, TOWN OF	065052	294, 313, 314, 385[2], 401, 402, 405[2]	JUNE 21, 1974	JUNE 21, 1974	OCTOBER 17, 1978	OCTOBER 16, 2012
REDWOOD CITY, CITY OF	060325	167, 169, 178, 180[2] 185[2], 186, 187, 188, 189, 195, 282, 285, 301, 302, 303, 304[2], 306	JUNE 28, 1974	JUNE 28, 1974	MAY 17, 1982	OCTOBER 16, 2012
SAN BRUNO, CITY OF[1]	060326	38, 39[2], 43, 44, 127, 131, 132				
SAN CARLOS, CITY OF	060327	168, 169, 188, 282, 285, 301	JUNE 28, 1974	JUNE 28, 1974	SEPTEMBER 1, 1977	OCTOBER 16, 2012
SAN MATEO, CITY OF	060328	152[2], 153, 154, 158, 159, 160[2], 162, 165[2], 166, 167, 168, 169	OCTOBER 19, 2001	OCTOBER 19, 2001	OCTOBER 19, 2001	OCTOBER 16, 2012
SAN MATEO COUNTY (UNINCORPORATED AREAS)	060311	10, 30, 35, 36, 37, 38, 39[2], 41, 42, 43, 44, 63, 65[2], 70[2], 90[2], 107, 109, 117, 119, 126, 127, 128, 129, 131, 132, 133, 134, 136, 138, 140, 145[2], 151, 152[2], 160[2], 162, 165[2], 168, 169, 180[2], 232, 251, 255, 260, 265, 270, 280[2], 282, 285, 290[2], 292, 294, 295[2], 301, 302, 303, 304[2], 306, 308, 311, 312[2], 313, 314, 320[2], 360, 368, 369, 370, 380, 383, 384, 385[2], 388, 389[2], 391, 392, 395, 400[2], 401, 402, 405[2], 410[2], 415[2], 420[2], 432, 435, 445, 451, 455, 460[2], 465, 470, 500[2], 505, 510	NOVEMBER 1, 1974	NOVEMBER 1, 1974	JULY 5, 1984	OCTOBER 16, 2012
SOUTH SAN FRANCISCO, CITY OF	065062	37, 38, 39[2], 41, 42, 43, 44, 61, 63, 65[2], 70[2], 90[2]	JANUARY 10, 1975	JANUARY 10, 1975	SEPTEMBER 2, 1981	OCTOBER 16, 2012
WOODSIDE, TOWN OF	060330	285, 292, 294, 295[2], 303, 311, 313, 385[2]	JUNE 14, 1974	JUNE 14, 1974	NOVEMBER 15, 1979	OCTOBER 16, 2012

[1] NO SPECIAL FLOOD HAZARD AREAS
[2] PANEL NOT PRINTED

* PANEL NOT PRINTED- NO SPECIAL FLOOD HAZARD AREAS IDENTIFIED
** PANEL NOT PRINTED- AREA ALL ZONE A
*** PANEL NOT PRINTED- CITY OF BRISBANE ALL WITHIN ZONE A REST OF PANEL ALL WITHIN ZONE VE (EL 10)
**** PANEL NOT PRINTED- AREA ALL WITHIN ZONE VE (EL 10)
***** PANEL NOT PRINTED- CITY OF FOSTER CITY ALL WITHIN ZONE AE (EL 10) REST OF PANEL ALL WITHIN ZONE VE (EL 10)
****** PANEL NOT PRINTED- AREA ALL WITHIN ZONE VE (EL11)
\+ PANEL NOT PRINTED- SAN FRANCISCO FISH AND GAME REFUGE ALL ZONE D, REST OF PANEL ALL ZONE X.
++ PANEL NOT PRINTED- HUDDART PARK ALL ZONE D, REST OF PANEL ALL ZONE X
+++ PANEL NOT PRINTED- BUTANO STATE PARK ALL ZONE D, REST OF PANEL ALL ZONE X
++++ PANEL NOT PRINTED- CITY OF SAN BRUNO AND COAST GUARD RESERVATION ALL ZONE D, REST OF PANEL ALL ZONE X

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

MAP INDEX

FIRM
FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA
AND INCORPORATED AREAS
(SEE LISTING OF COMMUNITIES TABLE)

MAP INDEX

PANELS PRINTED: 10, 30, 35, 36, 37, 38, 41, 42, 43, 44, 61, 63, 107, 109, 117, 119, 126, 127, 128, 129, 131, 132, 133, 134, 136, 138, 140, 151, 153, 154, 158, 159, 162, 166, 167, 168, 169, 178, 186, 187, 188, 189, 195, 215, 232, 251, 255, 260, 265, 270, 282, 285, 292, 294, 301, 302, 303, 306, 307, 308, 309, 311, 313, 314, 326, 328, 360, 368, 369, 370, 380, 383, 384, 388, 390, 391, 392, 395, 401, 402, 432, 435, 445, 451, 455, 465, 470, 505, 510

MAP NUMBER
06081CIND0A

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

NOTES TO USERS

This map is for use in administering the National Flood Insurance Program. It does not necessarily identify all areas subject to flooding, particularly from local drainage sources of small size. The **community map repository** should be consulted for possible updated or additional flood hazard information.

To obtain more detailed information in areas where **Base Flood Elevations** (BFEs) and/or **floodways** have been determined, users are encouraged to consult the Flood Profiles and Floodway Data and/or Summary of Stillwater Elevations tables contained within the Flood Insurance Study (FIS) report that accompanies this FIRM. Users should be aware that BFEs shown on the FIRM represent rounded whole-foot elevations. These BFEs are intended for flood insurance rating purposes only and should not be used as the sole source of flood elevation information. Accordingly, flood elevation data presented in the FIS report should be utilized in conjunction with the FIRM for purposes of construction and/or floodplain management.

Coastal Base Flood Elevations shown on this map apply only landward of 0.0' North American Vertical Datum of 1988 (NAVD 88). Users of this FIRM should be aware that coastal flood elevations are also provided in the Summary of Stillwater Elevations tables in the Flood Insurance Study report for this jurisdiction. Elevations shown in the Summary of Stillwater Elevations tables should be used for construction and/or floodplain management purposes when they are higher than the elevations shown on this FIRM.

Boundaries of the **floodways** were computed at cross sections and interpolated between cross sections. The floodways were based on hydraulic considerations with regard to requirements of the National Flood Insurance Program. Floodway widths and other pertinent floodway data are provided in the Flood Insurance Study report for this jurisdiction.

Certain areas not in Special Flood Hazard Areas may be protected by **flood control structures**. Refer to Section 2.4 "Flood Protection Measures" of the Flood Insurance Study report for information on flood control structures for this jurisdiction.

The **projection** used in the preparation of this map was Universal Transverse Mercator (UTM) zone 10N. The **horizontal datum** was NAD 83, GRS80 spheroid. Differences in datum, spheroid, projection or UTM zones used in the production of FIRMs for adjacent jurisdictions may result in slight positional differences in map features across jurisdiction boundaries. These differences do not affect the accuracy of this FIRM.

Flood elevations on this map are referenced to the North American Vertical Datum of 1988. These flood elevations must be compared to structure and ground elevations referenced to the same **vertical datum**. For information regarding conversion between the National Geodetic Vertical Datum of 1929 and the North American Vertical Datum of 1988, visit the National Geodetic Survey website at http://www.ngs.noaa.gov or contact the National Geodetic Survey at the following address:

NGS Information Services
NOAA, N/NGS12
National Geodetic Survey
SSMC-3, #9202
1315 East-West Highway
Silver Spring, Maryland 20910-3282
(301) 713-3242

To obtain current elevation, description, and/or location information for **bench marks** shown on this map, please contact the Information Services Branch of the National Geodetic Survey at **(301) 713-3242**, or visit its website at http://www.ngs.noaa.gov.

Base map information shown on this FIRM was provided in digital format by the USDA National Agriculture Imagery Program (NAIP). This information was photogrammetrically compiled at a scale of 1:24,000 from aerial photography dated 2005.

This map reflects more detailed and up-to-date **stream channel configurations** than those shown on the previous FIRM for this jurisdiction. The floodplains and floodways that were transferred from the previous FIRM may have been adjusted to conform to these new stream channel configurations. As a result, the Flood Profiles and Floodway Data tables in the Flood Insurance Study Report (which contains authoritative hydraulic data) may reflect stream channel distances that differ from what is shown on this map.

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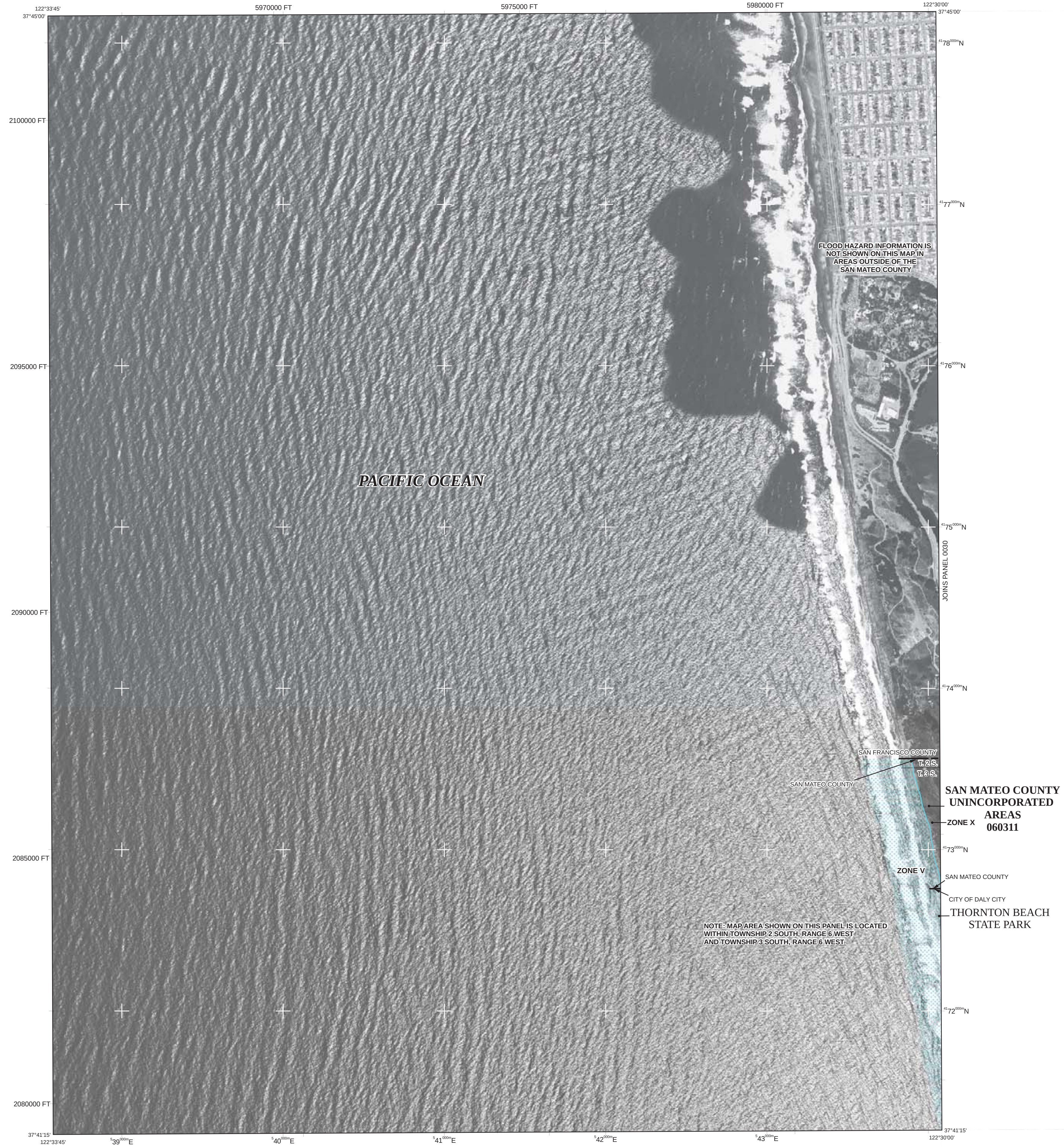
If you have **questions about this map**, how to order products or the National Flood Insurance Program in general, please call the FEMA Map Information eXchange (FMIX) at **1-877-FEMA-MAP** (1-877-336-2627) or visit the FEMA website at http://www.fema.gov/business/nfip.



LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE AR	Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X	Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X	Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D	Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
CBRS and OPA Boundary
Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.
513 — Base Flood Elevation line and value; elevation in feet*
(EL 987) — Base Flood Elevation value where uniform within zone; elevation in feet*
*Referenced to the North American Vertical Datum of 1988
A — A Cross section line
23 - - - - 23 Transect line
Culvert, Flume, Penstock or Aqueduct
Road or Railroad Bridge
Footbridge
97° 07' 30", 32° 22' 30" Geographic coordinates referenced to the North American Datum of 1983 (NAD 83), Western Hemisphere
4276000mE 1000-meter Universal Transverse Mercator grid values, Zone 10
600000 FT 5000-foot grid ticks: California State Plane coordinate system, Zone II (FIPSZONE 0402), Lambert Conformal Conic Projection
DX5510 × Bench mark (see explanation in Notes to Users section of this FIRM panel)
• M1.5 River Mile

MAP REPOSITORIES
Refer to Map Repositories list on Map Index.

EFFECTIVE DATE OF COUNTYWIDE FLOOD INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

For community map revision history prior to countywide mapping, refer to the Community Map History table located in the Flood Insurance Study report for this jurisdiction.

To determine if flood insurance is available in this community, contact your insurance agent or call the National Flood Insurance Program at 1-800-638-6620.

MAP SCALE 1" = 1000'

500 0 1000 2000 FEET

300 0 300 600 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0010E

FIRM

FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA
AND INCORPORATED AREAS

PANEL 10 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
SAN MATEO COUNTY	060311	0010	E

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

MAP NUMBER
06081C0010E

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

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LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A No Base Flood Elevations determined.

ZONE AE Base Flood Elevations determined.

ZONE AH Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.

ZONE AO Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.

ZONE AR Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.

ZONE A99 Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.

ZONE V Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.

ZONE VE Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
CBRS and OPA Boundary
Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.

513	Base Flood Elevation line and value; elevation in feet*
(EL 987)	Base Flood Elevation value where uniform within zone; elevation in feet*

*Referenced to the North American Vertical Datum of 1988

A — A	Cross section line
23 - - - 23	Transect line
	Culvert, Flume, Penstock or Aqueduct
	Road or Railroad Bridge
	Footbridge
97° 07' 30", 32° 22' 30"	Geographic coordinates referenced to the North American Datum of 1983 (NAD 83), Western Hemisphere
$^{42}76^{000m}$E	1000-meter Universal Transverse Mercator grid values, Zone 10
600000 FT	5000-foot grid ticks: California State Plane coordinate system, Zone II (FIPSZONE 0402), Lambert Conformal Conic Projection
DX5510 ×	Bench mark (see explanation in Notes to Users section of this FIRM panel)
● M1.5	River Mile

MAP REPOSITORIES
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EFFECTIVE DATE OF COUNTYWIDE FLOOD INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

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MAP SCALE 1" = 1000'

500 0 1000 2000 FEET

300 0 300 600 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0030E

FIRM
FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA
AND INCORPORATED AREAS

PANEL 30 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
COLMA, TOWN OF	060316	0030	E
DALY CITY, CITY OF	060317	0030	E
SAN MATEO COUNTY	060311	0030	E

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MAP NUMBER
06081C0030E

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

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Certain areas not in Special Flood Hazard Areas may be protected by **flood control structures**. Refer to Section 2.4 "Flood Protection Measures" of the Flood Insurance Study report for information on flood control structures for this jurisdiction.

The **projection** used in the preparation of this map was Universal Transverse Mercator (UTM) zone 10N. The **horizontal datum** was NAD 83, GRS80 spheroid. Differences in datum, spheroid, projection or UTM zones used in the production of FIRMs for adjacent jurisdictions may result in slight positional differences in map features across jurisdiction boundaries. These differences do not affect the accuracy of this FIRM.

Flood elevations on this map are referenced to the North American Vertical Datum of 1988. These flood elevations must be compared to structure and ground elevations referenced to the same **vertical datum**. For information regarding conversion between the National Geodetic Vertical Datum of 1929 and the North American Vertical Datum of 1988, visit the National Geodetic Survey website at http://www.ngs.noaa.gov or contact the National Geodetic Survey at the following address:

NGS Information Services
NOAA, N/NGS12
National Geodetic Survey
SSMC-3, #9202
1315 East-West Highway
Silver Spring, Maryland 20910-3282
(301) 713-3242

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LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE AR	Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
CBRS and OPA Boundary
Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.

513	Base Flood Elevation line and value; elevation in feet*
(EL 987)	Base Flood Elevation value where uniform within zone; elevation in feet*

*Referenced to the North American Vertical Datum of 1988

A — A	Cross section line
23 - - - 23	Transect line
	Culvert, Flume, Penstock or Aqueduct
	Road or Railroad Bridge
	Footbridge
97° 07' 30", 32° 22' 30"	Geographic coordinates referenced to the North American Datum of 1983 (NAD 83), Western Hemisphere
4276000mE	1000-meter Universal Transverse Mercator grid values, Zone 10
600000 FT	5000-foot grid ticks: California State Plane coordinate system, Zone II (FIPSZONE 0402), Lambert Conformal Conic Projection
DX5510 ×	Bench mark (see explanation in Notes to Users section of this FIRM panel)
● M1.5	River Mile

MAP REPOSITORIES
Refer to Map Repositories list on Map Index.

EFFECTIVE DATE OF COUNTYWIDE FLOOD
INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

For community map revision history prior to countywide mapping, refer to the Community Map History table located in the Flood Insurance Study report for this jurisdiction.

To determine if flood insurance is available in this community, contact your insurance agent or call the National Flood Insurance Program at 1-800-638-6620.

MAP SCALE 1" = 1000'

500 0 1000 2000 FEET

300 0 300 600 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0035E

FIRM

FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA AND INCORPORATED AREAS

PANEL 35 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
BRISBANE, CITY OF	060314	0035	E
DALY CITY, CITY OF	060317	0035	E
SAN MATEO COUNTY	060311	0035	E

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MAP NUMBER
06081C0035E

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

NOTES TO USERS

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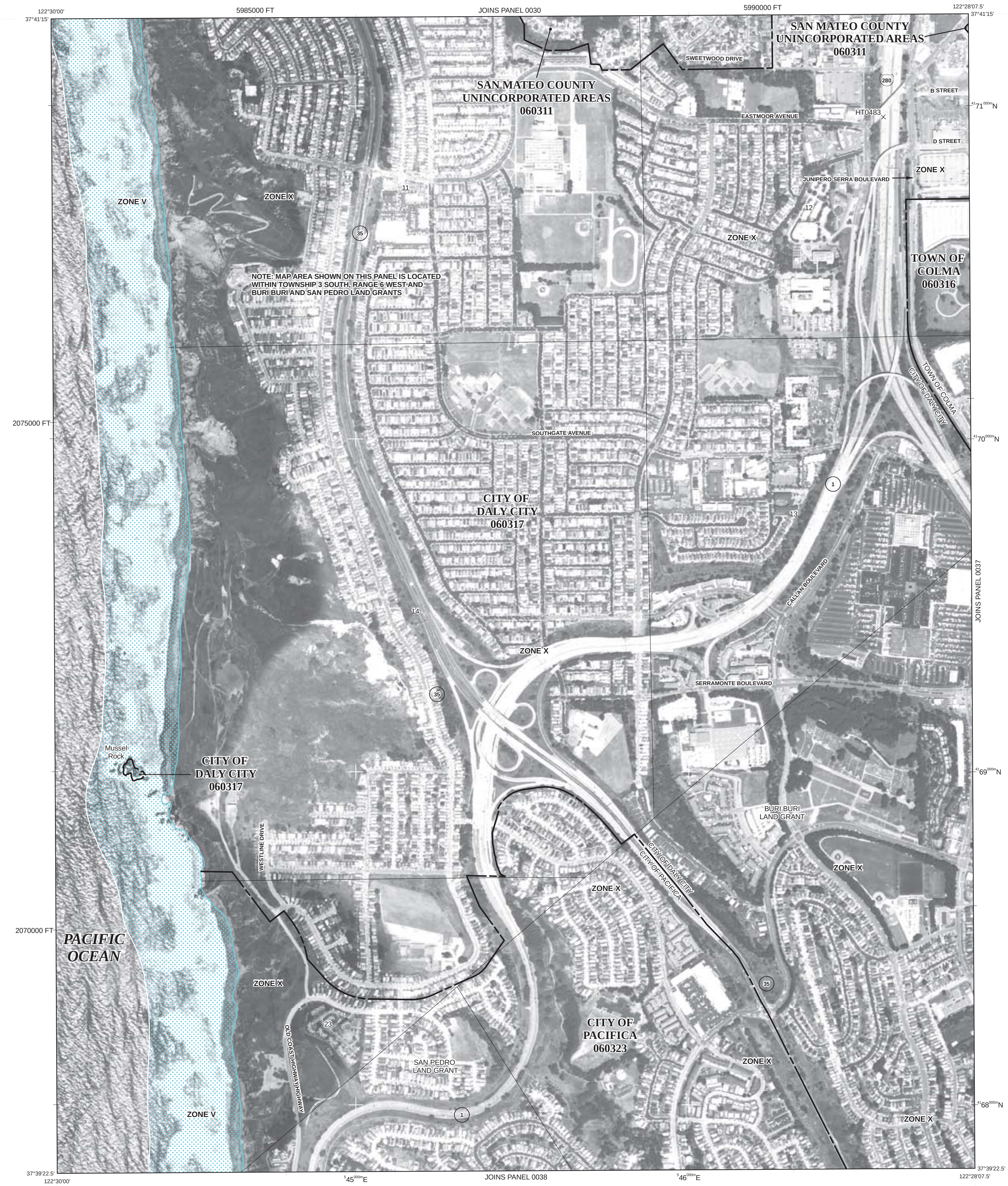

LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
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ZONE AR	Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
CBRS and OPA Boundary
Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.

513	Base Flood Elevation line and value; elevation in feet*
(EL 987)	Base Flood Elevation value where uniform within zone; elevation in feet*

*Referenced to the North American Vertical Datum of 1988

A — A	Cross section line
23 - - - - 23	Transect line
	Culvert, Flume, Penstock or Aqueduct
	Road or Railroad Bridge
	Footbridge
97° 07' 30", 32° 22' 30"	Geographic coordinates referenced to the North American Datum of 1983 (NAD 83), Western Hemisphere
4276000mE	1000-meter Universal Transverse Mercator grid values, Zone 10
600000 FT	5000-foot grid ticks: California State Plane coordinate system, Zone II (FIPSZONE 0402), Lambert Conformal Conic Projection
DX5510 ×	Bench mark (see explanation in Notes to Users section of this FIRM panel)
● M1.5	River Mile

MAP REPOSITORIES
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EFFECTIVE DATE OF COUNTYWIDE FLOOD
INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

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MAP SCALE 1" = 500'

250 0 500 1000 FEET

150 0 150 300 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0036E

FIRM

FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY,
CALIFORNIA
AND INCORPORATED AREAS

PANEL 36 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
COLMA, TOWN OF	060316	0036	E
DALY CITY, CITY OF	060317	0036	E
PACIFICA, CITY OF	060323	0036	E
SAN MATEO COUNTY	060311	0036	E

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MAP NUMBER
06081C0036E

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

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LEGEND

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ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X	Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

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COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

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1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
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Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.

513	Base Flood Elevation line and value; elevation in feet*
(EL 987)	Base Flood Elevation value where uniform within zone; elevation in feet*

*Referenced to the North American Vertical Datum of 1988

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MAP REPOSITORIES
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EFFECTIVE DATE OF COUNTYWIDE FLOOD
INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

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250 0 500 1000 FEET

150 0 150 300 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0037E

FIRM

FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA
AND INCORPORATED AREAS

PANEL 37 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
COLMA, TOWN OF	060316	0037	E
DALY CITY, CITY OF	060317	0037	E
SOUTH SAN FRANCISCO, CITY OF	065062	0037	E
SAN MATEO COUNTY	060311	0037	E

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06081C0037E

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To obtain current elevation, description, and/or location information for **bench marks** shown on this map, please contact the Information Services Branch of the National Geodetic Survey at **(301) 713-3242**, or visit its website at http://www.ngs.noaa.gov.

Base map information shown on this FIRM was provided in digital format by the USDA National Agriculture Imagery Program (NAIP). This information was photogrammetrically compiled at a scale of 1:24,000 from aerial photography dated 2005.

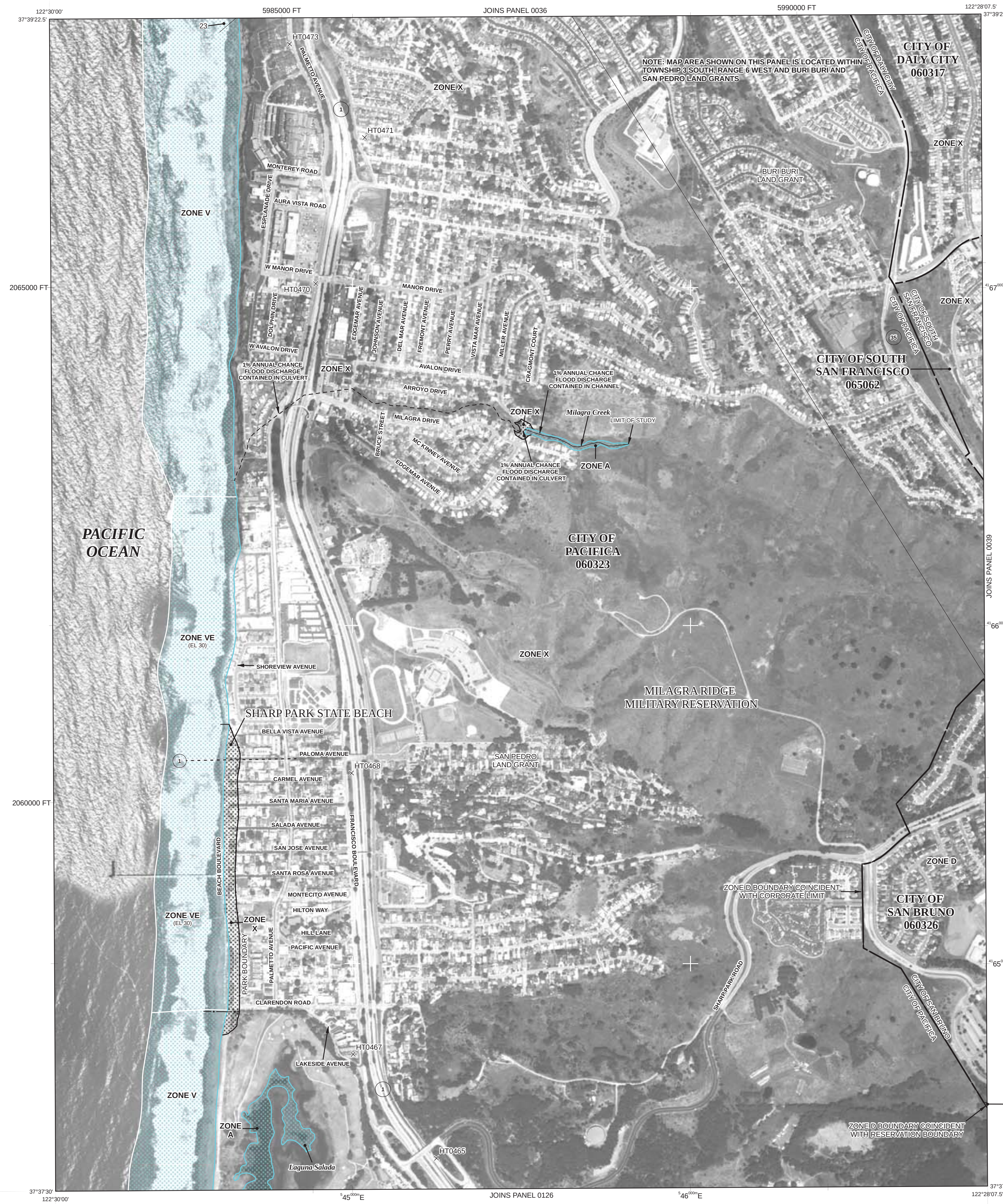
This map reflects more detailed and up-to-date **stream channel configurations** than those shown on the previous FIRM for this jurisdiction. The floodplains and floodways that were transferred from the previous FIRM may have been adjusted to conform to these new stream channel configurations. As a result, the Flood Profiles and Floodway Data tables in the Flood Insurance Study Report (which contains authoritative hydraulic data) may reflect stream channel distances that differ from what is shown on this map.

Corporate limits shown on this map are based on the best data available at the time of publication. Because changes due to annexations or de-annexations may have occurred after this map was published, map users should contact appropriate community officials to verify current corporate limit locations.

Please refer to the separately printed **Map Index** for an overview map of the county showing the layout of map panels; community map repository addresses; and a Listing of Communities table containing National Flood Insurance Program dates for each community as well as a listing of the panels on which each community is located.

For information on available products associated with this FIRM visit the **Map Service Center (MSC)** website at http://msc.fema.gov. Available products may include previously issued Letters of Map Change, a Flood Insurance Study Report, and/or digital versions of this map. Many of these products can be ordered or obtained directly from the MSC website.

If you have **questions about this map**, how to order products or the National Flood Insurance Program in general, please call the FEMA Map Information eXchange (FMIX) at **1-877-FEMA-MAP** (1-877-336-2627) or visit the FEMA website at http://www.fema.gov/business/nfip.



LEGEND

SPECIAL FLOOD HAZARD AREAS (SFHAs) SUBJECT TO INUNDATION BY THE 1% ANNUAL CHANCE FLOOD

The 1% annual chance flood (100-year flood), also known as the base flood, is the flood that has a 1% chance of being equaled or exceeded in any given year. The Special Flood Hazard Area is the area subject to flooding by the 1% annual chance flood. Areas of Special Flood Hazard include Zones A, AE, AH, AO, AR, A99, V, and VE. The Base Flood Elevation is the water-surface elevation of the 1% annual chance flood.

ZONE A	No Base Flood Elevations determined.
ZONE AE	Base Flood Elevations determined.
ZONE AH	Flood depths of 1 to 3 feet (usually areas of ponding); Base Flood Elevations determined.
ZONE AO	Flood depths of 1 to 3 feet (usually sheet flow on sloping terrain); average depths determined. For areas of alluvial fan flooding, velocities also determined.
ZONE AR	Special Flood Hazard Area formerly protected from the 1% annual chance flood by a flood control system that was subsequently decertified. Zone AR indicates that the former flood control system is being restored to provide protection from the 1% annual chance or greater flood.
ZONE A99	Area to be protected from 1% annual chance flood by a Federal flood protection system under construction; no Base Flood Elevations determined.
ZONE V	Coastal flood zone with velocity hazard (wave action); no Base Flood Elevations determined.
ZONE VE	Coastal flood zone with velocity hazard (wave action); Base Flood Elevations determined.

FLOODWAY AREAS IN ZONE AE

The floodway is the channel of a stream plus any adjacent floodplain areas that must be kept free of encroachment so that the 1% annual chance flood can be carried without substantial increases in flood heights.

OTHER FLOOD AREAS

ZONE X — Areas of 0.2% annual chance flood; areas of 1% annual chance flood with average depths of less than 1 foot or with drainage areas less than 1 square mile; and areas protected by levees from 1% annual chance flood.

OTHER AREAS

ZONE X — Areas determined to be outside the 0.2% annual chance floodplain.
ZONE D — Areas in which flood hazards are undetermined, but possible.

COASTAL BARRIER RESOURCES SYSTEM (CBRS) AREAS

OTHERWISE PROTECTED AREAS (OPAs)

CBRS areas and OPAs are normally located within or adjacent to Special Flood Hazard Areas.

1% annual chance floodplain boundary
0.2% annual chance floodplain boundary
Floodway boundary
Zone D Boundary
CBRS and OPA Boundary
Boundary dividing Special Flood Hazard Areas of different Base Flood Elevations, flood depths or flood velocities.
513 — Base Flood Elevation line and value; elevation in feet*
(EL 987) — Base Flood Elevation value where uniform within zone; elevation in feet*
*Referenced to the North American Vertical Datum of 1988
A — A Cross section line
23 — 23 Transect line
Culvert, Flume, Penstock or Aqueduct
Road or Railroad Bridge
Footbridge
97° 07' 30", 32° 22' 30" — Geographic coordinates referenced to the North American Datum of 1983 (NAD 83), Western Hemisphere
$^{42}76^{000m}$E — 1000-meter Universal Transverse Mercator grid values, Zone 10
600000 FT — 5000-foot grid ticks: California State Plane coordinate system, Zone II (FIPSZONE 0402), Lambert Conformal Conic Projection
DX5510 × — Bench mark (see explanation in Notes to Users section of this FIRM panel)
• M1.5 — River Mile

MAP REPOSITORIES
Refer to Map Repositories list on Map Index.

EFFECTIVE DATE OF COUNTYWIDE FLOOD INSURANCE RATE MAP PANEL
OCTOBER 16, 2012

EFFECTIVE DATE(S) OF REVISION(S) TO THIS PANEL

For community map revision history prior to countywide mapping, refer to the Community Map History table located in the Flood Insurance Study report for this jurisdiction.

To determine if flood insurance is available in this community, contact your insurance agent or call the National Flood Insurance Program at 1-800-638-6620.

MAP SCALE 1" = 500'

250 0 500 1000 FEET

150 0 150 300 METERS

NFIP

NATIONAL FLOOD INSURANCE PROGRAM

PANEL 0038E

FIRM
FLOOD INSURANCE RATE MAP

SAN MATEO COUNTY, CALIFORNIA
AND INCORPORATED AREAS

PANEL 38 OF 510

(SEE MAP INDEX FOR FIRM PANEL LAYOUT)

CONTAINS:

COMMUNITY	NUMBER	PANEL	SUFFIX
DALY CITY, CITY OF	060317	0038	E
PACIFICA, CITY OF	060323	0038	E
SAN BRUNO, CITY OF	060326	0038	E
SOUTH SAN FRANCISCO, CITY OF	065062	0038	E
SAN MATEO COUNTY	060311	0038	E

Notice to User: The **Map Number** shown below should be used when placing map orders; the **Community Number** shown above should be used on insurance applications for the subject community.

MAP NUMBER
06081C0038E

EFFECTIVE DATE
OCTOBER 16, 2012

Federal Emergency Management Agency

RESOLUTION NO.______________

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY
ADOPTING FLOOD INSURANCE RATE MAPS

A. The City of Daly City has been a participant in the National Flood Insurance Program (NFIP) since August 1975. Due to the City's participation in the NFIP, residents of Daly City have been able to purchase federal flood insurance to protect their real and personal property. In addition, membership in the NFIP has allowed the City and its residents to obtain federal disaster relief funds.

B. The National Flood Insurance Program is administered by the Federal Emergency Management Agency (FEMA). FEMA has developed Flood Insurance Rate Maps (FIRMs) for San Mateo County. As part of this process, FEMA is placing a new coastal flood hazard zone, called a V Zone along the coastline. The new V Zone reflects the possible overflow of the Pacific Ocean.

C. In order to continue its participation in the NFIP, FEMA is requiring the City to adopt the applicable FIRMs, including the new V Zone along the coastline. FEMA has advised that this action must occur by October 16, 2012.

D. Adoption of the Flood Insurance Rate Maps will promote the safety and welfare of Daly City residents and enable the City's continued participation in the NFIP. Daly City residents will benefit by continuing to be able to purchase federal flood insurance.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Daly City that it does hereby adopt all areas of special flood hazard identified by the Federal Insurance Administration of the Federal Emergency Management Agency in the Flood Insurance Study (FIS) dated October 16, 2012 and accompanying Flood Insurance Rate Maps, index maps and subsequent amendments and revisions for City of Daly City territories (identified by Community No. 060317 on said maps).

BE IT FURTHER RESOLVED that all areas within the V Zone are designated as restricted land upon which no new structures, as defined in Title 44 of the Code of Federal Regulations, 59.1 will be permitted. Structure means, a walled and roofed building, including a gas or liquid storage tank that is primarily above ground, as well as a manufactured home. Proposed repairs and maintenance of City owned facilities in the V Zone are to be reviewed to assure that all necessary permits have been received from those governmental agencies from which approval is required by Federal or State law.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY
ADOPTING FLOOD INSURANCE RATE MAPS

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 _______________________, 2012, 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

City Council Meeting Agenda Report Item # ____

Meeting Date: September 10, 2012

Subject: **Authorizing the City Manager to Execute a Funding Agreement between the Metropolitan Transportation Commission and the City of Daly City for Lifeline Transportation Program Funds (Bayshore Shuttle Service)**

Recommended Action

It is recommended that the City Council authorize the City Manager to execute a Funding Agreement between the Metropolitan Transportation Commission and the City of Daly City for Lifeline Transportation Program Funds to allow the City to work with SamTrans to expand shuttle service in the Bayshore neighborhood.

Background

The City of Daly City sought and received a Lifeline Transportation Program grant from the Metropolitan Transportation Commission (MTC), through the City/County Association of Governments of San Mateo County (C/CAG), to improve mobility options for residents of the Bayshore neighborhood. C/CAG awarded Daly City a grant in the amount of $336,917 in Lifeline Transportation Program Funds through the State Transit Assistance program.

Enhanced transportation was one of the priorities identified in the Bayshore Community-based Transportation Plan that was completed by SamTrans in 2008. The Metropolitan Transportation Commission (MTC) identified the Bayshore neighborhood as a Community of Concern making it eligible for certain Lifeline Transportation Program funding. MTC's Lifeline Transportation Program supports projects that address mobility and accessibility needs in low-income communities throughout the Bay Area. It is funded by a combination of federal and state operating and capital funding sources, including the Federal Transit Administration's Jobs Access and Reverse Commute Program, and State Proposition 1B Transit Capital and State Transit Assistance programs.

Discussion

The Bayshore neighborhood has a higher percentage of households living in poverty than Daly City and San Mateo County. Ten percent of Bayshore households are below the poverty line, as compared to 7% of households in Daly City and 6% of households in San Mateo County.

About one quarter of the households in the Bayshore neighborhood have annual incomes between $50,000 and $75,000. The percentage of households with incomes less than $50,000 annually is slightly higher in the Bayshore area (39%) than in Daly City (37%) and San Mateo County (33%). Twelve percent (12%) of Bayshore households have annual incomes under $15,000, as compared to 9% and 7% of households in the City and County respectively.

The grant funding will be used to implement a shuttle service that would connect Bayshore residents with shopping, grocery, and medical destinations in Daly City, San Francisco, and other areas of the Peninsula by serving areas within the Bayshore neighborhood and then stopping at Muni stops, SamTrans stops, BART stations, and the Top of the Hill area. Many of the destinations that the shuttle would serve are difficult to reach by using the limited public transportation options

Discussion (continued)

currently available. The Bayshore Community-based Transportation Plan outreach process revealed that many Bayshore residents find the walk to Muni bus stops difficult given various obstacles.

The expanded Bayshore shuttle will be managed by SamTrans and operated by a third-party service provider. SamTrans is currently refining the shuttle route and plans to launch service in early 2013.

Fiscal Impact

There is no fiscal impact related to the proposed Bayshore shuttle. The required 20% funding match will be met by other grants that the City has already secured (Jobs Access and Reverse Commute Program, State Transit Assistance, and C/CAG County-wide Congestion Management Program). No City funds are required for this project.

Summary/Conclusion

A circulator shuttle service is the most appropriate way to address several of the most important transportation needs of the Bayshore community. Many residents noted that the hill at the southern portion of the project area is difficult to travel by foot, especially for those with impaired mobility or when carrying bags, groceries, or small children. A smaller shuttle vehicle would be able to access the steeper portions of the project area more easily than a large bus. Many residents also mentioned feeling confused and unfamiliar with public transportation and smaller vehicles are generally less intimidating to riders than large buses.

The proposed shuttle route would connect Bayshore residents with existing transportation systems and major destinations in Daly City during commute hours for approximately ten hours on weekdays and six hours on weekends. Many common destinations of Bayshore residents are located in close proximity to a BART station or are easily accessible by SamTrans from a BART station. Improving access to BART would increase access to many of the destinations that residents identified as being difficult to access, such as grocery stores, Serramonte shopping center, Seton Medical Center, San Francisco City College, Chinatown and downtown San Francisco.

The circulator service would also enhance safety for residents by increasing their proximity to transit service, thus preventing them from having to walk through the neighborhood to and from Muni, SamTrans, and Caltrain stops. The area is also served by the Bayshore Brisbane Shuttle, which operates mid-day during weekdays. This service is primarily ride upon request and serves mainly retired persons. The proposed circulator shuttle would serve a different population with different needs by providing regular transit service during commute hours and on weekends.

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

Respectfully submitted,

Joseph F. Curran
Assistant to the City Manager

Patricia E. Martel
City Manager

Attachment: Funding Agreement

FUNDING AGREEMENT
Between METROPOLITAN TRANSPORTATION COMMISSION
And CITY OF DALY CITY
For LIFELINE TRANSPORTATION PROGRAM FUNDS
(BAYSHORE SHUTTLE SERVICE)

THIS AGREEMENT is made and entered into as of August 15, 2012, by and between the Metropolitan Transportation Commission (herein called "MTC"), a regional transportation planning agency established pursuant to California Government Code §66500 *et seq*., and CITY OF DALY CITY (herein called "RECIPIENT").

W I T N E S S E T H

WHEREAS, MTC adopted Resolution 3860, which establishes program guidelines to be used for the funding and oversight of the Second Cycle of the Lifeline Transportation Program, Fiscal Years 2009-2011; and

WHEREAS, MTC used the process and criteria set forth in Attachment A of Resolution 3860 to fund a Program of Projects for the Second-Cycle Lifeline Transportation Program with State Transit Assistance (STA), Proposition 1B Transit and Job Access Reverse Commute (JARC) and funds; and

WHEREAS, MTC adopted Resolution 3881, which outlines the Lifeline Transportation Program of Projects that contains projects selected at the county level through a competitive process; and

WHEREAS, RECIPIENT'S project to implement and operator a free circular shuttle connecting the Bayshore neighborhood with transit and essential destinations in western Daly City (the "Project") is one such project.

NOW, THEREFORE, the parties hereto agree as follows:

1. SCOPE OF WORK

RECIPIENT agrees to perform or to engage a contractor to perform the project activities described in Attachment A, Scope of Work, attached hereto and incorporated herein by this reference as though set forth in full. RECIPIENT agrees, in addition, to provide all necessary staff support to deliver the project activities in Attachment A.

2. TIME OF PERFORMANCE

The services funded by this Agreement shall commence on or after August 15, 2012, and RECIPIENT shall complete them by December 31, 2014, unless earlier terminated as hereinafter provided.

3. FUNDING AND METHOD OF PAYMENT

A. Compensation. Subject to receipt of project funds by MTC from the Federal Transit Administration (FTA), MTC agrees to provide RECIPIENT, on a cost reimbursement basis up to twenty-four percent (24%) of its project costs (based on percentage of total cost), or up to one hundred forty four thousand ninety seven dollars ($144,097) in JARC funds for the purpose of funding the Project described in Attachment A. RECIPIENT will provide the remaining seventy-six percent (76%) of the total project costs, and all staff support necessary to complete the Project, as set forth in Attachment B, Project Budget.

B. Quarterly Payments. Subject to Subarticle 3.A above, MTC agrees to make payments to RECIPIENT on a quarterly basis in arrears of operations. RECIPIENT shall submit each invoice to MTC within thirty (30) days after the end of each quarter for which payment is sought covering costs for the project activities accomplished through the end of such quarter, not covered by previously submitted invoices. Subject to Subarticle 3.C below, MTC will reimburse RECIPIENT twenty-four percent (24%) of the project costs incurred over the quarter.

Each quarterly invoice for these payments shall be supported by the following information: (i) A brief narrative progress report of the program, (ii) the total costs expended for the Project during the preceding quarter; (iii) the dollar amount requested for reimbursement; (iv) total costs expended for the Project activities to date; (v) the required supporting quarterly reporting data as described in Attachment C, Quarterly Progress Reporting Requirements and (vi) any additional supporting data in a form and detail required by MTC.

Prior to submittal to MTC, RECIPIENT shall submit the above-named documentation to the county Lifeline Program Administrator for review and written approval. Following written approval by the county Lifeline Program Administrator, RECIPIENT shall forward each quarterly invoice with supporting documentation to MTC.

Payment shall be made within thirty (30) days after receipt by MTC of an acceptable invoice, which shall be subject to the review and approval of MTC's Project Manager; and the receipt of project funds by MTC from FTA. RECIPIENT should deliver or mail invoices to MTC, as follows:

Accounting Department
Metropolitan Transportation Commission
101 - 8th Street
Oakland, California 94607-4700

C. Maximum Payment. Subject only to duly executed amendments, it is expressly understood and agreed that in no event will the total compensation to be paid under this Agreement exceed the sum of one hundred forty-four thousand ninety seven dollars ($144,097).

4. MEETINGS

RECIPIENT agrees to invite MTC to participate in all public meetings and project team meetings held in connection with this project.

5. IDENTIFICATION OF DOCUMENTS

RECIPIENT will ensure that all public documents related to the project, including reports and press releases, state that the project is funded through the Metropolitan Transportation Commission's Lifeline Transportation Program.

6. COMPLIANCE WITH LAWS

RECIPIENT shall comply with any and all laws, statutes, ordinances, rules, regulations or requirements of the federal, state, or local government, and any agency thereof, which relate to or in any manner affect the performance of this Agreement. Federal Transit Administration (FTA) Circulars 4220.1F, "Third Party Contracting Guidance" and 9050.1, "Job Access and Reverse Commute (JARC) Program Guidance and Application Instructions," 49 CFR Part 18, "Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments," and the FTA Master Agreement (Form FTA MA(17), October 1, 2010) are each incorporated herein by reference as though set forth in full, and shall govern this Agreement except as otherwise provided herein. Those requirements imposed upon MTC as "Recipient" are hereby imposed upon RECIPIENT, and those rights reserved by DOT, FTA or Government are hereby reserved by MTC.

The provisions in Attachment D, FTA Certifications and Assurances for FTA Assistance Programs, are also incorporated by reference, as though set out in full. A signed and completed FTA Certifications and Assurances Signature Page, as set out in Attachment D-2, has been delivered to the MTC Project Manager. RECIPIENT agrees to renew its certification on an annual basis, when FTA publishes the annual list of certifications and assurances.

Letters dated (1) September 7, 2011, from the U.S. Department of Labor ("DOL") to MTC regarding employee protections referral of pending FTA grant application(s); and (2) September 23, 2011 from DOL to the Regional Administrator of Region IX regarding grant application review and the terms and conditions of the respective protective arrangements referenced therein are attached hereto as Attachment F and incorporated by this reference.

7. RESTRICTIONS ON USE OF FUNDS

RECIPIENT agrees to use funds received pursuant to this Agreement only for the Project.

8. CONTRACT COPIES

RECIPIENT shall submit to MTC's Project Manager, within 5 business days after execution, a copy of any third-party contract exceeding $5,000 for any portion of the Attachment A, Scope of Work.

9. TERMINATION

MTC may terminate this Agreement without cause upon ten (10) days prior written notice. If MTC terminates this Agreement without cause, RECIPIENT will be entitled to payment for costs incurred up through the effective date of termination, up to the maximum amount payable for the quarter in which the Agreement is terminated. If RECIPIENT fails to perform as specified in this Agreement, MTC may terminate this Agreement for cause by written notice and RECIPIENT will be entitled only to costs incurred up through the effective date of termination for services acceptable to MTC, not to exceed the maximum amount payable for the quarter in which the Agreement is terminated.

10. INDEMNIFICATION

RECIPIENT shall indemnify, defend, and hold harmless MTC, its Commissioners, representatives, agents and employees from and against all claims, injury, suits, demands, liability, losses, damages and expenses (including any and all costs and expenses in connection therewith), incurred by reason of any negligent or otherwise wrongful act or omission of RECIPIENT, its officers, directors, employees, agents, or contractors or any of them in connection with this Agreement.

11. AUDITS

RECIPIENT agrees to grant MTC, the U.S. Department of Transportation, FTA, the Comptroller General of the United States, the State of California and their authorized representatives access to the RECIPIENT's books, records, accounts, and any and all work products, materials, and other data relevant to this Agreement, for the purpose of making an audit, examination, excerpt and transcription during the term of this Agreement and for the period specified in Article 12. RECIPIENT shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, work products, materials and data for that period of time.

RECIPIENT further agrees to include in all its subcontracts hereunder a provision to the effect that the subcontractor agrees that MTC, the U.S. Department of Transportation, FTA, the Comptroller General of the United States, the State of California and their authorized representatives shall have access to and the right to examine any directly pertinent books, documents, papers, and records of such subcontractor for the term specified above. The term "subcontract" as used in this clause excludes agreements not exceeding $25,000.

12. RETENTION OF RECORDS

RECIPIENT agrees to keep all records pertaining to the project being funded for audit purposes for a minimum of three (3) years following final payment to RECIPIENT or four (4) years following the fiscal year of the last expenditure under this Agreement, whichever is longer, in accordance with generally accepted accounting principles. Copies of RECIPIENT's audits, if any, performed during the course of Project development and at Project completion shall be forwarded to MTC no later than one hundred eighty (180) days after fiscal year end close.

13. EQUAL EMPLOYMENT OPPORTUNITY

RECIPIENT agrees to comply, and assures the compliance of each third party contractor and each subrecipient at any tier of the Project, with all equal employment opportunity (EEO) requirements of Title VI of the Civil Rights Act, as amended (42 U.S.C. Section 2000d); Title VII of the Civil Rights Act of 1964, as amended (42 U.S.C. Section 2000e); Section 303 of the Age Discrimination Act of 1975, as amended (42 U.S.C. Section 6102); Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132); and 49 U.S.C. 5332 and any implementing requirements FTA may issue. RECIPIENT agrees, and assures that any third party contractor or subrecipient at any tier of this Project will agree, that it will not, on the grounds of race, religious creed, color, national origin, age, physical disability or sex, discriminate or permit discrimination against any employee or applicant for employment.

14. DISADVANTAGED BUSINESS ENTERPRISES (DBE)

It is the policy of MTC and the U.S. Department of Transportation to ensure nondiscrimination in the award and administration of DOT-assisted contracts and to create a level playing field on which disadvantaged business enterprises, as defined in 49 Code of Federal Regulations Part 26, can compete fairly for contracts and subcontracts relating to MTC's procurement and professional services activities.

RECIPIENT shall not discriminate on the basis of race, color, national origin or sex in the performance of this agreement. RECIPIENT shall carry out applicable requirements of 49 CFR Part 26 in the award and administration of DOT-assisted contracts. Failure by RECIPIENT to carry out these requirements is a material breach of contract, which may result in the termination of this agreement or such other remedy as MTC deems appropriate.

15. STATE ENERGY CONSERVATION PLAN

RECIPIENT shall comply with all mandatory standards and policies relating to energy efficiency that are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (42 U.S.C. § 6321).

16. CLEAN AIR AND WATER POLLUTION ACTS

RECIPIENT agrees to comply with the applicable requirements of all standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. § 7501 *et seq*.), the Clean Water Act (33 U.S.C. § 1251 *et seq.*), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR Part 15).

17. TITLE VI OF THE CIVIL RIGHTS ACT OF 1964

RECIPIENT agrees to comply, and assures the compliance of each third party contractor and each subrecipient at any tier of the Project, with all the requirements imposed by Title VI of the Civil Rights Act of 1964, as amended, (47 U.S.C. § 2000d *et seq*.) and the regulations of the Department of Transportation issued thereunder, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation – Effectuation of Title VI of the Civil Rights Act," (49 CFR Part 21). RECIPIENT further agrees to comply with the current FTA Circular 4702.1A, "Nondiscrimination Guidelines for FTA Recipients," the U.S. DOT Order to Address Environmental Justice in Minority Populations and Low-Income Populations, the U.S. DOT Policy Guidance Concerning Recipients' Responsibilities to Limited English Proficient (LEP) Persons, and all requirements set out in Attachment E, Title VI Requirements from "FTA Section 5316 Job Access and Reverse Commute and Section 5317 New Freedom Programs Program Management Plan," adopted by MTC Resolution No. 3986, attached hereto and incorporated herein. Failure of RECIPIENT to carry out all requirements of this Article 17 is a material breach of contract which may result in (i) the withholding of payments to RECIPIENT under this Agreement until RECIPIENT complies; (ii) the termination of this agreement; or (iii) such other remedy as MTC deems appropriate.

18. DEBARMENT

RECIPIENT certifies that neither it, nor any of its participants, principals or subcontractors is or has been debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from covered transactions, as they are defined in 49 CFR Part 29, by any Federal agency or department.

19. LOBBYING

RECIPIENT agrees to comply with the restrictions on the use of federal funds for lobbying activities set forth in 31 United States Code §1352 and 49 C.F.R. Part 20.

20. ACCESS REQUIREMENTS FOR INDIVIDUALS WITH DISABILITIES

RECIPIENT agrees to comply, and assures the compliance of each third party contractor and each subrecipient at any tier of the Project, with the applicable laws and regulations, discussed below, for nondiscrimination on the basis of disability.

(1) Section 504 of the Rehabilitation Act of 1973 (Section 504) as amended (29 U.S.C. 794), prohibits discrimination on the basis of disability by recipients of Federal financial assistance.

(2) The Americans with Disabilities Act of 1990 (ADA), as amended (42 U.S.C. 12101 et seq.), prohibits discrimination against qualified individuals with disabilities in all programs, activities, and services of public entities, as well as imposes specific requirements on public and private providers of transportation.

(3) U.S. DOT regulations implementing Section 504 and the ADA include 49 CFR parts 27, 37, and 38. Among other provisions, the regulations specify accessibility requirements for the design and construction of new transportation facilities; require that vehicles acquired (with limited exceptions) be accessible to and usable by individuals with disabilities, including individuals using wheelchairs; require public entities, including a private non-profit entity "standing in the shoes" of the State as a subrecipient providing fixed-route service, to provide complementary paratransit service to individuals with disabilities who cannot use the fixed-route service; and include service requirements intended to ensure that individuals with disabilities are afforded equal opportunity to use transportation systems.

(4) In addition, recipients of any FTA funds should be aware that they also have responsibilities under Titles I, II, III, IV and V of the ADA in the areas of employment,

public services, public accommodations, telecommunications, and other provisions, many of which are subject to regulations issued by other Federal agencies.

21. NONDISCRIMINATION IN FEDERAL TRANSIT PROGRAMS

RECIPIENT agrees to comply, and assures the compliance of each third party contractor at any tier and each subrecipient at any tier under the Project, with the provisions of 49 U.S.C. 5332. These provisions prohibit discrimination on the basis of race, color, creed, national origin, sex, or age, and prohibit discrimination in employment or business opportunity.

22. SUBCONTRACTS

RECIPIENT shall include the provisions of Articles 13, 17 (excepting the requirements of Attachment E, Title VI Requirements from "FTA Section 5316 Job Access and Reverse Commute and Section 5317 New Freedom Programs Program Management Plan," adopted by MTC Resolution No. 3986), 19, 20, and 21 in every subcontract. RECIPIENT shall take such action with respect to any subcontractor as MTC or the FTA may direct as a means of enforcing such provisions, including sanctions for noncompliance.

23. AMENDMENTS

Any changes in the project activities to be performed under this Agreement shall be incorporated in written amendments, which shall specify the changes in work performed and any adjustments in compensation and schedule. All amendments shall be executed by the MTC Executive Director or a designated representative and RECIPIENT. No claim for additional compensation or extension of time shall be recognized unless contained in a duly executed amendment.

24. NOTICES

All notices or other communications to either party by the other shall be deemed given when made in writing and delivered or mailed to such party at their respective addresses as follows:

To MTC: Attention: Drennen Shelton
Metropolitan Transportation Commission
101 - 8th Street

Oakland, CA 94607-4700
Email: dshelton@mtc.ca.gov

To RECIPIENT: Attention: Joseph Curran
City of Daly City
333 90th Street
Daly City, CA 94015
Email: jcurran@dalycity.org

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto as of the day and year first written above.

METROPOLITAN TRANSPORTATION COMMISSION	CITY OF DALY CITY
________________________	________________________
Steve Heminger, Executive Director	Patricia E. Martel, City Manager

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ATTACHMENT A

SCOPE OF WORK

RECIPIENT shall implement a free circulator shuttle service connecting the Bayshore neighborhood in Daly City with transit and important destinations in the western portion of Daly City. The shuttle shall operate for ten hours on weekdays, expanding in the second year to add 6 hours of service on weekends.

ATTACHMENT B

PROJECT BUDGET

Revenue	**Year 1**	**Year 2**	**Year 3**	**TOTAL**
Lifeline Program Funds-JARC	$ 41,958	$ 51,070	$ 51,069	$ 144,097
STA	$ 99,795	$ 118,561	$ 118,561	$ 336,917
Other Local Match	$ 34,548	$ 42,853	$ 42,853	$ 120,254
TOTAL REVENUE	$ 176,301	$ 212,484	$ 212,483	$ 601,268

Expenditures	**Year 1**	**Year 2**	**Year 3**	**TOTAL**
Operating Expenses	$ 152,001	$ 190,440	$ 190,440	$ 532,881
Administrative Expenses	$ 15,300	$ 19,044	$ 19,044	$ 53,388
MOU Execution	$ 6,000	$ -	$ -	$ 6,000
Promotion	$ 3,000	$ 3,000	$ 3,000	$ 9,000
TOTAL EXPENSES	$ 176,301	$ 212,484	$ 212,484	$ 601,269

JARC Reimbursement	Year 1	Year 2	Year 3
Percentage of Total Project Costs	24%	24%	24%

ATTACHMENT C

QUARTERLY PROGRESS REPORTING REQUIREMENTS

RECIPIENT shall provide the following information in its quarterly progress reports:

1. Program Milestones

a. Date of new or expanded service
b. Date of initiation of other project support services
c. Other critical milestones

2. Service Effectiveness and Efficiency/ Improved Access to Jobs, Support Services, and Residents

a. Number of individuals served by these programs
b. Number of UNITS distributed for maintaining employment
c. Number of UNITS distributed for attending educational institutions
d. Number of UNITS distributed to individuals to keep medical appointments
e. Change in the income or job status of clients who received assistance

3. Coordination Information

Financial Partnerships– Identify funding partners, the amount and sources of matching funds for the following:

- Human Service Agencies
- Transit Agencies
- Employers
- Non-profit Foundations
- Others

Operating Partnerships – Identify and name partners in providing service:

- Transit operators
- Private bus contractors
- Taxis
- Private paratransit contractors
- School buses
- Non-profit human service providers
- Community or faith-based organizations
- Other

Administration

- Describe actions taken to coordinate and integrate new service within existing transportation services
- If there is an ongoing coordination oversight mechanism, please describe.

ATTACHMENT D
FEDERAL FISCAL YEAR 2012 CERTIFICATIONS AND ASSURANCES FOR FEDERAL TRANSIT ADMINISTRATION ASSISTANCE PROGRAMS

Before Recipient shall provide sufficient documentation to MTC through execution of the Federal Fiscal Year 2012 FTA Certifications and Assurances Signature Page, to ensure Recipient's compliance with the following certifications and assurances, incorporated herein by reference. Recipient is responsible for compliance with the provisions of the certifications and assurances applicable to itself or its project.

GROUP 01. ASSURANCES REQUIRED FOR EACH APPLICANT

You must select the following assurances in Group 01 on behalf of your Applicant unless we expressly determine otherwise in writing.

A. Assurance of Authority of the Applicant and Its Representative.

   Both you and the Applicant's attorney who sign these certifications, assurances, and agreements, affirm that both the Applicant and you as its authorized representative may, under their State, local, or Indian tribal law and regulations, and the Applicant's by-laws or internal rules, undertake the following activities on behalf of the Applicant:

   1. Execute and file its application for Federal funds,
   2. Execute and file its certifications, assurances, and agreements binding its compliance, and
   3. Execute Grant Agreements or Cooperative Agreements, or both, with FTA.

B. Standard Assurances.

   The Applicant assures that:

   1. It has sufficient authority under its State, local, or Indian tribal law, regulations by-laws and internal rules to carry out each FTA funded project as required by Federal laws and regulations,
   2. It will comply with all applicable Federal statutes and regulations to carry out any FTA funded project,
   3. It is under a continuing obligation to comply with the terms and conditions of the FTA Grant Agreement or Cooperative Agreement for the project, including the FTA Master Agreement incorporated by reference and made part of the latest amendment to Grant Agreement or Cooperative Agreement,
   4. It recognizes that Federal laws and regulations may be modified from time to time and those modifications may affect project implementation,
   5. It understands that Presidential executive orders and Federal directives, including Federal policies and program guidance, may be issued concerning matters affecting the Applicant or its project, and
   6. It agrees that the most recent Federal laws, regulations, and directives will apply to the project, unless FTA determines otherwise in writing.

C. Intergovernmental Review Assurance.

This assurance does not apply to Indian tribe or organization or a tribal organization that applies for funding under FTA's Tribal Transit Program, 49 U.S.C. 5311(c)(1).

The Applicant assures that it has or will submit each Federal funding application to the appropriate State and local agencies for intergovernmental review to facilitate compliance with U.S. Department of Transportation (U.S. DOT) regulations, "Intergovernmental Review of Department of Transportation Programs and Activities," 49 CFR part 17.

D. Nondiscrimination Assurance.

1. The Applicant assures that it will comply with the following laws and regulations so that no person in the United States will be denied the benefits of, or otherwise be subjected to discrimination in any U.S. DOT or FTA funded program or activity (particularly in the level and quality of transportation services and transportation-related benefits on the basis of race, color, national origin, creed, sex, or age:
    a. Federal transit law, specifically 49 U.S.C. 5332 (prohibiting discrimination on the basis of race, color, creed, national origin, sex, or age, and in employment or business opportunity),
    b. Title VI of the Civil Rights Act of 1964, as amended, 42 U.S.C. 2000d, and
    c. U.S. DOT regulations, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act," 49 CFR part 21.
2. As required by 49 CFR 21.7, the Applicant assures that:
    a. It will comply with 49 U.S.C. 5332, 42 U.S.C. 2000d, and 49 CFR part 21 in the manner:
        (1) It conducts each project,
        (2) It undertakes property acquisitions, and
        (3) It operates the project facilities, including:
            (a) Its entire facilities, and
            (b) Its facilities operated in connection with its project,
    b. This assurance applies to its entire project and entire facilities, including facilities operated in connection with its project,
    c. It will promptly take the necessary actions to carry out this assurance, including:
        (1) Notifying the public that discrimination complaints about transportation-related services or benefits may be filed with U.S. DOT or FTA, and
        (2) Submitting information about its compliance with these provisions to U.S. DOT or FTA upon their request,
    d. If it transfers FTA funded real property, structures, or improvements to another party, any deeds and instruments recording that transfer will contain a covenant running with the land assuring nondiscrimination:
        (1) While the property is used for the purpose that the Federal funding is extended,
        (2) While the property is used for another purpose involving the provision of similar services or benefits,
    e. The United States has a right to seek judicial enforcement of any matter arising under:
        (1) Title VI of the Civil Rights Act, 42 U.S.C. 2000d,

(2) U.S. DOT regulations, 49 CFR part 21, and
(3) This assurance,

f. It will make any changes in its Title VI implementing procedures as U.S. DOT or FTA may request to comply with:
(1) Title VI of the Civil Rights Act, 42 U.S.C. 2000d,
(2) U.S. DOT regulations, 49 CFR part 21, and
(3) Federal transit law, 49 U.S.C. 5332,

g. It will extend the requirements of 49 U.S.C. 5332, 42 U.S.C. 2000d, and 49 CFR part 21 to each third party participant, including:
(1) Any subrecipient,
(2) Any transferee,
(3) Any third party contractor or subcontractor at any tier,
(4) Any successor in interest,
(5) Any lessee, or
(6) Any other participant in the project,

h. It will include adequate provisions to extend the requirements of 49 U.S.C. 5332, 42 U.S.C. 2000d, and 49 CFR part 21 to each third party agreement, including:
(1) Each subagreement,
(2) Each property transfer agreement,
(3) Each third party contract or subcontract at any tier,
(4) Each lease, or
(5) Each participation agreement,

i. The assurances it has made will remain in effect for the longest of the following:
(1) As long as Federal funding is extended to the project,
(2) As long as the Project property is used for a purpose for which the Federal funding is extended,
(3) As long as the Project property is used for a purpose involving the provision of similar services or benefits, or
(4) As long as the Applicant retains ownership or possession of the project property.

E. Assurance of Nondiscrimination on the Basis of Disability.

1. The Applicant assures that it and its project implementation and operations will comply with all applicable requirements of:
   a. The Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, et seq.,
   b. The Americans with Disabilities Act of 1990, as amended, 42 U.S.C. 12101 et seq.,
   c. U.S. DOT regulations, specifically 49 CFR parts 27, 37, and 38, and
   d. Any other applicable Federal laws that may be enacted or Federal regulations that may be promulgated,
2. As required by U.S. DOT regulations, “Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance,” 49 CFR part 27, specifically 49 CFR 27.9, the Applicant assures that:

a. The following prohibition against discrimination on the basis of disability is a condition to the approval or extension of any FTA funding awarded to:
   (1) Construct any facility,
   (2) Obtain any rolling stock or other equipment,
   (3) Undertake studies,
   (4) Conduct research, or
   (5) Participate in or obtain any benefit from any FTA administered program,
b. In any program or activity receiving or benefiting from Federal funding FTA or any entity within U.S. DOT administers, no otherwise qualified people with a disability will, because of their disability, be:
   (1) Excluded from participation,
   (2) Denied benefits, or
   (3) Otherwise subjected to discrimination.

F. Suspension and Debarment.

1. U.S. DOT regulations, "Nonprocurement Suspension and Debarment," 2 CFR part 1200, which adopts and supplements the provisions of U.S. Office of Management and Budget (U.S. OMB) "Guidelines to Agencies on Governmentwide Debarment and Suspension (Nonprocurement)," 2 CFR part 180, permit certifications to assure the Applicant acknowledges that:
2. The Applicant certifies to the best of its knowledge and belief that, it, its principals, and first tier subrecipients:
   a. Are eligible to participate in covered transactions of any Federal department or agency and are not presently:
      (1) Debarred,
      (2) Suspended,
      (3) Proposed for debarment,
      (4) Declared ineligible, or
      (5) Voluntarily excluded, or
      (6) Disqualified,
   b. Have not within a three-year period preceding its latest application or proposal been convicted of or had a civil judgment rendered against any of them for:
      (1) Commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State, or local) transaction, or contract under a public transaction,
      (2) Violation of any Federal or State antitrust statute, or
      (3) Commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making any false statement, or receiving stolen property,
   c. Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State, or local) with commission of any of the offenses

listed in the preceding Section 2.b of this certification,

d. Have not had one or more public transactions (Federal, State, or local) terminated for cause or default within a three-year period preceding this certification,
e. Will promptly provide any information to the FTA if at a later time any information contradicts the statements of subparagraphs (1) through (4) above, and
f. Will treat each lower tier contract or lower tier subcontract under the Project as a covered lower tier contract for purposes of 2 CFR part 1200 and 2 CFR part 180 if it:
   (1) Equals or exceeds $25,000,
   (2) Is for audit services, or
   (3) Requires the consent of a Federal official,
g. Will require that each covered lower tier contractor and subcontractor:
   (1) Comply with the Federal requirements of 2 CFR part 1200 and 2 CFR part 180, and
   (2) Assure that each lower tier participant in the Project is not presently declared by any Federal department or agency to be:
      (a) Debarred from participation in the federally funded project,
      (b) Suspended from participation in the federally funded project,
      (c) Proposed for debarment from participation in the federally funded project,
      (d) Declared ineligible to participate in the federally funded project,
      (e) Voluntarily excluded from participation in the federally funded project, or
      (f) Disqualified from participation in the federally funded Project.

3. The Applicant will provide a written explanation indicated on its Signature Page or a page attached in FTA's TEAM if it or any of its principals, including any of its first tier subrecipients or lower tier participants, is unable to certify to the preceding statements in this certification.

G. U.S. OMB Assurances in SF-424B and SF-424D.

(These assurances are consistent with U.S. OMB assurances required in SF-424B and SF-424D.)

1. *Administrative Activities.* The Applicant assures that:
   a. For every project described in any application it submits, it has adequate resources to properly plan, manage, and complete the project, including:
      (1) The legal authority to apply for Federal funding, and
      (2) The institutional capability,
      (3) The managerial capability, and
      (4) The financial capability (including funds sufficient to pay the non-Federal share of project cost).
   b. It will give access and the right to examine project-related materials, including but not limited to:
      (1) FTA,
      (2) The Comptroller General of the United States, and,
      (3) If appropriate, the State, through any authorized representative,
   c. It will establish a proper accounting system in accordance with generally accepted accounting standards or agency directives.

d. It will establish safeguards to prohibit employees from using their positions for a purpose that:
   (1) Results in a personal or organizational conflict of interest, or personal gain, or
   (2) Presents the appearance of a personal or organizational conflict of interest or personal gain.

2. *Project Specifics.* The Applicant assures that:
   a. Following receipt of FTA award, it will begin and complete Project work within the applicable time periods,
   b. For FTA funded construction projects:
      (1) It will comply with FTA provisions concerning the drafting, review, and approval of construction plans and specifications
      (2) It will to the extent practicable provide and maintain competent and adequate engineering supervision at the construction site to assure that the completed work conforms with the approved plans and specifications,
      (3) It will include a covenant in the title of federally funded real property acquired to assure nondiscrimination during the useful life of the project,
      (4) To the extent FTA requires, it will record the Federal interest in the title to FTA assisted real property or interests in real property, and
      (5) To the extent practicable, without permission and instructions from FTA, it will not alter the site of the FTA funded construction project or facilities by:
         (a) Disposing of the underlying real property or other interest in the site and facilities, facilities, or
         (b) Modifying the use of the underlying real property or other interest in the site and
         (c) Changing the terms of the underlying real property title or other interest in the site and facilities.
   c. It will furnish progress reports and other information as FTA or the State may require.

3. *Statutory and Regulatory requirements.* The Applicant assures that:
   a. It will comply with all applicable Federal statutes relating to nondiscrimination including, but not limited to the:
      (1) Prohibitions against discrimination on the basis of race, color, or national origin of Title VI of the Civil Rights Act, 42 U.S.C. 2000d,
      (2) Prohibitions against discrimination on the basis of sex of:
         (a) Title IX of the Education Amendments of 1972, as amended, 20 U.S.C. 1681 – 1683, and 1685 – 1687, and
         (b) U.S. DOT regulations, "Nondiscrimination on the Basis of Sex in Education Programs or Activities Receiving Federal Financial Assistance," 49 CFR part 25,
      (3) Prohibitions against discrimination on the basis of age in federally assisted programs of the Age Discrimination Act of 1975, as amended, 42 U.S.C. 6101 – 6107,

(4) Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794, which prohibits discrimination on the basis of disability,

(5) Prohibitions against discrimination on the basis of disability of Section 504 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. 794,

(6) Nondiscrimination requirements relating to the sale, rental, or financing of housing of Title VIII of the Civil Rights Act, 42 U.S.C. 3601 et seq.,

(7) Prohibitions against discrimination on the basis of drug abuse of the Drug Abuse Office and Treatment Act of 1972, as amended, 21 U.S.C. 1101 et seq.,

(8) Prohibitions against discrimination on the basis of alcohol abuse of the Comprehensive Alcohol Abuse and Alcoholism Prevention Act of 1970, as amended, 42 U.S.C. 4541 et seq.,

(9) Confidentiality requirements for the records of alcohol and drug abuse patients of the Public Health Service Act, as amended, 42 U.S.C. 290dd – 290dd-2, and

(10) Nondiscrimination provisions of any other statute(s) that may apply to the project,

b. Regardless of whether Federal funding has been provided for any of the real property acquired for Project purposes, it will provide for fair and equitable treatment of displaced persons or persons whose property is acquired as a result of federally assisted programs, and:

(1) It has the necessary legal authority under State and local law to comply with:

(a) The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended, (Uniform Relocation Act) 42 U.S.C. 4601 et seq., as specified by sections 210 and 305 of that Act, 42 U.S.C. 4630 and 4655, respectively, and

(b) U.S. DOT regulations, “Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs,” 49 CFR part 24, specifically 49 CFR 24.4.

(2) It has complied with or will comply with the Uniform Relocation Act and implementing U.S. DOT regulations including but not limited to doing the following:

(a) It will adequately inform each affected person of the benefits, policies, and procedures provided for in 49 CFR part 24,

(b) As required by 42 U.S.C. 4622, 4623, and 4624, and 49 CFR part 24, it will provide fair and reasonable relocation payments and assistance for displacement, resulting from any FTA funded project, of:

1 Families and individuals,
2 Partnerships, corporations, or associations,

(c) As provided by 42 U.S.C. 4625 and 49 CFR part 24, it will provide relocation assistance programs offering the services described in to the U.S. DOT regulations to such displaced:

1 Families and individuals,
2 Partnerships, corporations, or associations,

(d) As required by 42 U.S.C. 4625(c)(3), within a reasonable time before displacement it will make available comparable replacement dwellings to families and individuals,

(e) It will:

1 Carry out the relocation process to provide displaced persons with uniform and consistent services, and

2 Make available replacement housing in the same range of choices with respect to such housing to all displaced persons regardless of race, color, religion, or national origin,

(f) It will be guided to the greatest extent practicable under State law, by the real property acquisition policies of 42 U.S.C. 4651 and 4652,

(g) It will pay or reimburse property owners for their necessary expenses as specified in 42 U.S.C. 4653 and 4654, understanding that FTA will provide Federal funding for its eligible costs of providing payments for those expenses, as required by 42 U.S.C. 4631,

(h) It will execute the necessary implementing amendments to third party contracts and subagreements financed with FTA funding, and

(i) It will execute, furnish, and be bound by such additional documents as FTA may determine necessary to effectuate or implement these assurances, and

(j) It will incorporate these assurances by reference into and make them a part of any third party contract or subagreement, or any amendments thereto, relating to any FTA funded project involving relocation or land acquisition, and

(k) It will provide in any affected document that these relocation and land acquisition provisions must supersede any conflicting provisions,

c. To the extent practicable, it will comply with the Lead-Based Paint Poisoning Prevention Act, 42 U.S.C. 4831(b), which prohibits the use of lead-based paint in the construction or rehabilitation of residence structures,

d. It will, to the extent practicable, comply with the protections for human subjects involved in research, development, and related activities supported by Federal funding of:

(1) The National Research Act, Pub. L. 93-348, July 12, 1974, as amended, 42 U.S.C. 289 et seq., and

(2) U.S. DOT regulations, “Protection of Human Subjects,” 49 CFR part 11,

e. It will, to the extent practicable, comply with the labor standards and protections for federally funded projects of:

(1) The Davis-Bacon Act, as amended, 40 U.S.C. 3141 et seq.,

(2) Sections 1 and 2 of the Copeland “Anti-Kickback” Act, as amended, 18 U.S.C.

874, and 40 U.S.C. 3145, respectively,

(3) The Contract Work Hours and Safety Standards Act, as amended, 40 U.S.C. 3701 et seq.,

f. It will, to the extent practicable, comply with any applicable environmental standards that may be prescribed to implement the following Federal laws and executive orders, including but not limited to the following:

(1) It will comply with the institution of environmental quality control measures under the National Environmental Policy Act of 1969, as amended, 42 U.S.C. 4321 – 4335 and Executive Order No. 11514, as amended, 42 U.S.C. 4321 note,

(2) It will comply with notification of violating facilities pursuant to Executive Order No. 11738, 42 U.S.C. 7606 note,

(3) It will comply with protection of wetlands pursuant to Executive Order No. 11990, 42 U.S.C. 4321 note,

(4) It will comply with evaluation of flood hazards in floodplains in accordance with Executive Order No. 11988, 42 U.S.C. 4321 note,

(5) It will comply with an assurance of project consistency with the approved State management program developed pursuant to the requirements of the Coastal Zone Management Act of 1972, as amended, 16 U.S.C. 1451 – 1465,

(6) It will comply with Conformity of Federal actions to State (Clean Air) Implementation Plans under section 176(c) of the Clean Air Act of 1955, as amended, 42 U.S.C. 7401 – 7671q,

(7) It will comply with protection of underground sources of drinking water under the Safe Drinking Water Act of 1974, as amended, 42 U.S.C. 300f – 300j-6,

(8) It will comply with protection of endangered species under the Endangered Species Act of 1973, as amended, 16 U.S.C. 1531 – 1544, and

(9) It will comply with environmental protections for Federal transportation programs, including, but not limited to, protections for parks, recreation areas, or wildlife or waterfowl refuges of national, State, or local significance or any land from a historic site of national, State, or local significance to be used in a transportation project as required by 49 U.S.C. 303(b) and 303(c),

(10) It will comply with protection of the components of the national wild and scenic rivers systems, as required under the Wild and Scenic Rivers Act of 1968, as amended, 16 U.S.C. 1271 – 1287, and

(11) It will comply with and facilitate compliance with

(a) Section 106 of the National Historic Preservation Act of 1966, as amended, 16 U.S.C. 470f,

(b) The Archaeological and Historic Preservation Act of 1974, as amended, 16 U.S.C. 469 – 469c, and

(c) Executive Order No. 11593 (identification and protection of historic properties), 16 U.S.C. 470 note,

g. To the extent practicable, it will comply with Federal requirements for the care, handling, and treatment of warm blooded animals held or used for research, teaching, or other activities supported by Federal funding of:
   (1) The Animal Welfare Act, as amended, 7 U.S.C. 2131 et seq., and
   (2) U.S. Department of Agriculture regulations, "Animal Welfare," 9 CFR subchapter A, parts 1, 2, 3, and 4,
h. To the extent practicable, before accepting delivery of any FTA funded building it will obtain a certificate of compliance with the seismic design and construction requirements of U.S. DOT regulations, "Seismic Safety," 49 CFR part 41, specifically 49 CFR 41.117(d),
i. To the extent practicable, it and its subrecipients located in special flood hazard areas will comply with section 102(a) of the Flood Disaster Protection Act of 1973, as amended, 42 U.S.C. 4012a(a), by:
   (1) Participating in the Federal flood insurance program,
   (2) Purchasing flood insurance if the total cost of insurable construction and acquisition is $10,000 or more,
j. To the extent practicable, it will comply with:
   (1) The Hatch Act, 5 U.S.C. 1501 – 1508, 7324 – 7326, which limits the political activities of State and local agencies and their officers and employees whose primary employment activities are financed in whole or part with Federal funds including a Federal loan, grant agreement, or cooperative agreement, and
   (2) 49 U.S.C. 5307(k)(2) and 23 U.S.C. 142(g), which provide an exception from Hatch Act restrictions for a nonsupervisory employee of a public transportation system (or of any other agency or entity performing related functions) receiving FTA funding to whom the Hatch Act does not otherwise apply,
k. It will have performed the financial and compliance audits as required by:
   (1) The Single Audit Act Amendments of 1996, 31 U.S.C. 7501 et seq.,
   (2) U.S. OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," Revised, and
   (3) The most recent applicable U.S. OMB A-133 Compliance Supplement provisions for the U.S. DOT, and
l. It will, to the extent practicable, comply with all applicable provisions of all other Federal laws or regulations, and follow Federal directives governing the project, except to the extent that FTA has expressly approved otherwise in writing.

GROUP 02. LOBBYING CERTIFICATION

You must select the following certifications in Group 02 if you apply on behalf of your Applicant for a Federal grant or cooperative agreement exceeding $100,000, or a loan (including a line of credit), loan guarantee, or loan insurance exceeding $150,000, except if you are applying on *behalf of an Indian tribe, tribal organization, or other Indian organization or if we determine otherwise in writing.*

As required by 31 U.S.C. 1352 and U.S. DOT regulations, "New Restrictions on Lobbying," specifically 49 CFR 20.110, you and your Applicant understand that:

a. The lobbying restrictions of your certification apply your Applicant's requests for:
   (1) $100,000 or more in Federal funding for a grant or cooperative agreement, and
   (2) $150,000 or more in Federal funding for a loan, line of credit, or loan guarantee,
b. Its certification covers the lobbying activities of:
   (1) It,
   (2) Its principals, and
   (3) Its first tier subrecipients:

Therefore, on behalf of your Applicant, you certify to the best of your knowledge and belief, that:

1. No Federal appropriated funds have been or will be paid by or on its behalf to any person:
   a. To influence or attempt to influence:
      (1) An officer or employee of any Federal agency,
      (2) A Member of Congress, an employee of a member of Congress, or an officer or employee of Congress,
   b. Regarding the award of a:
      (1) Federal grant or cooperative agreement, or
      (2) Federal loan, line of credit, loan guarantee, or loan insurance
2. It will submit a complete OMB Standard Form-LLL, "Disclosure of Lobbying Activities (Rev. 7-97)," in accordance with its instructions, if any funds other than Federal appropriated funds have been or will be paid to any person:
   a. To influence or attempt to influence:
      (1) An officer or employee of any Federal agency,
      (2) A Member of Congress, an employee of a Member of Congress, or an officer or employee of Congress, or
   b. Regarding any application for a:
      (1) Federal grant or cooperative agreement,
      (2) Federal loan, line of credit, loan guarantee, or loan insurance, and
3. It will include the language of this certification in the award documents for all subawards at all tiers including, but not limited to:
   a. Subcontracts,
   b. Subgrants,
   c. Subagreements, and
   d. Third party contracts under a:
      a. Federal grant or cooperative agreement, or
      b. Federal loan, line of credit, loan guarantee, or loan insurance, and

4. It understands that:
    a. This certification is a material representation of fact that the Federal Government relies on, and
    b. It must submit this certification before the Federal Government may award funding for a transaction covered by 31 U.S.C. 1352, including a:
    (1) Federal grant or cooperative agreement, or
    (2) Federal loan, line of credit, loan guarantee, or loan insurance, and
5. It also understands that any person who does not file a required certification will be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

GROUP 03. PROCUREMENT COMPLIANCE

We request that you provide the following procurement certification, on behalf of your Applicant by selecting Group 03, especially if your Applicant is a State, local, or Indian tribal government with a certified procurement system, as provided in 49 CFR 18.36(g)(3)(ii).

The Applicant certifies that its procurements and procurement system will comply with all applicable Federal laws and regulations in accordance with applicable Federal directives, except to the extent FTA has approved otherwise in writing.

GROUP 04. PROTECTIONS FOR PRIVATE TRANSPORTATION PROVIDERS

You must select the following certifications in Group 04 on behalf of your Applicant if it is a State, local, or Indian tribal government and you are applying for or will apply for 49 U.S.C. chapter 53 funding to:
• Acquire property of a private transit operator, or
• Operate public transit in competition with or in addition to a private transit provider.

As required by 49 U.S.C. 5323(a)(1), the Applicant certifies that:
1. Before it:
    a. Acquires the property or an interest in the property of a private provider of public transportation, or
    b. Operates public transportation equipment or facilities:
        (1) In competition with transportation service provided by an existing public transportation company, or
        (2) In addition to transportation service provided by an existing public transportation company,
2. It has or will have:
    a. Determined that the funding is essential to carrying out a program of projects as required by 49 U.S.C. 5303, 5304, and 5306,
    b. Provided for the participation of private companies engaged in public transportation to the maximum extent feasible, and

c. Paid just compensation under State or local law to the company for any franchise or property acquired.

GROUP 05. PUBLIC HEARING

You must select the following certifications in Group 05 on behalf of your Applicant if you apply for 49 U.S.C. chapter 53 funding for a capital project that will substantially affect a community or its transit service.

As required by 49 U.S.C. 5323(b), the Applicant certifies that:

1. Before submitting an application for a capital project that:
   a. Will substantially affect:
      (1) A community, or
      (2) The public transportation service of a community, and
   b. Also will affect:
      (1) Significant economic interests,
      (2) Significant social interests, or
      (3) Significant environmental interests,

   It will:

   (1) Provide an adequate opportunity for public review and comment on the project, after giving notice that:
   (a) Includes a concise description of the proposed project; and
   (b) Has been published in a newspaper of general circulation in the geographic area the project.

   (2) Hold a public hearing on the project if the project affects:
      (a) Significant economic, interests,
      (b) Significant social, interests, or
      (c) Significant environmental interests,
2. It will have considered the economic, social, and environmental effects of the project, and
3. It will have determined that the project is consistent with official plans for developing the community.

GROUP 06. ACQUISITION OF ROLLING STOCK FOR USE IN REVENUE SERVICE

You must select the following certification on behalf of your Applicant in Group 06 if you apply for 49 U.S.C. chapter 53 funding to acquire any rolling stock for use in revenue service.

The Applicant certifies that in procuring revenue service rolling stock, it will comply with:
1. Federal transit law, specifically 49 U.S.C. 5323(m),
2. FTA regulations, "Pre-Award and Post-Delivery Audits of Rolling Stock Purchases," 49 CFR part 663, specifically 49 CFR 663.7, as modified by amendments authorized by section 3023(k) of SAFETEA-LU, including the requirements to:
   a. Conduct or cause to be conducted the required preaward and post delivery

reviews, and

b. Maintain on file the certifications required by 49 CFR part 663, subparts B, C, and D.

GROUP 07. ACQUISITION OF CAPITAL ASSETS BY LEASE

Not Used.

GROUP 08. BUS TESTING

Not Used.

GROUP 09. CHARTER SERVICE AGREEMENT

You must enter in the Charter Service Agreement in Group 09 on behalf of your Applicant if you apply for funding to acquire or operate transit facilities and equipment, unless your Applicant qualifies for an exception under Federal law and regulations.

As required by 49 U.S.C. 5323(d) and (g) and FTA regulations, "Charter Service," 49 CFR part 604, specifically 49 CFR 604.4, the Applicant understands and agrees that:

1. Except in certain circumstances described in its regulations, FTA's "Charter Service" regulations restrict transportation by charter service using facilities and equipment acquired by FTA for transportation projects with Federal funding derived from:

    (1) Federal transit laws, 49 U.S.C. chapter 53, or

    (2) 23 U.S.C. §§ 133 or 142,

2. FTA's charter service restrictions extend to:

    a. The Applicant when it becomes a recipient of Federal funding under:

        (1) Federal transit laws, 49 U.S.C. chapter 53, or

        (2) 23 U.S.C. §§ 133 or 142,

    b. Any third party participant that receives Federal funding derived from:

        (1) Federal transit laws, 49 U.S.C. chapter 53, or

        (2) 23 U.S.C. §§ 133 or 142,

    c. A third party participant includes a:

        (1) Subrecipient at any tier,

        (2) Lessee,

        (3) Third party contractor or subcontractor at any tier, and

        (4) Other participant in the project,

3. Neither the Applicant nor any third party participant involved in its Project will engage in charter service operations, except as permitted under:

    a. Federal transit laws, specifically 49 U.S.C. § 5323(d) and (g),

    b. FTA regulations, "Charter Service," 49 C.F.R. Part 604,

    c. Any other Federal Charter Service regulations, or

d. Federal directives, except as FTA determines otherwise in writing.

4. The Applicant agrees that the latest Charter Service Agreement it has selected in its latest annual Certifications and Assurances is incorporated by reference in and made part of the underlying Agreement accompanying an award of FTA funding.

5. The Applicant agrees that:

a. FTA may require corrective measures or impose remedies on it or any subrecipient that has engaged in a pattern of violations of FTA's Charter Service regulations by:

(1) Conducting charter operations prohibited by Federal transit laws and FTA's Charter Service regulations, or

(2) Otherwise violating the Applicant's Charter Service Agreement it has elected in its latest annual Certifications and Assurances.

b. These corrective measures and remedies may include:

(1) Barring it or any third party participant operating public transportation under the Project that has provided prohibited charter service from receiving FTA funds, or

(2) Withholding an amount of Federal funds as provided by Appendix D to FTA's Charter Service regulations.

GROUP 10. SCHOOL TRANSPORTATION AGREEMENT

You must enter in the School Transportation Agreement in Group 10 on behalf of your Applicant if you apply for funding to acquire or operate transit facilities and equipment, unless your Applicant qualifies for an exception under Federal law and regulations.

As required by 49 U.S.C. 5323(f) and (g) and FTA regulations, "School Bus Operations," 49 CFR part 605, to the extent consistent with 49 U.S.C. 5323(f) and (g), the Applicant understands and agrees that:

1. FTA's "School Bus Operations" regulations restrict school bus service as defined in the FTA regulations using facilities and equipment acquired with Federal funding derived from:

(1) Federal transit laws, 49 U.S.C. chapter 53, or

(2) 23 U.S.C. §§ 133 or 142,

2. FTA's school bus operations restrictions extend to:

a. The Applicant when it becomes a recipient of Federal funding under:

(1) Federal transit laws, 49 U.S.C. chapter 53, or

(2) 23 U.S.C. §§ 133 or 142,

b. Any third party participant that receives Federal funding derived from:

(1) Federal transit laws, 49 U.S.C. chapter 53, or

(2) 23 U.S.C. §§ 133 or 142,

c. A third party participant includes a:

(1) Subrecipient at any tier,

(2) Lessee,

(3) Third party contractor or subcontractor at any tier, and

(4) Other participant in the project,

3. Neither the Applicant nor any third party participant involved in its Project will engage in school transportation operations in competition with private operators of school transportation, except as permitted under:

a. Federal transit laws, specifically 49 U.S.C. § 5323(f) and (g),

b. FTA regulations, “School Bus Operations,” 49 C.F.R. Part 605, to the extent consistent with 49 U.S.C. § 5323(f) and (g),

c. Any other Federal School Transportation regulations, or

d. Federal directives, except as FTA determines otherwise in writing.

4. The Applicant agrees that the latest School Transportation Agreement it has selected in its latest annual Certifications and Assurances is incorporated by reference in and made part of the underlying Agreement accompanying an award of FTA funding.

5. The Applicant agrees that FTA will bar the Applicant or any third party participant that has violated this School Transportation Agreement from receiving Federal transit funding in an amount FTA considers appropriate.

GROUP 11. DEMAND RESPONSIVE SERVICE

You must select the following certification in Group 11 on behalf of your Applicant if your Applicant operates demand responsive service and you apply for 49 U.S.C. chapter 53 funding to acquire non rail transit vehicles.

As required by U.S. DOT regulations, “Transportation Services for Individuals with Disabilities (ADA),” 49 CFR part 37, specifically 49 CFR 37.77(d), the Applicant certifies that:

1. The following public transportation services it offers are equivalent in level and quality of service:
    a. Its demand responsive service offered to individuals with disabilities, including individuals who use wheelchairs,
    b. Its service offered to individuals without disabilities,
2. Viewed in its entirety, the Applicant’s service for individuals with disabilities is:
    a. Provided in the most integrated setting feasible, and
    b. Equivalent to the service it offers individuals without disabilities with respect to:
        (1) Response time,
        (2) Fares,
        (3) Geographic service area,
        (4) Hours and days of service,
        (5) Restrictions on trip purpose,
        (6) Availability of information and reservation capability, and
        (7) Constraints on capacity or service availability.

GROUP 12. ALCOHOL MISUSE AND PROHIBITED DRUG USE

You must select the following certification in Group 12 on behalf of your Applicant if FTA regulations, “Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations,” *49 CFR part 655, require your Applicant to provide a certification concerning its activities to prevent alcohol misuse and prohibited drug use in its public transportation operations.*

As required by FTA regulations, "Prevention of Alcohol Misuse and Prohibited Drug Use in Transit Operations," specifically 49 CFR part 655, subpart I, the Applicant certifies that it:

1. Has established and implemented:
    a. An alcohol misuse program and
    b. An anti-drug program, and
2. Has complied with or will comply with all applicable requirements of this part.

GROUP 13. INTEREST AND OTHER FINANCING COSTS

You must select the following certification in Group 13 if the your Applicant intends to reimburse interest or other financing costs with Urbanized Area Formula Program, Capital Investment Program, or Paul S. Sarbanes Transit in Parks Program funding.

The Applicant certifies that:

1. It will not seek reimbursement for interest or other financing costs:
    a. Unless it is eligible to receive Federal funding for those costs,
    b. Its records demonstrate that it has used reasonable diligence in seeking the most favorable financing terms underlying those costs, to the extent FTA may require, and
2. It will comply with:
    a. Urbanized Area Formula Program interest provisions of 49 U.S.C. 5307(g)(3),
    b. Capital Investment Program provisions of 49 U.S.C. 5309(g)(2)(B)(iii),
    c. Capital Investment Program provisions of 49 U.S.C. 5309(g)(3)(B)(iii),
    d. d. Capital Investment Program provisions of 49 U.S.C. 5309(i)(2)(C), and
    e. Paul S. Sarbanes Transit in Parks Program provisions of 49 U.S.C. 5320(h)(2)(C).

GROUP 14. INTELLIGENT TRANSPORTATION SYSTEMS

Select the following assurance in Group 14 if you apply on behalf of your Applicant for an Intelligent Transportation Systems (ITS) project or a project in support of an ITS project. An Applicant for ITS project funding that fails to provide this assurance, without providing other documentation assuring its commitment to comply with applicable Federal ITS standards and protocols, may be ineligible for award of Federal funding for that ITS project.

As used in this assurance, the term Intelligent Transportation Systems (ITS) project is defined to include any project that in whole or in part finances the acquisition of technologies or systems of technologies that provide or significantly contribute to the provision of one or more ITS user services as defined in the "National ITS Architecture." The Applicant assures that:

1. As provided in subsection 5307(c) of SAFETEA-LU, 23 U.S.C. 512 note:
    a. "Intelligent transportation system projects carried out using funds made available from the Highway Trust Fund, including funds made available under this subtitle to deploy intelligent transportation system technologies, [will] conform to the national

architecture, applicable standards or provisional standards, and protocols developed under subsection (a) [of section 5307 of SAFETEA-LU]."

   b. ITS standards will not apply if it obtains an exception to subsection 5307(c) of SAFETEA-LU, 23 U.S.C. 512 note.

2. It will use its best efforts to assure that any ITS project it undertakes will not preclude interface with other intelligent transportation systems in the Region, if supported with Federal funding not derived from:
   a. Title 49, United States Code, or
   b. Title 23, United States Code.
3. To facilitate compliance with subsection 5307(c) of 23 U.S.C. 512 note, except as the Federal Government determines otherwise in writing, the Applicant assures that it will comply with:
   a. FTA Notice, "FTA National ITS Architecture Policy on Transit Projects," 66 FR 1455, January 8, 2001, specifically:
      (1) Applicable provisions of Section V (Regional ITS Architecture, and
      (2) Section VI (Project Implementation), and
   b. Other FTA policies that may be issued in connection with any ITS project it undertakes financed with funds authorized under Title 49 or Title 23, United States Code.

GROUP 15. URBANIZED AREA FORMULA PROGRAM

Not Used.

GROUP 16. CLEAN FUELS GRANT PROGRAM

Not Used.

GROUP 17. ELDERLY INDIVIDUALS AND INDIVIDUALS WITH DISABILITIES FORMULA GRANT PROGRAM AND PILOT PROGRAM

Not Used.

GROUP 18. NONURBANIZED AREA FORMULA PROGRAM FOR STATES

Not Used.

GROUP 19. JOB ACCESS AND REVERSE COMMUTE (JARC) FORMULA GRANT PROGRAM

You must select the following certifications and assurances in Group 19 if you apply on behalf of your Applicant for Job Access and Reverse Commute (JARC) Formula Grant funding, 49 U.S.C. 5316. Your Applicant is ultimately responsible for compliance with its certifications and assurances even though a subrecipient, lessee, third party contractor, or other participant may participate in that project, unless FTA determines otherwise in writing. Consequently, we *strongly encourage your Applicant to take the appropriate measures including, but not limited to, obtaining sufficient documentation from each subrecipient, to assure the validity of all certifications and assurances it has made.*

The following certifications and assurances apply to each Applicant for and subrecipient of funding under the Job Access and Reverse Commute (JARC) Formula Grant funding authorized under 49 U.S.C. 5316.

1. The Applicant certifies that:
    a. As required by 49 U.S.C. 5316(d)(4), it will make awards of JARC funding on a competitive basis following:
        (1) An areawide solicitation in cooperation with the appropriate metropolitan planning organization for applications for funding under 5316(c)(1)(A) (see 49 U.S.C. 5316(d)(1)), and
        (2) A statewide solicitation for applications for JARC funding under 49 U.S.C. 5316(c)(1)(B) or 49 U.S.C. 5316(c)(1)(C), (see 49 U.S.C. 5316(d)(2)) and
    b. As required by 49 U.S.C. 5316(f)(2), any allocations to subrecipients of funding authorized under 49 U.S.C. 5316 will be distributed on a fair and equitable basis,
    c. As required by 49 U.S.C. 5316(g)(3):
        (1) The projects it has selected or will select for funding under that program were derived from a public transit-human services transportation plan that has been:
            (a) Locally developed, and
            (b) Coordinated,
        (2) That locally developed, coordinated plan was produced through a process that included:
            (a) Representatives of public, private, and nonprofit transportation providers,
            (b) Representatives of public, private, and nonprofit human services providers, and
            (c) Participation by the public, and
    d. As required by 49 U.S.C. 5316(g)(2), before it transfers funds to a project funded under 49 U.S.C. 5336, that project has been or will have been coordinated with private nonprofit providers of services, and
    e. As required by 49 U.S.C. 5316(c)(3), before using funds apportioned for projects serving an area other than that for which funding was apportioned under 49 U.S.C. 5316(c)(1)(B) or (C):
        (1) The State's chief executive officer, or his or her designee, will have certified that all the JARC program objectives of 49 U.S.C. 5316 are being met in the area from which the funding would be derived,
        (2) If the State has a statewide program for meeting the JARC

program objectives of 49 U.S.C. 5316, the funds can be used for projects anywhere in the State.

2. Under 49 U.S.C. 5316(f)(1), the requirements of 49 U.S.C. 5307 apply to the JARC Program, authorized under 49 U.S.C. 5316. Therefore, as specified under 49 U.S.C. 5307(d)(1), the Applicant certifies that
   a. As required by 49 U.S.C. 5307(d)(1)(A), it and each subrecipient has or will have the:
      (1) Legal capacity to carry out its proposed projects,
      (2) Financial capacity to carry out its proposed projects,
      (3) Technical capacity to carry out its proposed projects,
      (4) Safety aspects of its proposed projects, and
      (5) Security aspects of its proposed projects,
   b. As required by 49 U.S.C. 5307(d)(1)(B), it and each subrecipient has or will have satisfactory continuing control over the use of project equipment and facilities,
   c. As required by 49 U.S.C. 5307(d)(1)(C), it and each subrecipient will maintain the project equipment and facilities adequately,
   d. As required by 49 U.S.C. 5307(d)(1)(D), it and each subrecipient will ensure that the following individuals will be charged not more than fifty (50) percent of the peak hour fare for transportation during non-peak hours using or involving project facilities or equipment supported under 49 U.S.C. 5316:
      (1) Elderly individuals,
      (2) Individuals with disabilities, or
      (3) Individuals presenting a Medicare card issued to himself or herself pursuant to title II or title XVIII of the Social Security Act (42 U.S.C. 401 et seq. or 42 U.S.C. 1395 et seq.),
   e. As required by 49 U.S.C. 5307(d)(1)(E), when carrying out a procurement under the JARC Program, 49 U.S.C. 5316, it will:
      (1) Use competitive procurement (as defined or approved by FTA),
      (2) Not use exclusionary or discriminatory specifications in its procurements,
      (3) Comply with applicable Buy America laws,
      (4) Comply with the general provisions for FTA programs of 49 U.S.C. 5323, and
      (5) Comply with the third party procurement requirements of 49 U.S.C. 5325,
   f. As required by 49 U.S.C. 5307(d)(1)(F), it and each subrecipient has complied with or will comply with 49 U.S.C. 5307(c) because it:
      (1) Has informed or will inform the public of the amount of its JARC Program funds available under 49 U.S.C. 5316, and the projects it proposes to undertake,

(2) Has developed or will develop, in consultation with interested parties including private transportation providers, the projects proposed to be funded,

(3) Has published or will publish a list of its projects in a way that affected citizens, private transportation providers, and local elected officials will have an opportunity to examine and submit comments on the proposed projects and its performance,

(4) Has provided or will provide an opportunity for a public hearing to obtain the views of citizens on the proposed projects,

(5) Has assured or will assure that the proposed projects provide for coordination of transportation services assisted under 49 U.S.C. 5336 with federally assisted transportation services supported by a Federal government source other than U.S. DOT,

(6) Has considered or will consider the comments and views received, especially those of private transportation providers, in preparing its final list of projects, and

(7) Has made or will make the final list of projects available to the public,

g. As required by 49 U.S.C. 5307(d)(1)(G), it and each subrecipient:

(1) Has or will have the amount of funds required for the local share,

(2) Will provide the local share funds from approved non-Federal sources except as permitted by Federal law, and

(3) Will provide the local share funds when needed,

h. As required by 49 U.S.C. 5307(d)(1)(H), it and each subrecipient will comply with:

(1) The requirements of 49 U.S.C. 5301(a) for public transportation systems that:

(a) Maximize the safe, secure, and efficient mobility of people,

(b) Minimize environmental impacts, and

(c) Minimize transportation-related fuel consumption and reliance on foreign oil,

(2) The requirements of 49 U.S.C. 5301(d) for special efforts to:

(a) Design public transportation for elderly individuals and individuals with disabilities, and

(b) Provide public transportation for elderly individuals and individuals with disabilities, and

(3) The requirements of 49 U.S.C. 5303 – 5306 for:

(a) Metropolitan and State Planning, and

(b) Private enterprise participation, and

i. As required by 49 U.S.C. 5307(d)(1)(I), it and each subrecipient has a locally developed process to solicit and consider public comment before:

(1) Raising a fare, or

(2) Implementing a major reduction of public transportation.

GROUP 20. NEW FREEDOM PROGRAM

Not Used.

GROUP 21. PAUL S. SARBANES TRANSIT IN PARKS PROGRAM

Not Used.

GROUP 22. TRIBAL TRANSIT PROGRAM

Not Used.

GROUP 23. TIFIA PROJECTS

Not Used.

GROUP 24. DEPOSITS OF FEDERAL FINANCIAL FUNDING TO STATE INFRASTRUCTURE BANKS

Not Used.

ATTACHMENT D–1
FEDERAL FISCAL YEAR 2012 CERTIFICATIONS AND ASSURANCES FOR FEDERAL TRANSIT ADMINISTRATION ASSISTANCE PROGRAMS
(Signature page alternative to providing Certifications and Assurances in TEAM-Web)

Name of Applicant: ______________City of Daly City______________________________

The Applicant agrees to comply with applicable provisions of Categories 01 – 24. __X__
OR
The Applicant agrees to comply with applicable provisions of the Categories it has selected:

Group	Description	
01.	Assurances Required For Each Applicant.	X
02.	Lobbying.	X
03.	Procurement Compliance.	X
04.	Protections for Private Providers of Public Transportation.	X
05.	Public Hearing.	X
06.	Acquisition of Rolling Stock for Use in Revenue Service.	
07.	Acquisition of Capital Assets by Lease.	
08.	Bus Testing.	
09.	Charter Service Agreement.	X
10.	School Transportation Agreement.	X
11.	Demand Responsive Service.	X
12.	Alcohol Misuse and Prohibited Drug Use.	X
13.	Interest and Other Financing Costs.	X
14.	Intelligent Transportation Systems.	X
15.	Urbanized Area Formula Program.	
16.	Clean Fuels Grant Program.	
17.	Elderly Individuals and Individuals with Disabilities Formula Program and Pilot Program.	
18.	Nonurbanized Area Formula Program for States.	
19.	Job Access and Reverse Commute Program.	X
20.	New Freedom Program.	
21.	Paul S. Sarbanes Transit in Parks Program.	
22.	Tribal Transit Program.	
23.	Infrastructure Finance Projects.	
24.	Deposits of Federal Financial Assistance to a State Infrastructure Banks.	

ATTACHMENT D–2

FEDERAL FISCAL YEAR 2012 FTA CERTIFICATIONS AND ASSURANCES SIGNATURE PAGE

(Required of all Applicants for FTA assistance and all FTA Grantees with an active capital or formula project)

AFFIRMATION OF APPLICANT

Name of Applicant: ______________City of Daly City____

Name and Relationship of Authorized Representative: ____

BY SIGNING BELOW, on behalf of the Applicant, I declare that the Applicant has duly authorized me to make these certifications and assurances and bind the Applicant's compliance. Thus, the Applicant agrees to comply with all Federal statutes and regulations, and follow applicable Federal directives, and comply with the certifications and assurances as indicated on the foregoing page applicable to each application it makes to the Federal Transit Administration (FTA) in Federal Fiscal Year 2012.

FTA intends that the certifications and assurances the Applicant selects on the other side of this document, as representative of the certifications and assurances in this document, should apply, as provided, to each project for which the Applicant seeks now, or may later, seek FTA assistance during Federal Fiscal Year 2012.

The Applicant affirms the truthfulness and accuracy of the certifications and assurances it has made in the statements submitted herein with this document and any other submission made to FTA, and acknowledges that the Program Fraud Civil Remedies Act of 1986, 31 U.S.C. 3801 et seq., and implementing U.S. DOT regulations, "Program Fraud Civil Remedies," 49 CFR part 31 apply to any certification, assurance or submission made to FTA. The criminal provisions of 18 U.S.C. 1001 apply to any certification, assurance, or submission made in connection with a Federal public transportation program authorized in 49 U.S.C. chapter 53 or any other statute
In signing this document, I declare under penalties of perjury that the foregoing certifications and assurances, and any other statements made by me on behalf of the Applicant are true and correct.

Signature____ Date: _________________

Name____
Authorized Representative of Applicant

AFFIRMATION OF APPLICANT'S ATTORNEY

For (Name of Applicant): ____
As the undersigned Attorney for the above named Applicant, I hereby affirm to the Applicant that it has authority under State, local, or tribal government law, as applicable, to make and comply with the certifications and assurances as indicated on the foregoing pages. I further affirm that, in my opinion, the certifications and assurances have been legally made and constitute legal and binding obligations on the Applicant.
I further affirm to the Applicant that, to the best of my knowledge, there is no legislation or litigation pending or imminent that might adversely affect the validity of these certifications and assurances, or of the performance of the project.
Signature____ Date: _________________
Name____
Attorney for Applicant

Each Applicant for FTA financial assistance and each FTA Grantee with an active capital or formula project must provide an Affirmation of Applicant's Attorney pertaining to the Applicant's legal capacity. The Applicant may enter its signature in lieu of the Attorney's signature, provided the Applicant has on file this Affirmation, signed by the attorney and dated this Federal fiscal year.

ATTACHMENT E

Title VI Requirements from "FTA Section 5316 Job Access and Reverse Commute and Section 5317 New Freedom Programs Program Management Plan,"
adopted by MTC Resolution No. 3986

MTC requires that all JARC and New Freedom subrecipients submit all appropriate FTA certifications and assurances to MTC prior to funding agreement execution and annually thereafter when FTA publishes the annual list of certifications and assurances. MTC will not execute any funding agreements prior to having received these items from the selected subrecipients. MTC, within its administration, planning, and technical assistance capacity, also will comply with all appropriate certifications and assurances for FTA assistance programs and will submit this information to the FTA as required.

The certifications and assurances pertaining to civil rights include:

1. Nondiscrimination Assurances in Accordance with the Civil Rights Act

2. Documentation Pertaining to Civil Rights Lawsuits and Complaints

Nondiscrimination assurances included above involve the prohibition of discrimination on the basis of race, color, creed, national origin, sex, or age, and prohibit discrimination in employment or business opportunity, as specified by 49 U.S.C. 5332 (otherwise known as Title VI of the Civil Rights Act of 1964), as amended (42 U.S.C. 2000d et seq.) and U.S. DOT regulations, *Nondiscrimination in Federally-Assisted Programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act*, 49 C.F.R. Part 21. By complying with the Civil Rights Act, no person, on the basis of race, color, national origin, creed, sex, or age, will be excluded from participation in or be denied the benefits of any program for which the subrecipient receives federal funding via MTC.

As a condition of receiving Federal Transit Administration JARC or New Freedom program funds subrecipients must comply with the requirements of the US Department of Transportation's Title VI regulations. The purpose of Title VI is to ensure that no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving Federal financial assistance. Subrecipients are also responsible for ensuring compliance of each third party contractor at any tier of the project.

Subrecipients must develop procedures for investigating and tracking Title VI complaints filed against them and make their procedures for filing a complaint available to members of the public upon request. In order to reduce the administrative burden associated with this requirement, subrecipients may adopt the Title VI complaint investigation and tracking procedures developed by MTC.

Subrecipients must prepare and maintain a list of any active investigations conducted by entities other than FTA, lawsuits, or complaints naming the subrecipient that allege discrimination on the basis of race, color, or national origin. This list shall include the date, summary of allegations, current status, and actions taken by the subrecipient in response to the investigation, lawsuit, or complaint.

Subrecipients must provide information to the public regarding their Title VI obligations and apprise members of the public of the protections against discrimination afforded to them by Title VI. Subrecipients that provide transit service shall disseminate this information to the public through measures that can include but shall not be limited to a posting on the agency's Web site.

All subrecipients must submit compliance reports to MTC. The following contents will be required with the submission of the standard agreement and annually thereafter with the submission of the annual FTA certifications and assurances:

1. A summary of public outreach and involvement activities undertaken and a description of steps taken to ensure that minority and low-income people had meaningful access to these activities.

2. A copy of the subrecipient's plan for providing language assistance for persons with limited English proficiency (LEP) that was based on the DOT LEP Guidance or a copy of the agency's alternative framework for providing language assistance.

3. A copy of the subrecipient procedures for tracking and investigating Title VI complaints.

4. A list of any Title VI investigations, complaints, or lawsuits filed with the subrecipient. This list should include only those investigations, complaints, or lawsuits that pertain to the subrecipient submitting the report, not necessarily the larger agency or department of which the entity is a part.

5. A copy of the subrecipient's notice to the public that it complies with Title VI and instructions to the public on how to file a discrimination complaint.

The first compliance report, submitted with the standard agreement, must contain all of the contents listed above. If, prior to the deadline for subsequent compliance reports, the subrecipient has not altered items 2, 3 and 5 above (its language assistance policies, procedures for tracking and investigating a Title VI complaint, or its notice to the public that it complies with Title VI and instructions to the public on how to file a Title VI complaint), the subrecipient should submit a statement to this effect in lieu of copies of the original documents. The annual compliance report should include an update on items 1 and 4.

ATTACHMENT F
U.S. Department of Labor ("DOL") Letters
September 7 2011; September 23, 2011

Phone (650) 853-3189
Email: adocto@cityofepa.org

Joseph Curran
City of Daly City
333 90th Street
Daly City, CA 94015
Phone: (650)991-5759
Email: jcurran@dalycity.org

Karae Lisle
Shelter Network
1450 Chapin Avenue, 2nd Floor
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Email: klisle@shelternetwork.org

Kathryn B. Heatley
Outreach & Escort, Inc.
926 Rock Avenue, Suite 10
San Jose, CA 95131-1605
Phone: (408) 436-2865 ext. 240
Fax: (408) 382-0470
Email: katieh@outreach2.org

Shobna Dhewant
Peninsula Family Service
24 Second Ave
San Mateo, CA 94401
Phone: (650) 403-4300, ext. 4415
Fax: (650) 403-4303
Email: sdhewant@peninsulafamilyservice.org

Unions:

Jessica Chu, Associate Counsel
Legal Department
Amalgamated Transit Union
5025 Wisconsin Avenue, NW

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Attachment A

PROPOSED TERMS FOR EMPLOYEE PROTECTION CERTIFICATION
DOL REFERRAL OF FTA GRANT
CA-37-X133

Marin County

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include the **Marin County Transit District** (MT). Accordingly, the employees in the service area of the Marin County Transit District, represented by the Marin County Management Employee Association, Amalgamated Transit Union Local 1575 (ATU), the International Association of Machinists (IAM), the Marine Engineers' Beneficial Association (MEBA), and the Inland Boatmen's Union of the Pacific Marine Division (IBU), shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Marin County accepts the terms and conditions of the UPA.

City of East Palo Alto

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include the **City of East Palo Alto**. Accordingly, the employees of the City and/or its contractor(s), represented by the Service Employees International Union (SEIU) Local 521 and International Brotherhood of Teamsters (IBT) Local 665; the employees of the San Mateo County Transit District (SamTrans), represented by Amalgamated Transit Union (ATU) Local 1574; the employees of the Santa Clara Valley Transportation Authority (VTA), represented by ATU Local 265; and the employees of the Peninsula Corridor Joint Powers Board (Caltrains), represented by the Transportation-Communications International Union (TCU), the American Railway and Airway Supervisors Association (ARASA/TCU), the Joint Council of Carmen (JCC/TCU), the United Transportation Union (UTU), the Brotherhood of Locomotive Engineers (BLE), the International Association of Machinists (IAM), the International Brotherhood of Electrical Workers (IBEW), the International Federation of Professional and Technical Engineers (IFPTE), the Service Employees International Union (SEIU), the American Train Dispatchers Department (ATDD/BLE), the Brotherhood of Maintenance of Way Employees (BMWE), the Sheet Metal Workers International Association (SMWIA), the Brotherhood of Railway Signalmen (BRS), the International Brotherhood of Boilermakers and Blacksmiths (IBB) and the National Conference of Firemen and Oilers (NCFO/SEIU), shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. The City of East Palo Alto accepts the terms and conditions of the UPA.

Daly City

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Daly City**. Accordingly, the employees of Daly City, represented by IBT Local 665; the employees of SamTrans, represented by Amalgamated Transit Union (ATU) Local 1574; the employees of the San Francisco Bay Area Rapid Transit District (BART), represented by American Federation of State County and Municipal Employees (AFSCME) Local 1117, ATU Local 1555, SEIU Local 390 [United Public Employees], the BART Police Officers Association BPOA/SEIU Local 1008, and the BART Police Managers Association; and the employees of the City and County of San Francisco Municipal Transportation Agency/Municipal Transportation Agency (SFMTA, aka MUNI) represented by the Transport Workers Union (TWU) Local 250A, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Daly City accepts the terms and conditions of the UPA.

Shelter Network

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Shelter Network**. Accordingly, the employees of the City of East Palo Alto and/or its contractor(s), represented by the SEIU Local 521 and IBT Local 665; the employees of SamTrans, represented ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of the Caltrains, represented by the TCU, ARASA/TCU, JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Shelter Network accepts the terms and conditions of the UPA.

Outreach & Escort, Incorporated

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Outreach & Escort, Incorporated**. Accordingly, the employees of the City of East Palo Alto and/or its contractor(s), represented by SEIU Local

521 and IBT Local 665; the employees of SamTrans, represented by ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of Caltrains, represented by the TCU, ARASA/TCU), JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and the NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Outreach & Escort, Incorporated accepts the terms and conditions of the UPA.

Peninsula Family Service

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Peninsula Family Service**. Accordingly, the employees of the City of East Palo Alto and/or its contractor(s), represented by SEIU Local 521 and IBT Local 665; the employees of SamTrans, represented by ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of Caltrains, represented by the TCU, ARASA/TCU), JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and the NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Peninsula Family Service accepts the terms and conditions of the UPA.

Metropolitan Transportation Commission

The Department of Labor makes the certification called for under the statute on condition that the Metropolitan Transportation Commission (MTC), as a precondition to the release of assistance to the above Recipients, under the grant, ensures that each Recipient agrees to their respective terms and conditions referenced herein. This certification letter, and the corresponding protective arrangements, shall be incorporated into the contract of assistance between the MTC and the U.S. Department of Transportation (DOT), by reference. The MTC shall incorporate the terms of this certification into a contract with each Recipient of funds under the grant, as a precondition to the release of assistance to the Recipient. These terms and conditions provide to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b).

Accordingly, the Department of Labor makes the certification called for under the statute with respect to the above Recipients under the instant projects on condition that:

1. This letter and the terms and conditions of the above protective arrangements, shall be made applicable to the instant project and made part of the contract of assistance between the MTC and DOT, by reference;

2. As a precondition to the release of assistance to any Recipient, this letter and the terms and conditions of the respective protective arrangements referenced above, shall be incorporated into the contract of assistance between the MTC and such Recipient, by reference;

   Any dispute or controversy arising regarding the application, interpretation, or enforcement of this provision which cannot be settled by and between the parties at interest within thirty (30) days after the dispute or controversy first arises, may be referred by any party to any final and binding dispute settlement procedure acceptable to the parties, or in the event they cannot agree upon such procedure, to the Department of Labor or an impartial third party designated by the Department of Labor for a final and binding determination;

3. The term "project" as used in each of the above employee protective arrangements shall be deemed to cover and refer to those portions of the instant project to which they have been applied;

4. The protective arrangements certified by the Secretary of Labor are intended for the primary and direct benefit of transit employees in the service area of the project. These employees are intended third-party beneficiaries to the employee protective arrangements referenced in the grant contract between the U.S. Department of Transportation and the MTC, and the parties to the contract so signify by executing that contract. **Such transit employees are also third-party beneficiaries to the protective arrangements incorporated in any subsequent contract(s) of assistance between the Grantee and any Recipient(s).** Employees not represented by any labor organization, or if so represented through their representative on their behalf, may assert claims with respect to the protective arrangements under

this provision. This clause creates no independent cause of action against the United States Government;

5. Disputes over the interpretation, application and enforcement of the terms and conditions of the certified protective arrangements, including those disputes arising out of this letter of certification, except for any disputes arising out of enumerated paragraph 2 above, shall be resolved in accordance with the procedures specified in the aforementioned certified arrangements; and

6. Employees of mass transportation providers in the service area of the project who are not represented by a union designated above shall be afforded substantially the same levels of protections as are afforded to the employees represented by the unions under the above referenced protective arrangements and this certification. Such protections include procedural rights and remedies as well as protections for individual employees affected by the project.

   Should a dispute remain after exhausting any available remedies under the protective arrangements and absent mutual agreement to utilize any other final and binding resolution procedure, any party to the dispute may submit the controversy to final and binding arbitration. With respect to a dispute involving a union not designated above, if a component of its parent union is already subject to a protective arrangement, the arbitration procedures of that arrangement will be applicable. If no component of its parent union is subject to the arrangements, the Recipient or the union may request the American Arbitration Association to furnish an arbitrator and administer a final and binding resolution of the dispute under its Labor Arbitration Rules. If the employees are not represented by a union for purposes of collective bargaining, the Recipient or employee(s) may request the Secretary of Labor to designate a neutral third party or appoint a staff member to serve as arbitrator and render a final and binding determination of the dispute.

UNIFIED PROTECTIVE ARRANGEMENT
For Application to Capital and Operating Assistance Projects
PURSUANT TO SECTION 5333(b) OF
TITLE 49 OF THE U.S. CODE, CHAPTER 53
January 3, 2011

The following language shall be made part of the Department of Transportation's contract of assistance with the Grantee, by reference;

The terms and conditions set forth below shall apply for the protection of the transportation related employees in the transportation service area of the Project. As a precondition of the release of assistance by the Grantee to any additional Recipient under the grant, the Grantee shall incorporate this arrangement into the contract of assistance between the Grantee and the Recipient, by reference, binding the Recipient to these arrangements.

These protective arrangements are intended for the benefit of transit employees in the service area of the project, who are considered as third-party beneficiaries to the employee protective arrangements incorporated by reference in the grant contract between the U.S. Department of Transportation and the Grantee, and the parties to the contract so signify by executing that contract. **Transit employees are also third-party beneficiaries to the protective arrangements incorporated in subsequent contracts of assistance, pursuant to the Department's certification, between the Grantee and any Recipient.** Employees may assert claims through their representative with respect to the protective arrangements under this provision. This clause creates no independent cause of action against the United States Government.

The term "service area," as used herein, includes the geographic area over which the Project is operated and the area whose population is served by the Project, including adjacent areas affected by the Project. The term "Union," as used herein, refers to any labor organization representing employees providing public transportation services in the service area of a Project assisted under the grant, including both employees of the Recipient and employees of other public transportation providers. The term "Recipient," as used herein, shall refer to any employer(s) receiving transportation assistance under the grant. The term "Grantee," as used herein, shall refer to the applicant for assistance; a Grantee which receives assistance is also a Recipient.

(1) The Project shall be carried out in such a manner and upon such terms and conditions as will not adversely affect employees of the Recipient and of

any other surface public transportation provider in the transportation service area of the Project. It shall be an obligation of the Recipient to assure that any and all transportation services assisted by the Project are contracted for and operated in such a manner that they do not impair the rights and interests of affected employees. The term "Project," as used herein, shall not be limited to the particular facility, service, or operation assisted by Federal funds, but shall include any changes, whether organizational, operational, technological, or otherwise, which are a result of the assistance provided. The phrase "as a result of the Project," shall, when used in this arrangement, include events related to the Project occurring in anticipation of, during, and subsequent to the Project and any program of efficiencies or economies related thereto; provided, however, that volume rises and falls of business, or changes in volume and character of employment brought about solely by causes other than the Project (including any economies or efficiencies unrelated to the Project) are not within the purview of this arrangement.

An employee covered by this arrangement, who is not dismissed, displaced or otherwise worsened in his/her position with regard to employment as a result of the Project, but who is dismissed, displaced or otherwise worsened solely because of the total or partial termination of the Project or exhaustion of Project funding shall not be deemed eligible for a dismissal or displacement allowance within the meaning of paragraphs (6) and (7) of this arrangement.

(2) Where employees of a Recipient are represented for collective bargaining purposes, all Project services provided by that Recipient shall be provided under and in accordance with any collective bargaining agreement applicable to such employees which is then in effect. This Arrangement does not create any collective bargaining relationship where one does not already exist or between any Recipient and the employees of another employer. Where the Recipient has no collective bargaining relationship with the Unions representing employees in the service area, the Recipient will not take any action which impairs or interferes with the rights, privileges, and benefits and/or the preservation or continuation of the collective bargaining rights of such employees.

(3) All rights, privileges, and benefits (including pension rights and benefits) of employees covered by this arrangement (including employees having already retired) under existing collective bargaining agreements or otherwise, or under any revision or renewal thereof, shall be preserved and continued; provided, however, that such rights, privileges and benefits which are not foreclosed from further bargaining under applicable law or contract may be modified by collective bargaining and agreement by the Recipient and the Union involved to substitute other rights, privileges and benefits. Unless otherwise provided,

nothing in this arrangement shall be deemed to restrict any rights the Recipient may otherwise have to direct the working forces and manage its business as it deems best, in accordance with the applicable collective bargaining agreement.

(4) The collective bargaining rights of employees covered by this arrangement, including the right to arbitrate labor disputes and to maintain union security and checkoff arrangements, as provided by applicable laws, policies and/or existing collective bargaining agreements, shall be preserved and continued. Provided, however, that this provision shall not be interpreted so as to require the Recipient to retain any such rights which exist by virtue of a collective bargaining agreement after such agreement is no longer in effect.

The Recipient agrees that it will bargain collectively with the Union or otherwise arrange for the continuation of collective bargaining, and that it will enter into agreements with the Union or arrange for such agreements to be entered into, relative to all subjects which are or may be proper subjects of collective bargaining. If, at any time, applicable law or contracts permit or grant to employees covered by this arrangement the right to utilize any economic measures, nothing in this arrangement shall be deemed to foreclose the exercise of such right.

(5)(a) The Recipient shall provide to all affected employees sixty (60) days' notice of intended actions which may result in displacements or dismissals or rearrangements of the working forces as a result of the Project. In the case of employees represented by a Union, such notice shall be provided by certified mail through their representatives. The notice shall contain a full and adequate statement of the proposed changes, and an estimate of the number of employees affected by the intended changes, and the number and classifications of any jobs within the jurisdiction and control of the Recipient, including those in the employment of any entity bound by this arrangement pursuant to paragraph (21), available to be filled by such affected employees.

(5)(b) The procedures of this subparagraph shall apply to cases where notices, provided under subparagraph 5(a), involve employees represented by a Union for collective bargaining purposes. At the request of either the Recipient or the representatives of such employees, negotiations for the purposes of reaching agreement with respect to the application of the terms and conditions of this arrangement shall commence immediately. These negotiations shall include determining the selection of forces from among the mass transportation employees who may be affected as a result of the Project, to establish which such employees shall be offered employment for which they are qualified or can be trained. If no agreement is reached within twenty (20) days from the commencement of negotiations, any party to the dispute may submit the matter to dispute settlement procedures in accordance with paragraph (15) of this arrangement. Unless the parties otherwise mutually agree in writing, no change in operations, services, facilities or equipment within the purview of this paragraph (5) shall occur until after either: 1) an agreement with respect to the application of the terms and conditions of this arrangement to the intended change(s) is reached; 2) the decision has been rendered pursuant to the dispute resolution procedures in accordance with paragraph (15) of this arrangement; or 3) an arbitrator selected pursuant to Paragraph (15) of this arrangement determines that the intended change(s) may be instituted prior to the finalization of implementing arrangements.

(5)(c) In the event of a dispute as to whether an intended change within the purview of this paragraph (5) may be instituted at the end of the 60-day notice period and before an implementing agreement is reached or a final dispute resolution determination is rendered pursuant to subparagraph (b), any involved party may immediately submit that issue to the dispute resolution process under paragraph (15) of this arrangement. In any such dispute resolution procedure, the neutral shall rely upon the standards and criteria utilized by the Surface Transportation Board (and its predecessor agency, the Interstate Commerce Commission) to address the "preconsummation" issue in cases involving employee protections pursuant to 49 U.S.C. Section 11326 (or its predecessor, Section 5(2)(f) of the Interstate Commerce Act, as amended). If the Recipient demonstrates, as a threshold matter in any such dispute resolution process, that the intended action is a trackage rights, lease proceeding or similar transaction, and not a merger, acquisition, consolidation, or other similar transaction, the burden shall then shift to the involved labor organization(s) to prove that under the standards and criteria referenced above, the intended action should not be permitted to be instituted prior to the effective date of a negotiated or arbitrated implementing agreement. If the Recipient fails to demonstrate that the intended action is a trackage rights, lease proceeding, or similar transaction, it shall be the burden of the Recipient to prove that under the standards and criteria referenced above, the intended action should be permitted to be instituted prior to the effective date of a negotiated or arbitrated implementing agreement. For purposes of any such dispute resolution procedure, the time period within which the parties are to respond to the list of potential neutrals submitted by the American Arbitration Association shall be five (5) days, the notice of hearing may be given orally or by facsimile, the hearing will be held promptly, and the award of the neutral shall be rendered promptly and, unless otherwise agreed to by the parties, no later than fourteen (14) days from the date of closing the hearings, with five (5) additional days if post hearing briefs are submitted by either party. The intended change shall not be instituted during the pendency of any dispute resolution proceedings under this subparagraph (c).

(5)(d) If an intended change within the purview of this paragraph (5) is instituted before an implementing agreement is reached or a final decision is rendered pursuant to subparagraph (b), all employees affected shall be kept financially whole, as if the noticed and implemented action has not taken place, from the time they are affected until the effective date of an implementing agreement or final decision. This protection shall be in addition to the protective period defined in paragraph (14) of this arrangement, which period shall begin on the effective date of the implementing agreement or final dispute resolution determination rendered pursuant to subparagraph (b).

An employee selecting, bidding on, or hired to fill any position established as a result of a noticed and implemented action prior to the consummation of an implementing agreement or final dispute resolution determination shall accumulate no benefits under this arrangement as a result thereof during that period prior to the consummation of an implementing agreement or final decision pursuant to subparagraph (b).

(6)(a) Whenever an employee retained in service, recalled to service, or employed by the Recipient pursuant to paragraphs (5), (7)(e), or (18) hereof is placed in a worse position with respect to compensation as a result of the Project, the employee shall be considered a "displaced employee", and shall be paid a monthly "displacement allowance" to be determined in accordance with this paragraph. Said displacement allowance shall be paid to each displaced employee during the protective period so long as the employee is unable, in the exercise of his/her seniority rights, to obtain a position producing compensation equal to or exceeding the compensation the employee received in the position from which the employee was displaced, adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for.

(6)(b) The displacement allowance shall be a monthly allowance determined by computing the total compensation received by the employee, including vacation allowances and monthly compensation guarantees, and his/her total time paid for during the last twelve (12) months in which the employee performed compensated service more than fifty per centum of each such months, based upon the employee's normal work schedule, immediately preceding the date of his/her displacement as a result of the Project, and by dividing separately the total compensation and the total time paid for by twelve, thereby producing the average monthly compensation and the average monthly time paid for. Such allowance shall be adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for. If the displaced employee's compensation in his/her current position is less in any month during his/her protective period than the aforesaid average compensation (adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for), the employee shall be paid the difference, less compensation for any time lost on account of voluntary absences to the extent that the employee is not available for service equivalent to his/her average monthly time, but the employee shall be compensated in addition thereto at the rate of the current position for any time worked in excess of the average monthly time paid for. If a displaced employee fails to exercise his/her seniority rights to secure another position to which the employee is entitled under the then existing collective bargaining agreement, and which carries a wage rate and compensation exceeding that of the position which the employee elects to retain, the employee shall thereafter be treated, for the purposes of this paragraph, as occupying the position the employee elects to decline.

(6)(c) The displacement allowance shall cease prior to the expiration of the protective period in the event of the displaced employee's resignation, death, retirement, or dismissal for cause in accordance with any labor agreement applicable to his/her employment.

(7)(a) Whenever any employee is laid off or otherwise deprived of employment as a result of the Project, in accordance with any collective bargaining agreement applicable to his/her employment, the employee shall be considered a "dismissed employee" and shall be paid a monthly dismissal allowance to be determined in accordance with this paragraph. Said dismissal allowance shall first be paid to each dismissed employee on the thirtieth (30th) day following the day on which the employee is "dismissed" and shall continue during the protective period, as follow:

Employee's length of service prior to adverse effect	Period of protection
1 day to 6 years	equivalent period
6 years or more	6 years

The monthly dismissal allowance shall be equivalent to one-twelfth (1/12th) of the total compensation received by the employee in the last twelve (12) months of his/her employment in which the employee performed compensation service more than fifty per centum of each such month based on the employee's normal work schedule to the date on which the employee was first deprived of employment as a result of the Project. Such allowance shall be adjusted to reflect subsequent general wage adjustments, including cost of living adjustments where provided for.

(7)(b) An employee shall be regarded as deprived of employment and entitled to a dismissal allowance when the position the employee holds is abolished as a result of the Project, or when the position the employee holds is not abolished but the employee loses that position as a result of the exercise of seniority rights by an employee whose position is abolished as a result of the Project or as a result of the exercise of seniority rights by other employees brought about as a result of the Project, and the employee is unable to obtain another position, either by the exercise of the employee's seniority rights, or through the Recipient, in accordance with subparagraph (e). In the absence of proper notice followed by an agreement or decision pursuant to paragraph (5) hereof, no employee who has been deprived of employment as a result of the Project shall be required to exercise his/her seniority rights to secure another position in order to qualify for a dismissal allowance hereunder.

(7)(c) Each employee receiving a dismissal allowance shall keep the Recipient informed as to his/her current address and the current name and address of any other person by whom the employee may be regularly employed, or if the employee is self-employed.

(7)(d) The dismissal allowance shall be paid to the regularly assigned incumbent of the position abolished. If the position of an employee is abolished when the employee is absent from service, the employee will be entitled to the dismissal allowance when the employee is available for service. The employee temporarily filling said position at the time it was abolished will be given a dismissal allowance on the basis of that position, until the regular employee is available for service, and thereafter shall revert to the employee's previous status and will be given the protections of the agreement in said position, if any are due him/her.

(7)(e) An employee receiving a dismissal allowance shall be subject to call to return to service by the employee's former employer, after being notified in accordance with the terms of the then-existing collective bargaining agreement. Prior to such call to return to work by his/her employer, the employee may be required by the Recipient to accept reasonably comparable employment for which the employee is physically and mentally qualified, or for which the employee can become qualified after a reasonable training or retraining period, provided it does not require a change in residence or infringe upon the employment rights of other employees under then-existing collective bargaining agreements.

(7)(f) When an employee who is receiving a dismissal allowance again commences employment in accordance with subparagraph (e) above, said allowance shall cease while the employee is so reemployed, and the period of time during which the employee is so reemployed shall be deducted from the total period for which the employee is entitled to receive a dismissal allowance. During the time of such reemployment, the employee shall be entitled to the protections of this arrangement to the extent they are applicable.

(7)(g) The dismissal allowance of any employee who is otherwise employed shall be reduced to the extent that the employee's combined monthly earnings from such other employment or self-employment, any benefits received from any unemployment insurance law, and his/her dismissal allowance exceed the amount upon which the employee's dismissal allowance is based. Such employee, or his/her union representative, and the Recipient shall agree upon a procedure by which the Recipient shall be kept currently informed of the earnings of such employee in employment other than with the employee's former employer, including self-employment, and the benefits received.

(7)(h) The dismissal allowance shall cease prior to the expiration of the protective period in the event of the failure of the employee without good cause to return to service in accordance with the applicable labor agreement, or to accept employment as provided under subparagraph (e) above, or in the event of the employee's resignation, death, retirement, or dismissal for cause in accordance with any labor agreement applicable to his/her employment.

(7)(i) A dismissed employee receiving a dismissal allowance shall actively seek and not refuse other reasonably comparable employment offered him/her for which the employee is physically and mentally qualified and does not require a change in the employee's place of residence. Failure of the dismissed employee to comply with this obligation shall be grounds for discontinuance of the employee's allowance; provided that said dismissal allowance shall not be discontinued until final determination is made either by agreement between the Recipient and the employee or his/her representative, or by final and binding dispute resolution determination rendered in accordance with paragraph (15) of this arrangement that such employee did not comply with this obligation.

(8) In determining length of service of a displaced or dismissed employee for purposes of this arrangement, such employee shall be given full service credits in accordance with the records and labor agreements applicable to him/her and the employee shall be given additional service credits for each month in which the employee receives a dismissal or displacement allowance as if the employee were continuing to perform services in his/her former position.

(9) No employee shall be entitled to either a displacement or dismissal allowance under paragraphs (6) or (7) hereof because of the abolishment of a position to which, at some future time, the employee could have bid, been transferred, or promoted.

(10) No employee receiving a dismissal or displacement allowance shall be deprived, during the employee's protected period, of any rights, privileges, or benefits attaching to his/her employment, including, without limitation, group life insurance, hospitalization and medical care, free transportation for the employee and the employee's family, sick leave, continued status and participation under any disability or retirement program, and such other employee benefits as Railroad Retirement, Social Security, Workmen's Compensation, and unemployment compensation, as well as any other benefits to which the employee may be entitled under the same conditions and so long as such benefits continue to be accorded to other employees of the bargaining unit, in active service or furloughed as the case may be.

(11)(a) Any employee covered by this arrangement who is retained in the service of his/her employer, or who is later restored to service after being entitled to receive a dismissal allowance, and who is required to change the point of his/her employment in order to retain or secure active employment with the Recipient in accordance with this arrangement, and who is required to move his/her place of residence, shall be reimbursed for all expenses of moving his/her household and other personal effects, for the traveling expenses for the employee and members of the employee's immediate family, including living expenses for the employee and the employee's immediate family, and for his/her own actual wage loss during the time necessary for such transfer and for a reasonable time thereafter, not to exceed five (5) working days. The exact extent of the responsibility of the Recipient under this paragraph, and the ways and means of transportation, shall be agreed upon in advance between the Recipient and the affected employee or the employee's representatives.

(11)(b) If any such employee is laid off within three (3) years after changing his/her point of employment in accordance with paragraph (a) hereof, and elects to move his/her place of residence back to the original point of employment, the Recipient shall assume the expenses, losses and costs of moving to the same extent provided in subparagraph (a) of this paragraph (11) and paragraph (12)(a) hereof.

(11)(c) No claim for reimbursement shall be paid under the provisions of this paragraph unless such claim is presented to the Recipient in writing within ninety (90) days after the date on which the expenses were incurred.

(11)(d) Except as otherwise provided in subparagraph (b), changes in place of residence, subsequent to the initial changes as a result of the Project, which are not a result of the Project but grow out of the normal exercise of seniority rights, shall not be considered within the purview of this paragraph.

(12)(a) The following conditions shall apply to the extent they are applicable in each instance to any employee who is retained in the service of the employer (or who is later restored to service after being entitled to receive a dismissal allowance), who is required to change the point of his/her employment as a result of the Project, and is thereby required to move his/her place of residence.

If the employee owns his/her own home in the locality from which the employee is required to move, the employee shall, at the employee's option, be reimbursed by the Recipient for any loss suffered in the sale of the employee's home for less than its fair market value, plus conventional fees and closing costs, such loss to be paid within thirty (30) days of settlement or closing on the sale of the home. In each case, the fair market value of the home in question shall be determined, as of a date sufficiently prior to the date of the Project, so as to be unaffected thereby. The Recipient shall, in each instance, be afforded an opportunity to purchase the home at such fair market value before it is sold by the employee to any other person and to reimburse the seller for his/her conventional fees and closing costs.

If the employee is under a contract to purchase his/her home, the Recipient shall protect the employee against loss under such contract, and in addition, shall relieve the employee from any further obligation thereunder.

If the employee holds an unexpired lease of a dwelling occupied as the employee's home, the Recipient shall protect the employee from all loss and cost in securing the cancellation of said lease.

(12)(b) No claim for loss shall be paid under the provisions of this paragraph unless such claim is presented to the Recipient in writing within one year after the effective date of the change in residence.

(12)(c) Should a controversy arise in respect to the value of the home, the loss sustained in its sale, the loss under a contract for purchase, loss and cost in securing termination of a lease, or any other question in connection with these matters, it shall be decided through a joint conference between the employee, or his/her union, and the Recipient. In the event they are unable to agree, the dispute or controversy may be referred by the Recipient or the union to a board of competent real estate appraisers selected in the following manner: one (1) to be selected by the representatives of the employee, and one (1) by the Recipient, and these two, if unable to agree within thirty (30) days upon the valuation, shall endeavor by agreement with ten (10) days thereafter to select a third appraiser, or to agree to a method by which a third appraiser shall be selected, and failing such agreement, either party may request the State and local Board of Real Estate Commissioners to designate within ten (10) days a third appraiser, whose designation will be binding upon the parties and whose jurisdiction shall be limited to determination of the issues raised in this paragraph only. A decision of a majority of the appraisers shall be required and said decision shall be final, binding, and conclusive. The compensation and expenses of the neutral appraiser including expenses of the appraisal board, shall be borne equally by the parties to the proceedings. All other expenses shall be paid by the party incurring them, including the compensation of the appraiser selected by such party.

(12)(d) Except as otherwise provided in paragraph (11)(b) hereof, changes in place of residence, subsequent to the initial changes as a result of the Project, which are not a result of the Project but grow out of the normal exercise of seniority rights, shall not be considered within the purview of this paragraph.

(12)(e) "Change in residence" means transfer to a work location which is either (A) outside a radius of twenty (20) miles of the employee's former work location and farther from the employee's residence than was his/her former work location, or (B) is more than thirty (30) normal highway route miles from the employee's residence and also farther from his/her residence than was the employee's former work location.

(13)(a) A dismissed employee entitled to protection under this arrangement may, at the employee's option within twenty-one (21) days of his/her dismissal, resign and (in lieu of all other benefits and protections provided in this arrangement) accept a lump sum payment computed in accordance with section (9) of the Washington Job Protection Agreement of May 1936:

Length of Service	Separation Allowance
1 year and less than 2 years	3 months' pay
2 " " " " 3 "	6 " "
3 " " " " 5 "	9 " "
5 " " " " 10 "	12 " "
10 " " " " 15 "	12 " "
15 " " over	12 " "

In the case of an employee with less than one year's service, five days' pay, computed by multiplying by 5 the normal daily earnings (including regularly scheduled overtime, but excluding other overtime payments) received by the employee in the position last occupied, for each month in which the employee performed service, will be paid as the lump sum.

Length of service shall be computed as provided in Section 7(b) of the Washington Job Protection Agreement, as follows:

For the purposes of this arrangement, the length of service of the employee shall be determined from the date the employee last acquired an employment status with the employing carrier and the employee shall be given credit for one month's service for each month in which the employee performed any service (in any capacity whatsoever) and twelve (12) such months shall be credited as one year's service. The employment status of an employee shall not be interrupted by furlough in instances where the employee has a right to and does return to service when called. In determining length of service of an employee acting as an officer or other official representative of an employee organization, the employee will be given credit for performing service while so engaged on leave of absence from the service of a carrier.

(13)(b) One month's pay shall be computed by multiplying by 30 the normal daily earnings (including regularly scheduled overtime, but excluding other overtime payments) received by the employee in the position last occupied prior to time of the employee's dismissal as a result of the Project.

(14) Whenever used herein, unless the context requires otherwise, the term "protective period" means that period of time during which a displaced or dismissed employee is to be provided protection hereunder and extends from the date on which an employee is displaced or dismissed to the expiration of six (6) years therefrom, provided, however, that the protective period for any particular employee during which the employee is entitled to receive the benefits of these provisions shall not continue for a longer period following the date the employee was displaced or dismissed than the employee's length of service, as shown by the records and labor agreements applicable to his/her employment prior to the date of the employee's displacement or dismissal.

(15) Any dispute, claim, or grievance arising from or relating to the interpretation, application or enforcement of the provisions of this arrangement, not otherwise governed by paragraph 12(c) of this arrangement, the Labor-Management Relations Act, as amended, the Railway Labor Act, as amended, or by impasse resolution provisions in a collective bargaining or protective arrangement involving the Recipient(s) and the Union(s), which cannot be settled by the parties thereto within thirty (30) days after the dispute or controversy arises, may be submitted at the written request of the

Recipient(s) or the Union(s) in accordance with a final and binding resolution procedure mutually acceptable to the parties. Failing agreement within ten (10) days on the selection of such a procedure, any party to the dispute may request the American Arbitration Association to furnish an arbitrator and administer a final and binding arbitration under its Labor Arbitration Rules. The parties further agree to accept the arbitrator's award as final and binding.

The compensation and expenses of the neutral arbitrator, and any other jointly incurred expenses, shall be borne equally by the Union(s) and Recipient(s), and all other expenses shall be paid by the party incurring them.

In the event of any dispute as to whether or not a particular employee was affected by the Project, it shall be the employee's obligation to identify the Project and specify the pertinent facts of the Project relied upon. It shall then be the burden of the Recipient to prove that factors other than the Project affected the employee. The claiming employee shall prevail if it is established that the Project had an effect upon the employee even if other factors may also have affected the employee (See Hodgson's Affidavit in Civil Action No. 825-71).

(16) The Recipient will be financially responsible for the application of these conditions and will make the necessary arrangements so that any employee affected, as a result of the project, may file a written claim through his/her Union representative with the Recipient within sixty (60) days of the date the employee is terminated or laid off as a result of the Project, or within eighteen (18) months of the date the employee's position with respect to his/her employment is otherwise worsened as a result of the Project. In the latter case, if the events giving rise to the claim have occurred over an extended period, the 18-month limitation shall be measured from the last such event. No benefits shall be payable for any period prior to six (6) months from the date of the filing of any claim. Unless the claim is filed with the Recipient within said time limitations, the Recipient shall thereafter be relieved of all liabilities and obligations related to the claims.

The Recipient will fully honor the claim, making appropriate payments, or will give written notice to the claimant and his/her representative of the basis for denying or modifying such claim, giving reasons therefore. In the event the Recipient fails to honor such claim, the Union may invoke the following procedures for further joint investigation of the claim by giving notice in writing of its desire to pursue such procedures. Within ten (10) days from the receipt of such notice, the parties shall exchange such factual material as may be requested of them relevant to the disposition of the claim and shall jointly take such steps as may be necessary or desirable to obtain from any third party such additional factual materials as may be relevant. In the event the claim is so rejected by the Recipient, the claim may be processed in accordance with the final and binding resolution procedures described in paragraph (15).

(17) Nothing in this arrangement shall be construed as depriving any employee of any rights or benefits which such employee may have under existing employment or collective bargaining agreements or otherwise; provided that there shall be no duplication of benefits to any employee, and, provided further, that any benefit under this arrangement shall be construed to include the conditions, responsibilities, and obligations accompanying such benefit. This arrangement shall not be deemed a waiver of any rights derived from any other agreement or provision of federal, state or local law.

(18) During the employee's protective period, a dismissed employee shall, if the employee so requests, in writing, be granted priority of employment or reemployment to fill any vacant position within the jurisdiction and control of the Recipient reasonably comparable to that which the employee held when dismissed, including those in the employment of any entity bound by this arrangement pursuant to paragraph (21) hereof, for which the employee is, or by training or retraining can become, qualified; not, however, in contravention of collective bargaining agreements related thereto. In the event such employee requests such training or re-training to fill such vacant position, the Recipient shall provide for such training or re-training at no cost to the employee. The employee shall be paid the salary or hourly rate provided for in the applicable collective bargaining agreement for such position, plus any displacement allowance to which the employee may be otherwise entitled. If such dismissed employee who has made such request fails, without good cause, within ten (10) days to accept an offer of a position comparable to that which the employee held when dismissed for which the employee is qualified, or for which the employee has satisfactorily completed such training, the employee shall, effective at the expiration of such ten-day period, forfeit all rights and benefits under this arrangement.

As between employees who request employment pursuant to this paragraph, the following order where applicable shall prevail in hiring such employees:

(a) Employees in the craft or class of the vacancy shall be given priority over employees without seniority in such craft or class;

(b) As between employees having seniority in the craft or class of the vacancy, the senior employees, based upon their service in that craft or class, as shown on the appropriate seniority roster, shall prevail over junior employees;

(c) As between employees not having seniority in the craft or class of the vacancy, the senior employees, based upon their service in the crafts or classes in which they do have seniority as shown on the appropriate seniority rosters, shall prevail over junior employees.

(19) The Recipient will post, in a prominent and accessible place, a notice stating that the Recipient has received federal assistance under the Federal Transit statute and has agreed to comply with the provisions of 49 U.S.C., Section 5333(b). This notice shall also specify the terms and conditions set forth herein for the protection of employees. The Recipient shall maintain and keep on file all relevant books and records in sufficient detail as to provide the basic information necessary to the proper application, administration, and enforcement of this arrangement and to the proper determination of any claims arising thereunder.

(20) In the event the Project is approved for assistance under the statute, the foregoing terms and conditions shall be made part of the contract of assistance between the federal government and the Grantee and between the Grantee and any Recipient; provided, however, that this arrangement shall not merge into the contract of assistance, but shall be independently binding and enforceable by and upon the parties thereto, and by any covered employee or his/her representative, in accordance with its terms, nor shall any other employee protective agreement merge into this arrangement, but each shall be independently binding and enforceable by and upon the parties thereto, in accordance with its terms.

(21) This arrangement shall be binding upon the successors and assigns of the parties hereto, and no provisions, terms, or obligations herein contained shall be affected, modified, altered, or changed in any respect whatsoever by reason of the arrangements made by or for the Recipient to manage and operate the system.

Any person, enterprise, body, or agency, whether publicly or privately owned, which shall undertake the management, provision and/or operation of the Project services or the Recipient's transit system, or any part or portion thereof, under contractual arrangements of any form with the Recipient, its successors or assigns, shall agree to be bound by the terms of this arrangement and accept the responsibility with the Recipient for full performance of these conditions. As a condition precedent to any such contractual arrangements, the Recipient shall require such person, enterprise, body or agency to so agree in writing. **Transit employees in the service area**

of the project are third-party beneficiaries to the terms of this protective arrangement, as incorporated by reference in the contractual agreement.

(22) In the event of the acquisition, assisted with Federal funds, of any transportation system or services, or any part or portion thereof, the employees of the acquired entity shall be assured employment, in comparable positions, within the jurisdiction and control of the acquiring entity, including positions in the employment of any entity bound by this arrangement pursuant to paragraph (21). All persons employed under the provisions of this paragraph shall be appointed to such comparable positions without examination, other than that required by applicable federal, state or local law or collective bargaining agreement, and shall be credited with their years of service for purposes of seniority, vacations, and pensions in accordance with the records of their former employer and/or any applicable collective bargaining agreements.

(23) The employees covered by this arrangement shall continue to receive any applicable coverage under Social Security, Railroad Retirement, Workmen's Compensation, unemployment compensation, and the like. In no event shall these benefits be worsened as a result of the Project.

(24) In the event any provision of this arrangement is held to be invalid, or otherwise unenforceable under federal, state, or local law, in the context of a particular Project, the remaining provisions of this arrangement shall not be affected and the invalid or unenforceable provision shall be renegotiated by the Recipient and the interested Union representatives of the employees involved for purpose of adequate replacement under Section 5333(b). If such negotiation shall not result in mutually satisfactory agreement any party may invoke the jurisdiction of the Secretary of Labor to determine substitute fair and equitable employee protective arrangements for application only to the particular Project, which shall be incorporated in this arrangement only as applied to that Project, and any other appropriate action, remedy, or relief.

(25) If any employer of the employees covered by this arrangement shall have rearranged or adjusted its work force(s) in anticipation of the Project, with the effect of depriving an employee of benefits to which the employee should be entitled under this arrangement, the provisions of this arrangement shall apply to such employee as of the date when the employee was so affected.

Digitally signed by Yvette Shelton
DN: cn=Yvette Shelton, o=ESA/OLMS/DSP, ou=US DOL, email=shelton.yvette@dol.gov, c=US
Date: 2011.09.07 06:03:03 -04'00'

DOT FTA

U.S. Department of Transportation Federal Transit Administration

Application

Recipient ID:	1655
Recipient Name:	METROPOLITAN TRANSPORTATION COMMISSION
Project ID:	CA-37-X133-00
Budget Number:	1 - Budget Pending Approval
Project Information:	JARC-Bus Shelters and Operating

Part 1: Recipient Information

Project Number:	CA-37-X133-00
Recipient ID:	1655
Recipient Name:	METROPOLITAN TRANSPORTATION COMMISSION
Address:	JOSEPH P BORT METROCENTER 101 8TH STREET, OAKLAND, CA 94607 4700
Telephone:	(510) 817-5700
Facsimile:	(510) 817-5848

Union Information

Recipient ID:	1655
Union Name:	SERVICE EMPLOYEES INTERNATIONAL UNION LOCAL 790
Address 1:	1313 L Street NW
Address 2:	
City:	Washington, DC 20015 4101
Contact Name:	Andrew Stern
Telephone:	(202) 898-3300
Facsimile:	(202) 898-3402
E-mail:	Stern@seiu.org
Website:	

Recipient ID:	1655
Union Name:	AMALGAMATED TRANSIT UNION LOCAL 1555
Address 1:	5025 Wisconsin Avenue NW

Address 2:	
City:	Washington, DC 20016 4139
Contact Name:	Leo Wetzel
Telephone:	(202) 265-4900
Facsimile:	(202) 244-7824
E-mail:	LW@atu.org
Website:	

Part 2: Project Information

Project Type:	Grant
Project Number:	CA-37-X133-00
Project Description:	JARC-Bus Shelters and Operating
Recipient Type:	Other Governmental Organization
FTA Project Mgr:	Susan Chu
Recipient Contact:	Drennen Shelton, (510) 817-5909
New/Amendment:	None Specified
Amend Reason:	Initial Application
Fed Dom Asst. #:	20516
Sec. of Statute:	5316
State Appl. ID:	None Specified
Start/End Date:	Sep. 01, 2011 - Dec. 31, 2014
Recvd. By State:	Jul. 18, 2011
EO 12372 Rev:	Not Applicable
Review Date:	None Specified
Planning Grant?:	NO
Program Date (STIP/UPWP/FTA Prm Plan) :	Dec. 30, 2010
Program Page:	TIP Amend. 2009-50
Application Type:	Electronic
Supp. Agreement?:	No
Debt. Delinq. Details:	

Gross Project Cost:	$3,769,367
Adjustment Amt:	$0
Total Eligible Cost:	$3,769,367
Total FTA Amt:	$1,004,559
Total State Amt:	$0
Total Local Amt:	$2,764,808
Other Federal Amt:	$0
Special Cond Amt:	$0
Special Condition:	None Specified
S.C. Tgt. Date:	None Specified
S.C. Eff. Date:	None Specified
Est. Oblig Date:	None Specified
Pre-Award Authority?:	Yes
Fed. Debt Authority?:	No
Final Budget?:	No

Urbanized Areas

UZA ID	UZA Name
60000	CALIFORNIA
60060	SAN FRANCISCO--OAKLAND, CA
60250	SAN JOSE, CA
60650	CONCORD, CA
62250	SANTA ROSA, CA
62650	ANTIOCH, CA

Congressional Districts

State ID	District Code	District Official
6	4	Tom McClintock
6	5	Doris O Matsui
6	6	Lynn C Woolsey
6	7	George Miller
6	8	Nancy Pelosi
6	9	Barbara Lee
6	10	John Garamendi
6	11	Jerry McNerney
6	12	Jackie Speier
6	13	Fortney P Stark
6	14	Anna G Eshoo
6	15	Michael M Honda
6	16	Zoe Lofgren

Project Details

This grant application is for FTA Section 5316 Job Access and Reverse Commute (JARC) Fiscal Year 2009 and 2010 funds in the federal amount of $1,004,559. This grant uses $7,820 in FY09 JARC funds and $996,739 in FY10 JARC funds.

The breakdown by urbanized area is as follows:

FY09 Total: $7,820
Antioch $0
Concord $0
San Francisco-Oakland $7,820
San Jose $0
Santa Rosa $0

FY10 Total: $996,739

Antioch $0
Concord $0
San Francisco-Oakland $313,550
San Jose $683,189
Santa Rosa $0

25. Marin County. Marin City Transit Hub and Donohue Street ADA improvement project builds a sheltered community bus stop and transit hub with user amenities including safety lighting, landscaping, informational kiosks, seating wall, passenger shelter, bike racks, and other amenities. There are barriers to accessing the current transit hub, and the soft underlying soils and frequent bus service has also deteriorated the bus pad/pull out area. The Transit Hub is in an area where 38% of households are living at or below twice the federal poverty level. The improvements will provide a safe and accessible path of travel to the new shelter at the Transit Hub, the second busiest bus transfer location in the County and where all buses in the City arrive and depart. This project will accommodate disabled and low-income residents, a significant percentage of residents in the area.
Contact: Ernest Klock, County of Marin (415)499-7877
TIP ID: MRN050030
Total Project Cost: $397,142
Federal Share: $88,541 -- FY2010, San Francisco-Oakland UZA

Union Information
None

42. City of East Palo Alto. East Palo Alto Youth Shuttle, Mobility Manager, Bus Shelters, Shuttle Operations project. This project contains 4 elements: (1) Maintain East Palo Alto Youth Shuttle; (2) Maintain funding for EPA Mobility Manager; (3) Improve up to 4 EPA bus stop shelters, benches and amenities; and (4) Plan for shuttle operations for the Dumbaton Rail station area plan. The shelter improvements will improve safety and information to residents of East Palo Alto, a city that has the lowest per capital income, lowest median household income and the highest percentage (16.2%) of people living below the poverty level in the county. The shelters are located along routes with the highest volume of ridership. The Dumbarton Rail shuttle operations plan will develop a plan to serve and connect low-income residents to employment centers in East Palo Alto and adjacent communities.
Contact: Anthony Docto, City of East Palo Alto (650)853-3159
TIP ID: REG090002
Total Project Cost: $163,797
Federal Share: $80,912 -- FY2010, San Francisco-Oakland UZA

Union Information
None

43. City of Daly City. Bayshore Shuttle Service project. Implement a free circulator shuttle service connecting Daly City's Bayshore neighborhood with transit and essential destinations in western Daly City. The shuttle would be free for passengers and would operate for 10 hours on weekdays, expanding in the second year to add 6 hours of service on weekends.
Contact: Joseph Curran, City of Daly City (650)991-5759
TIP ID: REG090002
Total Project Cost: $501,268
Federal Share: $144,097 -- FY2010, San Francisco-Oakland UZA

Union Information
Teamsters Local 665
295 89th Street Suite 306
Daly City, CA 94015
Michael Thompson
P:650-991-2102

F:650-991-1850
mthompson@teamsters665.org

46. Shelter Network. Operations for shelter resident transportation project. The project consists of providing on-demand transportation services for residents of four site-based homeless shelters located in Redwood City (Redwood Family House), Menlo Park (Haven Family House), Daly City (Family Crossroads), and the City of San Mateo (First Step for Families). Shelter Network 10-passenger van will provide homeless shelter residents with on-demand transportation to public transit, as well as direct transportation to vocational training, job training and job interviews. Additionally, during weekends and evenings, the van will be utilized to take homeless children living in the shelter on supervised field trips. These trips will only take place when the van is not engaged in JARC related functions.
Contact: Karae Lisle, Shelter Network (650)685-5880
TIP ID: REG090002
Total Project Cost: $125,881
Federal Share: $7,820 -- FY2009, San Francisco-Oakland UZA

Union Information
None

56. Outreach & Escort. Family Transportation Services project. The project provides comprehensive, no-cost transportation services to low-income households to assist in finding and maintaining employment. Project consists of mobility management activities and the Guaranteed Ride, Friendly Rides, and Bike to Work programs.
Contact: Kathryn Heatley, Outreach (408)436-2865
TIP ID: SCL070011
Total Project Cost: $1,294,366
Federal Share: $343,450 -- FY2010, San Jose UZA

Union Information
None

60. Peninsula Family Service. Ways to Work Family Loan Program. The project will expand the program into Santa Clara County and provide small, short-term, affordable auto loans to low-income families for the purpose of purchasing or repairing a car to get to work.
Contact: Laurie Wishard, Peninsula Family Service (650)403-4300
TIP ID: REG090002
Total Project Cost: $1,286,913
Federal Share: $339,739 -- FY2010, San Jose UZA

Union Information
None

Earmarks

No information found.

Security

No information found.

Part 3: Budget

Project Budget

	Quantity	FTA Amount	Tot. Elig. Cost
SCOPE			
300-00 OPERATING ASSISTANCE	0	$916,018.00	$3,372,225.00
ACTIVITY			
30.09.01 UP TO 50% FEDERAL SHARE	0	$916,018.00	$3,372,225.00
SCOPE			
113-00 BUS - STATION/STOPS/TERMINALS	0	$88,541.00	$397,142.00
ACTIVITY			
11.31.10 ENG/DESIGN - BUS PASSENGER SHELTERS	0	$88,541.00	$397,142.00
		Estimated Total Eligible Cost:	**$3,769,367.00**
		Federal Share:	**$1,004,559.00**
		Local Share:	**$2,764,808.00**

OTHER (Scopes and Activities not included in Project Budget Totals)

None

No Amendment Funding Source information is available for the selected project

Alternative Fuel Codes

Extended Budget Descriptions

Changes since the Prior Budget

Unable to find change amount information.

Part 4. Milestones

30.09.01 UP TO 50% FEDERAL SHARE 0 $916,018 $3,372,225

	Milestone Description	Est. Comp.

		Date
1.	Final Expenditure	Dec. 31, 2013

11.31.10 ENG/DESIGN - BUS PASSENGER SHELTERS 0 $88,541 $397,142

	Milestone Description	Est. Comp. Date
1.	RFP/IFB Issued	Jul. 31, 2011
2.	Contract Award	Sep. 30, 2011
3.	Contract Complete	Feb. 28, 2012

Part 5. Environmental Findings

300901 UP TO 50% FEDERAL SHARE 0 $916,018 $3,372,225

Finding No. 1 - Class II(c)

C16 - Program Admin. & Operating Assistance

Program administration, technical assistance activities, and operating assistance to transit authorities to continue existing service or increase service to meet routine changes in demand.

113110 ENG/DESIGN - BUS PASSENGER SHELTERS 0 $88,541 $397,142

Finding No. 1 - Class II(c)

C08 - Install Shelters, fencing, & Amenities

Installation of fencing, signs, pavement markings, small passenger shelters, traffic signals, and railroad warning devices where no substantial land acquisition or traffic disruption will occur.

Part 6: Fleet Status

No information found.

Part 7. FTA Comments

Digitally signed by Yvette Shelton
DN: cn=Yvette Shelton, o=Office of Labor Management Standards/ Division of Statutory Programs, ou=U.S. Department of Labor, email=shelton.yvette@dol.gov, c=US
Date: 2011.07.19 12:08:26 -04'00'

U.S. Department of Labor

Office of Labor-Management Standards
Washington, D.C. 20210

September 23, 2011

Leslie Rogers, Regional Administrator
Federal Transit Administration, Region IX
201 Mission Street, Suite 2210
San Francisco, California 94105

Re: FTA Application
Metropolitan Transportation Commission
on behalf of
Marin County
Community Bus Stop & Transit Hub
City of East Palo Alto
Operating Assistance for East Palo Alto Youth Shuttle, Mobility Manager; Improve 4 Bus Stops/Shelters
Daly City
Operating Assistance for Bayshore Circulator
Shelter Network
Demand Service for Homeless Shelters
Outreach & Escort
Operating Assistance, Mobility Management
Peninsula Family Service
Expansion of Auto Loan Program to Santa Clara County
CA-37-X133
LAPSING FUNDS

Dear Mr. Rogers:

This is in reply to the request from your office that we review the above-captioned application for a grant under Title 49 of the U.S. Code, Chapter 53.

Marin County

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include the **Marin County Transit District** (MT). Accordingly, the employees in the service area of the Marin County Transit District, represented by the Marin County Management Employee Association, Amalgamated Transit Union Local 1575 (ATU), the International Association of Machinists (IAM), the Marine Engineers' Beneficial Association (MEBA), and the Inland Boatmen's Union of the Pacific Marine Division (IBU), shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Marin County accepts the terms and conditions of the UPA.

<u>City of East Palo Alto</u>

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include the **City of East Palo Alto**. Accordingly, the employees of the City and/or its contractor(s), represented by the Service Employees International Union (SEIU) Local 521 and International Brotherhood of Teamsters (IBT) Local 665; the employees of the San Mateo County Transit District (SamTrans), represented by Amalgamated Transit Union (ATU) Local 1574; the employees of the Santa Clara Valley Transportation Authority (VTA), represented by ATU Local 265; and the employees of the Peninsula Corridor Joint Powers Board (Caltrains), represented by the Transportation-Communications International Union (TCU), the American Railway and Airway Supervisors Association (ARASA/TCU), the Joint Council of Carmen (JCC/TCU), the United Transportation Union (UTU), the Brotherhood of Locomotive Engineers (BLE), the International Association of Machinists (IAM), the International Brotherhood of Electrical Workers (IBEW), the International Federation of Professional and Technical Engineers (IFPTE), the Service Employees International Union (SEIU), the American Train Dispatchers Department (ATDD/BLE), the Brotherhood of Maintenance of Way Employees (BMWE), the Sheet Metal Workers International Association (SMWIA), the Brotherhood of Railway Signalmen (BRS), the International Brotherhood of Boilermakers and Blacksmiths (IBB) and the National Conference of Firemen and Oilers (NCFO/SEIU), shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. The City of East Palo Alto accepts the terms and conditions of the UPA.

<u>Daly City</u>

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Daly City**. Accordingly, the employees of Daly City, represented by IBT Local 665; the employees of SamTrans, represented by Amalgamated Transit Union (ATU) Local 1574; the employees of the San Francisco Bay Area

Rapid Transit District (BART), represented by American Federation of State County and Municipal Employees (AFSCME) Local 1117, ATU Local 1555, SEIU Local 390 [United Public Employees], the BART Police Officers Association BPOA/SEIU Local 1008, and the BART Police Managers Association**;** and the employees of the City and County of San Francisco Municipal Transportation Agency/Municipal Transportation Agency (SFMTA, aka MUNI) represented by the Transport Workers Union (TWU) Local 250A, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Daly City accepts the terms and conditions of the UPA.

<u>Shelter Network</u>

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Shelter Network**. Accordingly, the employees of the City of East Palo Alto and/or its contractor(s), represented by the SEIU Local 521 and IBT Local 665; the employees of SamTrans, represented ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of the Caltrains, represented by the TCU, ARASA/TCU, JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Shelter Network accepts the terms and conditions of the UPA.

<u>Outreach & Escort, Incorporated</u>

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Outreach & Escort, Incorporated**. Accordingly, the employees of the City of East Palo Alto and/or its contractor(s), represented by SEIU Local 521 and IBT Local 665; the employees of SamTrans, represented by ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of Caltrains, represented by the TCU, ARASA/TCU), JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and the NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Outreach & Escort, Incorporated accepts the terms and conditions of the UPA.

<u>Peninsula Family Service</u>

The January 3, 2011 Unified Protective Arrangement (UPA) provides to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b). Recipients under the grant include **Peninsula Family Service**. Accordingly, the employees of the

City of East Palo Alto and/or its contractor(s), represented by SEIU Local 521 and IBT Local 665; the employees of SamTrans, represented by ATU Local 1574; the employees of the VTA, represented by ATU Local 265; and the employees of Caltrains, represented by the TCU, ARASA/TCU), JCC/TCU, UTU, BLE, IAM, IBEW, IFPTE, SEIU, ATDD/BLE, BMWE, SMWIA, BRS, IBB and the NCFO/SEIU, shall be considered third party beneficiaries in accordance with condition 4 below for application to the instant grant. Peninsula Family Service accepts the terms and conditions of the UPA.

<u>Metropolitan Transportation Commission</u>

The Department of Labor makes the certification called for under the statute on condition that the Metropolitan Transportation Commission (MTC), as a precondition to the release of assistance to the above Recipients, under the grant, ensures that each Recipient agrees to their respective terms and conditions referenced herein. This certification letter, and the corresponding protective arrangements, shall be incorporated into the contract of assistance between the MTC and the U.S. Department of Transportation (DOT), by reference. The MTC shall incorporate the terms of this certification into a contract with each Recipient of funds under the grant, as a precondition to the release of assistance to the Recipient. These terms and conditions provide to transportation related employees in the service area of the project protections satisfying the requirements of 49 U.S.C., Section 5333(b).

Accordingly, the Department of Labor makes the certification called for under the statute with respect to the above Recipients under the instant projects on condition that:

1. This letter and the terms and conditions of the above protective arrangements, shall be made applicable to the instant project and made part of the contract of assistance between the MTC and DOT, by reference;

2. As a precondition to the release of assistance to any Recipient, this letter and the terms and conditions of the respective protective arrangements referenced above, shall be incorporated into the contract of assistance between the MTC and such Recipient, by reference;

   Any dispute or controversy arising regarding the application, interpretation, or enforcement of this provision which cannot be settled by and between the parties at interest within thirty (30) days after the dispute or controversy first arises, may be referred by any party to any final and binding dispute settlement procedure acceptable to the parties, or in the event they cannot agree upon such procedure, to the Department of Labor or an impartial third party designated by the Department of Labor for a final and binding determination;

3. The term "project" as used in each of the above employee protective arrangements shall be deemed to cover and refer to those portions of the instant project to which they have been applied;

4. The protective arrangements certified by the Secretary of Labor are intended for the primary and direct benefit of transit employees in the service area of the project. These employees are intended third-party beneficiaries to the employee protective arrangements referenced in the grant contract between the U.S. Department of Transportation and the MTC, and the parties to the contract so signify by executing that contract. **Such transit employees are also third-party beneficiaries to the protective arrangements incorporated in any subsequent contract(s) of assistance between the Grantee and any Recipient(s).** Employees not represented by any labor organization, or if so represented through their representative on their behalf, may assert claims with respect to the protective arrangements under this provision. This clause creates no independent cause of action against the United States Government;

5. Disputes over the interpretation, application and enforcement of the terms and conditions of the certified protective arrangements, including those disputes arising out of this letter of certification, except for any disputes arising out of enumerated paragraph 2 above, shall be resolved in accordance with the procedures specified in the aforementioned certified arrangements; and

6. Employees of mass transportation providers in the service area of the project who are not represented by a union designated above shall be afforded substantially the same levels of protections as are afforded to the employees represented by the unions under the above referenced protective arrangements and this certification. Such protections include procedural rights and remedies as well as protections for individual employees affected by the project.

> Should a dispute remain after exhausting any available remedies under the protective arrangements and absent mutual agreement to utilize any other final and binding resolution procedure, any party to the dispute may submit the controversy to final and binding arbitration. With respect to a dispute involving a union not designated above, if a component of its parent union is already subject to a protective arrangement, the arbitration procedures of that arrangement will be applicable. If no component of its parent union is subject to the arrangements, the Recipient or the union may request the American Arbitration Association to furnish an arbitrator and administer a final and binding resolution of the dispute under its Labor Arbitration Rules. If the employees are not represented by a union for purposes of collective bargaining, the Recipient or employee(s) may request the Secretary of Labor to designate a neutral third party or appoint a staff member to serve as arbitrator and render a final and binding determination of the dispute.

Sincerely,

Ann Comer

Ann Comer, Chief
Division of Statutory Programs

cc: Kerry Miller/FTA
Drennen Shelton/Metropolitan Transportation Commission
Scott Schneider/Marin County
Anthony Docto/City of East Palo Alto
Joseph Curran/City of Daly City
Karae Lisle/Shelter Network
Kathryn Heatley/Outreach & Escort
Shobna Dhewant/Peninsula Family Service
Jessica Chu/ATU
David L Neigus/IAM
Ron Davis/MEBA
Mike Nizetich/MEBA
Marina Secchitano/IBU
James Hoffa, c/o Eileen Smith/IBT
Ernest Klock/Marin County Management Employee Association
Victor Baffoni, c/o Cara McGint/UTU

Paul Knupp/Guerrieri, Clayman, Bartos & Parcelli
Richard Edelman/O'Donnell, Schwartz & Anderson
Ray Cobb, Director/IBEW
Gregory Junemann/IFPTE
Mary Kay Henry/SEIU
Gerald McEntee, c/o William Wilkinson/AFSCME
Keith Uriarte/AFSCME Council 57, Local 3993
Greg Savage/BART Police Managers Association
Mike Hotton/BART Police Officers Association, SEIU Local 1008
Carl Martin, c/o Shavon Thomas/TWU

City Council Meeting Agenda Report Item # ____

Meeting Date: September 10, 2012

Subject: **Approving the Annual Agreement between the City of Daly City and the Daly City/Colma Chamber of Commerce for Fiscal Year 2012-13**

Recommended Action

It is recommended that the City Council approve the proposed annual contract with the Daly City/Colma Chamber of Commerce for Fiscal Year 2012-13 and authorize the City Manager to execute the agreement.

Background

The Board of Directors of the Daly City-Colma Chamber of Commerce seeks to renew the contractual agreement it has with the City of Daly City for the current fiscal year. The City's annual contribution to the Chamber under the terms of the proposed agreement is $49,229.04, payable in 12 monthly installments of $4,102.42. The Chamber of Commerce is not seeking an increase in the amount of funding the City Council approved in Fiscal Year 2011-12.

Discussion

The proposed contract includes measureable performance standards to ensure that the Chamber of Commerce strives to meet agreed upon goals and objectives. Among the standards the Chamber seeks to maintain include:

- Achieve and maintain a membership roster of at least 500
- Assist the City of Daly City with joint marketing programs
- Maintain an up-to-date website and online member directory
- Continue to seek outside funding for self-sufficiency and new programs
- Recognize businesses at the Cypress Business Awards and Installation Dinner
- Host the Annual Business to Business Extravaganza and Taste of the Cities event.

Daly City has a long history of supporting the Chamber of Commerce. The proposed contract continues bi-annual reporting requirements detailing a summary of activities undertaken by the Chamber during the reporting period. Additionally, under the proposed contract, the City retains the right to perform an audit of the Chamber's records pertaining to expenditures.

Fiscal Impact

Daly City's proposed contribution to the Chamber of Commerce for the current fiscal year is $49,229.04. The City Council's adopted budget for Fiscal Year 2012-13 includes an appropriation of $50,706 for this purpose.

Conclusion

The proposed contract includes a few minor changes from prior contract years. Sections related to supporting the Daly City Redevelopment Agency and other Daly City merchant associations have been removed. City staff and Chamber representatives will continue to work cooperatively to improve and maintain accountability of the proposed expenditures.

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

Respectfully submitted,

Patricia E. Martel
City Manager

Joseph F. Curran
Assistant to the City Manager

/jfc
Attachment

AGREEMENT

This Agreement, made and executed this 10th day of September, 2012, in Daly City, California between the CITY OF DALY CITY, hereinafter called the "CITY", and the DALY CITY-COLMA CHAMBER OF COMMERCE, a non-profit corporation, hereinafter called the "CHAMBER".

WHEREAS:

1. The CITY desires to promote the resources of the CITY for the purpose of maintaining and increasing commerce and trade; and

2. The laws of the State of California authorize the expenditure of monies for the promotion and advertising of the CITY; and

3. The CHAMBER has as its primary objective, and is organized for the purpose of, maintaining and carrying out promotional activities on behalf of businesses, members and the CITY.

NOW, THEREFORE, in consideration of the foregoing promises and conditions herein, the parties agree as follows:

THE CHAMBER AGREES TO:

a. Exercise its reasonable best efforts to achieve a membership roster of at least 500 members;

b. Promptly answer all inquiries and correspondence relative to the advantages and opportunities of the City, and to disseminate information by correspondence, newsletter, newspaper publicity, personal contacts and other means favorably advertising such advantage and opportunity;

c. Have available and distribute maps of Daly City;

d. Maintain records of all businesses that contact the Chamber regarding new locations and follow-up with all these businesses within three months after initial contact to see if further assistance is desired;

e. Assist developers in their marketing efforts by providing a referral service if needed;

f. Recognize and celebrate Small Business Week with at least three business mixers, and the Business to Business Extravaganza and Taste of the Cities event;

g. Organize and sponsor the annual Business to Consumer Showcase at the Serramonte Shopping Center to assist local businesses by providing an opportunity to interact with new customers;

h. Maintain the Cypress Business Awards and Chamber of Commerce Installation Dinner to recognize businesses that have enhanced the greater Daly City community through service above and beyond typical business operations;

i. Continue to seek outside funding for self-sufficiency and new programs;

j. Assist the City to promote up to three groundbreaking/ribbon-cutting events for new development and new businesses in Daly City by sending electronic mail messages to members of such ceremonies at the City's request, if the notice is provided by the City, the business owner, or the developer. To keep City staff informed in advance of all such Chamber-initiated ceremonies;

k. Maintain an online directory of Chamber members that includes: location, type of business, and other relevant information such as contact person;

l. Have the Chamber Chief Executive Officer, Chamber support staff and other appropriate representatives from the Chamber made aware of the City's small business assistance programs and to assist and support the City's small business programs whenever feasible;

m. Promote Daly City by including an article in the Chamber newsletter, as provided by the City, on a regular basis;

n. Participate in Mayor and Chamber walks throughout the business community quarter or as desired by the Mayor. The location, date and duration of the walk to be mutually agreed upon, with the purpose to meet and talk to business people about current conditions, issues and concerns.

4. The CHAMBER will submit a progress report to the Council on a semi-annual basis, and shall prepare and submit to the City Manager or her designated representative, a proposed budget of expenditures for the period of the time covered by the Agreement. At the end of the year, the CHAMBER shall submit an annual financial report to the CITY.

5. The CITY agrees to pay the CHAMBER the amount of $49,229 for the period of July 1, 2012 to June 30, 2013.

6. Payments shall be made at the beginning of each month in 12 monthly payments of $4,102.42.

7. All of said services shall be rendered between the effective date of July 1, 2012 and ending June 30, 2013.

IN WITNESS THEREOF, the parties have executed this Agreement the day and year first above written.

DALY CITY-COLMA CHAMBER OF COMMERCE:	**CITY OF DALY CITY:**
______________________________	______________________________
Georgette Sarles, President / CEO	**Patricia E. Martel, City Manager**

City Council Meeting Agenda Report

Item # ____

Meeting Date: September 10, 2012

Subject: Authorizing City Manager to Execute an Agreement with the Jefferson Elementary School District and Appropriate Grant Funds for the After School Education and Safety Program

Recommended Action

It is recommended the City Council authorize the City Manager to execute an agreement with the Jefferson Elementary School District and appropriate grant funds of $187,540 for the Fiscal Year 2012-13 After School Education and Safety Program (ASES).

Background

The City, through the Department of Library and Recreation Services, delivers the ASES Program at eight Jefferson Elementary School District sites. The ASES Program is held each day after school and runs from the end of the school day until 6:00 p.m. This program supplements and compliments programs currently provided by the Jefferson Elementary School District, Daly City Peninsula Partnership Collaborative and the City of Daly City Department of Library and Recreation Services. These programs include academic tutoring, homework assistance, enrichment classes and recreational activities.

Grant funding for the Jefferson Elementary School District ASES Program is provided directly by the State of California Department of Education to the School District. The School District serves as the pass-through and provides these grant funds to the City to fund the costs incurred by the City to deliver the ASES program.

Fiscal Impact

No City General Fund subsidy is incurred through the delivery of this program. Grant funding for the program of $187,540, provided to the City through the School District by the State of California Department of Education, should be appropriated into account number 28-131-179.

Summary/Conclusion

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

Respectfully Submitted,

Denise Brown

Denise Brown
Recreation Services Manager

Kerry E. Burns
Assistant City Manager
Interim Director of Library
& Recreation Services

City Council Meeting Agenda Report

Item # ____

Meeting Date: September 10, 2012

Subject: **Proposed Ordinance Amending Chapter 8.36 of the Daly City Municipal Code Regulating Secondhand Smoke**

Recommended Action

It is recommended that the City Council review the proposed ordinance regulating secondhand smoke.

Background

Many cities have enacted local ordinances that regulate secondhand smoke. Most notably, the City of Calabasas was on the forefront of secondhand smoke regulation when it introduced an ordinance in 2006. In 2007, Belmont became the first city in San Mateo County to introduce a secondhand smoke ordinance. Other California jurisdictions that have passed ordinances regulating secondhand smoke include Alameda, Berkeley, Burbank, Carson, El Cajon, Menlo Park, San Francisco, and Sonoma County (56 California cities and counties have enacted secondhand smoke regulations as of February 2012).

The City Council reviewed the proposed secondhand smoke ordinance at a Study Session held on March 5, 2012. At that meeting, the City Council directed staff to schedule a public hearing to consider the adoption of the proposed ordinance.

Discussion

The proposed Secondhand Smoke Ordinance is based on the ordinance adopted by the City of Belmont in October 2007. It includes the following highlights:

- Prohibits smoking in all indoor workplaces;
- Prohibits smoking in all outdoor workplaces, such as construction sites;
- Declares exposure to secondhand smoke a public nuisance;
- Prohibits smoking in outdoor public places, such as parks, stadiums, sports fields, recreation trails and shopping malls;
- Prohibits smoking in service lines, such as bus stops, and at automated teller machines (ATMs);
- Does not prohibit smoking on City streets and sidewalks, unless used for certain special events, such as parades and fairs;
- Imposes a reasonable distance requirement from any place in which smoking is prohibited;
- Bans smoking in indoor and outdoor common areas of all multi-unit residences;
- Prohibits smoking in individual apartment and condominium units, regardless of the number of units in the complex, if the units shares at least one common floor or ceiling;
- Allows smoking in designated outdoor areas of multi-unit housing buildings, within a reasonable distance of entryways;
- Provides direction that enforcement of the ordinance should be complaint-driven;
- Emphasizes obtaining voluntary compliance with the ordinance;

Discussion (continued)

- Enforcement of the ordinance for a first offense should begin with a letter or personal contact, advising the offender of the ordinance, and referring the person to smoking cessation services if desired;
- Violators should be referred to mediation if violations persist;
- Citizens have the ability to seek private legal remedies available to them under the ordinance.

Although Belmont's ordinance was widely heralded as progressive, it is not as comprehensive as several other secondhand smoke ordinances. The ordinances adopted in Calabasas, El Cajon and Loma Linda are more far-reaching and use the inclusive approach to restrict smoking in all outdoor public places rather than just listing specific places where smoking is banned. In these three cities, smoking is prohibited in all public places, which is defined as any public or private place that is open to the general public. All seven of the major outdoor areas (dining areas, entryways, public events, recreation areas, service areas, sidewalks, and worksites) are covered by these ordinances, as are other public places such as parking lots. These three cities set the standard for comprehensive smoke-free outdoor areas by providing their residents protection from secondhand smoke exposure in all outdoor public places.

Fiscal Impact

The fiscal impact of adopting an ordinance regulating the effects of secondhand smoke depend on the level of staff involvement in outreach and educational efforts the City undertakes. The level of enforcement will also determine the fiscal consequences of adopting such an ordinance. The Daly City Police Department would enforce the ordinance on a complaint basis and through firsthand observations. While statistics regarding the number of smokers there are in Daly City is not readily available, we do know that Daly City is comprised of many multi-family dwelling units that will be affected by the ordinance. The police time, personnel and resources needed to effectively respond to complaints of secondhand smoke has the potential for being overwhelming.

Conclusion

Secondhand smoke ordinances are difficult to enforce. Even the quickest police response may not result in arriving at the scene of a secondhand smoke violation in time to enforce the ordinance. However, the ordinance may act as a deterrent to smokers who might otherwise smoke in areas included in the prohibition.

The Center for Tobacco Policy & Organizing commissioned two public opinion surveys that featured questions about comprehensive secondhand smoke ordinances. Both surveys concluded that there is strong public support for secondhand smoke regulation. A November 2008 survey demonstrated that 73% of California voters support a comprehensive law that prohibits smoking in all outdoor areas accessible to the public, except for designated smoking areas. In March 2007, the Center commissioned a survey of Calabasas voters one year after the city's comprehensive

Conclusion (continued)

ordinance went into effect. The results show that 80% of Calabasas voters approve of the law and 74% think the law is an appropriate way to protect people from secondhand smoke.

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

Respectfully submitted,

Joseph F. Curran
Assistant to the City Manager

Patricia E. Martel
City Manager

DRAFT

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY AMENDING CHAPTER 8.36 OF THE DALY CITY MUNICIPAL CODE RE: REGULATION OF SMOKING

The City Council of the City of Daly City, County of San Mateo, State of California, ORDAINS as follows:

SECTION 1: Findings. The City Council of the City of Daly City hereby finds and declares as follows:

WHEREAS, tobacco use and exposure to secondhand smoke cause death and disease and impose great social and economic costs, as evidenced by the following:

- more than 440,000 people die in the United States from tobacco-related diseases every year, making it the nation's leading cause of preventable death;[1] and

- secondhand smoke is responsible for an estimated 38,000 deaths among non-smokers each year in the United States, which includes 3,000 lung cancer deaths and 35,000 deaths due to heart disease;[2] and

- secondhand smoke exposure adversely affects fetal growth with elevated risk of low birth weight and increased risk of Sudden Infant Death Syndrome (SIDS) in infants of mothers who smoke;[3] and

- secondhand smoke exposure causes as many as 300,000 children in the United States under the age of 18 months to suffer lower respiratory tract infections, such as pneumonia and bronchitis;[4] exacerbates childhood asthma; and increases the risk of acute, chronic, middle-ear infections in children;[5] and

- the medical and economic costs to nonsmokers suffering from lung cancer or heart disease caused by secondhand smoke are nearly $6 billion per year in the US;[6] and

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[1] U.S. Department of Health and Human Services., Centers for Disease Control and Prevention, *Annual Smoking – Attributable Mortality, Years of Potential Life Lost, and Economic Costs – United States 1995-1999* MORBIDITY AND MORTALITY WEEKLY REPORT, 51(14), at 300-303 (2002), *available at* http://www.cdc.gov/mmwr/PDF/wk/mm5114.pdf (last accessed March 23, 2005).

[2] Nat'l Cancer Inst., *NCI Health Information Tip Sheet for Writers: Secondhand smoke, available at* http://www.cancer.gov/newscenter/tip-sheet-secondhand-smoke (last accessed February 28, 2005).

[3] Cal. Envtl. Prot. Agency, Office of Envtl Health Hazard Assessment, *Health Effects of Exposure to Environmental Tobacco Smoke, Final Report* ES-5 (1997), available at http://www.oehha.org/pdf/chapter4.pdf (last accessed December 21, 2006).

[4] U.S. Dep't of Health and Human Servs., Centers for Disease Control and Prevention, *Targeting Tobacco Use: The Nation's Leading Cause of Death 2002*, at 2 (2004), *available at* http://www.cdc.gov/nccdphp/aag/aag_osh.htm (last accessed October 18, 2006).

[5] U.S. Dep't of Health and Human Servs., Centers for Disease Control and Prevention, *Exposure to Environmental Tobacco Smoke and Cotinine Levels — Fact Sheet* (2004), *available at* http://www.cdc.gov/tobacco/research_data/environmental/factsheet_ets.htm (last accessed October 18, 2006).

[6] American Academy of Actuaries, *Costs Associated with Secondhand Smoke*, October, 2006, *available at* http://www.actuary.org/pdf/health/smoking_oct06.pdf (last accessed October 11, 2006).

- the total annual cost of smoking in California was estimated at $475 per resident or $3,331 per smoker per year, for a total of nearly $15.8 billion in smoking-related costs in 1999 alone;[7] and

WHEREAS, secondhand smoke is consistently identified as an extremely dangerous substance, as evidenced by the following:

- the United States Environmental Protection Agency has classified secondhand smoke as a group A carcinogen, the most dangerous class of carcinogen;[8] and

- the U.S. Surgeon General has concluded that there is no risk-free level of exposure to secondhand smoke;[9] and

- the California Air Resources Board has put secondhand smoke in the same category as the most toxic automotive and industrial air pollutants by categorizing it as a toxic air contaminant for which there is no safe level of exposure;[10] and

- the California Environmental Protection Agency has included secondhand smoke on the Proposition 65 list of chemicals known to the state of California to cause cancer, birth defects, and other reproductive harm;[11] and

- only 5 minutes of exposure to secondhand smoke causes the main artery carrying blood from the heart to the body, the aorta, to stiffen as much as if the person had actually smoked a cigarette, thereby causing the heart to work harder to pump blood;[12] and

- 30 minutes of exposure to secondhand smoke reduces the arterial function of a nonsmoker's circulatory system to that of an active smoker's, increasing the nonsmoker's risk of heart disease;[13] and

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[7] Wendy Max, Dorothy P. Rice, Xiulan Zhang, Hai-Yen Sung, Leonard Miller, Cal. Dept. of Health Servs., *The Cost of Smoking in California, 1999*, at 76 (2002), *available at* http://www.dhs.ca.gov/tobacco/documents/pubs/CostOfSmoking1999.pdf (last accessed October 18, 2006).

[8] U.S. Dep't of Health and Human Servs., Centers for Disease Control and Prevention, *Exposure to Environmental Tobacco Smoke and Cotinine Levels — Fact Sheet* (2004), *available at* http://www.cdc.gov/tobacco/research_data/environmental/factsheet_ets.htm (last accessed October 18, 2006).

[9] U.S. Dep't of Health and Human Servs., Centers for Disease Control and Prevention, *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General* 11 (2006), *available at* http://www.surgeongeneral.gov/library/secondhandsmoke/report/chapter1.pdf (last accessed Sept. 19, 2006).

[10] Cal. Air Resources Bd., Resolution 06-01, at 5 (Jan. 26, 2006), *available at* http://www.arb.ca.gov/regact/ets2006/res0601.pdf (last accessed Oct. 6, 2006).

[11] Cal. Envtl. Prot. Agency, Office of Envtl. Health Hazard Assessment, *Chemicals Known to the State to Cause Cancer or Reproductive Toxicity,* at 8 and 17 (Aug. 11, 2006), *available at* http://www.oehha.ca.gov/prop65/prop65_list/files/P65single081106.pdf (last accessed Oct. 6, 2006).

[12] C. Stefanadis et al., *Unfavorable Effects of Passive Smoking on Aortic Function in Men*, ANNALS OF INTERNAL MEDICINE 128(6), 426-34 (Mar. 15, 1998).

[13] Terry F. Pechacek & Stephen Babb, *How Acute and Reversible are the Cardiovascular Risks of Secondhand Smoke?*, BRITISH MEDICAL JOURNAL (April 24, 2004), available at http://www.bmj.com/cgi/content/full/328/7446/980#REF21. Ryo Otsuka, MD et al., *Acute Effects of Passive Smoking on the Coronary Circulation in Healthy Young Adults,* JOURNAL OF THE AMERICAN MEDICAL ASSOCIATION 284 (4), 436-441 (July 25, 2001), available at http://jama.ama-

- Exposure to outdoor secondhand smoke may present a hazard under certain conditions of wind and smoker proximity.[14]

WHEREAS, state law prohibits smoking in virtually all indoor places of employment reflecting the state policy to protect against the dangers of exposure to secondhand smoke;[15] and

WHEREAS, conventional air cleaning systems can remove large particles, but not the smaller particles or the gases found in secondhand smoke; and[16]

WHEREAS, state law prohibits smoking in playgrounds and tot lots and within 20 feet of the main entrances and exits of public buildings while expressly authorizing local communities to enact additional restrictions;[17] and

WHEREAS, cigarette butts pose a health threat to young children, as evidenced by the following:

- in 2004, American poison control centers received nearly 8,000 reports of children poisoned by the ingestion of cigarette butts;[18] and

- children who ingest cigarette butts can experience vomiting, nausea, lethargy, and gagging;[19] and

WHEREAS, cigarette butts are a major and persistent source of litter, as evidenced by the following:

- it is estimated that over two billion cigarette butts are discarded every day worldwide, and that Americans alone discard more than 175 million pounds of cigarette butts every year;[20] and

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assn.org/cgi/content/abstract/286/4/436?ijkey=bb98316bf9d977d6204b0330f4ecc2f8cae6ac6e&keytype2=tf_ipsecsha

[14] Neil E. Klepeis, Wayne R. Ott, and Paul Switzer, *Real-Time Measurement of Outdoor Tobacco Smoke Particles*, AIR & WASTE MANAGEMENT ASSOCIATION, VOLUME 57 (May 1, 2007)

[15] Cal. Lab. Code § 6404.5 (West 2003).

[16] U.S. Department of Health and Human Services. *The Health Consequences of Involuntary Exposure to Tobacco Smoke: A Report of the Surgeon General.* Atlanta, Georgia: U.S. Department of Health and Human Services, Centers for Disease Control and Prevention, Coordinating Center for Health Promotion, National Center for Chronic Disease Prevention and Health Promotion, Office on Smoking and Health, 2006. Available at http://www.cdc.gov/tobacco/sgr/sgr_2006/index.htm

[17] Cal. Health & Safety Code § 104495 (West 2003) and Cal. Gov't Code § 7596 (West 2004).

[18] Am. Ass'n of Poison Control Ctr. *Annual Report of the Toxic Exposure Surveillance System* at 645 (2004), *available at* http://www.aapcc.org/Annual%20Reports/04report/AJEM%20-%20AAPCC%20Annual%20Report%202004.pdf (last accessed October 23, 2006).

[19] U.S. Dep't of Health and Human Servs., Center for Disease Control and Prevention, *Ingestion of Cigarettes and Cigarette Butts by Children – Rhode Island, January 1994-July 1996*, MORBIDITY AND MORTALITY WEEKLY REPORT at 125-128 (1997), *available at* http://www.cdc.gov/mmwr/preview/mmwrhtml/00046181.htm (last accessed October 18, 2006).

[20] Surfrider Foundation, San Diego Chapter, *Hold on to Your Butt!: Our Beaches and Streets are Not Your Ashtray*, *at* http://www.surfridersd.org/hotyb.php (last accessed October 18, 2006).

- cigarette butts are often cast onto sidewalk and streets, and frequently end up in storm drains that flow into streams, rivers, bays, lagoons and ultimately the ocean;[21] and

- cigarette butts, made of plastic cellulose acetate, take approximately 15 years to decompose;[22] and

WHEREAS, creating smokefree areas helps protect the 86% of Californians who are non-smokers;[23] and

WHEREAS, a majority of Californians favor limitations on smoking in multi-unit residences, as evidenced by the following:

- 67% of apartment renters, apartment owners, and managers favor limiting smoking in outdoor common areas of apartment buildings;[24] and
- 69% of apartment renters approve of apartment complexes offering non-smoking sections;[25] and
- 57% of apartment owners and managers favor a law mandating non-smoking units in every building;[26] and
- 46% of apartment renters have experienced secondhand smoke drifting into their units;[27] and

WHEREAS, a local ordinance that authorizes residential rental agreements to include a prohibition on smoking of tobacco products within rental units is not prohibited by state law;[28] and

WHEREAS, the American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE), the preeminent U.S. standard-setting body on ventilations issues, has concluded that ventilation systems cannot remove secondhand smoke from indoor environments;[29]

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[21] Surfrider Foundation, San Diego Chapter, *Hold on to Your Butt!: Our Beaches and Streets are Not Your Ashtray*, *at* http://www.surfridersd.org/hotyb.php (last accessed October 18, 2006).

[22] Surfrider Foundation, San Diego Chapter, *Hold on to Your Butt!: Our Beaches and Streets are Not Your Ashtray*, *at* http://www.surfridersd.org/hotyb.php (last accessed October 18, 2006).

[23] Tobacco Control Section, Cal. Dep't of Health Servs., *Adult Smoking Prevalence*, at 1, *available at* http://www.dhs.ca.gov/tobacco/documents/pubs/AdultSmoking06.pdf (last accessed October 18, 2006).

[24] Ctr. For Tobacco Policy and Org., Am. Lung Ass'n of Cal., *Statewide Tobacco Renter Study* (2004), *available at* http://www.californialung.org/thecenter/community/documents/SFH-Survey-Data_001.doc (last accessed March 4, 2005).

[25] Tobacco Control Section, Cal. Dep't of Health Servs., *2004 Field Research Poll Results* at 16 (2004), *available at* http://www.dhs.ca.gov/tobacco/documents/2004TCSupdate.pdf (last accessed March 4, 2005).

[26] Ctr. For Tobacco Policy and Org., Am. Lung Ass'n of Cal., *Statewide Survey of California Apartment Owners and Managers* (2005), *available at* http://www.californialung.org/thecenter/documents/CenterSmokefreeApartmentsOwnersSurveyJune2005.doc (last accessed December 21, 2006).

[27] Ctr. For Tobacco Policy and Org., Am. Lung Ass'n of Cal., *Statewide Tobacco Renter Study* (2004), *available at* http://www.californialung.org/thecenter/community/documents/SFH-Survey-Data_001.doc (last accessed March 4, 2005).

[28] Cal. Legislative Counsel Op., 21547, *Secondhand Smoke in Multi-Unit Housing (Apartments & Condos) Smoking Bans: Residential Rental Property*, (September 23, 1999).

[29] American Society of Heating, Refrigerating and Air-Conditioning Engineers. *Environmental Tobacco*

WHEREAS, lighted tobacco products caused an estimated 14,450 residential fires in the United States in 2002 resulting in 520 deaths, 1,330 injuries, and $371 million in residential property damage;[30] and

WHEREAS, California law declares that anything which is injurious to health or obstructs the free use of property, so as to interfere with the comfortable enjoyment of life or property, is a nuisance;[31] and

WHEREAS, local governments have broad latitude to declare nuisances and are not constrained by prior definitions of nuisance;[32] and

WHEREAS, there is no Constitutional right to smoke;[33] and

NOW THEREFORE, it is the intent of the City Council, in enacting this ordinance, to provide for the public health, safety, and welfare by discouraging the inherently dangerous behavior of smoking around non-smoking individuals, especially children; by protecting the public from nonconsensual exposure to secondhand smoke where they live, work, and play; by lessening tobacco-related litter; by reducing the potential for children to wrongly associate smoking and tobacco with a healthy lifestyle; and by affirming and promoting the family atmosphere of the City's public places.

SECTION 2: Chapter 8.36 of Title 8 of the Municipal Code is hereafter amended to read as follows:

REGULATION OF SMOKING

8.36.010 Definitions
8.36.020 Secondhand Smoke Generally
8.36.030 Smoking Prohibitions
8.36.040 Phase-In Period for Non-Smoking Units in Multi-Unit Residences
8.36.050 Required Lease Terms
8.36.060 Reasonable Smoking Distance Required – 20 Feet
8.36.070 Prohibitions and Duties Generally
8.36.080 Medical Marijuana
8.36.090 Penalties and Enforcement

Smoke: Position Document. Atlanta, Georgia: American Society of Heating, Refrigerating and Air-Conditioning Engineers, 2005.

[30] U.S. FIRE ADMINISTRATION/NATIONAL FIRE DATA CENTER, U.S. DEPT. OF HOMELAND SECURITY, RESIDENTIAL SMOKING FIRES AND CASUALTIES, TOPICAL FIRE RESEARCH SERIES, VOLUME 5 – ISSUE 5, at 1 (June 2005), *available at* *http://www.usfa.dhs.gov/downloads/pdf/tfrs/v5i5.pdf* (last accessed Jan. 30, 2007).

[31] Cal. Civil Code § 3479 (Deerings 2005).

[32] *In Re Jones*, 56 Cal.App.2d 658, 663 (1943). *See also*, Cal. Const., art. XI, § 7 and Cal. Gov. Code § 38771 (Deerings 2005).

[33] Technical Assistance Legal Ctr., Pub. Health Inst., *There Is No Constitutional Right to Smoke* (2004), *available at* http://talc.phlaw.org/pdf_files/0051.pdf (last accessed April 8, 2005).

8.36.010 Definitions

The following words and phrases, whenever used in this chapter, shall have the meanings defined in this section unless the context clearly requires otherwise:

(a) "Business" means any sole proprietorship, partnership, joint venture, corporation, association, or other entity formed for profit-making purposes or that has an Employee, as defined in this section.

(b) A "Common Interest Development" means a development as defined in California Civil Code Section 1351(c), which includes condominium projects (including projects commonly known as townhomes or townhouses), community apartment projects, a planned development, or a stock cooperative.

(c) "Employee" means any person who is employed; retained as an independent contractor by any Employer, as defined in this section; or any person who volunteers his or her services for an Employer, association, nonprofit, or volunteer entity.

(d) "Employer" means any person, partnership, corporation, association, nonprofit or other entity who employs or retains the service of one or more persons, or supervises volunteers.

(e) "Landlord" means any Person who owns real property leased as residential property, any Person who lets residential property, or any Person who manages such property, except that "Landlord" does not include sublessors.

(f) "Multi-Unit Residence" means a building or portion thereof that contains more than one dwelling Unit including but not limited to apartments, Common Interest Development, senior citizen housing, nursing homes, and single room occupancy hotels.

(g) "Multi-Unit Residence Common Area" means any indoor or outdoor area of a Multi-Unit Residence accessible to and usable by residents of different Units, including but not limited to halls and stairwells, paths, lobbies, laundry rooms, common cooking areas, outdoor eating areas, play areas, swimming pools, and parking areas.

(h) "Nonprofit Entity" means any entity that meets the requirements of California Corporations Code section 5003 as well as any corporation, unincorporated association or other entity created for charitable, religious, philanthropic, educational, political, social or similar purposes, the net proceeds of which are committed to the promotion of the objectives or purposes of the entity and not to private gain. A public agency is not a nonprofit entity within the meaning of this section.

(i) "Person" means any natural person, partnership, cooperative association, corporation, personal representative, receiver, trustee, assignee, or any other legal entity except the City of Daly City.

(j) "Place of Employment" means any area under the legal or de facto control of an Employer, Business or Nonprofit Entity that an Employee or the general public may have cause to enter in the normal course of operations, but regardless of the hours of operation, including, but not limited to: construction sites, taxis, employee lounges and breakrooms, conference and banquet rooms, bingo and gaming facilities, long-term health facilities, warehouses, retail and wholesale tobacco shops, and private residences that are used as child care or health care facilities subject to licensing requirements.

(k) "Public Place" means any place, public or private, open to members of the general public regardless of any fee or age requirement, including, for example, plazas, parking lots, malls, stadiums, parks, playgrounds, farmers markets, fairs, and taxis.

(l) "Service Area" means any area designed to be or regularly used by one or more persons to receive or wait to receive a service, enter a public place, or make a transaction whether or not such service includes the exchange of money, including but not limited to ATMs, bank teller windows, telephones, ticket lines, bus stops, and cab stands.

(m)"Significant Tobacco Retailer" means any tobacco retailer that derives seventy-five percent (75%) or more of gross sales receipts from the sale or exchange of Tobacco Products and Tobacco paraphernalia.

(n) "Smoking" or to "Smoke" means possessing a lighted tobacco product, lighted tobacco paraphernalia, or any other lighted weed or plant (including but not limited to, a lighted pipe, lighted hookah pipe, lighted cigar, or lighted cigarette of any kind), or the lighting of a tobacco product, tobacco paraphernalia, or any other weed or plant (including but not limited to, a pipe, a hookah pipe, cigar, or cigarette of any kind).

(o) "Tobacco Product" means any substance containing tobacco leaf, including but not limited to cigarettes, cigars, pipe tobacco, hookah tobacco, snuff, chewing tobacco, dipping tobacco, snus, bidis, or any other preparation of tobacco; and any product or formulation of matter containing biologically active amounts of nicotine that is manufactured, sold, offered for sale, or otherwise distributed with the expectation that the product or matter will be introduced into the human body, but does not include any cessation product specifically approved by the United States Food and Drug Administration for use in treating nicotine or tobacco dependence.

(p) "Unit" means: (1) a dwelling space consisting of essentially complete independent living facilities for one or more persons, including, for example, permanent provisions for living and sleeping, and any private outdoor spaces such as balconies, decks, and patios; and (2) senior citizen housing and single room occupancy hotels, as defined in California Health and Safety Code section 50519(b)(1), even where lacking private cooking facilities or private plumbing facilities. "Unit" does not include lodging in a hotel or motel that meets the requirements set forth in California Civil Code section 1940(b)(2).

8.36.020 Secondhand Smoke Generally

For all purposes within the City of Daly City, nonconsensual exposure to secondhand smoke is a nuisance, and the uninvited presence of secondhand smoke on property is a nuisance and a trespass.

8.36.030 Smoking Prohibitions

(a) Smoking shall be prohibited in the following indoor and outdoor places within the City of Daly City, except in places listed in subsection (b) below:

(1) Public Places;

(2) Places of Employment; and

(3) Multi-Unit Residence Common Areas; except that a Landlord or Common Interest Development may designate a portion of the outdoor area a Smoking area. A designated Smoking area:

(i) must be located at least 20 feet from any operable window or door used by the public of an indoor area of a Multi-Unit Residence where Smoking is prohibited;

(ii) must not include, and must be at least 20 feet from, outdoor areas primarily used by children including, but not limited to, areas improved or designated for play or swimming;

(iii) must be no more than twenty-five percent (25%) of the total outdoor area of the premises for which it is designated;

(iv) must have a clearly marked perimeter;

(v) must be identified by conspicuous signs; and

(vi) must not overlap with any area in which Smoking is otherwise prohibited by this chapter or other provisions of this Code, state law, or federal law.

(4) Individual Units of Multi-Unit Residences, if such Units share at least one common floor or ceiling with another such Unit.

(5) Service Areas;

(b) Unless otherwise prohibited by law, Smoking is not restricted by this chapter in the following places:

(1) By performers during theatrical productions, if smoking is an integral part of the story in the theatrical production;

(2) Detached single-family homes and the lots they are sited on, except those used as a child care or health care facility subject to licensing requirements;

(3) Up to ten percent (10%) of hotel and motel guest rooms, if the hotel or motel permanently designates particular guest rooms as nonsmoking rooms such that ninety percent (90%) or more of its guest rooms are nonsmoking and ashtrays and matches are permanently removed from such nonsmoking rooms. Permanent “no smoking” signage shall be posted in nonsmoking rooms;

(4) Significant tobacco retailers, if at all times minors are prohibited from entering the store;

(5) Individual Units of Multi-Unit Residences which do not share any common floors or ceilings with any other such Unit;

(6) Any City-designated outdoor Smoking areas;

(7) Automobiles;

(8) On streets and sidewalks, unless being used as outdoor workplaces or at City-sponsored events such as parades and fairs.

(c) Nothing in this chapter shall be construed to prohibit Smoking in any area in which such Smoking is already prohibited by state or federal law unless the applicable state or federal law does not preempt additional local regulation.

8.36.040 Phase-In Period for Non-Smoking Units in Multi-Unit Residences

A Unit shall not be subject to the Smoking restrictions in Section 3(a)(4) until fourteen (14) months after the effective date of this chapter, or until the legal occupants on the effective date of this chapter vacate the Unit, whichever occurs first.

8.36.050 Required Lease Terms

(a) For legal occupants on the effective date of this chapter, lease or rental agreement renewals for the occupancy of a Unit in a Multi-Unit Residence in which smoking is prohibited shall include:

(1) a clause stating that Smoking is prohibited in the Unit if the Unit has been designated as a non-smoking Unit ;

(2) a clause stating that it is a material breach of the lease or agreement to (i) violate any law regulating Smoking while on the premises; (ii) Smoke in violation of a non-smoking lease term, such as smoking in a non-smoking Unit; or (iii) Smoke in any Multi-Unit Residence Common Area in which Smoking is prohibited by the Landlord; and

(3) a clause stating that all lawful occupants of the Multi-Unit Residence are express third-party beneficiaries of the above required clauses.

(4) a clause stating that terms 1 – 3 become effective fourteen (14) months after the effective date of this chapter, unless the Landlord specifies an earlier effective date;

(b) For new tenants not in occupancy on the effective date of this chapter, every lease or other rental agreement for the occupancy of a Unit in a Multi-Unit Residence in which smoking is prohibited shall include:

(1) a clause stating that Smoking is prohibited in the Unit if the Unit has been designated as a non-smoking Unit;

(2) a clause stating that it is a material breach of the lease or agreement to (i) violate any law regulating Smoking while on the premises; (ii) Smoke in violation of a non-smoking lease term, such as smoking in a non-smoking Unit; or (iii) Smoke in any Multi-Unit Residence Common Area in which Smoking is prohibited by the Landlord; and

(3) a clause stating that all lawful occupants of the Multi-Unit Residence are express third-party beneficiaries of the above required clauses.

(c) The lease or agreement terms required by subsection (a) or (b) are hereby incorporated by force of law into any lease or other agreement for the occupancy of a Unit in a Multi-Unit Residence made on or after the effective date of the ordinance which adopted this section and which does not fully comply with subsection (a) or (b).

(d) A tenant who breaches the Smoking regulations of a lease or knowingly allows another person to do so shall be liable to: (i) the Landlord; and (ii) to any lawful occupant of the Multi-Unit Residence who is exposed to secondhand smoke as a result of that breach. A Landlord shall not be liable to any person for a tenant's breach of Smoking regulations if the Landlord has fully complied with subsection (a).

(e) Failure to enforce any Smoking regulation of a lease or agreement on one or more occasions shall not constitute a waiver of the lease or agreement provisions required by this ordinance and shall not prevent future enforcement of any such Smoking regulation on another occasion.

8.36.060 Reasonable Smoking Distance Required – 20 Feet

(a) Smoking in outdoor areas shall be prohibited within 20 feet of an entrance or exit used by the public, or operable window of an indoor area in which smoking is prohibited, except while actively passing on the way to another destination and so long as smoke does not enter any indoor area in which smoking is prohibited.

(b) Smoking in outdoor areas shall be prohibited within 20 feet from any outdoor area in which smoking is prohibited by this chapter except while actively passing on the way to another destination.

8.36.070 Prohibitions and Duties Generally

(a) No Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development shall knowingly permit the Smoking of Tobacco Products in an area which is under the legal or de facto control of the Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development and in which Smoking is prohibited by law and the Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development is not otherwise compelled to act under state or federal law.

(b) No Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development shall knowingly or intentionally permit the presence or placement of ash receptacles, such as, for example, ash trays or ash cans, within an area which is under the legal or de facto control of the Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development and in which Smoking is prohibited, including, without limitation, inside the perimeter of any Reasonable Distance required by this chapter.

(c) Notwithstanding any other provision of this chapter, any owner, Employer, Business, Nonprofit Entity, Landlord, Common Interest Development or other Person who controls any property, establishment, Place of Employment, Public Place, or Multi-Unit Residence regulated by this chapter may declare any part of such area in which Smoking would otherwise be permitted to be a nonsmoking area.

(d) "No Smoking" signs, with letters of no less than one inch in height or the international "No Smoking" symbol (consisting of a pictorial representation of a burning cigarette enclosed in a red circle crossed by a red bar) shall be clearly, sufficiently, and conspicuously posted in every indoor and outdoor place in which Smoking is prohibited by this chapter, by the Person, Employer, Business, Nonprofit Entity, Landlord, or Common Interest Development that has legal or de facto control of such place. At least one sign with the City of Daly City phone number where complaints can be directed must be conspicuously posted in every place in which Smoking is prohibited. For purposes of this chapter, the City Manager or designee shall be responsible for the posting of signs in regulated facilities owned or leased in part by the City of Daly City. Notwithstanding this provision, the presence or absence of signs shall not be a defense to the violation of any other provision of this chapter.

8.36.080 Medical Marijuana

Notwithstanding any other provision of this chapter, smoking marijuana for medical purposes as permitted by California Health and Safety Code sections 11362.7 *et seq.* in any Unit of a Multi-Unit Residence is not prohibited by this chapter. Notwithstanding the forgoing, such use of marijuana may be prohibited by other provisions of this Code, state law, or federal law.

8.36.090 Penalties and Enforcement

(a) The remedies provided by this chapter are cumulative and in addition to any other remedies available at law or in equity.

(b) Each violation of this chapter by a Person because of the Person's Smoking is an infraction subject to a one hundred dollar ($100) fine. Other violations of this chapter constitute misdemeanors punishable as provided in Section 1-8 of the Daly City Municipal Code or may, in the discretion of the City Attorney, be prosecuted as infractions if the interests of justice so require. Any peace officer or code enforcement official may enforce this chapter.

(c) Violations of this chapter are subject to a civil action brought by the City, punishable by a civil fine not less than two hundred fifty dollars ($250) and not exceeding one thousand dollars ($1,000) per violation.

(d) No Person shall intimidate, harass, or otherwise retaliate against any Person who seeks to attain compliance with this chapter. Moreover, no Person shall intentionally or recklessly expose another Person to secondhand smoke in response to that Person's effort to achieve compliance with this chapter. Violation of this subsection shall constitute a misdemeanor.

(e) Causing, permitting, aiding, abetting, or concealing a violation of any provision of this chapter shall also constitute a violation of this chapter.

(f) Any violation of this chapter is hereby declared to be a nuisance.

(g) In addition to other remedies provided by this chapter or by other law, any violation of this chapter may be remedied by a civil action brought by the City Attorney, including, but not limited to, administrative or judicial nuisance abatement proceedings, civil or criminal code enforcement proceedings, and suits for injunctive relief.

SECTION 3: Statutory Construction; Severability It is the intent of the City Council of the City of Daly City to supplement applicable state and federal law and not to duplicate or contradict such law and this ordinance shall be construed consistently with that intention. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance, 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 ordinance, 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 be declared invalid or unenforceable.

SECTION 4: The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 153078, that this Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project as provided by the Act, in that it does not have a potential for resulting in a detrimental physical change in the environment, directly or ultimately, as provided in Title 14, Section 15378(a), and that it is also exempt under the definition of "project" in Section 15378(b)(3) in that it concern general policy and procedure making, and that is also exempt under Section 15308 – *Actions of Regulatory Agencies for the Protection of the Environment*.

SECTION 5: Publication and Effective Date. Pursuant to the provisions of Government Code Section 36933, a summary of this ordinance shall be prepared by the City Attorney. At least five (5) days prior to the Council meeting at which this ordinance is scheduled to be adopted, the City Clerk shall (1) publish the summary, and (2) post it in the City Clerk's Office a certified copy of this ordinance. Within fifteen (15) days after the adoption of this ordinance, the City Clerk shall (1) publish the summary and (2) post in the City Clerk's Office a certified copy of the full text of this ordinance along with the names of those City Councilmembers voting for and against this ordinance or otherwise voting. This ordinance shall be in full force and effect thirty (30) days after adoption by the City Council of the City of Daly City.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY
AMENDING CHAPTER 8.36 OF THE DALY CITY MUNICIPAL CODE
RE: REGULATION OF SMOKING

Introduced this ________day of____________________________, 2012.

Passed and adopted as an Ordinance of the City of Daly City at a regular meeting of the City Council of the City of Daly City held on the ________day of _____________________, 2012, by the following vote:

AYES, Councilmembers____

____

NOES, Councilmembers____

Absent, Councilmembers:____

____
CITY CLERK OF THE CITY OF DALY CITY

APPROVED:

____
MAYOR OF THE CITY OF DALY CITY

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Public Hearing on Claim to Lien Property at 302 Northgate Avenue

Recommended Action

Affirm the penalties and fees associated with the code enforcement case at 302 Northgate Avenue to be made a lien on the subject property and adopt a resolution confirming the amount of the lien as provided in Chapter 8.16.400 through 8.16.430 of the Daly City Municipal Code.

Background

This case involves a single-family residence at 302 Northgate Avenue (APN 008-021-020) that contained construction without permits, and which was subsequently abated by the owners in April 2011; however, assessed code fees were not remitted. The unpaid bill was forwarded to the Finance Department and notices were sent advising the owners to pay the charges. The owners were also given the option to enter into a payment plan with the Finance Department, but declined. After the final payment notice was sent on January 19, 2012, the owners contacted the Finance Department on January 23, 2012, and stated they had filed for bankruptcy in November, 2011.

A Notice of Administrative Board Hearing was sent to the property owners on June 8, 2012. On June 18, 2012, staff spoke with Mr. Simmons, the listed owner of the property, who stated that he had walked away from the property, that the bank now owns the property, and that he would send the City the documentation that he had filed bankruptcy. The City did not receive any further information or documentation from Mr. Simmons. The Administrative Hearing Board heard the matter on June 28, 2012 and ordered the owner of record (Scott and Danielle Simmons) to remit code fees of $3,574.00 or enter into a payment plan. A copy of the Board Order is attached (Attachment A). On July 19, 2012, staff received a letter from the Law Offices of Steven Jacobs, Inc., that stated the property owner filed bankruptcy in 2007 and any future contacts from the City should be directed to their office. Danielle and Scott Simmons remain as the listed owner of the subject property.

A Notice of Pending Claim of Lien was forwarded to the San Mateo County Recorder's Office so that enforcement fees and penalty fines can be collected should the property go into foreclosure or is sold before a lien is recorded.

Discussion

Code enforcement and administrative fees assessed by the Administrative Board Order total $3,574.00. Several code invoices have been sent to the owners requesting payment and to date, no payments have ever been remitted. A copy of the code invoice is attached (Attachment B). A lien is required to be recorded on the property with the San Mateo County Recorder's Office to recover the administrative fees and penalties owed to the City of Daly City; thus fees would be received at the time of any future property sale.

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

Respectfully submitted,

Kathy Campbell

Kathy Campbell
Code Enforcement Officer

Brian Millar

Brian Millar
Director of Economic & Community Development

Attachment: Exhibit A – Findings and Order of the Administrative Hearing Board
Exhibit B – Code Invoice

FINDINGS AND ORDER OF THE DALY CITY ADMINISTRATIVE HEARING BOARD

SUBJECT PROPERTY: 302 NORTHGATE AVENUE, CA 94015
APN 002-091-020

PROPERTY OWNER(s): SCOTT AND DANIELLE SIMMONS

HEARING HELD ON JUNE 28, 2012

FINDINGS

WHEREAS, Code Enforcement referred this matter to the Administrative Hearing Board pursuant to section 8.16.070, *et seq.*, of the Daly City Municipal Code; **and,**

WHEREAS, the Board determined that the property owner(s) received proper notice documentation by staff of the violations and required abatement action and code enforcement fees; **and,**

WHEREAS, the Board reviewed evidence, testimony of staff and the staff report pertaining to property violations and abatement and assessed code fees: **and,**

WHEREAS, one or more Municipal Code violations defined as a public nuisance, pursuant to section 8.16.030 *et seq.*, were present and abated after the timeline established for abatement in the staff notice of violation and code fees were assessed; **and,**

WHEREAS, the property was a public nuisance pursuant to Municipal Code Section 8.16.030 due to violations of the uniform codes, as adopted by Daly City, and Chapter 15 of the Daly City Municipal Code, including construction without permits and expired building permit; **and,**

WHEREAS, pursuant to Daly City Municipal Code section 8.16.150, if this Board determines that a violation occurred which was not corrected within the time period specified in the staff notification of nuisance, the Board shall issue an administrative order which imposes any or all of the following:

A. An order to correct, including a schedule for correction when appropriate;
B. Administrative Penalties as provided in section 8.16.160 of the Daly City Municipal Code.
C. Administrative costs as provided in section 8.16.160 of the Daly City Municipal Code.

ORDER

NOW THEREFORE, HAVING DETERMINED THE PRESENCE OF A PUBLIC NUISANCE AND THE ABATEMENT OF THE VIOLATIONS AT 302 NORTHGATE AVENUE, THE BOARD HEREBY ORDERS THE ASSESSMENT OF ADMINISTRATIVE COSTS AS FOLLOWS:

THE PROPERTY OWNER SHALL:

1) Be assessed both a $1,580.00 enforcement fee and a $1,994.00 administrative fee (to cover costs associated with presenting this case to the Board) and make full payment to the City within 30

calendar days of the date of notification of the Board Order or have entered into a payment plan with the City through the Finance Department within 30 calendar days of the date of notification of the Board Order.

2) Comply with this Order and pay all associated fees and in the event the property owner does not comply then all cost due to the City shall immediately be secured through a lien recorded on the subject property with the County Recorder which may carry additional charges as set forth by resolution of the City Council.

APPEAL RIGHTS

Pursuant to Daly City Municipal Code section 8.16.300, the owner(s) of the subject property or a business owner receiving an administrative order from this Board may only appeal such order only if they attended the hearing. To exercise this appeal right the owner must file a written appeal request with the City Clerk within ten (10) days of the date of service of the administrative order, with a non-refundable filing fee of $100 included with the request. The **City Clerk will** normally set the hearing date within 10-30 days. You should contact the City Clerk for specific information about this process and the required information you must supply in the request.

AFFIRMED BY: DM McVey
Donald McVey, Director of Finance /Admin. Board Chair

HEARING BOARD CHAIR ON: July 2, 2012

FOR OFFICE USE
DATE OF SERVICE 7/3/2012 METHOD OF SERVICE: X 1st class mail X Cert. Mail ____ Pers. Svc.
BY [signature] TITLE Office Assistant II
COMMENTS: Administrative Hearing Board – 6/28/12 – 302 Northgate Ave. – Case-3-10-1180

Exhibit A

City of Daly City
333 90th Street
Daly City, CA 94015
(650) 991-8061

CODE INVOICE

07/03/2012

INV-6-10-505578

Case Number: CASE-3-10-1180

Site Address: 302 NORTHGATE AVE

Invoice Date: 06/04/2010

Invoice Number: INV-6-10-505578

Bill To:

Scott and Danielle Simmons
302 Northgate AVE
Daly City, CA 94015-

Return To:

City of Daly City
333 90th Street
Daly City, CA 94015-

INVOICE FEES

Date	Fee Name	Account Number	Trans Code	Fee Amount
09/30/2010	Expired Permit (Abated 1 - 30 days)	01-300-341-3797	0615	$100.00
09/30/2010	Expired Permit (Abated 31 - 60 days)	01-300-341-3797	0615	$350.00
09/30/2010	Expired Permit (Abated 61 - 90 days)	01-300-341-3797	0615	$350.00
06/04/2010	Construction W/O Permit (Abated 61- 90 da	01-300-341-3797	0615	$780.00
06/29/2012	Administrative Hearing Board Fee	01-300-341-3797	0615	$1,994.00
			Total Fees:	$3,574.00

Exhibit B

FOR OFFICE USE ONLY

☐ P ________

PLEASE MAKE CHECK PAYABLE TO: CITY OF DALY CITY

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Use Permit UPR-3-12-5226, Design Review DR-3-12-5228
Conversion of second floor commercial offices to six residential apartment units
6755 Mission Street

Recommended Action

Approval of Use Permit UPR-3-12-5226, Design Review DR-3-12-5228 subject to the attached conditions to allow the conversion of the 9,346 square foot second floor offices to six apartments and an office.

Planning Commission Discussion

On August 7, 2012, the Planning Commission voted 3-0 to forward a recommendation of approval of Use Permit UPR-3-12-5226 and Design Review DR-3-12-5228 to the City Council. Comments were received from two individuals, Michael Balma, co-owner of 6748 Mission Street and Jeannette Chen, resident of 24 Como Avenue. Both expressed concerns about parking and traffic in the area. Mr. Perry, a nearby resident, was present at the meeting and voiced his concerns about the project's parking impacts on Como Avenue. A letter of opposition due to parking concerns was received after the Planning Commission meeting from Lily Xie, resident of 54 Como Avenue.

Introduction

The applicant, Hau Ching Lau, representing COMO Mission LLC, is proposing the conversion of second floor commercial offices to six residential apartments and exterior paint, siding and window upgrades to the four-story mixed-use building located at 6755 Mission. The proposed office to residential conversion requires a Use Permit and the proposed exterior changes require a Design Review. Staff is recommending the Planning Commission forward to the City Council a recommendation of approval of the Use Permit and Design Review, subject to the attached conditions.

The project site is an existing four story mixed-use building consisting of ground floor commercial uses with a parking garage to the rear, second floor commercial offices and twelve apartments on the third and fourth floors. The existing development obtained Use Permit (UP88-7) approval by the City Council in August 9, 1988. The Daly City Redevelopment Agency granted a parking waiver on June 26, 1989 for a parking reduction for the mixed-use building from thirty-four to nineteen spaces. The nineteen spaces continue to serve the entire building. The City Council approved an application for condominium conversion of the twelve apartments in 1994, though it was never pursued nor completed and, therefore, no condominium units exist. According to the owner, the second floor commercial offices proposed for conversion have been difficult to market and vacant since 2009. The owner wishes to convert the underutilized square footage from commercial to residential so that he may capture the value while enhancing the exterior through paint and siding upgrades.

Project Evaluation

Discussion

The applicant proposes the conversion of the 9,346 square foot second floor office area into six apartments and an office. The proposed unit breakdown is four (4) one-bedroom units and two (2) two-bedroom units. The proposed parking is the existing nineteen space parking garage that is located behind the ground floor commercial tenant spaces. The exterior changes proposed are new windows, paint and new siding for the north elevation. The ground floor commercial fronting Mission Street and the third and fourth floor residential units remain the same. Approval of the second floor office to residential conversion would result in a total of eighteen apartment units for the building.

Land Use

The subject property is located on the northeast corner of Mission Street and Como Avenue. The site is zoned C-1 Light Commercial and has a General Plan Land Use Designation of Commercial Retail and Office. Residential uses require a use permit in the C-1 zoning district. The proposed use conforms to the General Plan Land Use designation. (Attachment A- Location Map)

Land Use	Zoning
North: Commercial Auto Sales Lot	R-2A: Two-Family/Design Residential District
South: Retail& Office Commercial	C-1: Light Commercial District
West: Commercial	C-1: Light Commercial District
East: Single & Multi Family Residential	C-1: Light Commercial District

Use Permit

Residential uses in the C-1 Light Commercial district require a Use Permit. The purpose of the use permit is to ensure that the proposed use will not have an adverse effect on surrounding properties. The proposed conversion from office commercial to six residential units, as conditioned, will be compatible with surrounding uses as the nearby uses to the east, west and, south are a similar mix of commercial and residential uses.

The proposed use conforms to the goals, objectives and policies adopted in the General Plan. The project conforms to the Commercial Retail and Office land use designation by maintaining ground floor commercial opportunities compatible with the surrounding land uses. Housing Element Policy 1.1 states that infill housing should be provided in appropriate sites in existing neighborhoods where infrastructure is already in place, and Policy 2.3 states that mixed use residential retail or office should be permitted along the Mission Street Corridor. The project, as proposed, would add six new housing units to the existing housing stock in the area, as well as retain one office space. The residential and the ground floor commercial meet the intent of both policies. Infrastructure serves the site and the project would remain mixed-use, which is similar to other uses along Mission Street.

Design

The interior of the building would be altered to accommodate the change of use from commercial to residential. The proposed apartments would be constructed within the existing building, with no proposed expansion. As part of those interior modifications, the layout and design of the interior will require structural and construction details as a part of the building permit application.

The proposed exterior changes include: the replacement of the existing windows on the Mission Street elevation to meet building code requirements for emergency escape; the installation of new siding to match the existing building for the north building elevation; the minor repairs of siding associated with the window replacement; and paint to match the existing building paint scheme. Staff has included a condition of approval requiring the new siding on the north elevation match the rest of the building. The proposed new paint and siding on the north building elevation will enhance the building, adding visual appeal. (Attachment B- Project Plans & Attachment C- Site Photos)

- ***Commissioner Kelly asked about the changes to the Mission Street windows. Staff explained that the proposed window replacements are required to meet emergency egress requirements.***

Parking

The former Daly City Redevelopment Agency approved a parking waiver in 1989 for the existing 19-space parking garage that serves the entire mixed-use building and the continued utilization of the parking garage is proposed to serve the project. The parking garage area is a private podium parking area that is located at the rear of the Mission Street ground floor commercial tenant spaces. It has a roll-up steel mesh door that requires a remote opener for access by the building tenants. The parking area therefore serves the existing residential and office floors, while customer parking for the ground-floor commercial space is handled primarily through on-street parking. The parking area is accessed from Como Avenue. (Attachment B- Project Plans)

Because parking for the entire building was previously addressed by the City in 1989, this Use Permit focuses solely on the proposed conversion in use of the second floor, and parking demand related just to that conversion. Daly City Zoning Ordinance §17.34 requires commercial parking spaces at a ratio of 1-space per 300 (s.f.) Gross Floor Area (GFA) for commercial office, 1.5-spaces per one-bedroom unit, and 2-spaces per two-bedroom unit. The table below provides the existing and proposed parking for the office to residential conversion that is required in accordance with Code. The proposed conversion of the second floor office space results in a reduction of Code required parking by 17 parking spaces. The approval of the conversion from office to residential therefore brings the site closer to conformance with the Code required parking by 17 spaces.

	Office (1/300 s.f. GFA)	**Residential (1-Bedroom Unit)**	**Residential (2-Bedroom Unit)**	**Total Required Parking Spaces**
Existing	9,346 s.f.	N/A	N/A	31 spaces
Proposed	1,183 s.f.	4 units x 1.5 spaces = 6 spaces	2 units x 2 spaces = 4 spaces	14 spaces

Staff has requested that the owner establish a parking management plan that incorporates parking space assignments to the units as a condition of approval. This plan, in essence, would ensure provision of one primary parking space per residential unit. The parking management plan will be subject to Planning Division approval prior to building permit issuance.

- ***Commissioner Kelly asked if the applicant intends to charge for the garage parking spaces. The owner said they will not be charging the tenants an additional fee for a parking space. Commissioner Edelman recommended that the owner encourage the tenants to park in the assigned spaces.***

Inclusionary Housing

DCMC 17.47 Inclusionary Housing requires that residential developments of five or more units provide inclusionary units restricted for occupancy by moderate-, low- or very low-income households. Development for rental units of five to ten units may propose an in-lieu fee. The proposed project is a rental unit project that requires at least twenty percent affordable units for households whose income does not exceed sixty percent of the area median, or ten percent affordable units for very low-income households (household income does not exceed fifty percent of the area median).

The applicant has been informed of the requirement and has indicated that he would comply. Staff has included a condition of approval requiring compliance prior to building permit issuance in accordance with Inclusionary Housing ordinance.

Frontage Improvements

The project site fronts Mission Street and is required to include frontage improvements in conformance with the Mission Street Streetscape Master Plan and nearby Top of the Hill improvements project. Conditions of approval require the building permit plans include the utility service connections and all utility service requirements as well as the Mission Street Streetscape Master Plan details.

Litter Control and Site Maintenance

An approved litter control and site maintenance plan is required prior to building permit issuance. The plan must include a schedule of maintenance for the site and adjacent sidewalks and a graffiti abatement program. The litter control and maintenance plan shall also require that the trash area include adequate recycling area for the units in compliance with applicable requirements.

ENVIRONMENTAL ASSESSMENT

CEQA Determination	Categorical Exemption – Section 15332 In-Fill Development Projects

Staff has reviewed the proposal under the requirement of the California Environmental Quality Act (CEQA) and has determined that the project is exempt as an in-fill development project.

FINDINGS

Staff finds that, as conditioned, the proposed project is in compliance with Title 17 (Zoning) of the Daly City Municipal Code. Approval of the proposed project would not be detrimental to the health, safety, morals, comfort and general welfare of persons residing in or working in the neighborhood, or be injurious or detrimental to the property and improvements in the neighborhood or the general welfare of the city. Approval of the proposed Use Permit UPR-3-12-5226 and Design Review DR-3-12-5228**,** as conditioned herein, is in the best interest of the public health, safety, and general welfare of the community, and that the general site, architecture, and landscape considerations have been incorporated to ensure compatibility with adjacent buildings and to provide an attractive environment. These findings are based on the following facts:

1. In accordance with Title 17 of the Daly City Municipal Code, as well as applicable State zoning enabling legislation, the Planning Commission conducted a public hearing on August 7, 2012. Notice of said hearing was by newspaper publication on July 27, 2012 posting and first class mailing to property owners within 300 feet.
2. Staff has reviewed the proposal under the requirements of the California Environmental Quality Act (CEQA) and has determined the project is Categorically Exempt per Section 15332 In-Fill Development Projects
3. The subject property is zoned C-1 Light Commercial, which requires a Use Permit for the residential uses
4. The subject use is consistent with the General Plan and the C-1 Light Commercial standards and, together with the provisions for its design, would not be detrimental to the health, safety, morals, comfort and general welfare of the neighborhood
5. The project complies with the applicable provisions of Use permits Section 17.44 in that the as conditioned herein, the proposed use will not be detrimental to the health, safety, morals comfort or general welfare of the persons residing or working in the neighborhood

6. The project complies with applicable provisions of Design Review Section 17.45 of the Zoning Ordinance in that the proposed exterior siding, windows and exterior paint will enhance the building aesthetic providing a more desirable environment

7. General architectural considerations including consistent building materials have been incorporated into the design and façade treatments will be applied, to ensure the compatibility of the development with its design concept and of the surrounding buildings

8. The proposed project conversion to apartments brings the parking into closer conformity with the DCMC 17.34 of the Zoning ordinance through reducing the required parking by 17 parking spaces.

CONDITIONS OF APPROVAL:

The Planning Commission recommends approval of Use Permit UPR-3-12-5226 and Design Review DR-3-12-5228, based on the following conditions as specified by each Department and Division. The following conditions of approval shall apply to the use for the entirety of its existence. Violation of these conditions could be cause for revocation of the Use Permit. Minor deviations from the conditions of approval may be approved by the Planning Division. Significant deviations will require review and approval by the Planning Commission and City Council.

A. DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT

<u>General</u>

1. Within ten (10) days of City Council approval, the applicant shall file with the Planning Division a Declaration of Acceptance of all conditions. Until said Declaration is filed, the use shall not be valid and no permits may be issued for this business.

2. The use permit shall be valid for a period of one year from the date of City Council approval. The approval shall terminate if a building permit has not been obtained and construction commenced within one-year of City Council approval of the project or if the applicant fails to obtain a valid business license.

3. The use permit and design review shall be valid only in conjunction with plans submitted and approved by the City Council. Any significant modifications and changes to the plans shall be treated as an amendment and shall be subject to review by a Council Committee appointed by the Mayor.

4. All conditions from various Departments that may be required prior to obtaining building permits shall apply.

5. A parking management plan assigning parking spaces to each unit respectively must be submitted for review and approval by the Planning Division prior to building permit approval.

6. A new remote keypad entry shall be installed for the parking garage access in addition to the remote access. The building permit plans shall show the new keypad entry on the plans.

7. All parking spaces shall be maintained in a useable condition for the life of the project.

8. The proposed siding on the north building elevation shall be to match as hardy-panel, plank or stucco to match other existing building surfaces and shall be shown as such on the building permit plans submittal. Planning Division approval that this condition has been met shall be required prior to building permit issuance.

9. New proposed paint shall be called out to match existing and shown for all trim and building elevations on the building permit plan submittal. Planning Division approval that this condition has been met shall be required prior to building permit issuance.

10. Any and all trim including arched design features on the front building elevation shall be repaired and repainted to match including treatments surrounding any windows that are to be replaced. Details shall be called out on the building permit plans. Planning Division approval that this condition has been met shall be required prior to building permit issuance.

11. An approved litter control and site maintenance plan is required prior to building permit issuance. The plan must include a schedule of maintenance for power washing the building, the site and adjacent sidewalks, a graffiti abatement program, and also require that the trash area provide adequate space for recycling bins.

12. The implementation of an approved inclusionary housing agreement is required in compliance with DCMC 17.47 prior to building permit approval.

13. Violation of these conditions could be cause for revocation of the Use Permit. Minor deviations from the conditions of approval may be approved by the Planning Division. Significant deviations will require review and approval by the Planning Commission and City Council.

B. ENGINEERING DIVISION

14. An encroachment permit application shall be required for the project.

15. The applicant shall comply with the applicable requirements of the City of Daly City General Conditions of Approval: Use Permits, Variances, Design Reviews, Planned Developments, and Subdivisions, edition current at the time of building permit application.

16. The applicant shall include all utility service connections as required, site improvements and all proposed work within the right of way on the building permit plans submittal. Engineering Division approval that this condition has been met shall be required prior to building permit issuance.

17. Building permit plans shall include improvement of the street frontage in conformance with the Mission Street Streetscape Master Plan and nearby Top of the Hill improvement project. Engineering Division approval that this condition has been met shall be required prior to building permit approval.

C. BUILDING DIVISION

18. All applicable windows for the new apartments must be upgrades to meet emergency escape and rescue opening requirements and shall be shown as such on the building permit plan submittal.

19. All applicable green building code requirements must be met and any and all plans required shall be included with the building permit application.

20. A demolition permit will be required for any demolition work on the structures.

21. A building permit shall be required for the proposed construction.

22. Partition walls proposed must meet minimum fire rating including but not limited to a one hour rating from bottom of deck or floor or roof deck above.

23. Partition walls must be constructed to have a minimum 50 (STC) sound transmission control.

24. Each unit shall have a separate heating unit.

25. All structural requirements must be met including seismic and safety as applicable prior to the building permit issuance.

D. DEPARTMENT OF WATER AND WASTEWATER RESOURCES

26. A full set of plumbing plans shall be required for submittal and review at the time of building permit submittal.

27. A set of utility plans are required for DWWR's next review and shall be included in the building permit submittal. The plans must show the existing and proposed utility plans for water sewer and fire services to the building. This will assist in a more thorough review of this project to determine if any necessary additional requirements or conditions may apply.

28. A separate irrigation service is required for any irrigated areas that may be associated with the streetscape improvements. Reduced pressure principle backflow device require immediately after the meter. Meter to be located adjacent to the existing water meter/s. Any exposed backflow device will require screening acceptable to the Planning Division and Department of Water and Wastewater resources division. Any screening shall be called out on plans and approved prior to building permit issuance.

29. Sewer System Improvements: All costs associated with any sewer system improvements required as a result of the proposed construction shall be borne by the applicant.

30. Residential and commercial tenants shall have separate sewer laterals and shall be shown and included on the plumbing plans required for building permit submittal.

31. Plans shall include water conservation devices. Any irrigation in non-turf areas shall be drip, micro-spray or micro-jet. No water features shall be permitted.

32. Plans shall include water conservation devices. Indoor-All domestic fixtures shall be low flow with toilets 1.28 gpf or less and "HE" urinals 0.5 gpf or less are required

33. A certified Distribution System Operator must be present for all hydrostatic testing, chlorination, flushing, bacteria testing and connections to the existing system, per California Department of Public Health, Operator Certification Regulations, and Section 63770. The City of Daly City Engineer must receive the request for the certified Operator to be present for these operations in writing no less than six (6) working days prior to the anticipated date of work. Include in plan notes.

34. Water System Improvements: All costs associated with any water system improvements required as a result of the proposed construction shall be borne by the applicant.

35. Water Service Inspection: Applicant needs to verify the intent to abandon or reuse the existing water service. Only copper or ductile iron services shall be reused. If the intent is to reuse, applicant must provide evidence of the material type to DWWR/Engineering. If the service is not to be used, the service shall be abandoned per Section 02710, 3.15 of the City of Daly City Standard Specifications and Drawings. The abandonment shall be completed prior to any demolition of the previous building or construction of the new building. All costs associated with the abandonment shall be borne by the applicant.

36. Applicant needs to verify the intent to abandon or reuse the existing sewer lateral. If the intent is to reuse, the applicant must video inspect and perform a watertight test that is subject to review by DWWR. A DWWR representative shall be on-site during the testing and televising. If the lateral is not to be used then the lateral shall be abandoned per section 02720, 3.08 of the Daly City Standards Specifications and Drawings. The abandonment must be completed prior to any demolition and construction of the new apartments. All costs associated with the abandonment shall be borne by the applicant.

37. Individual meters shall be required for the proposed residential units and/or make changes to separate the existing commercial units from the residential units. Verification that this condition has been met shall be required prior to building permit approval.

38. The applicant shall provide water calculations showing the size of the water service required and required meter size.

39. A fire flow test is required.

C. NORTH COUNTY FIRE AUTHORITY

40. Fire sprinklers that meet NFPA standards are required and shall be included on the building permit plan submittal.

41. Any and all fire alarms required must meet the NFPA standards and shall be determined by the Fire Department upon review of the building permit submittal.

42. Visible addressing shall be required and approved by the Fire Department prior to building permit final

43. Fire extinguishers shall be installed and approved pre Fire Department requirements prior to building permit final.

44. Smoke and CO detectors shall be shown on building permit plans and shall be installed and approved by the Fire Department prior to building permit final.

45. Existing signs shall be required and approved by the Fire Department prior to building permit final.

RECOMMENDATIONS

The Planning Commission forwards to the City Council the following recommendations:

1. Adopt the Findings as outlined herein;
2. Affirm the Environmental Assessment;
3. Approve Use Permit UPR-3-12-5226, Design Review DR-3-12-5228 subject to the Findings and Conditions outlined herein.

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

Respectfully submitted,

Steven J. Engfer

Brian Millar

Steve Engfer
Assistant Planner

Brian Millar
Director of Economic and Community Development

<u>Attachments</u>
Attachment A – Location Map
Attachment B – Project Plans
Attachment C – Site Photos

LOCATION MAP
UPR-3-12-5226 DR-3-12-5228
COMMERCIAL TO RESIDENTIAL
6755 MISSION STREET

ATTACHMENT A

LHC ARCHITECTURE DESIGN Architecture . Planning . Site Development HAU-CHING LIAO 13937 LYNDE AVENUE SARATOGA, CALIFORNIA 95070 TEL: (408) 483-1965 FAX: (408) 867-9331	DESIGN BULLETIN #1 6755 MISSION STREET CONVERTING OFFICE TO APARTMENT 6755 MISSION STREET DALY CITY, CALIFORNIA 94014 (415) 760-9070

DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:	
HAU-CHING	HAU-CHING	Mar. 10, 2011	0/A1	NTS	

COMMENT:
TITLE SHEET

SCOPE OF WORK

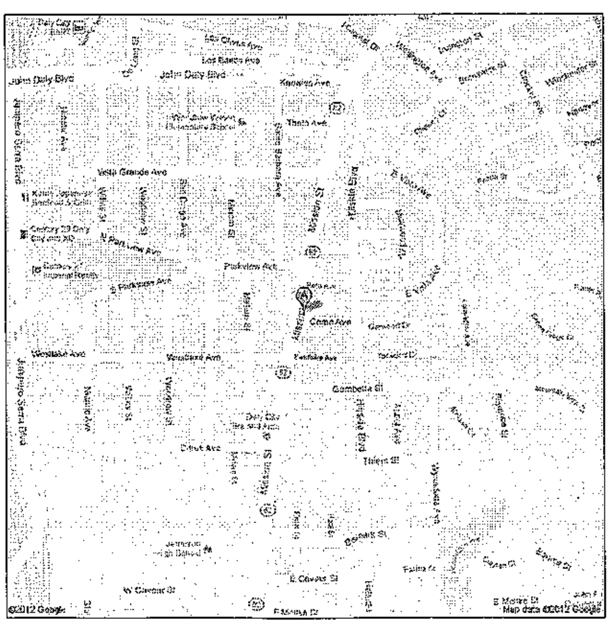
THIS PROJECT IS TO CONVERT THE EXISTING 2ND FLOOR OFFICE AREA OF 9,346 SF TO 4 UNITS OF 1-BEDROOM AND 2 UNITS OF 2-BEDROOM APPARTMENT AND KEEP 1,183 SF OF OFFICE AREA. THERE WILL BE NO CHANGE ON THE FACADES, BUT CHANGE THE FIX WINDOWS AT THE BEDROOM AREA TO A OPERABLE WINDOWS WITH THE SAME SIZES AND STYLE. THE 1ST, 3RD, & 4TH FLOORS WILL REMAIN NO CHANGE.

DRAWING INDEX

ARCHITECTURAL

A-0	TITLE SHEET
A-1	EXISTING 1ST FLOOR PLAN
A-2	EXISTING 2ND FLOOR PLAN
A-3	PROPOSED 2ND FLOOR PLAN
A-4	EXISTING 3RD FLOOR PLAN
A-5	BUILDING 4TH FLOOR PLAN
A-6	EXISTING ELEVATIONS

VICINITY MAP



OWNER:

HOCKING ZHANG
6755 MISSION STREET
DALY CITY , CA 94014
TEL: (415) 760-9070

ARCHITECT:

LHC ARCHITECTURAL DESIGN
13937 LYNDE AVENUE
SARATOGA, CA 95070
TEL: (408) 483-1965

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA

ATTACHMENT B

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

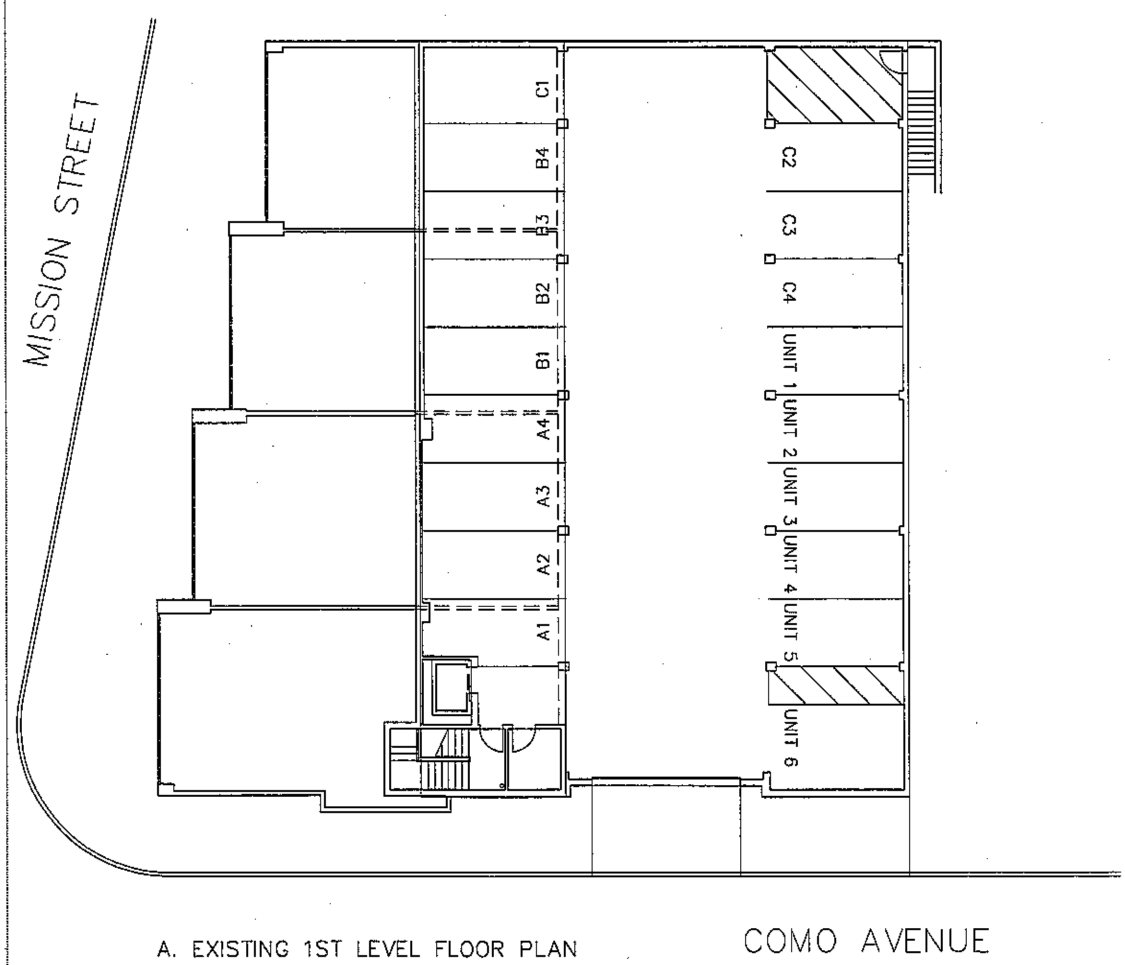
6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	1/A1	1/16"=1'-0"

COMMENT:
EXISTING 1ST LEVEL FLOOR PLAN

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA

1ST FLOOR: (REATIL & OFFICE)	4,765 SF
1ST FLOOR: (PARKING SPACE)	6,515 SF



A. EXISTING 1ST LEVEL FLOOR PLAN
6755 MISSION STREET, DALY CITY, CA 94014

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

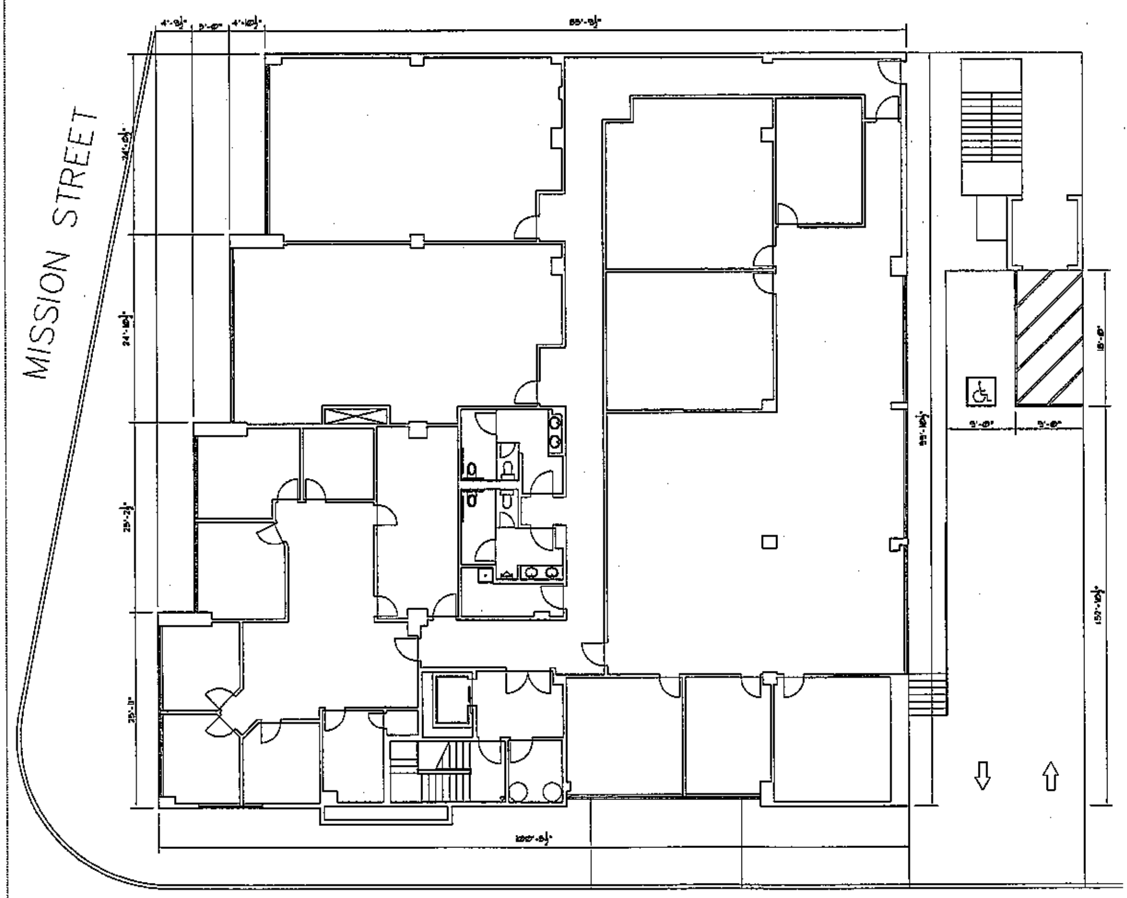
6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	2/A1	1/16"=1'-0"

COMMENT:
EXISTING 2ND LEVEL FLOOR PLAN & SITE PLAN

2ND FLOOR: (OFFICE) 9,346 SF



COMO AVENUE

B. EXISTING 2ND LEVEL FLOOR PLAN
6755 MISSION STREET, DALY CITY, CA 94014

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

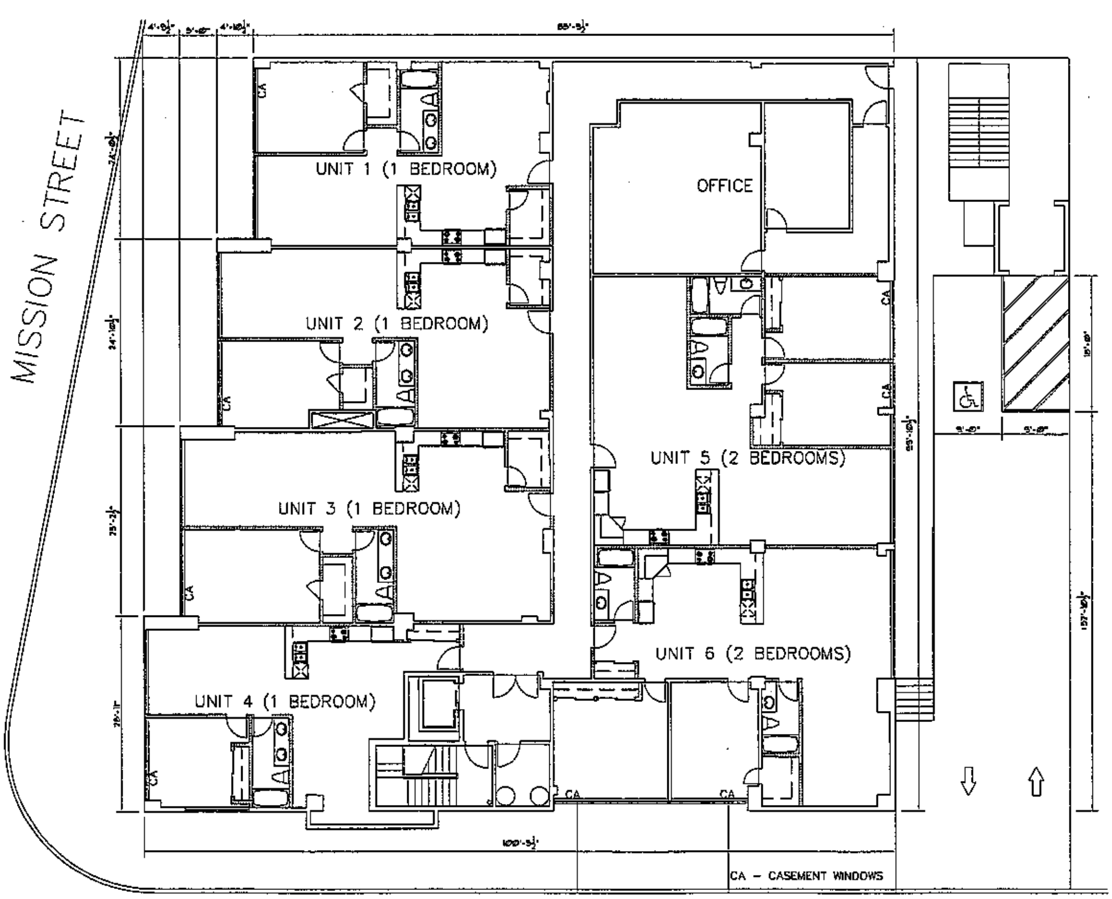
6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	3/A1	1/16"=1'-0"

COMMENT:
PROPOSED 2ND LEVEL FLOOR PLAN & SITE PLAN

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA

2ND FLOOR: (OFFICE)	1,183 SF		
2ND FLOOR: (RESIDENTIAL: 6 UNITS)	8,153 SF	(4) 1 BEDROOM (2) 2 BEDROOMS	



D. PROPOSED 2ND LEVEL FLOOR PLAN
6755 MISSION STREET, DALY CITY, CA 94014

COMO AVENUE

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

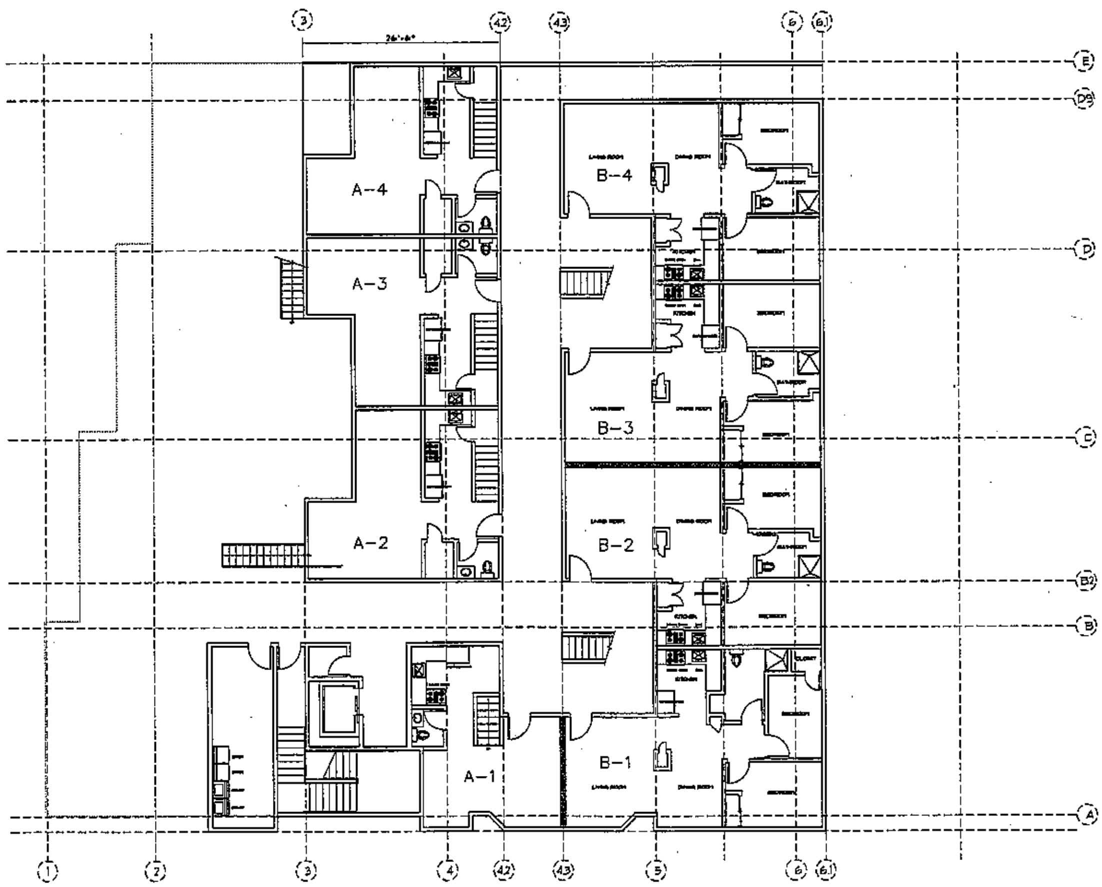
DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	4/A1	1/16"=1'-0"

COMMENT:
EXISTING 3RD LEVEL FLOOR PLAN

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA

3RD FLOOR: (RESIDENTIAL: 8 UNITS) - SF

(A-1 - A-3) -2 BEDROOMS
A-4 -2 BEDROOMS
(B-1 - B-3) -2 BEDROOMS
B-4 -2 BEDROOMS



E. EXISTING 3RD LEVEL FLOOR PLAN
6755 MISSION STREET, DALY CITY, CA 94014

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

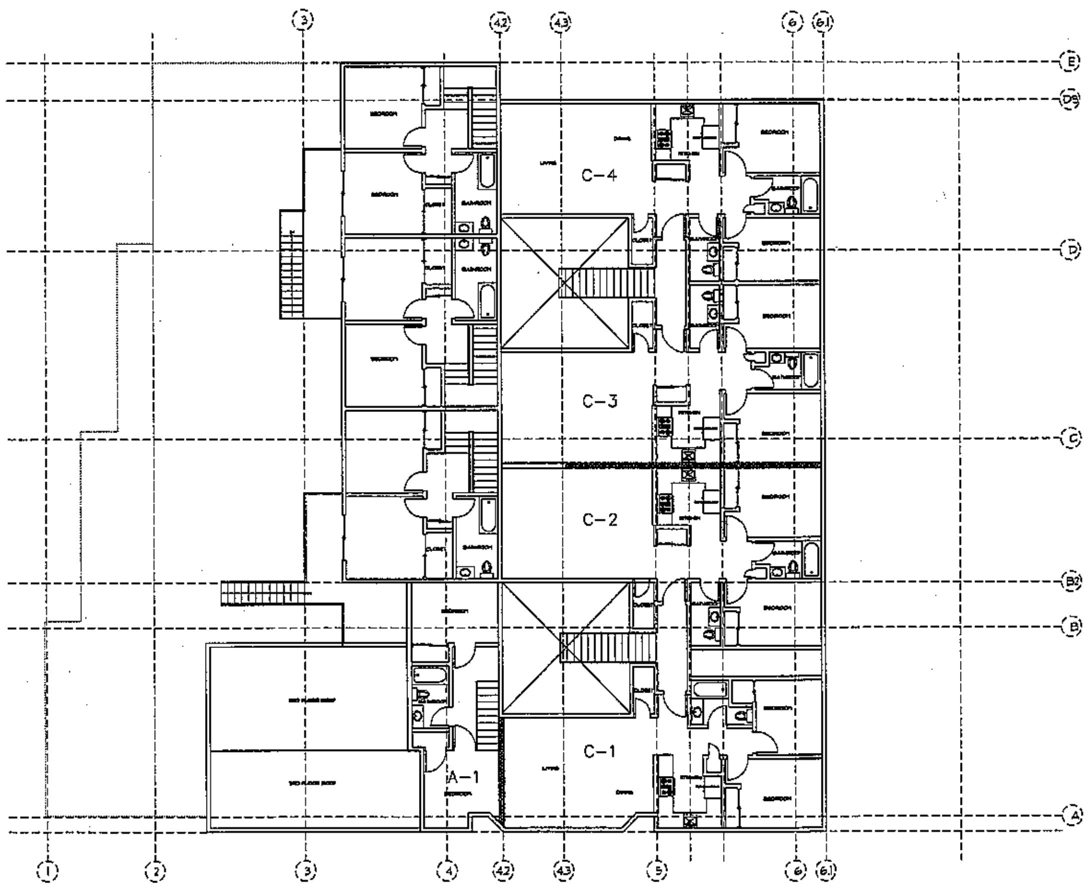
DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	5/A1	1/16"=1'-0"

COMMENT:
EXISTING 4TH LEVEL FLOOR PLAN

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA

4TH FLOOR: (RESIDENTIAL: 4 UNITS) – SF

C-1 –2 BEDROOMS
(C-2 – C-4) –2 BEDROOMS



F. EXISTING 4TH LEVEL FLOOR PLAN
6755 MISSION STREET, DALY CITY, CA 94014

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

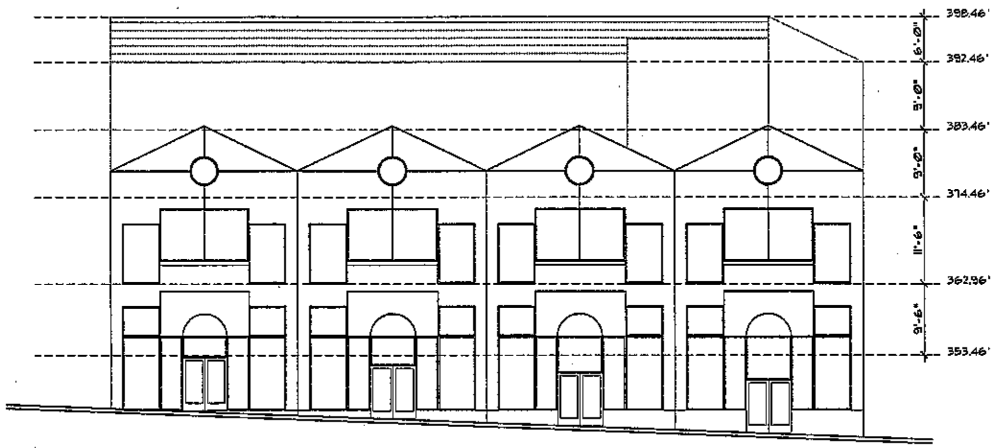
DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:	
HAU-CHING	HAU-CHING	Mar. 10, 2011	6/A1	1/16"=1'-0"	

COMMENT:

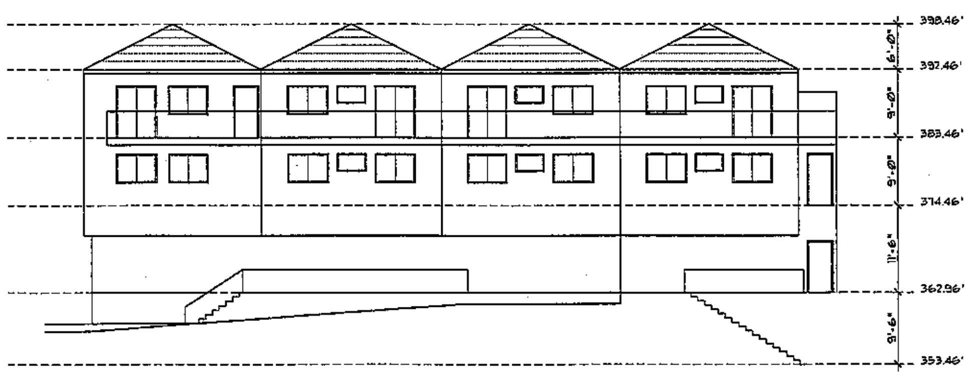
EXISTING FRONT & REAR ELEVATIONS

* KEEP ALL (E) EXTERIOR STUCCO & COLOR.
* REPLACE (E) FIX WINDOWS TO CASEMENT WINDOW @ BEDROOMS
* REPAIR (E) EXTERIOR STUCCO WHILE REPLACING THE WINDOWS.
* ALL MATERIAL AND COLOR TO MATCH EXISTING.

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA



A. EXISTING FRONT ELEVATION (WEST)
6755 MISSION STREET, DALY CITY, CA 94014



B. EXISTING REAR ELEVATION (EAST
6755 MISSION STREET, DALY CITY, CA 94014

LHC ARCHITECTURE DESIGN
Architecture . Planning . Site Development
HAU-CHING LIAO

13937 LYNDE AVENUE
SARATOGA, CALIFORNIA 95070
TEL: (408) 483-1965
FAX: (408) 867-9331

DESIGN BULLETIN #1

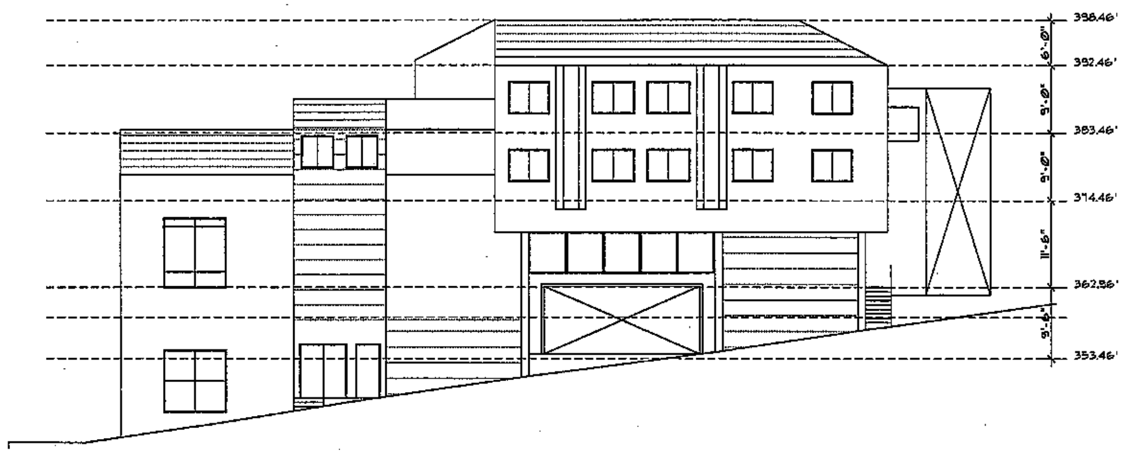
6755 MISSION STREET
CONVERTING OFFICE TO APARTMENT

6755 MISSION STREET
DALY CITY, CALIFORNIA 94014
(415) 760-9070

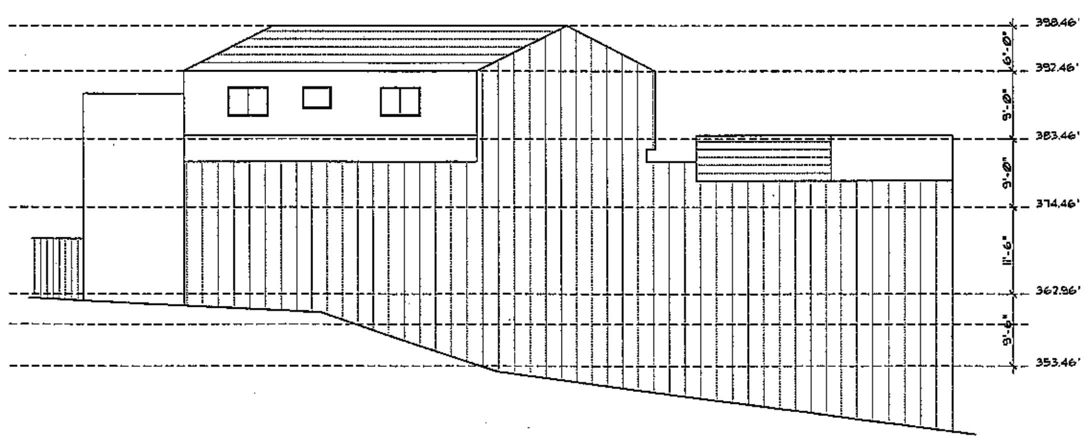
DREW BY:	CHECKD BY:	DATE:	DWG NO:	SCALE:
HAU-CHING	HAU-CHING	Mar. 10, 2011	7/A1	1/16"=1'-0"

COMMENT:
EXISTING SIDE ELEVATIONS

LICENSED ARCHITECT
HAU-CHING LIAO
C-28947
RENEWAL: 10-31-
STATE OF CALIFORNIA



C. EXISTING RIGHT ELEVATION (SOUTH)
6755 MISSION STREET, DALY CITY, CA 94014



D. EXISTING LEFT ELEVATION (NORTH)
6755 MISSION STREET, DALY CITY, CA 94014

Site Photos

City Council Meeting Agenda Report

Item #_____

Meeting Date: September 10, 2012

Subject: **Approval of Written Response to the 2011-2012 San Mateo County Civil Grand Jury Report: Does San Mateo County Need 13 Separate Police Dispatch Centers**

Recommended Action

It is recommended the City Council review and provide final direction on the attached draft written response to the 2011-2012 Civil Grand Jury Report referenced above and authorize the City Manager to transmit the approved correspondence to the Presiding Judge of the Superior Court as requested.

Background

In July of this year the San Mateo County Civil Grand Jury issued the report identified above which pertains to whether or not there exists the need to operate 13 separate dispatch centers in the County. The Presiding Judge, Honorable Beth Labson Freeman, requested a written response to this report.

Discussion/Conclusion

Following a public presentation and review of the attached draft response, the City Council should provide final direction on the draft. Subsequently, the draft response will be finalized and transmitted to the Superior Court as requested. In addition, the final response will be placed on the San Mateo County Civil Grand Jury website and a copy will be filed in the Daly City Office of the City Clerk.

It is recommended the City Council review, provide final direction on the attached draft response, and authorize the City Manager to submit the approved response as outlined above.

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

Respectfully submitted,

Patricia E. Martel
City Manager

Attachment: City's Draft Response to the Grand Jury Findings and Recommendations

August 28, 2012

Honorable Beth Labson Freeman
Presiding Judge of the Superior Court
San Mateo County Hall of Justice
400 County Center
Redwood City, CA 94063

Re: Does San Mateo County Need 13 Separate Police Dispatch Centers?

Dear Judge Freeman,

On behalf of the City Council of Daly City, I have been requested to submit for the City the following responses to the Civil Grand Jury findings and recommendations pertaining to the above referenced report:

1. The City neither agrees nor disagrees that in San Mateo County there are 15 different fire departments or districts, all of which use the Public Safety Communications Center for dispatch. The City agrees that the Redwood City Fire Station on Marshall Street is the back-up facility for fire dispatch.

2. The City agrees there are 16 Police Departments in the County, including the San Mateo County Sheriff.

3. The City neither agrees nor disagrees that the number of police dispatch centers in the County has been reduced from 22 to 13 over the last 12 years.

4. The City neither agrees nor disagrees with the finding that of those cities operating their own dispatch centers, the average cost per call is $30.04, and that those cities contracting out dispatch the average cost per call is $18.45. The City neither agrees nor disagrees that some of the cost difference is due to the fact that dispatchers in many cities perform additional duties while cities that contract out are just paying for dispatch services.
5. The City neither agrees nor disagrees that Pacifica and San Carlos each realized large cost savings when they contracted with other cities for police dispatch. The City neither agrees nor disagrees that these savings taken together with the low cost per call noted above for cities contracting out dispatch, demonstrate that consolidation of police dispatch represents a significant cost reduction opportunity for cities with standalone police dispatch function.

6. The City agrees that some municipal police dispatch centers have only one dispatcher on duty at certain times, and that some have a minimum of two.

7. The City partially disagrees with the finding that larger police dispatch centers have dedicated dispatch teams, not distracted by tangential responsibilities, and tend to provide better training programs for the intense dispatch job. All Public Safety Dispatchers are trained per Peace Officer Standards and Training guidelines, and receive additional professional training every two years per those guidelines.

8. The City neither agrees nor disagrees that the PSC has a minimum of nine dispatchers on duty at all times, as it concerns the San Mateo County Public Safety Communications Center.

9. The City agrees there is no back-up for the law enforcement dispatch portion of the PSC, even though the PSC itself is a back-up center for other police dispatch centers in the County.

10. The City partially agrees that no single dispatch site is currently available that can handle all police dispatch. Several dispatch centers, including South San Francisco, the City of San Mateo, Redwood City, Menlo Park and the PSC, have facilities with the capacity to expand to provide police dispatch services to additional jurisdictions. The Daly City Police Department has the capacity to expand and provide police dispatch services to additional jurisdictions.

11. The City neither agrees nor disagrees that the County Sheriff owns, and the PSC operates, the "Green Channel" (a proprietary radio communications channel) which enables interoperability across all law enforcement departments, and through which mutual aid from emergency-response agencies is achieved.

12. The City neither agrees nor disagrees that all those interviewed believe that dispatch consolidation is beneficial, and most of those interviewed believe the County should have more than one dispatch center.

13. The City neither agrees nor disagrees that the factors that hinder consolidation include the perceived need for local dispatchers, the fact that some dispatchers also have other responsibilities, the incompatibility of equipment, and differences in the levels of service offered by various police departments. The City neither agrees nor disagrees that Grand Jury interviews revealed that cities that have completed consolidation of police dispatch have found these issues manageable.

14. The City neither agrees nor disagrees that elected officials in some cities have been reluctant to consolidate police dispatch. The City Council of Daly City has directed the City Manager to work with other San Mateo County Managers on a feasibility study regarding consolidation of police dispatch services.

15. The City neither agrees nor disagrees that all cities that have outsourced police dispatch services, either to other cities or the County, pay considerably less for dispatch services without degradation of service.

As to each Grand Jury recommendation related to the referenced report, the City offers the following responses:

1. The City has implemented the recommendation that no city have fewer than two dispatchers on duty at any one time. At the direction of the City Council, the City Manager continues to work with other City Managers on a feasibility study regarding consolidation of police dispatch services.

2. The City has implemented the recommendation that City Council members take a leadership role on behalf of their constituents to drive consolidation of police dispatch across the County. The City Council of Daly City has directed the City Manager to work with other San Mateo County Managers on a feasibility study regarding consolidation of police dispatch services.

The final Grand Jury recommendation is directed to the County Board of Supervisors. It recommends the County Board of Supervisors direct the County Office of Public Safety Communications to develop an arrangement with another facility for back-up of its law enforcement dispatch functions.

The City of Daly City appreciates the opportunity to provide written responses to the San Mateo County Civil Grand Jury Report on whether or not San Mateo County needs 13 separate police dispatch centers. The City Council of Daly City approved the responses contained herein on September 10, 2012.

Should you or the Grand Jury require any additional information, please contact me directly at (650) 991-8127.

Very truly yours,

Patricia E. Martel
City Manager

c: City Council
Annette Hipona, City Clerk
Rose Zimmerman, City Attorney

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

Subject: Authorizing the Issuance and Sale of Water Revenue Refunding Bonds

Recommended Action

Authorize issuance of the Refunding Bonds in the maximum amount of $8,000,000 and the refinancing of the 2004 Water Fund Certificates of Participation, authorize staff including the City Manager and Director of Finance and Administrative Services to execute documents necessary to accomplish the refinancing, and approve the following documents:

Preliminary Offering Statement

Notice of Intention to Sell

Official Notice of Sale

Indenture of Trust with U.S. Bank National Association as Trustee

Escrow Agreement with the Bank of New York Mellon Trust Company, N.A.

Background

In 2004 the City, through the Daly City Pubic Facilities Financing Agency, issued $9,860,000 in Certificates of Participation to finance capacity improvements in the Bayshore Area of Daly City. Projects undertaken to provide system redundancy and improve fire flow included the replacement of a reservoir with one of higher capacity, a new water pump station, pipeline upgrades and an additional interconnect with the City of Brisbane to tie in with SFPUC supplies.

Discussion

Due to favorable interest rates and the increased availability of debt financing for municipalities it is now possible to refinance the existing debt in order to reduce interest costs. Average coupon on the existing debt is approximately 4.7%. Net true interest cost on the new bonds is anticipated to be approximately 2.5%, yielding an expected savings over the remaining life of the new bonds of in excess $750,000, subject to the bond rating and interest rates on the date of sale.

Final maturity of 2024 is expected to be unchanged. Although the resolution will allow for an issuance up to $8 million, total of the Refunding Bonds should be approximately $7 million, which may vary if a bond reserve fund is necessary to help obtain a lower interest rate.

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

Respectfully submitted,

Donald W. McVey
Director of Finance and Administrative Services

Patrick Sweetland
Director of Water and Wastewater Resources

Attachments:
- Authorizing Resolution
- Preliminary Offering Statement
- Notice of Intention to Sell
- Official Notice of Sale
- Indenture of Trust
- Escrow Agreement

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER __, 2012

8-24-12 JONES HALL DRAFT

NEW ISSUE **RATINGS: S&P: "____"**
FULL BOOK ENTRY

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to certain qualifications described herein, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on certain corporations, such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, such interest is exempt from California personal income taxes. See "TAX MATTERS."

$________*
CITY OF DALY CITY
2012 WATER REVENUE REFUNDING BONDS
(BANK QUALIFIED)

Dated: Date of Delivery **Due: June 1, as shown below**

The captioned bonds (the "Bonds") are being issued by the City of Daly City (the "City") under an Indenture of Trust dated as of September 1, 2012 (the "Indenture") between the City and U.S. Bank National Association, San Francisco, California, as trustee (the "Trustee"). Proceeds of the Bonds will be used to (i) refinance an existing installment payment obligation of the City[, (ii) fund a debt service reserve fund for the Bonds,] and (iii) pay the costs of issuing the Bonds.

The Bonds will be delivered as fully registered bonds, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC"), and will be available to ultimate purchasers ("Beneficial Owners") in the denomination of $5,000 or any integral multiple thereof, under the book-entry system maintained by DTC. Beneficial Owners will not be entitled to receive delivery of certificates representing their ownership interest in the Bonds. Interest on the Bonds is payable on June 1 and December 1 of each year, commencing June 1, 2012, by the Trustee to DTC for subsequent disbursement to DTC participants, so long as DTC or its nominee remains the registered owner of the Bonds.

The Bonds are not subject to redemption prior to maturity. See "THE BONDS – No Early Redemption."

The Bonds are special obligations of the City and are payable exclusively from Net Revenues (as defined in this Official Statement) of the City's water system (the "Water System") and from amounts on deposit in certain funds and accounts established under the Indenture. Under the Indenture, the City may incur additional debt secured by Net Revenues on a parity with the Bonds, provided that the conditions set forth in the Indenture are met. See "RISK FACTORS" and "SECURITY FOR THE BONDS – Parity Debt."

THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS ARE PAYABLE SOLELY FROM NET REVENUES PLEDGED BY THE CITY FROM THE CITY'S WATER SYSTEM AND AMOUNTS IN CERTAIN FUNDS AND ACCOUNTS HELD UNDER THE INDENTURE.

This cover page contains certain information for quick reference only. It is not intended to be a summary of all factors relating to an investment in the Bonds. Investors should review the entire Official Statement before making any investment decision.

MATURITY SCHEDULE

(See inside cover)

The Bonds will be offered at a competitive sale to be held on [September 19, 2012], as set forth in greater detail in the Notice of Sale. The Bonds are offered when, as and if issued, and accepted by the Underwriter, subject to approval as to legality by Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, and subject to certain other conditions. Jones Hall is also acting as Disclosure Counsel to the City. It is anticipated that the Bonds will be available for delivery in book-entry form on or about October __, 2012

Dated: September __, 2012

---

* Preliminary; subject to change.

MATURITY SCHEDULE

Base CUSIP†: _______

Maturity (June 1)	Principal Amount	Interest Rate	Yield	CUSIP† Number
2013				
2014				
2015				
2016				
2017				
2018				
2019				
2020				
2021				
2022				
2023				
2024				
[2025]				

GENERAL INFORMATION ABOUT THIS OFFICIAL STATEMENT

***No Offering May Be Made Except by this Official Statement**.* No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations with respect to the Bonds other than as contained in this Official Statement, and if given or made, such other information or representation must not be relied upon as having been authorized.

***No Unlawful Offers or Solicitations**.* This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy in any state in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

Effective Date. This Official Statement speaks only as of its date, and the information and expressions of opinion contained in this Official Statement are subject to change without notice. Neither the delivery of this Official Statement nor any sale of the Bonds will, under any circumstances, create any implication that there has been no change in the affairs of the City or any other parties described in this Official Statement.

Use of this Official Statement. This Official Statement is submitted in connection with the sale of the Bonds referred to in this Official Statement and may not be reproduced or used, in whole or in part, for any other purpose. This Official Statement is not a contract with the purchasers of the Bonds.

Preparation of this Official Statement. The information contained in this Official Statement has been obtained from sources that are believed to be reliable, but this information is not guaranteed as to accuracy or completeness.

The Underwriter has provided the following sentence for inclusion in this Official Statement: The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Document References and Summaries. All references to and summaries of the Indenture, the Installment Purchase Agreement or other documents contained in this Official Statement are subject to the provisions of those documents and do not purport to be complete statements of those documents.

Bonds are Exempt from Securities Laws Registration. The issuance and sale of the Bonds have not been registered under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, in reliance upon exemptions for the issuance and sale of municipal securities provided under Section 3(a)(2) of the Securities Act of 1933 and Section 3(a)(12) of the Securities Exchange Act of 1934.

***Stabilization of Prices*.** In connection with this offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriter may offer and sell the Bonds to certain dealers and others at prices lower than the public offering prices set forth on the cover page hereof and said public offering prices may be changed from time to time by the Underwriter.

Estimates and Projections. Certain statements included or incorporated by reference in this Official Statement constitute "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words.

THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE CITY DOES NOT PLAN TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED OCCUR.

***Website*.** The City maintains a website. However, the information presented on the website is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Bonds.

CITY OF DALY CITY

CITY COUNCIL

Gonzalo “Sal” Torres, *Mayor*
Raymond A. Buenaventura, *Vice Mayor*
David J. Canepa, *Council Member*
Michael P. Guingona, *Council Member*
Carol L. Klatt, *Council Member*

CITY OFFICIALS

Patricia E. Martel, *City Manager*
Rose Zimmerman, *City Attorney*
Anthony Zidich, *City Treasurer*
K. Annette Hipona, *City Clerk*
Donald W. McVey, *Director of Finance and Administrative Services*
Patrick Sweetland, *Director of Water and Wastewater Resources*

BOND RELATED SERVICES

Financial Advisor

KNN Public Finance,
A Division of Zions First National Bank
Oakland, California

Bond and Disclosure Counsel

Jones Hall, A Professional Law Corporation
San Francisco, California

Trustee

U.S. Bank National Association
San Francisco, California

Escrow Agent

The Bank of New York Mellon Trust Company, N.A.
San Francisco, California

TABLE OF CONTENTS

Map

OFFICIAL STATEMENT

$________
CITY OF DALY CITY
2012 WATER REVENUE REFUNDING BONDS

INTRODUCTION

*This Official Statement, including the cover page and appendices, is provided to furnish information in connection with the sale by the City of Daly City (the "**City**") of its 2012 Water Revenue Refunding Bonds (the "**Bonds**"). This Introduction contains a brief summary of certain information contained in this Official Statement. It is not intended to be complete and is qualified by the more detailed information contained elsewhere in this Official Statement. Definitions of certain terms used in this Official Statement are set forth in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."*

Authority for Issuance. The Bonds are being issued under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (the "**Bond Law**") and an Indenture of Trust (the "**Indenture**") dated as of September 1, 2012, between the City and U.S. Bank National Association, San Francisco, California, as trustee (the "**Trustee**").

Use of Proceeds. The proceeds of the Bonds will be used to (i) prepay an existing installment payment obligation of the City[, (ii) fund a debt service reserve fund for the Bonds,] and (iii) pay the costs of issuing the Bonds. See "REFINANCING PLAN."

Security for the Bonds. The Bonds will be payable from and secured by Net Revenues (as defined in this Official Statement) derived from the operation of the City's Water System (the "**Water System**"). See "SECURITY FOR THE BONDS."

Rate Covenant. In the Indenture, the City covenants to fix, prescribe, revise and collect rates, fees and charges to generate sufficient Net Revenues to pay debt service on the Bonds. See "SECURITY FOR THE BONDS - Rate Covenant; Collection of Rates and Charges."

Parity Debt. The City is authorized to incur additional obligations payable from Net Revenues on a parity basis with the Bonds. See "SECURITY FOR THE BONDS – Parity Debt."

Limited Obligation. Neither the Bonds nor the obligation to pay principal of or interest thereon constitutes a debt, obligation or liability of the City, the State of California or any of its political subdivisions within the meaning of any Constitutional limitation on indebtedness, or a pledge of the full faith and credit of the City. The Bonds are secured solely by the pledge of Net

Revenues by the City and certain funds held under the Indenture. The Bonds are not secured by a pledge of the taxing power of the City.

Risk Factors. The purchase of the Bonds involves certain risks. For a description of some of these risks, see "RISK FACTORS."

The City. The City is located in San Mateo County, and is the neighboring city to the south of the City and County of San Francisco. The City was first incorporated in 1911. As of January 1, 2012, the City was estimated to have a population of 102,593 persons.

For selected financial, economic and demographic information about the City, see "APPENDIX C - CITY OF DALY CITY GENERAL INFORMATION." The City's audited financial statements for the fiscal year ended June 30, 2011 are attached as Appendix A.

Definitive Statement. All descriptions and summaries of various documents in this Official Statement do not purport to be comprehensive or definitive, and reference is made to each document for complete details of all terms and conditions. All statements in this Official Statement are qualified in their entirety by reference to each document. Certain capitalized terms used in this Official Statement and not defined in this Official Statement have the meaning given them in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE."

REFINANCING PLAN

Prepayment of 2004 Installment Payments and Defeasance of Related 2004 Certificates of Participation

2004 Installment Payments. The City and the Daly City Public Facilities Financing Corporation previously entered into an Installment Sale Agreement, dated as of June 1, 2004 (the "**2004 Installment Sale Agreement**"), under which the City agreed to pay semiannual installment payments in the aggregate principal amount of $9,860,000 (the "**2004 Installment Payments**"). The 2004 Installment Payments were certificated and the City caused execution and delivery of its $9,860,000 Certificates of Participation (2004 Water Utility Projects) (the "2004 Certificates"). The proceeds of the 2004 Certificates were used to finance acquisition of improvements to the Water System.

Prepayment Rights. Under the 2004 Installment Sale Agreement, the City has the right to prepay the 2004 Installment Payments on any date, without premium.

The 2004 Certificates are subject to prepayment on any date at a prepayment price equal to the outstanding principal amount of the 2004 Certificates, plus accrued interest through the prepayment date, without a prepayment premium.

Proposed Refinancing. On the date of issuance of the Bonds (the "**Closing Date**"), the City will cause to be transferred to U.S. Bank National Association, as trustee for the 2004 Certificates (the "**Escrow Agent**"), for deposit into an escrow fund (the "**Escrow Fund**"), an amount sufficient to defease the 2004 Installment Payments and the 2004 Certificates, assuming no investment earnings. The Escrow Agent will invest a portion of the amounts deposited in the Escrow Fund in federal securities. All amounts held in the Escrow Fund will be approximately 30 days after the Closing Date to prepay the 2004 Installment Payments and pay the prepayment price for the 2004 Certificates.

The 2004 Certificates to be prepaid are identified below:

Maturity Date	Initial Principal Amount	Outstanding Principal Amount	CUSIP† Number
2013	$445,000		
2014	460,000		
2015	480,000		
2016	500,000		
2017	520,000		
2018	545,000		
2019	570,000		
2020	595,000		
2021	625,000		
2022	655,000		
2023	685,000		
2024	720,000		

The amounts held and invested by the Escrow Agent in the Escrow Fund are pledged solely to the payment of the 2004 Installment Payments and the 2004 Certificates. Neither the funds deposited in the Escrow Fund nor the interest on the invested funds will be available for the payment of debt service on the Bonds.

Estimated Sources and Uses of Funds

The anticipated sources and uses of funds relating to the Bonds are as follows:

Sources:

Principal Amount of the Bonds
Plus Net Original Issue Premium
Plus Amounts Available From 2004 Certificates
Total Sources:

Uses:

Transfer to Escrow Agent
Costs of Issuance (1)
[Deposit to Reserve Fund]
Total Uses:

1) Includes Underwriter's discount, Trustee and Escrow fees, Financial Advisor fees, Bond Counsel and Disclosure Counsel fees, printing costs, rating agency fees and other related costs.

Debt Service Schedule

Scheduled debt service on the Bonds is shown in the following table.

CITY OF DALY CITY
2012 Water Revenue Refunding Bonds
Debt Service Schedule

Bond Year Ending June 1	Principal Amount	Interest Amount	Total
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
[2025]			
Total			

THE BONDS

Description

The Bonds will be dated their date of issuance and delivery, will bear interest at the rates per annum set forth on the inside cover page hereof payable semiannually on June 1 and December 1 (each, an "**Interest Payment Date**"), commencing December 1, 2012, and will mature on the dates and in the amounts set forth on the inside cover page. The Bonds will be issued in denominations of $5,000 or any integral multiple thereof, so long as no Bond may have more than one maturity date. The Bonds will be issued only as one fully registered Bond for each maturity, in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("**DTC**"), as registered owner of all Bonds. See "APPENDIX F - BOOK-ENTRY ONLY SYSTEM" below. Ownership may be changed only upon the registration books maintained by U.S. Bank National Association (the "**Trustee**") as provided in the Indenture. See the discussion under "Transfer and Exchange" below.

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a Bond is authenticated between an Interest Payment Date and the 15th calendar day of the month immediately preceding such Interest Payment Date (each, a "**Record Date**"), in which event it will bear interest from such Interest Payment Date,

(b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the date of original delivery of the Bonds, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest on the Bonds (including the final interest payment upon maturity) is payable when due by check or draft of the Trustee mailed to the Owner thereof at such Owner's address as it appears on the Registration Books at the close of business on the preceding Record Date; provided that at the written request of the Owner of at least $1,000,000 aggregate principal amount of Bonds, which written request is on file with the Trustee as of any Record Date, interest on such Bonds will be paid on the succeeding Interest Payment Date to such account in the United States as specified in such written request.

While the Bonds are held in the book-entry only system of DTC, all such payments will be made to Cede & Co., as the registered Owner of the Bonds. The principal of the Bonds and any premium upon redemption, are payable in lawful money of the United States of America upon presentation and surrender thereof at the principal corporate trust office of the Trustee. See "APPENDIX F – BOOK ENTRY ONLY SYSTEM."

No Early Redemption

The Bonds are not subject to redemption prior to their respective stated maturities.

Transfer and Exchange

So long as the Bonds are registered in the name of Cede & Co., as nominee of DTC, transfers and exchanges of Bonds will be made in accordance with DTC procedures. See "Appendix F" below. Any Bond may, in accordance with its terms, be transferred, upon the registration books of the Trustee, upon surrender of such Bond to the Trustee at its Principal Corporate Trust Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. Whenever any Bond or Bonds is surrendered for registration of transfer, the City will execute and the Trustee will authenticate and deliver a new Bond or Bonds, of like series, interest rate, maturity and principal amount of authorized denomination. The Trustee may refuse to transfer, either (a) any Bonds during the period 15 days prior to the date established by the Trustee for the selection of Bonds for redemption, or (b) any Bonds selected by the Trustee for redemption.

SECURITY FOR THE BONDS

Pledge of Net Revenues; Net Revenues

Pledge of Net Revenues. The Bonds and any Parity Debt are secured by a first pledge of all of the Net Revenues. In addition, the Bonds are secured by a pledge of all of the moneys in the Debt Service Fund [and the Reserve Fund], including all amounts derived from the investment of such moneys.

So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by the Indenture.

Definition of Net Revenues. Set forth below are the definitions of certain terms used in the Indenture:

"**Net Revenues**" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"***Gross Revenues***" means all gross income and revenue received by the City from the ownership and operation of the Water System, including, without limiting the generality of the foregoing:

(a) all amounts levied by the City as a fee for connecting to the Water System, as such fee is established from time to time under the applicable laws of the State of California;

(b) all income, rents, rates, fees, capital improvement fees (including facilities capacity and pump zone fees), charges or other moneys derived from the services, facilities and commodities sold, furnished or supplied through the facilities of the Water System,

(c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Water System,

(d) the proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Water System as permitted hereunder, and

(e) amounts transferred into the Water Fund from a Rate Stabilization Fund.

The term "Gross Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the City, (ii) the proceeds of any *ad valorem* property taxes levied to pay general obligation bond indebtedness of the City with respect to the Water System, (iii) special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System and (iv) amounts transferred from the Water Fund into the Rate Stabilization Fund during a fiscal year, but only to the extent that those amounts were included in Gross Revenues for that fiscal year.

"**Operation and Maintenance Costs**" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including but not limited to (a) costs of water and any other utilities, including the costs of electricity and other forms of energy supplied to the Water System, including any financing costs and debt service associated therewith, (b) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, (c) all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance.

"Operation and Maintenance Costs" do not include (i) administrative costs of the Bonds which the City is required to pay hereunder, (ii) payments of debt service on bonds, notes or other obligations issued by the City with respect to the Water System, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

Deposit and Transfer of Net Revenues

Flow of Funds. The City has previously established the Water Fund, which it will continue to hold and maintain for the purposes and uses set forth in the Indenture. The City will deposit all Gross Revenues in the Water Fund promptly upon receipt, and will apply amounts in the Water Fund solely for the uses and purposes set forth in the Indenture, for the uses and purposes set forth in the documents authorizing the issuance of Parity Debt. In addition to transfers which are required to be made for repayment of any Parity Debt, the City will withdraw amounts on deposit in the Water Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(i) Operation and Maintenance Costs. The City will apply amounts on deposit in the Water Fund to pay all Operation and Maintenance Costs when due.

(ii) Debt Service Fund. On or before the 3rd Business Day preceding each Interest Payment Date, so long as any Bonds remain outstanding, the City will withdraw from the Water Fund and pay to the Trustee for deposit into the Debt Service Fund (which the Trustee will establish and hold in trust pursuant to the Indenture) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date.

The Trustee will apply amounts in the Debt Service Fund solely for the purpose of (A) paying the interest on the Outstanding Bonds when due and payable, and (B) paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds, the Trustee will transfer any moneys remaining in the Debt Service Fund to the City for deposit into the Water Fund.

[(iii) Reserve Fund. If the amount on deposit in the Reserve Fund at any time falls below the Reserve Requirement (as such is defined below) due to a withdrawal of funds from the Reserve Fund, the Trustee will promptly notify the City of such fact and the City will promptly (A) withdraw the amount of such insufficiency from available Net Revenues on deposit in the Water Fund, and (B) transfer such amount to the Trustee for deposit in the Reserve Fund. No deposit need be made in the Reserve Fund so long as the balance therein at least equals the Reserve Requirement. If the amount on deposit in the Reserve Fund exceeds the Reserve Requirement, the Trustee will transfer such excess amount to the Debt Service Fund.

If the amounts on deposit in the Debt Service Fund on any Interest Payment Date are insufficient to pay the principal of and interest on the Bonds then coming due, the Trustee will withdraw the amount of such insufficiency from the Reserve Fund and transfer it to the Debt Service Fund. On the date on which all Bonds are retired, any moneys then on deposit in the Reserve Fund will be withdrawn by the Trustee and paid to the City.]

Other Uses of Water Fund. The City will manage, conserve and apply moneys in the Water Fund in such a manner that all deposits required to be made under the Indenture, and under any agreement, indenture of trust, resolution or other instrument authorizing the issuance of Parity Debt ("**Parity Debt Documents**"; see "Parity Debt" below), will be made at the times and in the amounts so required.

So long as no event of default has occurred and is continuing under and as defined in the Indenture, the City may at any time use and apply moneys in the Water Fund for any one or more of the following purposes:

(i) the payment of any subordinate obligations or any unsecured obligations;

(ii) the acquisition and construction of extensions and improvements to the Water System;

(iii) the redemption of any obligations of the City relating to the Water System; or

(iv) any other lawful purpose of the City relating to the Water System.

Rate Stabilization Fund

The City has the right at any time to establish a fund to be held by it and administered in accordance with the Indenture, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water Fund will constitute Gross Revenues for such Fiscal Year (except as otherwise provided in the Indenture), and will be applied for the purposes of the Water Fund. Amounts on deposit in a Rate Stabilization Fund will not be pledged to or otherwise secure the Bonds or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund will be withdrawn therefrom at least annually and accounted for as Gross Revenues in the Water Fund. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

[Reserve Fund

Initial Deposit; Reserve Requirement. In order to further secure the payment of principal of and interest on the Bonds, a portion of the Bond proceeds will be deposited into the Reserve Fund in an amount equal to the "**Reserve Requirement**."

"Reserve Requirement" is defined in the Indenture to mean an amount equal to 50% of Maximum Annual Debt Service on the Bonds and the Parity Debt that is secured by the Reserve Fund (as set forth in the Indenture); provided, that in no event shall the City, in connection with the issuance of Parity Debt secured by the Reserve Fund, be obligated to deposit an amount in the Reserve Fund that is in excess of the amount permitted by the applicable provisions of the Internal Revenue Code of 1986, as amended, to be deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, that in the event such amount of any deposit into the Reserve Fund is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt secured by the Reserve Fund, be increased only by the amount of such deposit.

"**Maximum Annual Debt Service**" is defined in the Indenture to mean, as of the date of any calculation, the maximum amount of debt service on the Outstanding Bonds and all outstanding Parity Debt for the current or any future Fiscal Year.

Uses of Money in the Reserve Fund. If the amounts on deposit in the Debt Service Fund on any Interest Payment Date are insufficient to pay the principal of and interest on the Bonds then coming due, the Trustee is required under the Indenture to withdraw the amount of such insufficiency from the Reserve Fund and transfer it to the Debt Service Fund. On the date on which all Bonds are retired, any moneys then on deposit in the Reserve Fund will be withdrawn by the Trustee and paid to the City.

Replenishment of the Reserve Fund. As described above, if at any time the amount on deposit in the Reserve Fund is less than the Reserve Requirement, the City is required to pay from Net Revenues to the Trustee the amount of such deficiency as provided in the Indenture. Any amounts on deposit in the Reserve Fund at any time in excess of the Reserve Requirement will be transferred by the Trustee to the Bond Fund.

Parity Debt. In connection with the issuance of any Parity Debt (see "— Parity Debt" below), the City may (*but is not required to*) deposit into the Reserve Fund an amount of funds required to increase the balance in the Reserve Fund and all accounts therein to an amount equal to the Reserve Requirement on the Bonds and all outstanding issues of Parity Debt which are secured by the Reserve Fund. In that event, amounts in the Reserve Fund will constitute a common reserve for the equal and proportionate security of the Bonds and all such issues of Parity Debt. Any deposit made under this paragraph may be made into one or more separate accounts within the Reserve Fund, all of which will be accounted for as part of a common reserve.]

Parity Debt

No Existing Parity Debt. Other than the 2004 Installment Payments, which will be prepaid with proceeds of the Bonds, the City has no other obligation that is secured by a pledge of Net Revenues.

Future Parity Debt. In addition to the Bonds, the City may issue any bonds, notes or other obligations ("**Parity Debt**") payable from Net Revenues on a parity with the Bonds, provided that certain conditions are satisfied, including, but not limited to, the following:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing; and

(b) The amount of Net Revenues as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements of the City are available or for any more recent consecutive 12-month period selected by the City, in either case verified by an Accountant or a Financial Consultant or shown in the audited financial statements of the City, plus at the option of the City any Additional Revenues, are at least equal to 125% of the amount of Maximum Annual Debt Service coming due and payable in the current or any future Fiscal Year with respect to the Bonds and all Parity Debt then outstanding (including the Parity Debt then proposed to be issued).

The documents pursuant to which Parity Debt is issued, executed or delivered shall state whether it is secured by amounts on deposit in the Reserve Fund.

The City is not obligated to fund a debt service reserve fund for the Parity Debt in connection with issuance of Parity Debt.

Rate Covenant; Collection of Rates and Charges

The City has made the following rate covenants in the Indenture.

Gross Revenues. The City will fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues (excluding any amounts transferred from a Rate Stabilization Fund) sufficient to pay the following amounts in the following order of priority:

(a) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(b) The principal of and interest on the Bonds and any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such interest is payable from proceeds of Parity Debt deposited for such purpose;

[(c) All amounts, if any, required to restore the balance in the Reserve Fund to the full amount of the Reserve Requirement; and]

(d) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

Net Revenues. The City is required to fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 125% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers into the Water Fund in such Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, and (b) any deposits into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Gross Revenues received by the City during that Fiscal Year.

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Insurance; Net Proceeds

The City will at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part must be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Water System will be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, will be applied to redeem the Bonds or any Parity Debt in accordance with this Indenture and the related Parity Debt Documents. The City will also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners of the Bonds.

All amounts collected from insurance against accident to or destruction of any portion of the Water System constitute Gross Revenues and must be used to repair, rebuild or replace such damaged or destroyed portion of the Water System or otherwise as permitted by the Indenture.

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THE CITY

General

The City of Daly City is a general law city that was incorporated in 1911. The City is located at the northern edge of San Mateo County (the "**County**"), adjacent to the southern boundary of the City and County of San Francisco and 45 miles north of San Jose. With a population of 102,593 as of January 1, 2012, the City is the largest city by population in the County, and there are approximately 7.6 square miles of substantially developed land included in the City's boundary. The City is considered the "Gateway to the Peninsula," as it is strategically placed directly south of San Francisco.

The City provides a full range of municipal services. These include police, fire, library, recreation and related social services, street construction and maintenance, traffic signalization and control, engineering, code enforcement, parks operations and maintenance, general administration, planning, and community development. The City also provides water services, sanitary sewer services, and a transfer station for solid waste under an enterprise fund system, with user fees covering the cost of providing the programs.

The City is served by the Bay Area Rapid Transit ("**BART**") system and is accessible by Interstate 280, U.S. 101 and several state highways. Daly City's BART stations are important transfer points for commuters en route to San Francisco from Peninsula locations and local neighborhoods. The City is located within close proximity to the San Francisco International Airport and the Ports of San Francisco and Redwood City. The City is also served by the Municipal Railway ("**MUNI**") of San Francisco and the San Mateo County Transit District ("**SAMTRANS**").

The City is part of the highly urbanized Peninsula, which consists of San Francisco, San Mateo, and Santa Clara counties. A highly skilled labor force, excellent transportation facilities, renowned educational institutions and available advanced research and development resources contribute to the area's economy. Six colleges or universities are within a ten-mile radius of the City, and 12 more are within a 50-mile radius. Less than 10% of the population is retired, and overall labor force participation is 52%.

Daly City is one of the most important retail shopping areas in the County. Daly City draws its shoppers from San Francisco and the neighboring communities of North San Mateo County. Two of the most successful regional and community shopping centers in the Bay Area, Serramonte Shopping Center and Westlake Shopping Center, are located in Daly City.

Serramonte Center, an 860,000 square foot regional shopping center located on Interstate 280, was constructed in the early 1970's by Suburban Realty Company. Serramonte Center is anchored by Macy's, Target and J.C. Penney's, and has over 140 other retail tenants. Serramonte Plaza, which is adjacent to Serramonte Center, is a mixed-use, office/retail project with Furniture Mart, Office Depot, Sports Authority and Ross as tenants.

Westlake Shopping Center, the first community shopping center in the Bay Area, has over 620,000 square feet of commercial space. This quality discount center is anchored by Burlington Coat Factory, Home Depot, Ross, Safeway, T.J. Maxx, Walgreens and Trader Joe's. Recent vacancy rates have been extremely low for these centers.

Population

The following table summarizes the populations of the City, the County and the State of California (the "**State**") in 1990, 2000 and from 2005 through 2012.

Table 1
CITY OF DALY CITY, SAN MATEO COUNTY AND STATE OF CALIFORNIA
Population Estimates
(As of January 1)

Year	City of Daly City	San Mateo County	State of California
1990(1)	92,088	649,623	29,758,213
2000(1)	103,625	707,163	33,873,086
2005	100,403	700,350	35,869,173
2006	100,010	699,347	36,116,202
2007	100,131	701,838	36,399,676
2008	100,156	707,820	36,704,375
2009	100,692	713,818	36,966,713
2010	101,235	718,614	37,223,900
2011	101,493	722,372	37,427,946
2012	102,593	729,443	37,678,563

(1) As of April 1.
Source: California Department of Finance.

Management

Incorporated on March 22, 1911, the City has a council-manager form of government. There are five council members who serve overlapping terms of four years, and the City Council, in turn, elects one of the council members to serve as Mayor each year. The City Council engages a City Manager and a City Attorney. The City Manager is the chief executive officer. It is the City Manager's responsibility to hire department heads for each of the City functions, to propose the annual budget, to coordinate and oversee all activities of the organization, and to implement the laws, policies, and budgets adopted by the City Council.

City Manager. Patricia E. Martel has served as the City Manager of the City since May 2005. As City Manager, Ms. Martel also serves as General Manager of the North San Mateo County Sanitation District. During more than twenty-five years working in local government, Ms. Martel has held executive management positions with several California municipalities including the cities of Inglewood, South San Francisco and Daly City (where she previously served as the Assistant City Manager from 1995-2001). In 2001, she was appointed by then-Mayor Willie L. Brown to serve as the General Manager of the SFPUC. The San Francisco Business Times acknowledged Ms. Martel's professional accomplishments in 2003, by naming her one of the 100 Most Influential Business Women in the Bay Area. In 2002, she was also cited among the Top 100 Women Business Leaders in the Bay Area by the business journal. A graduate of the University of Southern California, Martel holds a B.S. degree in Public Affairs and a Master's degree in Public Administration.

Director of Finance and Administrative Services. Donald W. McVey was appointed to as the City's Director of Finance and Administrative Services in 1987, after spending seven years with the international accounting firm of Deloitte Haskins and Sells in its San Francisco office. He has participated in a number of financings while working with the City, including a $64 million conduit debt issuance for a mobile home park and the first combined issuance of taxable pension obligation bonds in California. During each year of Mr. McVey's tenure the City has received the Certificate of Achievement in Financial Reporting for its Comprehensive Annual Financial Report from the Government Finance Officers Association, as well as the Award for Distinguished Budget Presentation continuously since 1991. He holds a Bachelor of Science degree in Business with a Concentration in Accounting from San Francisco State University, and is a Certified Public Accountant.

Budget Process

The City Council adopts a biennial operating budget, effective July 1 of each other year, for governmental and proprietary funds. The biennial budget serves as the foundation of the City's system of financial planning and control. City budgets are prepared on a basis consistent with generally accepted accounting principles.

City departments, including the Water System, are responsible for submitting draft budgets to the City Manager for review and development of the City-wide budget document. This preliminary budget is presented to the City Council by the City Manager and reviewed with the City Council during public budget study sessions. Changes as directed by the City Council are made and the budget is submitted for final adoption before July I, the beginning of the next budget year. Individual budgets for each of the two years covered by the biennial budget are appropriated separately. Departments, including the Water System, are responsible for managing within the City Council appropriated budget. Mid-budget amendments are normally necessary due to changes in economic conditions and other circumstances occurring during the first year of the biennial budget.

The City's budget for the Water System reflects water service charge rates as shown in Appendix G, which rates are tied to corresponding future Suburban Purchaser (as such is defined below) water rate adjustments, as those have been communicated to the City by the SFPUC (as such is defined below).

City Investments

The City invests its funds, including funds of the Water System, in accordance with the City's Investment Policy, which is subject to review and approval by the City Council. The purpose of the policy is to establish the investment objectives of safety, liquidity, and yield. The City's Investment Policy complies with the provisions of the California Government Code, Sections 53600 through 53659 (the authority governing investments for municipal governments in the State). The City Treasurer provides quarterly investments report to the City Manager and City Council within 30 days following the end of the quarter covered by the report.

According to the most recent report for the quarter ended June 30, 2012, the City had invested funds as set forth in the table below. As of June 30, 2012, the City's invested cash totaled $94,532,779. The weighted annual yield of the City's portfolio as of June 30, 2012 was 1.31%. The City's practice is to hold securities to maturity.

Table 2
CITY OF DALY CITY
Current Investments
(as of June 30, 2012)

Type of Investment	Amount	Percent of Total
LAIF	$3,920,841	4.0%
San Mateo County Inv. Pool	82,998,388	88.0
Certificates of Deposit	498,000	0.5
GNMA Securities	7,115,552	7.5
Total:	$94,532,781	100.0%

Source: City of Daly City.

Management and Operation of the Water System

The Water System is operated by the City on a self-supporting enterprise fund basis under the authority of the City Council. Operations of the Water System are under the supervision of the City's Director of Water and Wastewater Resources. Fourteen maintenance workers operate the City's six municipal wells and are responsible for the nine metered connections to the San Francisco Water Enterprise (as such is defined below).

Key Personnel. The Water System is managed by the following members of the City's staff:

Director of Water and Wastewater Resources. Patrick Sweetland has served as the City's Director of Water and Wastewater Resources since June 1996. Mr. Sweetland joined the City in March 1987, and he has advanced to successive, senior positions of responsibility and management, include serving as Project Coordinator of the City's $14.7 million wastewater treatment plant capacity expansion project, Supervisor of the City's Building Inspection Division, Public Works Management Analyst charged with coordinating the City's multi-fund capital improvement program, General Program Coordinator for the San Mateo County-wide NPDES Stormwater Program, Senior Management Analyst in the Office of the City Manager and Acting Director of the City's Department of Water and Wastewater Resources. During his tenure as Director of the Water System, Mr. Sweetland has also served as Project Manager on the Daly City Expansion Recycled Water Project (as such is defined below), and on the $11 million Bayshore Water System Improvement Program. He has further led efforts aimed at improved management of the Westside Basin (as such is defined below), including development of the first-ever coordinated groundwater pumping model. Mr. Sweetland has served as member and chair of the Bay Area Stormwater Management Association, member and president of the Bay Area Water Users Association, and member and chair of the San Francisco Public Utilities Revenue Bond Oversight Committee. Mr. Sweetland is the City's Water Representative to the BAWSCA (as such is defined below). Prior to joining Daly City, Mr. Sweetland was a legislative representative to Assemblyman Louis J. Papan. Mr. Sweetland holds a B.A. in Political Science from the University of California at Davis and an M.P.A. with a Public Management Option from California State University East Bay.

City Staff. The City currently employs approximately 500 full-time individuals, of whom 33 full-time equivalent work for the Water System. Employees of the City belong to one of four different labor unions or remain unrepresented.

The current status of the City's employment agreements is set forth below:

Organization	Status
A.F.S.C.M.E., Local 829	MOU Expires 6/30/2013
International Union of Operating Engineers/Sanitary Engineers Local 39	MOU Expires 8/31/2013
Plant Maintenance Association	MOU Expires 8/31/2013
Teamsters, Local 856 Clerical/Technical Bargaining Unit	MOU Expires 9/30/2012

As a result of the economic downturn, the City bargained for, and was successful in obtaining, wage concessions from three of the above labor groups equal to 3.7% of total compensation. It is anticipated that, when bargaining begins for the next memorandum of understanding with Teamsters Local 856, the same concessions will be sought from that labor group.

The Water System is responsible for paying a portion of the City's personnel costs. The City's fiscal year 2011-12 personnel costs totaled $71.9 million, of which $2.8 million (or 4%) was allocated to the Water System. See "THE CITY", above, for information about the City's pension obligations and post-retirement medical benefit obligations.

CALPERS Safety and Miscellaneous Employees Plans

All employees meeting membership requirements must participate in pension plans offered by the California Public Employees Retirement System ("**CALPERS**"), an agent multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees, and their beneficiaries. The City's employees participate in the separate Safety (police and fire) and Miscellaneous (all other) Employee Plans. Benefit provisions under the Plans are established by State statute and City resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CALPERS; the City must contribute these amounts. The Plans' provisions and benefits in effect at June 30, 2011, are summarized as follows:

	Safety	Miscellaneous	Redevelopment Agency Miscellaneous
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50	50	50
Benefits, as a % of annual salary for each credited service year	2.4%-3.0%	2.0%-3.0%	2.0%-2.7%
Required employee contribution rates	9%	8%	N/A
Required employer contribution rates	13.965%	14.484%	0%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the City's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this Method is the level amount the employer must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The City uses the actuarially determined percentages of payroll to calculate and pay contributions to CALPERS.

The City prepaid its pension contributions with proceeds from the 2004 Series A-1 Pension Obligation Bonds. These prepaid contributions are reflected in the City's financial statements as Prepaid CALPERS Pension Contributions which amounted to $27,070,755 at June 30, 2011. During fiscal 2011, the amortization of the prepayment amounted to $1,666,777. Annual Pension Costs, representing the amortization of Prepaid CALPERS Pension Contribution and payment of all contributions required by CALPERS, for the years ended June 30, 2011, 2010 and 2009 amounted to $8,400,169, $8,724,201 and $8,938,331, respectively. The City uses an internal service fund to accumulate the debt service payments required for the Pension Obligation Bonds, charging an internal contribution rate as a percent of payroll in addition to the required contribution rates shown above.

CALPERS uses the market related value method of valuing the Plan's assets. An investment rate of return of 7.75% has been assumed, including inflation 3.0%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payrolls on a closed basis over twenty years. Investment gains and losses are accumulated as they are realized and amortized over a rolling thirty-year period.

On March 14, 2012, the CALPERS Board of Directors voted to reduce its discount rate, which rate is attributable to its expected price inflation and its investment rate of return (net of administrative expenses), from 7.75% to 7.5%. As a result of such discount rate decrease, among other things, the amounts of CALPERS member public agency contributions will increase by 1 to 2% for Miscellaneous plans and 2 to 3% for Safety plans beginning Fiscal Year 2013-14. More information about the CALPERS discount rate adjustment can be accessed through CALPERS' web site at www.calpers.ca.gov/index.jsp?bc=/about/press/pr-2012/mar/discount-rate.xml. *The reference to this internet website is shown for reference and convenience only; the information contained within the website may not be current or accurate and has not been reviewed by the City and is not incorporated herein by reference.*

According to CALPERS, the adjustment described in the previous paragraph was undertaken in order to address significant underfunding of the CALPERS funds, which arose from significant losses incurred as a result of the economic crisis arising in 2008 and persists due to a slower than anticipated, subsequent economic recovery. CALPERS issued a press release on July 16, 2012, reporting a 1 percent return on investments for the 12 months that ended June 30, 2012, falling short of its benchmark that returned 1.7 percent. The City is unable to predict what the amounts of its liabilities with respect to contribution to its CALPERS Plans will be in the future.

The City's three-year historical pension cost trend information is presented below:

Fiscal Year Ended	Annual Pension Cost ("**APC**")	Percentage of APC Contributed	Net Pension Obligation
2010	$8,724,201	100%	--
2011	8,400,169	100	--
2012	9,979,478	100	--

The Plans' actuarial values (which differ from their market values) and funding progress over the past three years is set forth below:

Safety Plan:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll	Market Value of Assets
6/30/2008	$191,404,203	$188,515,152	$2,889,051	98.5%	$17,580,591	$16.4%	$192,713,706
6/30/2009	210,435,991	194,959,202	15,476,789	92.6	19,402,911	79.8	141,842,697
6/30/2010	221,203,261	201,602,330	19,600,931	91.1	19,942,876	98.3	156,740,530

Miscellaneous Plan:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	Unfunded (Overfunded) Liability as % of Payroll	Market Value of Assets
6/30/2008	$182,740,400	$172,711,867	$10,028,533	94.5%	$26,771,330	37.5%	$175,048,860
6/30/2009	208,250,652	182,540,015	25,710,637	87.7	29,297,750	87.8	132,942,733
6/30/2010	219,270,023	193,017,017	26,253,006	88.0	28,802,550	91.2	151,141,155

Effective July 1, 2005, the City's Miscellaneous Redevelopment Agency Plan was terminated, and this plan was required by CALPERS to join a new State-wide pool. One of the conditions of entry was that the City true-up any unfunded liabilities or overfunded assets in the former Plan, either by paying cash or by increasing or decreasing its future contribution rates through a Side Fund offered by CALPERS.

Post-Employment Benefits other than Pension

General. In April 2004, the GASB issued Statement No. 43, Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans. Statement No. 43 establishes uniform financial reporting standards for post-employment healthcare and other nonpension benefits ("**OPEB**") plans. The approach followed in Statement No. 43 is generally consistent with the approach adopted for defined benefit pension plans with modifications to reflect differences between pension plans and OPEB plans.

Subsequently, in June 2004, GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions, which addresses how state and local governments should account for and report their costs and obligations related to OPEB. Statement No. 45 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Statement No. 45's provisions may be applied prospectively and do not require governments to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability is required to be amortized over future periods. Statement No. 45 also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time.

City Plan Description. The City provides certain health care benefits for employees who retire directly from the City with at least five years of service with the City and who are vested in the CALPERS. The City participates in the CALPERS health care plan which is governed under the California Public Employees Health and Medical Care Act "“**PEMCHA**”). Required retiree medical plan contributions are also governed by PEMCHA for member agencies.

The City contributes up to a fixed dollar amount for retiree medical benefits, which varies by employee bargaining group and coverage level as governed by PEMCHA. Benefits continue for surviving spouses in amounts as required by PEMCHA. Should an eligible retiree opt out of the CalPERS medical plan, they will receive $ 120 to $ 125 per month in lieu of contributions to the CalPERS plan. As of June 30, 2011, approximately 347 retirees were eligible and were receiving retiree health care benefits from the City. There were approximately 499 active employees that, should they meet requirements, will be eligible to receive health care benefits upon retirement.

Funding Policy and Actuarial Assumptions. The annual required contribution (“**ARC**”) was determined as part of a January 1, 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included 4.50% investment rate of return, 3.25% projected annual salary increase, and 5% to 9.4% health cost inflation increases. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biennually as results are compared to past expectations and new estimates are made about the future. The City’s OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year amortization period for an initial June 30, 2008 Unfunded Accrued Actuarial Liability (“**UAAL**”), a 20 year amortization period for method assumptions and plan changes and 15 years for gains and losses, with a maximum of a 30 year combined period.

Funding Progress and Funded Status. In fiscal year 2012, the City made contributions toward the ARC and amortized its net OPEB obligation as presented below:

Net OPEB Liability at June 30, 2011	$5,381,499
Annual required contribution (ARC)	3,763,259
Interest on net OPEB obligation	247,557
Amortization of the net OPEB obligation	(417,253)
Net OPEB cost	3,593,563
Contributions made:	
City’s portion of current year premiums paid	(1,683,960)
Change in net OPEB Liability	1,909,603
Net OPEB Obligation June 30, 2011	$7,291,102

The Plan's annual required contributions and actual contributions for the past three years are set forth below:

Fiscal Year	Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2010	$3,255,440	$1,411,042	43%	$2,623,232
6/30/2011	3,400,194	1,641,927	48%	5,381,499
6/30/2012	3,593,563	1,683,960	47%	7,291,102

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the January 1, 2011 actuarial study is presented below:

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Overfunded (Underfunded) Actuarial Liability as Percentage of Covered Payroll
1/1/2009	$0	$38,226,000	($38,226,000)	0%	$47,798,000	-80%
1/1/2011	0	40,910,000	(40,910,000)	0%	45,974,000	-89%

Insurance Coverage.

The City is obligated under the Indenture to maintain certain insurance. See "SECURITY FOR THE BONDS, Insurance; Net Proceeds" and Note 10 in the Notes to Basic Financial Statements provided in "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2011" for additional information about the City's risk management practices.

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THE WATER SYSTEM

Service Area

The Water System serves an approximately 7.5 square mile area comprising the City and a small number of customers in sections outside the City. As of June 30, 2012, the City had approximately 22,868 connections. For fiscal year 2011-12, billings to residential customers comprised approximately 80.6% of total billings for the Water System. Commercial users consist primarily of retail stores and service businesses and represented 14.5% of revenue. Irrigation and other uses represented 4.9% of revenue in fiscal year 2011-12. The table below shows the number of connections by user category. The City anticipates small increases in volume usage over the next two fiscal years.

Table 3
CITY OF DALY CITY WATER SYSTEM
Number of Connections By User
(As of June 30, 2012)

Category	Number of Connections
Single Family Residential	18,699
Multi-Family Residential	3,027
Commercial	860
Hotels/Motels	21
Institutional	
Irrigation	260
Other	1
Total Connections	22,868

Source: City of Daly City

Water Supply

The City purchased approximately 54% of its water for fiscal year 2011-12 from the City and County of San Francisco ("**San Francisco**"), which maintains, operates and develops a water enterprise (the "**San Francisco Water Enterprise**") under its Public Utilities Commission of the City and County of San Francisco (the "**SFPUC**"). The remaining 46% of the City's water supply for fiscal year 2010-11 came from five of six active municipal wells.

San Francisco Water Enterprise

Information contained in this Official Statement regarding San Francisco, the San Francisco Water Enterprise and the SFPUC has been obtained from the SFPUC's most recent official statement prepared in connection with the issuance of its own bonds, which is dated July 18, 2012. ***Although the City believes the SFPUC's most recent official statement is the best source of information about the San Francisco Water Enterprise and the SFPUC, the City can provide no assurances as to the accuracy, completeness or timeliness of the SFPUC's official statements*. *The City encourages potential investors to review the SFPUC's most recent official statement in its entirety.*** The City has not requested nor did the City obtain permission from the SFPUC to include the information about it, San Francisco and the San Francisco Water Enterprise in this Official Statement. Accordingly, the SFPUC has not performed any review of this Official Statement.

More information about San Francisco, the San Francisco Water Enterprise and the SFPUC can be accessed through the SFPUC's web site at www.sfwater.org. *The reference to this internet website is shown for reference and convenience only, the information contained within the website may not be current or accurate and has not been reviewed by the City and is not incorporated herein by reference.*

General. Pursuant to State water law, the San Francisco Water Enterprise is entitled to appropriate in excess of 400 million gallons per day ("**mgd**") of water from the Tuolumne River and its tributaries. The San Francisco Water Enterprise delivers this water to retail customers in San Francisco and to wholesale customers, serving a total population of approximately 2.5 million people in the Bay Area. The City is one of 27 wholesale purchasers of water (the "**Suburban Purchasers**") from the San Francisco Water Enterprise. Approximately 66% of the San Francisco Water Enterprise's water supply is delivered to the Suburban Purchasers, which consist of 25 public agencies, one private utility and one private non-profit university. Retail customers represent the remaining 34% of San Francisco Water Enterprise deliveries. For the SFPUC's fiscal year ending June 30, 2011, the City was the ninth largest Suburban Purchaser of water of the San Francisco Water Enterprise by volume, purchasing 5.3 mgd (2.5% of the mgd sold by San Francisco).

Prior Contract, Master Agreement. Between 1984 and 2009, Suburban Purchasers purchased water from San Francisco pursuant to a Settlement Agreement and Master Water Sales Contract (the "**Prior Contract**"); the Prior Contract expired on June 30, 2009. The Prior Contract created a "Supply Assurance" of 184 mgd (measured on an annual average basis), in favor of 25 of the Suburban Purchasers (the "**Supply Assurance"**); the Supply Assurance survived the expiration of the Prior Contract, and the City's share is 4.292 mgd (the City's "**Individual Supply Guarantee**"). The Supply Assurance is subject to reduction under certain circumstances. The Prior Contract also put in place a comprehensive method for allocating the costs of the San Francisco Water Enterprise between San Francisco, the Suburban Purchasers and the SFPUC's retail customers. All costs of the electrical power enterprise associated with the SFPUC's operation of the dams and power-generating and transmission infrastructure surrounding and running from the Hetch Hetchy Reservoir ("**Hetch Hetchy Power Costs**") were the exclusive responsibility of San Francisco. All costs of facilities and programs located within the city limits of San Francisco were allocated entirely to SFPUC retail customers. Capital costs and most operations and maintenance expenses of the San Francisco Water Enterprise were distributed between the SFPUC, its retail customers and the Suburban Purchasers based on proportional water usage: approximately one-third to San Francisco and two-thirds to the Suburban Purchasers. The Prior Contract authorized the SFPUC to recover capital costs using the "utility method," in which such costs are recovered over the useful life of underlying assets through charges for return and depreciation.

In 2009, the SFPUC and the Suburban Purchasers entered into a Water Supply Agreement between San Francisco and Wholesale Customers in Alameda, San Mateo and Santa Clara County, effective as of July 1, 2009 (the "**Master Agreement**"), which replaced the Prior Contract. The Master Agreement has a 25-year term (with provisions for two conditional five-year extensions). The Master Agreement provides for the separation of asset and expense categories among Suburban Purchaser-only, regional, and retail-only customers. Annual operations and maintenance costs, administrative costs, taxes, depreciation, and a rate of return on capital assets (including both a return on equity and a cost of debt service) are all accounted for an on a cash basis and recovered on the basis of proportionate annual use of the San Francisco Water Enterprise in most cases, through the rate structure set forth in the Master Agreement. Hetch Hetchy Power Costs and revenues are also separated—the Suburban Purchasers do not pay for Hetch Hetchy Power Costs, and do not share in related power revenues. Generally, Suburban Purchasers are billed monthly on the basis of metered water use.

The basic framework of the Prior Contract regarding coordination of wholesale rates with the annual SFPUC budget process, annual compliance audits, resolution of rate disputes via binding arbitration and the annual true up of costs using a balancing account continues under the Master Agreement. However, the Master Agreement effected significant changes in the arrangement between the SFPUC and the Suburban Purchasers, including, but not limited to: (i) changes to enable the SFPUC to more timely recover capital costs from the Suburban Purchasers and changes in the related accounting, (ii) implementation of an "**Interim Supply Limitation**," which limits the amount of water delivered to the SFPUC's retail customers and the Suburban Purchasers from the SFPUC watersheds to 265 mgd through 2018 (with 184 mgd of such Supply Limitation being imposed upon the Suburban Purchasers), together with the implementation of volume-based overuse surcharges to facilitate the enforcement of Interim Supply Limitations, (iii) creation of a transfer market that enhances the Suburban Purchasers' ability to temporarily and permanently transfer of portions of their Individual Supply Guarantees, subject to SFPUC approval. and (iv) creation of a "**Water Shortage Allocation Plan**," which establishes an allocation of water between the SFPUC's retail customers and Suburban Purchasers to be applied during droughts, governing drought-related water shortages of up to 20%, and related new power for the SFPUC to implement drought pricing and emergency rate increases.

Each Suburban Purchaser (except for Alameda County Water District and the cities of Milpitas, Mountain View and Sunnyvale) agrees under the Master Agreement, that it will not contract for, purchase or receive, with or without compensation, directly or indirectly, from any person, corporation, governmental agency or other entity, any water for delivery or use within its service area without the prior written consent of San Francisco, except Suburban Purchasers may purchase (i) recycled water, (ii) water necessary on an emergency and temporary basis, or (iii) water in excess of a Suburban Purchaser's Individual Supply Guarantee from entities other than San Francisco. Under the Master Agreement, each Suburban Purchaser agrees that it will not sell any water purchased from San Francisco to a private party for resale by such private party to others in violation of the Raker Act (as such is defined below). Generally, the Master Agreement significantly limits the ability of San Francisco to enter into contracts to supply water to any new Suburban Purchaser, and less stringently limits its ability to enter into contracts to supply water to new retail customers.

Process for Increase in Suburban Purchaser Rates. Under the Master Agreement, adjustments to the Suburban Purchasers' rate schedules, other than emergency rate adjustments and drought pricing, discussed below, are coordinated with the San Francisco budget development process. If the SFPUC desires to increase Suburban Purchaser rates, it is required to provide certain yearly budget information to the Suburban Purchasers prior to adoption of any such rate increases. Failure to do so will not prohibit the SFPUC from adoption of the increased rates, but, in the event of such failure, the Suburban Purchasers may either invoke arbitration, or seek injunctive relief to compel the SFPUC to remedy the failure as soon as reasonably practical.

The SFPUC may increase the water rates applicable to the Suburban Purchasers without compliance with the above described procedures in the event a drought, earthquake, other act of God, malfunctioning of the San Francisco Water Enterprise or other emergency that requires an increase in rates. Rates may be increased on an emergency basis to cover operating expenses and capital costs. Any emergency rate increase must be accompanied by a rate increase for SFPUC retail customers of an equal percentage. Any emergency rate surcharge adopted by the SFPUC will remain in effect only until the next budget coordinated rate-setting cycle. Drought pricing for Suburban Purchasers, if required, could also be changed under similar terms and conditions.

Although the Master Agreement establishes the rate-setting mechanism and the overall supply assurance level for Suburban Purchasers, each Suburban Purchaser has an individual water supply contract with the SFPUC that defines the terms and conditions (including, among others, the point of delivery and service area) by which water is supplied to each such Suburban Purchaser. Any Suburban Purchaser may elect to extend its term of service under both the individual contract and the Master Agreement.

The City anticipates that it will continue to purchase water from the San Francisco Water Enterprise and that its share of the assured supply will be sufficient to meet its needs for the foreseeable future.

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Historical Suburban Purchaser Rate Adjustments. The following table lists Suburban Purchaser water rate adjustments since fiscal year 1991-92.

Table 4
PUBLIC UTILITIES COMMISSION OF THE CITY AND COUNTY OF SAN FRANCISCO
Historical Percentage Increases (Decreases)
In Suburban Purchaser Water Rates

Date	Change in Suburban Purchaser Rates[1]
July 1991	39.7%
July 1992	19.2
July 1993	(33.2)
July 1994	19.1
July 1995	0.0
July 1996	0.0
July 1997	0.0
July 1998	(13.0)
July 1999	35.0
July 2000	4.4
July 2001	2.8
July 2002	0.0
July 2003	25.7
July 2004	2.7
July 2005	(9.7)[2]
July 2006	18.8
July 2007	6.3
July 2008	10.0
July 2009	15.7
July 2010	15.2
July 2011	38.4
July 2012	11.4[3]

(1) Suburban Purchaser rates are set prospectively based on an estimate of expenses of the San Francisco Water Enterprise chargeable to the Suburban Purchasers under the Master Agreement. As such, rates may increase or decrease significantly from year to year.
(2) Adjustment effective April 1, 2005.
(3) Adjustment effective July 1, 2012.
Source: SFPUC, Audited Financial Statements, and SFPUC Financial Services.

The City's current water service charge rates as shown in Appendix G reflect rate increases tied to corresponding future Suburban Purchaser water rate adjustments, as those have been communicated to the City by the SFPUC.

Description of the San Francisco Water Enterprise. The San Francisco Water Enterprise maintains more than 1,530 miles of pipeline, more than 60 miles of tunnels, 23 reservoirs (many of which capture local runoff from Bay Area watersheds), nine storage tanks, 17 pump stations, 8 hydropneumatic stations. 17 chlorination stations, 2 water treatment plants and numerous dams located inside and outside of the city limit of San Francisco. Three reservoirs, the Crystal Springs Reservoir, the Pilarcitos Reservoir and the San Andreas Reservoir, are located in the County, adjacent to or near the City. The San Francisco Water Enterprise's principal storage reservoir is the Hetch Hetchy Reservoir in the Sierra Nevada, approximately 150 miles from San Francisco, constructed after Congress passed the Raker Act (the "**Raker Act**") in 1913 and enabled San Francisco to dam the Tuolumne River in Yosemite National Park. Water brought from the Hetch Hetchy Reservoir accounts for approximately 85% of the water delivered by the San Francisco Water Enterprise. Water distribution in the Bay Area is accomplished through four major pipelines, two of which cross San Francisco Bay and two of which extend around the southern end of San Francisco Bay. These four pipelines join at the southern end of Crystal Springs Reservoir. In addition to being used to capture runoff, the San Andreas and Crystal Springs reservoirs, among other reservoirs of the San Francisco Water Enterprise, provide storage for Hetch Hetchy Reservoir diversions, and serve as an emergency water supply in the event of an interruption to Hetch Hetchy Reservoir deliveries. Reservoir storage is critical to the SFPUC during drought cycles because it enables the SFPUC to carry over water supply from wet years to dry years.

Current use of recycled water by the San Francisco Water Enterprise is less than one mgd. Demand-side water management programs and other conservation efforts have caused per capita water use amongst users of the San Francisco Water Enterprise to drop by approximately one-third since 1977.

The Hetch Hetchy Reservoir water supply does not require filtration and is one of several large unfiltered municipal water supplies in the nation. It has historically met or exceeded United States Environmental Protection Agency ("**USEPA**") and State of California Department of Health Services (the "**CDPH**") standards for water quality. The Tesla Treatment Facility, which was officially dedicated in July 2011, further enhances high water quality of Hetch Hetchy-sourced water by using ultraviolet light to disinfect the water to meet new federal requirements to control the waterborne parasite Cryptosporidium, and is among the largest drinking-water UV disinfection facilities in North America. All water derived from sources other than Hetch Hetchy is treated at one of two treatment plants operated by the San Francisco Water Enterprise: the Sunol Valley Water Treatment Plant and the Harry Tracy Water Treatment Plant. Major upgrades of these two facilities are in progress. The Harry Tracy Water Treatment Plant primarily treats water from the Peninsula System reservoirs, including reservoirs near the City, and has a peak capacity of 140 mgd and a sustainable capacity of 120 mgd. Treatment processes at the Harry Tracy Water Treatment Plant include ozonation, coagulation, flocculation, filtration, disinfection, fluoridation, corrosion control treatment and chloramination. Updates currently underway to this plant will improve delivery reliability and provide seismic upgrades to achieve a sustained capacity of 140 mgd for at least 60 days, and to provide 140 mgd within 24 hours following a seismic event on the San Andreas Fault, through the addition of filters, upgrades to various systems, and seismic retrofits of critical process units.

Many components of the San Francisco Water Enterprise, portions of which were built in the late 1800's and early 1900's, are in need of replacement and upgrading to address system deterioration and seismic concerns. The SFPUC has identified capital improvement projects with an estimated, approved cost of approximately $4.6 billion to date pursuant to its Water System Improvement Plan (the "**WSIP**") to help ensure that San Francisco and the Bay Area continue to receive water even after seismic events, have sufficient water in storage to help in times of drought and have high quality drinking water that meets all regulatory requirements. Of this cost amount, $3.3 billion is required to fix the regional system, about $2.3 billion of which will be the Suburban Purchasers' share of the regional infrastructure. Specifically, under the WSIP, the Crystal Springs, San Andreas and Pilarcitos Reservoirs, will be improved by construction of a new Crystal Springs Bypass Tunnel and large-diameter pipelines, as well as by the upgrades to the Harry Tracy Water Treatment Plant described above, and upgrades to the Pulgas Balancing Reservoir and the Lower Crystal Springs Dam. Currently, the SFPUC anticipates a July 2016 completion date for all WSIP capital improvement projects.

The capital plan for San Francisco for fiscal years 2011-12 through 2015-16 includes additional capital project costs for the San Francisco Water Enterprise (not including WSIP projects), including, but not limited to, water conveyance, water storage, meter replacement, facilities maintenance and security costs. In general, such SFPUC capital projects include either new construction of an asset with a useful life of at least 5 years, or repair and replacement to improve performance or extend the service life of an existing asset. Repair and replacement projects, which are annual ongoing projects, are typically funded by SFPUC water revenues on a pay-as-you-go basis, but at times may be bond-funded.

The City anticipates significant increases in the cost of water as a result of WSIP-related capital needs. While the exact amount and timing of such increases cannot be accurately predicted, San Francisco has projected that wholesale rates will increase from $2.63 per 748-gallon billing unit in fiscal year 2011-12 to $3.81 per billing unit in fiscal year 2014-15, assuming continuation of the billing methodology contained in the Master Agreement.

In November 2002, San Francisco voters approved $1.6 billion in revenue bonds to pay for a portion of the WSIP capital improvement projects. In a separate measure at the same election, San Francisco voters approved amending the city charter to remove the requirement for voter approval of future water revenue bonds, authorizing the SFPUC, subject to the referendum process, to issue revenue bonds, notes, and other forms of indebtedness when authorized by ordinance approved by a two-thirds vote of the Board of Supervisors.

To ensure that future water needs will be met, the SFPUC has undertaken water supply projects in the San Francisco Water Enterprise to improve dry-year supplies, and is looking to diversify its water supply portfolio through the development of local water supplies such as desalination, recycled water, groundwater, and water conservation. Specifically involving the City, the SFPUC is currently undertaking a feasibility analysis on a recycled water project located there, the "**Daly City Expansion Recycled Water Project**". Additionally, the SFPUC, in conjunction with the City, California Water Service Company (South San Francisco District) ("**Cal Water**"), and the City of San Bruno, is developing a groundwater conjunctive use project to provide additional water supplies in dry years. The Groundwater Storage and Recovery Project (the "**Groundwater Project**"), located in northern San Mateo County, is designed to create a new dry-year groundwater supply that can be utilized at a rate of 8,100 acre feet per year during the last 7.5 years of the SFPUC "design drought," which is a combination of the last two most severe historic droughts on record – 1987-91 and 1976-77 – with an additional 18 month dry sequence. During normal and wet years, the SFPUC will deliver supplemental surface water to the City, San Bruno, and Cal Water in place of groundwater pumping. Reducing such pumping in normal and wet years thereby increases the volume of groundwater in storage that can be pumped in dry years.

<u>RFA; BAWSCA</u>. Also, in 2002 the California Legislature approved several bills to assist in addressing the capital needs of the Hetch Hetchy Reservoir system. AB 1823 imposed a number of requirements on the SFPUC, including that it adopt a capital improvement program and file various reports with the State. SB 1870 created the San Francisco Bay Area Regional Water System Financing Authority (the "**RFA**"), which can, until December 2020, issue revenue bonds to improve the reliability of the regional water system, subject to various conditions including entering into a contract with San Francisco, and which can apply for and receive State and federal grants, loans and other financial assistance. Debt service on any bonds issued by the RFA in the future will be secured by, and paid from, a surcharge imposed by San Francisco on behalf of the SFPUC upon Suburban Purchasers and, under specific conditions, also upon

Retail Customers. AB 2058 authorized formation of the Bay Area Water Supply and Conservation Agency ("**BAWSCA**"), which has subsequently been formed by 26 of the Suburban Purchasers (with the exception of the Cordilleras Mutual Water Association) and which also has the ability to raise certain funds. BAWSCA additionally has authority to acquire and construct water facilities and to implement water recycling and conservation programs.

The City is a member of both the RFA and BAWSCA. The two agencies share a single staff and have generally overlapping boards of directors comprised of representatives from each of the 26 represented Suburban Purchasers. It is not known what role, if any, either of the RFA and BAWSCA will have in financing necessary improvements to the San Francisco Water Enterprise or the Water System. The RFA has not, to date, issued any revenue bonds, and the City is not now aware of any current plans by the RFA to do so. BAWSCA is considering issuing bonds to refund its existing obligation to make a settlement payment to the SFPUC at a lower, now-available bond interest rate. BAWSCA is currently required it to pay a structured settlement interest rate of 5.5% with respect to such existing obligation, and the City currently pays its share of such settlement amount via an operation and maintenance surcharge, which is included in its Suburban Purchaser customer rate. Should BAWCA issue such bonds, its share of debt service with respect to the bonds will replace the current surcharge, and also be collected through its Suburban Purchaser customer rate.

City Groundwater Sources.

The City has historically relied on groundwater from the Westside Basin Aquifer (the "**Westside Basin**") for almost half of its historical supply. In recent years, approximately 45% of its annual supply is derived from groundwater, which percentage is also available during emergency and drought scenarios. From 1999 through 2009, an average of 28% of the City's water supply was from groundwater produced from City wells, as the City voluntarily cut back on production to assess groundwater storage recharge under a conjunctive use program with the SFPUC.

In March 2003, the City completed a drinking water source assessment and five of the City's six production wells were noted as being highly protected from potential pathways of contamination. One well (Well No. 4) was noted as being moderately protected. The assessment concluded that all of the City's wells are most vulnerable to automotive repair activities, roadway contaminants and railways; these factors are taken into consideration when siting production wells.

As shown in the following table, the City has five active wells with a combined capacity of 2,943 gpm, 4.25 mgd, and 4,760 AFY available.

The following table summarizes the capacity and characteristics of the Water System's active wells.

Table 5
CITY OF DALY CITY WATER SYSTEM
Well Capacity

Well	Actual Capacity Gallons Per Minute (gpm)	Actual Capacity Million Gallons Per Day (mgd)
Westlake	410	0.59
No. 4	426	0.62
Junipero Serra	550	0.79
Jefferson	340	0.49
Vale	693	1.0
"A" Street (Inactive) [(a)]	524	0.76
Well water supply	2,943	4.25 [(b)]

(a) "A" Street well is currently out of service owing to elevated nitrate levels. A plan has been devised using screening techniques to lower the nitrate levels. Preliminary results are promising.

(b) Although the capacity is 4.25 million gallons per day (mgd), the City is considering a self-imposed pumping limitation of 3.43 mgd or 3,842 acre-feet, which has been identified as the City's safe yield for the Westside Basin Aquifer. The City is currently planning to replace Well No. 4 as it has exceeded its useful life.

Source: City of Daly City.

The Westside Basin underlies parts of San Francisco and northern San Mateo County. The basin extends from Golden Gate Park in the north and past the San Francisco Airport in the south. The basin extends to the west beneath the Pacific Ocean at least as far as the San Andreas Fault and to the east an unknown distance beneath San Francisco Bay. San Francisco, the City and the cities of South San Francisco, Colma, San Bruno, Millbrae and parts of Burlingame and Hillsborough lie above the basin.

The Westside Basin has been a primary and reliable source of municipal and irrigation water supply for more than a century. Groundwater pumping currently supplies approximately 30% of the total water used throughout the basin. Groundwater pumping supplies water for the cities of Colma, South San Francisco, San Bruno, as well as the Water System. Groundwater pumping within a coordinated storage and recovery program can supply as much as 60-70% of the City's supply during times of an emergency or drought scenario.

The State of California's Department of Water Resources released a report of California's Groundwater (Bulletin 118), most recently updated in 2003. Based on Bulletin 118, the Westside Basin is not in critical condition of overdraft. The Westside Basin is not an adjudicated basin. In adjudicated basins, the landowners and other parties turn to the courts to allocate how much groundwater each party rightfully can extract. In 1992, the California Legislature passed Assembly Bill 3030, which declared that groundwater is a valuable natural resource, and authorized local agencies to develop groundwater management plans voluntarily to ensure water quality and maximize supply.

There is currently no formalized management plan for the Westside Basin. Without a management plan, risk from increasing competition for water from the Westside Basin could negatively affect groundwater basins and could result in saltwater intrusion, groundwater contamination, or land subsidence. Since 1997, in order to respond to the benefits of managing the basin proactively and ensure local control of the process, San Francisco, the City and the City of San Bruno together with the Cal Water formed a partnership to develop a bi-annual monitoring plan of the Westside Basin toward development of a draft Groundwater Management Plan for the Westside Basin. The Groundwater Project, described above, is a result of such partnership.

On December 23, 2010 the City's consultant, Hydro Focus, on behalf of partner agencies, developed a groundwater flow model for the aquifer and identified estimated safe yields for all agencies that pump from the aquifer. The model is intended to be updated every two years. The participating parties have not yet developed operational details of all these elements. The City does not plan to increase its total long-term groundwater pumping above the modeled municipal safe yield values identified: 3.43 mgd for the City's Water System; 2.1 mgd for San Bruno; and 1.37 mgd for Cal Water.

In addition, the City is part of the Groundwater Project with the San Francisco Water Enterprise with the goal of enhancing regional water resource management. The first phase of the Groundwater Project, which concluded in November 2003, took advantage of the availability of surplus water from the San Francisco Water Enterprise at a reduced cost. The City agreed to use more San Francisco Water Enterprise water and reduce pumping groundwater from the Westside Basin. This action provided the opportunity to observe basin response from recharge attributable to took reduced groundwater pumping. The second phase of conjunctive use began in March 2004 and has continued into 2011, and the results remain promising. The pilot conjunctive use program not only provides a significant benefit to the City for a water supply insurance policy, but also envisions a system-wide benefit as well. During the pilot program, San Francisco determined that a theoretical storage of up to 61,000 AF of additional water is available in the Westside Basin of which, 17,437 AF of stored in-lieu water has been credited to the City's Water System An assessment of the available groundwater yield for extended periods on the South Westside Basin is complete. The Water System safe yield, as identified by the Westside Basin Groundwater Modeling effort, is 3.43 mgd. The City would continue to blend at a ratio of four parts groundwater to one part San Francisco Water Enterprise water, to maintain acceptable water quality. The City is currently negotiating the terms of an agreement for a permanent conjunctive use program with the San Francisco Water Enterprise, consistent with the Groundwater Project, and once completed, the City will explore the expanded use of golf course wells to bolster emergency potable supplies.

Recycled Water. In 2004, Daly City completed construction of a $7.5 million tertiary recycled water treatment facility at its wastewater treatment plant as part of the Daly City Expansion Recycled Water Project. The upgrades provide the City with a full public contact, unrestricted Title 22 tertiary recycled water facility with a rated daily capacity of 2.77 mgd or 3,100 AFY. Initially, the recycled water plant pumped irrigation water to The Olympic Club, San Francisco and Lake Merced Golf Clubs along with irrigation to Westlake Park and median strips along John Daly Boulevard from Interstate 280 to California Highway 35. Following the completion of the North Mayfair Tertiary Water Booster Station in 2010, recycled water deliveries were initiated to Marchbank Park and the Junipero Serra Boulevard landscaped medians.

Working with the SFPUC and pursuant to the Daly City Expansion Recycled Water Project, the City anticipates additional deliveries of recycled water to Harding Park Golf Complex in Winter 2012. The work scope associated with the project includes construction of a new 18-inch diameter recycled water pipeline to a 700,000 gallon storage tank and pump station at the Harding Park Maintenance Yard. Telemetry SCADA controls at the wastewater plant will balance demands from the Olympic Club to feed Harding Park. Actual recycled water use in 2010 accounted for 547 AFY. With the advent of Harding Park Golf Complex coming on line, approximately 95% of the 2.77 mgd rated tertiary facility's peak week demand will be under contract.

The expenses and revenue of the City's recycled water system are accounted for as part of the City's wastewater enterprise. The recycled water system benefits the Water System by decreasing the demand for potable water by users who can use recycled water instead.

Historical and Projected Water Supply. The following table sets forth historical and projected water supplies.

Table 6
CITY OF DALY CITY WATER SYSTEM
Historical and Projected Water Supply
(in acre feet)
Fiscal Years Ending June 30, 2007 through June 30, 2011 (Actual);
June 30, 2015 and June 30, 2020 (Projected)

Water Supply Source	2007	2008	2009	2010	2011	2015	2020
Groundwater production	2,603	3,564	1,668	1,743	2,700	3,661	3,843
Recycled Water	643	602	585	585	547	762	765
San Francisco Water Enterprise	5,796	4,791	6,132	5,560	4,461	4,296	4,512
Total	**9,042**	**8,957**	**7,885**	**7,850**	**7,708**	**8,719**	**9,120**

Source: City of Daly City.

The City considers its water supply to be adequate for its long-term needs. See "RISK FACTORS – Water Supply Reliability."

Distribution and Storage Facilities

The City's distribution and storage facilities include 205 miles of transmission and distribution pipeline; eleven reservoirs and five hydropneumatic storage tanks which have a combined capacity of approximately 24.7 million gallons; and four pump stations. The City does not maintain a water treatment plant (see "— Water Supply," above), however, it does monitor water quality and performs minor treatment through chloramination and fluoridation.

Much of the City's distribution system was installed during major subdivision development that began in the mid-1940s. In 1991, Daly City engaged Brown and Caldwell to perform a Water Master Plan Study. That study identified $74 million in projects that Daly City uses as part of developing the City's "**Water Fund Capital Improvement Plan**". Since 1992, Daly City has omitted, consolidated and changed the scope of many of the original Master Plan Study Projects for a revised budget cost of $20.6 million, and, to date, Daly City has completed 19 of the 41 revised identified projects at a cost of $9.8 million. These projects include water main replacements, fire flow improvements, well rehabilitation and miscellaneous equipment repair and replacement programmed as part of Daly City's total capital investment of another $16.9 million since 1992. Capital Fund project support for Master Plan work over the next twelve fiscal years proposes completion of the 22 remaining Master Plan projects in the amount of $13.36 million. (See "— Capital Improvement Program Summary" below).

Regulatory Issues

The applicable drinking water standards for the Water System are contained in the California Domestic Water Quality and Monitoring Regulations, Title 22 of the California Administrative Code. These regulations incorporate the requirements of the USEPA in conformance with the Safe Drinking Water Act (PL 93-523). The standards specify water quality sampling frequencies and locations as well as maximum concentrations of chemical constituents. Daly City maintains 35 sampling sites throughout the community that are tested weekly for microbiological contaminants such as coliforms, bacteria that are naturally occurring in the environment, which are used as an indicator that other harmful bacteria may be present. In 2011, 1,352 samples were taken of which there were seven instances (0.5%) of a positive sample for coliform. Upon re-sampling, all tests came back negative.

The Water System is operated under permit 41-10013 issued by the California Department of Health Services; the permit does not have a scheduled termination date. The State regulations contain requirements for both primary and secondary drinking water standards. The primary standards pertain to those contaminants which, if exceeding the maximum contaminant levels (MCL), would present a risk to the health of humans when continually used for drinking or culinary purposes. The secondary standards pertain to contaminants which, if in excess of the maximum contaminant levels, may be objectionable to an appreciable number of people, but are generally not hazardous to health.

The Water System remains in compliance with all applicable regulations and has not been subject to material enforcement actions.

The City is also subject to regulatory impacts on the San Francisco Water Enterprise. The SFPUC's most recent official statement for the San Francisco Water Enterprise's bonds describes applicable regulatory matters in a section entitled "REGULATORY MATTERS."

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Historical Consumption

The table below represents a five-year history of water consumption by user category.

Table 7
CITY OF DALY CITY WATER SYSTEM
Historical Water Consumption
(In Millions of Gallons)
Fiscal Years Ending June 30, 2007 through June 30, 2011

Use Category	2007	2008	2009	2010	2011	2011 % of Total
Single Family Residential	1,394.2	1,383.2	1,361.7	1,318.0	1,280.8	56.2%
Multi-Family Residential	608.7	608.6	598.6	575.3	559.5	24.5
Commercial	340.1	336.0	328.4	314.1	318.7	14.0
Industrial	-	-	-	-	-	-
Irrigation/Other	151.4	155.9	138.9	119.2	121.1	5.3
Total Annual Consumption	2,494.5	2,483.7	2,427.8	2,326.7	2,280.1	
Average Per Day	6.8	6.8	6.7	6.4	6.2	
Pct. Change from Prior Year	-	(0.4)	(2.2)	(4.2)	(2.0)	

Source: City of Daly City.

Projected Demand

The City projects that population in the City will continue to experience the largest absolute gains in the number of households between 2005 and 2035 of any city in San Mateo County, a projected increase of 17.6% to 130,086 persons. According to the City's Draft General Plan, the City's predominant land use remains lower-density residential development. Although this will remain true for quite some time, the density of new development approved by the City has increased markedly. Of the 10 largest projects approved by the City since 2000, eight have exceeded 50 dwelling units per acre. Due to current market conditions, most of the development projected by the City is not expected to occur until after the year 2015.

Water Conservation Efforts

The City continues to employ an active and aggressive water conservation program aimed at keeping its demands at or below its 4.292 mgd Individual Supply Guarantee as set forth under the Master Agreement. As a result, the City has one of the lowest residential and gross per capita per day water demands among the BAWSCA members. The City's residential gallons per capita per day demand is 52 gallons compared to a regional average of 92 gallons. Similarly, the City's gross demand (all users) is 67 gallons per capita per day versus a regional average of 154 gallons. The City's existing low per capita per day demands exempts it from the statewide 20% by 2020 conservation goal brought forth under SB 7X enacted during the 2011 Special Legislative Session.

The City has appropriated $519,185 for use in the next two fiscal years to support local water conservation measures, including direct rebates on the purchase and installation of 1.3 gallons per flush High Efficiency Toilets that replace existing toilets 3.5 gallons per flush or above; direct rebates (in conjunction with Pacific Gas and Electric) for purchase of High

Efficiency Washing Machines; direct distribution of various water conservation devices; extended community public outreach; and participation with the BAWSCA's regional “WaterWise” School Education Program targeting fifth graders. In 2010, the City also enacted Indoor and Outdoor Water Conservation Ordinances, which are slightly more restrictive than current statewide building standards.

The following table sets forth projected water demand for the Water System.

Table 8
CITY OF DALY CITY WATER SYSTEM
Projected Water Demand
(in acre feet)

Type of Use	2015	2020	2025	2030
Single Family Residential	6,525	6,684	6,905	7,120
Multi-Family Residential	1,034	1,253	1,295	1,335
Commercial	318	334	345	356
Industrial	-	-	-	-
Irrigation/Other	80	84	87	89
Total	**7,957**	**8,355**	**8,632**	**8,900**

Source: City of Daly City.

Major Rate Payers

The Water System serves approximately 22,868 residential, commercial and industrial units (as of June 30, 2012). The top 10 rate payers of the Water System represented approximately 6.2% of the Water System’s current billings for fiscal year 2011-12. The largest customer represented approximately 1.0% of the amount billed and the second largest customer represented approximately 0.8%.

Water Service Charges – Historical and Current Rates

Users of the City’s Water System pay a periodic water service fee based on water volume used. The City annually reviews its water pricing and consumption to ensure that user charges are sufficient to meet ongoing costs of the system and result in the equitable distribution of costs among all users and the establishment of water service rates and charges to users which are proportionate to their respective demands on the Water System. The City’s current rate structure for fiscal years 2010-11 through 2014-15 was adopted by the City Council on June 28, 2010, pursuant to Resolution No. 10-86. See “RISK FACTORS – Articles XIIIC and XIIID of the California Constitution.”

The City’s adopted water rates for fiscal years 2010-11 through fiscal year 2014-15 are attached as Appendix G.

Comparison of Water Rates

The following table compares the City's water rates to those of neighboring communities.

Table 9
CITY OF DALY CITY WATER SYSTEM
Residential Bimonthly Rates and Comparison with San Mateo County Surrounding Communities
(As of July 1, 2012)

Agency	Average Bimonthly Residential Bill[1]
Burlingame	149.96
Belmont	133.05
Cal Water—San Carlos	130.06
Cal Water—San Mateo	130.06
Foster City	87.94
Hillsborough	166.30
Millbrae	106.32
San Bruno	114.48
Redwood City	88.96
City of Daly City	**73.44**
Average excluding Daly City	120.04

(1) Based on average residential monthly use of approximately 9 units/month.
Note: All agencies shown in the above comparison also purchase at least a portion of their water supply from San Francisco.
Source: City of Daly City.

Connection Fees

Connection fee charges are assessed for new or upsized connections to the City's Water System or for rebuilding, remodeling or expansion of existing facilities and are composed of the costs for the water meter and appurtenances only. Rates are based on the meter size and type of service. Rates are charged as part of the building permit fee schedule and are collected as part of the construction process when new or upsized meters are installed and put into service. There is no "buy-in" to the water supply.

Billing and Collection Procedures

Customers of the City's Water System are billed for water service by the City's Finance Department. Bills are issued bi-monthly and are due and payable within 15 days of the billing date. In the event any bill for water service remains unpaid for 15 days after its due date, the Director of Water and Wastewater Resources may disconnect the premises from the Water System. Premises disconnected for the non-payment of water fees are not reconnected until all delinquent fees and penalties are paid. Enforcement effectively takes place at the time of the next billing cycle. The following table shows historical billings, collection and delinquencies for the five most recent fiscal years.

Table 10
CITY OF DALY CITY WATER SYSTEM
Historical Billings, Collections and Delinquencies
Fiscal Years 2007-08 through 2011-12

June 30	Balance Beginning FY	Billings	Payments	Balance Ending FY	Write-off	% of Billing
2007	$1,421,232	$12,291,331	12,031,325	$1,681,238	N/A	--
2008	1,681,238	13,256,156	13,071,271	1,866,124	N/A	--
2009	1,866,124	12,896,417	13,028,993	1,733,548	127,594	0.99%
2010	1,733,548	12,649,847	12,701,626	1,681,769	113,955	0.90
2011	1,681,769	13,339,554	13,206,239	1,815,084	56,545	0.42
2012	1,815,084	15,013,980	14,728,603	2,100,461	54,424	0.36

Source: City of Daly City.

Capital Improvement Program Summary

The City's Five Year Capital Improvement Plan (through fiscal year 2016-17) for the Water System, which includes projects set forth in the Water Fund Capital Improvement Plan described above, and which totals approximately $12,867,681, is summarized in the table below. The City plans to fund the capital improvement program through cash on hand ($7,699,804 as of June 30, 2011) and Water System revenues on a pay-as-you-go basis. The projects anticipated by the City do not involve expansion of the Water System's facilities.

Table 11
CITY OF DALY CITY WATER SYSTEM
Five Year Capital Improvement Program Summary

	2012-13	2013-14	2014-15	2015-16	2016-17	Total
Capital Projects	$5,237,140	$2,678,760	$3,837,505	$2,542,000	$1,490,550	$15,785,955

Source: City of Daly City.

Other Obligations

The City has no other obligations payable from Net Revenues on parity with the Bonds.

Financial Summary

A summary of the City's Water Utility Enterprise Fund Revenues and Expenses for the last five fiscal years is shown below.

Table 12
CITY OF DALY CITY
Water Utility Enterprise Fund
Statement of Revenues, Expenses and Changes in Retained Earnings (Deficit)
(Fiscal Year Ending June 30)

	2008 (Audited)	2009 (Audited)	2010 (Audited)	2011 (Audited)	2012 (Unaudited)
OPERATING REVENUES:					
Water Sales	$12,960,840	$12,752,887	$12,272,749	$13,014,097	$14,490,815
Connection Charges	--	--	--	--	--
Other Revenues	228,731	284,329	327,963	408,455	438,585
Total Operating Revenues	13,189,571	13,037,216	12,600,712	13,422,552	14,929,400
OPERATING EXPENSES:					
Salaries and Benefits	2,839,506	3,027,586	2,923,151	2,858,898	2,811,467
Services and Supplies	1,495,571	1,536,636	1,606,739	1,626,388	1,725,052
Water Purchases	3,106,446	3,264,651	2,827,719	2,983,852	4,968,740
Utilities	924,121	921,367	920,028	883,564	1,070,996
Insurance	142,030	127,827	130,383	130,383	130,384
Depreciation	1,142,717	1,149,384	1,192,935	1,218,606	1,252,154
Other Charges	731,903	1,084,140	1,036,789	722,667	698,906
Total Operating Expenses	10,382,294	11,111,591	10,637,744	10,424,358	12,657,699
Operating Income (Loss)	2,807,277	1,925,625	1,962,968	2,998,194	2,271,701
NONOPERATING REVENUES (EXPENSES):					
Gain (loss) on disposal of capital assets	--	(3,083)	(18,996)	--	--
Interest Income	258,450	78,126	99,049	75,305	77,430
Interest Expense	(395,286)	(382,292)	(368,706)	(353,846)	(338,425)
Total Nonoperating Revenues (Expenses)	(136,836)	(307,249)	(288,653)	(278,541)	(260,995)
Income (Loss) Before Transfers	2,670,441	1,618,376	1,674,315	2,719,653	2,010,706
Transfers in (1)	2,196,000	--	--	2,000,000	--
Transfers out (2)	(3,078,501)	(2,204,264)	(2,376,455)	(2,158,670)	(2,372,006)
Net transfers	(882,501)	(2,204,264)	(2,376,455)	(158,670)	(2,372,006)
Change in net assets	1,787,940	(585,888)	(702,140)	2,560,983	(361,300)
BEGINNING NET ASSETS	26,086,696	27,874,636	27,288,748	26,586,608	29,147,591
ENDING NET ASSETS	$27,874,636	$27,288,748	$26,586,608	$29,147,591	$28,786,291

(1) The Transfer In for fiscal year 2010-11 represents a transfer from the Daly City Redevelopment Agency. See "RISK FACTORS – Transfers from Redevelopment Agency."

(2) Transfers out represent the Water System's portion of shared costs of administration, laboratory and equipment maintenance costs accounted for in the Wastewater System and administrative overhead cost reimbursements to the City per the City's cost allocation plan pursuant to the Master Agreement (which constitute "Operation and Maintenance Costs" as defined in the Indenture).

Source: City of Daly City Comprehensive Annual Financial Report.

A summary of the City's Water Utility Enterprise Fund Balance Sheet for the last five fiscal years is shown below:

Table 13
CITY OF DALY CITY
Water Utility Enterprise Fund
Balance Sheet/Statement of Net Assets
(Fiscal Year Ending June 30)

	2008 (Audited)	2009 (Audited)	2010 (Audited)	2011 (Audited)	2012 (Unaudited)
ASSETS					
Current Assets:					
Cash and Investments	$5,731,091	$5,590,607	$5,005,284	$7,699,804	$6,828,795
Cash with Fiscal Agent	3,341,695	--	--	--	1,966,214
Accounts Receivables, Net	1,866,124	1,733,548	1,681,769	1,815,084	
Inventories	450,683	464,513	502,116	450,995	452,095
Prepaids	210,105	196,973	183,842	170,710	157,688
Total Current Assets	11,599,698	7,985,641	7,373,011	10,136,593	9,404,792
Capital Assets:					
Land	839,856	839,856	839,856	839,856	839,856
Buildings	153,943	153,943	153,943	153,943	153,943
Wells and Pump Stations	6,940,874	7,011,400	7,011,400	7,011,400	7,011,400
Water Reservoirs	7,308,827	7,258,827	12,361,510	12,361,510	12,715,925
Mains & Subsurface Treatment Lines	16,147,012	16,147,012	16,147,012	16,147,012	16,147,012
Equipment	4,516,427	4,875,669	4,945,588	5,114,024	5,332,943
Furniture and Fixtures	21,824	21,824	21,824	21,824	21,724
Construction in Progress	898,255	4,620,094	172,768	907,231	1,511,476
Total Capital Assets	36,827,018	40,928,625	41,653,901	42,556,800	43,734,379
Less Accumulated Depreciation	(11,199,409)	(12,301,878)	(13,482,568)	(14,667,446)	(15,919,600)
Net Capital Assets	25,627,609	28,626,747	28,171,333	27,889,354	27,814,779
Total Noncurrent Assets	25,627,609	28,626,747	28,171,333	27,889,354	27,814,779
Total Assets	37,227,307	36,612,388	35,544,344	38,025,947	37,219,571
Current Liabilities:					
Accounts Payable	451,590	573,232	625,419	816,482	751,988
Retentions Payable	8,739	183,642	5,500	57,104	50,156
Accrued Payroll	106,754	21,797	27,217	31,897	40,751
Deposits Payable	44,890	52,892	19,606	14,328	7,515
Interest Payable	30,857	29,734	28,500	27,218	25,890
Compensated Absences	265,000	250,000	210,000	260,000	250,000
Long-Term Debt	385,000	395,000	410,000	425,000	445,000
Total Current Liabilities	1,292,830	1,506,297	1,326,242	1,632,029	1,571,300
Noncurrent Liabilities:					
Compensated Absences	29,841	83,129	201,463	135,299	75,397
OPEB Obligation	--	99,214	205,031	311,028	431,583
Long-Term Debt	8,030,000	7,635,000	7,225,000	6,800,000	6,355,000
Total Noncurrent Liabilities	8,059,841	7,817,343	7,631,494	7,246,327	6,861,980
Total Liabilities	9,352,671	9,323,640	8,957,736	8,878,356	8,433,280
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	17,212,609	20,596,747	20,536,333	20,664,354	21,014,779
Restricted	3,341,695	--	--	--	--
Unrestricted	7,320,332	6,692,001	6,050,275	8,483,237	7,771,512
Total Net Assets	$27,874,636	$27,288,748	$26,586,608	$29,147,591	$28,786,291

Source: City of Daly City Comprehensive Annual Financial Report.

Historical Revenues and Debt Service Coverage

The following table sets forth the City's historical Net Revenues, debt service and debt service coverage for the fiscal years ending June 30, 2005 through June 30, 2011.

Table 14
CITY OF DALY CITY WATER SYSTEM
Water Maintenance and Operation Fund
Historical Revenues, Expenditures and Coverage
(Fiscal Year Ending June 30)

	2005	2006	2007	2008	2009	2010	2011
Gross Revenues	$11,783,383	$11,842,561	$12,529,986	$13,448,021	$13,115,342	$12,699,761	$13,497,857
Operating Expenses (including depreciation)	8,852,605	8,270,821	8,848,516	10,382,294	11,111,591	10,637,744	10,424,358
Depreciation	(903,874)	(939,230)	(1,042,174)	(1,142,717)	(1,149,384)	(1,192,935)	(1,218,606)
Operating Transfers Out(1)	2,895,260	3,108,793	2,926,560	3,078,501	2,204,264	2,376,455	2,158,670
Total Operating Expenses	10,843,991	10,440,384	10,732,902	12,318,078	12,166,471	11,821,264	11,364,422
Net Revenues Available for Debt Service	939,392	1,402,177	1,797,084	1,129,943	948,871	878,497	2,133,435
Total Debt Service Requirement	753,939	754,534	754,034	753,234	755,284	751,809	751,996
Coverage	1.25x	1.86x	2.38x	1.50x	1.26x	1.17x(2)	2.84x

(1) In fiscal year 2008-2009, the City revised its methodology for allocating certain costs of the Water System, causing the amount of Operating Transfers Out of the Water System to decrease.
(2) In its fiscal year ending June 30, 2010, the City failed to meet its debt service coverage obligation, of 1.25x, as required by 2004 Installment Sale Agreement, due to an increase in SFPUC rates coupled with a decline in sales of the Water System. The Water System adopted a five year plan, effective July 1, 2011, and it increased water service charge rates as shown in Appendix G, both, in part, to prevent such a shortfall from occurring in future years,
Source: City of Daly City

Projected Revenues and Debt Service Coverage

The following table sets forth the City's projected Net Revenues, debt service and debt service coverage for the fiscal years ending June 30, 2012 (unaudited actual) and June 30, 2013 through June 30, 2017 (projected). The projections are based on the following assumptions.

Rate Base Growth: The projections assume no growth in the Water System rate base, i.e., number of customers, and no water development impact fees.

Rate adjustments: The projections assume rate increases in water service charges as shown in Appendix G.

Expenses: The projections assume annual operation and maintenance expenses of the Water System will increase 3% annually.

Interest earnings: The projections assume annual interest earnings on City funds of 1%.

Parity Debt: The projections assume no issuance of Parity Debt through fiscal year 2017.

Use of Fund Balances: The City does not presently maintain a rate stabilization fund. As part if its five year plan for the Water System, effective July 1, 2011, the City has contemplated creating a rate stabilization fund in future years, however, neither this fund, not any other type of reserve fund, is accounted for in the projections.

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The following table represents the City's estimate of projected financial results based upon its judgment of the most probable occurrence of certain important future events. Actual operating results achieved during the projection period may vary from those presented in the forecast and such variations may be material. The obligation of the City to pay debt service on the Bonds is limited to Net Revenues and the City is not obligated to apply any other revenues to pay debt service on the Bonds.

Table 15
CITY OF DALY CITY WATER SYSTEM
Water Maintenance and Operation Fund
Projected Revenues, Expenditures and Coverage
(Fiscal Year Ending June 30)

	2012	2013	2014	2015	2016	2017
Operating Revenues:						
Water Sales [(a)]	$14,490,815	$15,882,280	$17,581,601	$19,199,108	$19,391,099	$19,585,010
Other (Interest, Rentals, Grants)	515,015	364,666	363,718	370,992	378,412	385,980
Total Revenues:	$15,006,830	$16,246,946	$17,945,319	$19,570,101	$19,769,512	$19,970,991
Operating Expenses:	$2,811,467	$3,051,757	$3,061,217	$3,153,054	$3,247,645	$3,345,074
Salaries and Benefits	1,725,052	1,542,614	1,582,441	1,629,914	1,678,812	1,729,176
Services and Supplies [(b)]	4,968,740	5,027,244	5,700,194	6,649,167	7,240,266	7,240,266
Water Purchases [(c)]	1,070,996	1,086,798	1,115,055	1,148,507	1,182,962	1,218,451
Utilities	130,384	117,685	117,685	121,216	124,852	128,598
Insurance	698,906	750,473	767,092	790,105	813,808	838,222
Other Charges						
Operating Transfers Out						
To City	725,700	819,659	845,197	870,553	896,669	923,570
To Sanitation	1,485,031	1,462,372	1,469,737	1,513,829	1,559,244	1,606,021
Other	161,275					
Total Expenditures	$13,777,551	$13,858,602	$14,658,618	$15,876,344	$16,744,258	$17,029,378
Net Revenues	$1,229,279	$2,388,344	$3,286,701	$3,693,757	$3,025,253	$2,941,613
Debt Service	$751,621	$767,332	$764,482	$764,482	$764,482	$764,482
Coverage	1.64x	3.11x	4.30x	4.83x	3.96x	3.85x

(a) Assumes rate increases through 2015 as shown in Appendix G, which have already been approved by the City Council, and no rate increases in 2016 and 2017. Assumes a 1% volume increase in 2016 and 2017.
(b) Operating Costs, other than water purchases, are assumed to increase at 3% annually.
(c) Water purchases are assumed to increase according to the San Francisco Public Utilities Commission 10-Year Financial Plan - Wholesale.
Source: City of Daly City

RISK FACTORS

The following information should be considered by prospective investors in evaluating the Bonds. However, the following does not purport to be an exhaustive listing of risks and other considerations which may be relevant to investing in the Bonds. In addition, the order in which the following information is presented is not intended to reflect the relative importance of any such risks.

The purchase of the Bonds involves investment risk. If a risk factor materializes to a sufficient degree, it could delay or prevent payment of principal of and interest on the Bonds. Such risk factors include, but are not limited to, the following matters and should be considered, along with other information in this Official Statement, by potential investors.

Information contained in in the Official Statement regarding risks relating to San Francisco, the San Francisco Water Enterprise and the SFPUC has been obtained from the SFPUC's most recent official statement prepared in connection with the issuance of its own bonds, which is dated July 18, 2012. Although the City believes the SFPUC's most recent official statement is the best source of information about the San Francisco Water Enterprise and the SFPUC, the City can provide no assurances as to the accuracy, completeness or timeliness of the SFPUC's official statements. The City encourages investors to read the SFPUC's most recent official statement in its entirety.

City Expenses

There can be no assurance that expenses of the City will be consistent with the levels contemplated in this Official Statement. Changes in technology, changes in quality standards, increases in the cost of operation or other expenses could require substantial increases in rates or charges in order to comply with the rate covenant in the Indenture. Such rate increases could drive down demand for water and related services or otherwise increase the possibility of nonpayment of the Bonds. See also "NO LITIGATION."

Litigation

The City may also be or become a party to litigation that has an impact on its ability to generate sufficient Net Revenues to pay principal of and interest on the Bonds. Although the City maintains certain insurance policies which provide coverage under certain circumstances and with respect to certain types of incidents (see "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2011, NOTES TO BASIC FINANCIAL STATEMENTS, Note 10, Self-Insurance" for further information), the City cannot predict what types of liabilities may arise in the future.

Transfers from Redevelopment Agency

The California Legislature adopted a bill, AB1X 26, during the fiscal year 2011-12 State budget process, that purported to amend the California Community Redevelopment Law to dissolve redevelopment agencies on a State-wide basis. On December 29, 2011, the California Supreme Court upheld AB1X 26 in the face of a legal challenge. As a result, all California redevelopment agencies, including the Agency, were dissolved as of February 1, 2012.

According to "trailer bill" legislation (AB 1484) effective on July 1, 2012, which further amended the Community Redevelopment Law, the County Auditor-Controller, the State Department of Finance and the State Controller may require the return of funds improperly spent or transferred to a public entity in conflict with the provisions of the Community Redevelopment Law, as amended by ABx1 26 and AB 1484, and, if funds are not returned within 60 days, the funds may be recovered through an offset of sales and use tax or property tax allocations to the local agency, which, in the case of the Agency, is the City.

The Daly City Redevelopment Agency transferred $2 million to the Water System, effective June 30, 2011, to assist with the costs of capital improvements, primarily of a repair and replacement nature, in the Bayshore Redevelopment Project Area in order to provide adequate water supplies necessary to facilitate future development within that Project Area. Although the actual transfer of cash was after the effective date of ABx1 26, this contribution was contained in an adopted budget that predated the adoption of ABx1 26, as well as in the Bayshore Project Area Redevelopment Plan. The City believes that the $2 million transfer does not represent an "asset transfer" as defined in ABx1 26 (as further clarified in AB1484). The State, under ABx1 26, has the right to examine transactions that occurred after January 1, 2011, and can, as a result, order the return of these funds. As a result, there is some risk that this transfer may be required to be reversed.

If the Water System is required to return the $2 million transfer to the successor agency to the Redevelopment Agency, the City believes it will be able to do so from available fund balances and that the repayment will not adversely impact the City's ability to operate the Water System or to pay debt service on the Bonds.

Revenues; Rate Covenant

Revenues are dependent upon the demand for water services, which can be affected by population factors, more stringent water standards, water regulations, water conservation, water shortages, or problems with the City's water production, treatment and distribution facilities. There can be no assurance that water service demand will be consistent with the levels contemplated in this Official Statement. A decrease in the demand for water services could require an increase in rates or charges in order to comply with the rate covenant. The City's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Bonds.

Parity Debt

The Indenture permits the City to issue additional obligations secured by a pledge of Net Revenues that is on a parity basis to the pledge of Net Revenues to the Bonds (see "SECURITY FOR THE BONDS – Parity Debt" above).

The coverage tests described in "SECURITY FOR THE BONDS – Parity Debt" involve, to some extent, assumptions about the future sufficiency of Net Revenues. If such indebtedness is issued, the debt service coverage for the Bonds could be diluted below what it otherwise would be. Moreover, there is no assurance that the assumptions about the future availability of Net Revenues will be actually realized. If the amount of future Net Revenues is less than projected, Net Revenues may be insufficient to provide for the payment of the Bonds and any Parity Debt.

The Indenture does not require a deposit to a debt service reserve fund in connection with issuance of Parity Debt.

SFPUC Rate Adjustments

Suburban Purchaser rates are set prospectively by the SFPUC based on an estimate of expenses of the San Francisco Water Enterprise chargeable to the Suburban Purchasers under the Master Agreement. As such, rates may increase or decrease significantly from year to year. Expenses of the San Francisco Water Enterprise chargeable to the Suburban Purchasers are, in turn, dependent upon the overall demand for San Francisco Water Enterprise water services, which can be affected by population factors, more stringent water standards, water regulations, water conservation, water shortages, or problems with the San Francisco Water Enterprise water production, treatment and distribution facilities.

On average, over the past five years, Suburban Purchaser rates have increased by 18.1% per year; however, rates have increased by as much as 38.4% in a single year, in 2011. An increase in Suburban Purchaser rates under the Master Agreement will probably require an increase in Water System rates in order to comply with the rate covenant. The City's ability to meet its rate covenant is dependent upon its capacity to increase rates without driving down demand to a level insufficient to meet debt service on the Bonds.

Future Legislation

The Water System is subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. The City is unable to predict the adoption or amendment of any such laws, rules or regulations, or their effect on the operations or financial condition of the Water System.

The City is also impacted by decisions made by the Board of Supervisors and the voters in San Francisco. See "– Proposals to Restore Hetch Hetchy Valley" below.

Proposals to Restore Hetch Hetchy Valley

Various environmental advocates have from time to time proposed the dismantling of Hetch Hetchy Dam with the aim of draining Hetch Hetchy reservoir and restoring the Hetch Hetchy Valley.

The Yosemite Restoration Campaign, sponsored by an organization called "Restore Hetch Hetchy", has qualified an initiative ordinance that is entitled the "Water Sustainability and Environmental Restoration Planning Act of 2012", which will be presented to San Francisco voters on the November 2012 ballot. The proposed initiative ordinance provides that San Francisco must develop a two phase plan that: in phase one, would identify alternative water sources, supply options and alternative renewable energy sources; and, in phase two, would evaluate how to improve Tuolumne River flows, decrease stormwater discharge, and end using Hetch Hetchy Valley as a reservoir so that it could be restored as part of Yosemite National Park. The proposed initiative calls for creation of a five-member task force composed of the General Managers of the governing body of the SFPUC and BAWSCA, along with three people with relevant expertise to be appointed by the San Francisco Board of Supervisors. The task force would guide the planning effort and be required to submit a plan by November 1, 2015, and the San Francisco Board of Supervisors would then hold a public hearing to determine whether an amendment of the City Charter of San Francisco that required implementation of such plan should be placed on the November 2016 ballot for voter consideration. The proposed ballot measure provides that the plan include timelines to implement the first phase by 2025 and the second phase by 2035.

There have been previous studies that examined prior proposals to remove the Hetch Hetchy Reservoir. For example, the California Department of Water Resources and the California Department of Parks and Recreation issued a comprehensive report and concluded that it does appear technically feasible to restore the Hetch Hetchy Valley, but expressed caution about the financial feasibility. The study estimated that the total cost for such a project would range from nearly $3 billion to $10 billion. The planning effort alone, they concluded, would take up to ten years to complete and would cost an additional $65 million dollars.

The City is unable to predict whether the "Restore Hetch Hetchy" initiative might be approved by San Francisco voters, or the initiative's potential impacts, including water supply and financial impacts, on the SFPUC, the City or the Water System. If costs arising from the initiative phases, or any resulting plan, are attributed to San Francisco Water Enterprise expenses (except for Hetch Hetchy Power Costs) or defined as capital costs pursuant to the Master Agreement, the City may become obligated to pay its adjusted proportional annual use of such expenses. The implementation of a plan created pursuant to this initiative may also cause a decrease in demand for water services in the City. Additionally, the initiative's phases, and/or implementation of any resulting plan, may cause the governing body of the SFPUC to adjust normal Suburban Purchaser usage rates upwards to the extent possible pursuant to the Master Agreement. The City may be unable to pass costs associated with any or all of such actions through to its customers, and such actions could ultimately impact the City's ability to generate sufficient Net Revenues to pay principal of and interest on the Bonds.

The Master Agreement expires on June 30, 2034, which is just after the time that phase two of the plan to drain the Hetch Hetchy reservoir proposed by the initiative must be implemented (2035). The Master Agreement may be extended twice pursuant to its terms, once for a five-year period lasting through June 30, 2039, and again for a second five-year period lasting through June 30, 2044. If the City does not wish to remain a party to the Master Agreement during any such extension term, it cannot be compelled to do so. However, until the expiration of the Master Agreement, the Master Agreement may be amended only with the written consent of (i) San Francisco and (ii) Suburban Purchasers representing at least two-thirds in number and 75% of the quantity of water delivered by San Francisco to all Suburban Purchasers during the fiscal year immediately preceding the amendment. The City and other Suburban Purchasers may be unable to amend the Master Agreement to avoid incurring costs arising from the planning and implementation phases of a Hetch Hetchy Valley restoration process as a result of the initiative described here.

Certain business groups, the Mayor of San Francisco, and many elected officials that represent the San Francisco Bay region have announced opposition to the proposed ballot measure. If the ballot measure is adopted, there is a possibility that a lawsuit could be filed challenging the legality of one or more provisions of the initiative ordinance. The legal settlement accomplished pursuant to the Prior Contract also left open certain questions, such as whether the Suburban Purchasers are "Co-Grantees" under the Raker Act and, if so, what rights, benefits and privileges accrue to them by reason of such status; such questions could be reconsidered in future legal challenges to the initiative ordinance.

Water Supply Reliability

The San Francisco Water Enterprise, which services regional customers such as the Suburban Purchasers (including the City) is a complex system that supplies water from two primary sources: the Tuolumne River through the Hetch Hetchy Reservoir and local runoff into Bay Area reservoirs in the Alameda and Peninsula watersheds. Water developed by Hetch Hetchy Reservoir through the Hetch Hetchy facilities represents the majority of the water supply available to the SFPUC. On average, the Hetch Hetchy Reservoir provides approximately 85% of the water delivered and Bay Area reservoirs provide approximately 15% of the water delivered. The local watershed facilities are operated to capture local runoff for delivery. Local area water production is dependent on precipitation and the ability of the SFPUC to regulate watershed runoff.

The amount of water available to the SFPUC's customers (including the City) is constrained by hydrology, physical facilities, and the institutional parameters that allocate the water supply of the Tuolumne River. Although in most years the SFPUC receives adequate water supply to meet its demands, the SFPUC is dependent on reservoir storage to firm up water supplies. More importantly, reservoir storage provides the San Francisco Water Enterprise with year-to-year water supply carry-over capability. During dry years, the SFPUC has a very small share of Tuolumne River runoff available and the local Bay Area watersheds produce very little water. Reservoir storage is critical to the SFPUC during drought cycles because it enables the SFPUC to carry-over water supply from wet years to dry years.

The SFPUC water supply system reliability is expressed in terms of its ability to deliver water during droughts. Reliability is defined as the amount and frequency of water delivery reductions required to balance customer demands with available supplies in droughts. The total amount of water that the SFPUC has available to deliver to its customers (including the City and other Suburban Purchasers) during a defined period of time is dependent on several factors, including the amount of water that is available to SFPUC from natural runoff, the amount of water in reservoir storage, and the amount of water that must be released from the SFPUC's system for commitments for purposes other than customer deliveries (such as releases below Hetch Hetchy reservoir to meet Raker Act and fishery purposes).

The SFPUC operates the San Francisco Water Enterprise to optimize the reliability and quality of its water deliveries. Hetch Hetchy Reservoir operations are guided by two principal objectives: collection of Tuolumne River water runoff for diversion to the Bay Area and fulfillment of the SFPUC's downstream release obligations. To ensure water supply, Hetch Hetchy Project reservoirs remain high through the early winter, until sufficient snowmelt runoff is forecasted at 90% certainty to fill all Tuolumne reservoirs. When the forecasted snowmelt is certain to be in excess of the fill volume, the reservoirs may be drawn down through power operations to increase revenue without risking water supply.

Similarly, the San Francisco Water Enterprise's Bay Area reservoirs are operated to conserve watershed runoff. As such, reservoirs are drawn down in the winter period to capture storms and reduce the potential for spilling water out of reservoirs. In the spring, Hetch Hetchy water (snowmelt) is often transferred to three of the Bay Area reservoirs that are capable of receiving the water so that any unused local reservoir storage is filled prior to July 1.

At current delivery levels combined with current water supplies and reservoir storages, the San Francisco Water Enterprise can be expected to experience up to a 25% shortage approximately 15% to 20% of the time, over multiple-year drought sequences. During a drought, it is expected that the SFPUC's customers, including the Suburban Customers, would experience a reduction in the amount of water received from the San Francisco Water Enterprise. The amount of this reduction would be dictated by the Water Shortage Allocation Plan, which specific allocations of available water between the San Francisco Water Enterprise's retail customers and its wholesale customers, such as the Suburban Purchasers. Under the Water Shortage Allocation Plan, specific rationing amounts applied to the San Francisco Water Enterprise's retail and wholesale customers will be determined so as to maintain their respective share of the systemwide allocation. The Water Shortage Allocation Plan has been carried forward in the Master Agreement for systemwide shortages of up to 20%. For shortages in excess of 20%, the Master Agreement provides that the SFPUC may allocate water in its discretion, subject to legal challenge by wholesale customers (such as the Suburban Purchasers), if agreement cannot be reached regarding treatment of shortages in excess of 20%. The Master Agreement also includes provisions for drought and emergency pricing.

Finally, the San Francisco Water Enterprise's delivery capability is defined as the water delivery it is able to sustain over hydrologic conditions including multiple-year drought sequences. Under existing SFPUC operations policies and procedures, the SFPUC has a system delivery capacity of 258 mgd. That is, the San Francisco Water Enterprise is capable of sustaining a 258 mgd annual average delivery over a hydrologic period equivalent to that experienced from 1921 to 2002 with shortages due to drought. After completion of the WSIP and development of dry-year supplies, the San Francisco Water Enterprise delivery capability is anticipated to increase to 262 mgd. During non-drought years, the San Francisco Water Enterprise is capable of sustainably delivering 265 mgd.

Potential Impact of Climatic Change

The issue of climate change has become an important factor in water resources planning in the State, and is being considered during planning for the San Francisco Water Enterprise. There is evidence that increasing concentrations of greenhouse gases have caused and will continue to cause a rise in temperatures around the world, which will result in a wide range of changes in climate patterns. Moreover, there is evidence that a warming trend occurred during the latter part of the 20th century and will likely continue through the 21st century. These changes will have a direct effect on water resources in the State, and numerous studies on climate and water in the State have been conducted to determine the potential impacts. Based on these studies, global warming could result in the following types of water resources impacts in the State, including impacts on the San Francisco Water Enterprise and associated watersheds, including those within the Water System:

- Reductions in the average annual snowpack due to a rise in the snowline and a shallower snowpack in the low- and medium-elevation zones, such as in the Tuolumne River basin, and a shift in snowmelt runoff to earlier in the year,
- Changes in the timing, intensity, and variability of precipitation, and an increased amount of precipitation falling as rain instead of as snow,
- Long-term changes in watershed vegetation and increased incidence of wildfires that could affect water quality,
- Sea level rise and an increase in saltwater intrusion,

- Increased water temperatures with accompanying adverse effects on some fisheries,

- Increases in evaporation and concomitant increased irrigation need, and

- Changes in urban and agricultural water demand.

However, other than the general trends listed above, there is no clear scientific consensus on exactly how global warming will quantitatively affect State water supplies.

The SFPUC staff performed an initial evaluation of the effect on the San Francisco Water Enterprise of a 1.5-degree Celsius (°C) temperature rise between 2000 and 2025. The temperature rise of 1.5°C is based on a consensus among many climatologists that this level of warming is likely to occur by 2025. The evaluation predicts that an increase in temperature of 1.5°C will raise the snowline approximately 500 feet. The elevation of the watershed draining into Hetch Hetchy Reservoir ranges from 3,800 to 12,000 feet above mean sea level, with about 87% of the watershed area above 6,000 feet. In 2000 (a normal hydrologic year in the 82-year period of historical record), the average snowline in this watershed was approximately 6,000 feet during the winter months. Therefore, the SFPUC evaluation indicates that a rise in temperature of 1.5°C between 2000 and 2025 will result in less or no snowpack between 6,000 and 6,500 feet and faster melting of the snowpack above 6,500 feet. Similarly, a temperature rise of 1.5°C between 2025 and 2050 will result in less or no snowpack between 6,500 and 7,000 feet and faster melting of the snowpack above 7,000 feet.

The SFPUC climate change modeling indicates that, on average, about 7% of the runoff currently draining into Hetch Hetchy Reservoir will shift from the spring and summer seasons to the fall and winter seasons in the Hetch Hetchy basin by 2025. This percentage is within the current interannual variation in runoff and is within the range accounted for during normal runoff forecasting and existing reservoir management practices. The additional change between 2025 and 2030 is not expected to be detectible. The predicted shift in runoff timing is similar to the results found by other researchers modeling water resource impacts in the Sierra Nevada due to warming trends associated with climate change.

Based on these preliminary studies and the results of literature reviews, the potential impacts of global warming on the San Francisco Water Enterprise and associated watersheds, including those within the Water System, are not expected to affect the water system operations through 2030. SFPUC hydrologists are involved in ongoing monitoring and research regarding climate change trends and will continue to monitor the changes and predictions, particularly as these changes relate to water system operations and management of the San Francisco Water Enterprise. The SFPUC has developed a workplan to further advance its research on the effects of climate change on the San Francisco Water Enterprise.

Natural Calamities

General. From time to time, the City is subject to natural calamities that may adversely affect economic activity in the City, which could have a negative impact on City finances. There can be no assurance that the occurrence of any natural calamity would not cause substantial damage to the Water System, or that the City would have insurance or other resources available to make repairs to the Water System in order to generate sufficient Net Revenues to pay debt service on the Bonds when due.

Seismic Hazards. The San Francisco Bay Area is one of the most seismically active regions in the United States. The San Andreas Fault, which runs directly through the southwestern portion of the Serramonte neighborhood and coastal areas in the City, is considered the most dominant of all faults in the Bay Area. Recent significant seismic events include the 1989 Loma Prieta earthquake, centered about 55 miles south of the City, which registered 6.9 on the Richter scale of earthquake intensity. That earthquake caused fires and collapses of and structural damage to buildings, highways and bridges in the Bay Area. The geographic area surrounding and including the City is classified as Seismic Zone 4 by the Uniform Building Code (the "**UBC**"), the highest risk zone assigned thereunder.

The San Andreas Fault zone can be observed in the Mussel Rock area of the City, where the greatest potential for surface rupture exists in the City.

Several different types of hazards are seismically-induced or caused by an earthquake. These hazards can be responsible for damage, the amount of which depends on several factors including existing geologic conditions and the extent and type of land uses in the area. Seismically-related hazards include surface rupture, ground shaking, liquefaction, subsidence, and landslides.

<u>Surface Rupture</u>. Surface rupture is the fracturing or cracking of the earth's surface by fault displacement or fault movement during an earthquake. Surface rupture in the form of landslides occurred during both the 1906 and 1989 earthquakes along the San Andreas Fault, the more recent of which earthquakes produced cracks in sidewalks, streets, and residential lots causing curb separation, cracks on structures, and broken gutters.

<u>Ground Shaking</u>. The most perceptible of all hazards associated with earthquakes is ground shaking. Ground shaking is a potentially serious seismic hazard for the City. Because the City for the most part is underlain by weak to moderately consolidated, loose to firm sands, and is in close proximity to the San Andreas Fault, the potential for damage due to ground shaking is high.

<u>Liquefaction</u>. Liquefaction is the transformation of saturated, loose, granular soil such as silt sand or gravel to a liquefied state.

<u>Subsidence</u>. Subsidence is the sinking or lowering of a part of the earth's surface, and may be either earthquake-induced or occur independent of earthquakes. Subsidence as a direct result of fault displacement is not as likely in the City because of the how the San Andreas Fault moves during an earthquake.

<u>Landslides</u>. Landslides have occurred in The City during major earthquakes, the most notable of which was as a result of the 1906 earthquake when large quantities of earth and rocks slipped down due to the earthquake. The failure was so extensive that a cut bench for the Ocean Shore Railroad was entirely destroyed along a five kilometer stretch. Similarly, in 1957, a 5.3 magnitude earthquake with an epicenter near Mussel Rock caused extensive landslides along the same section of the bluffs. The Loma Prieta earthquake in 1989 also caused a large landslide and is notable because the landslide occurred about 55 miles from the earthquake's epicenter in Santa Cruz County.

In April 2008, the Working Group on California Earthquake Probabilities (a collaborative effort of the U.S. Geological Survey, the California Geological Society, and the Southern California Earthquake Center) reported that there is a 63% chance that one or more quakes of magnitude 6.7 or larger will occur in the Bay Area before the year 2038. Such earthquakes may be very destructive. The U.S.G.S. predicts a magnitude 7 earthquake occurring today on the Hayward Fault, which runs parallel to the San Andreas Fault in the East Bay Region of the Bar Area and which is the Bay Area fault most susceptible to a major earthquake, would likely cause hundreds of deaths and approximately $100 billion of damage.

The San Francisco Water Enterprise's distribution and transmission systems and the facilities of the Hetch Hetchy reservoir are located in seismically active regions of the State, with major pipelines crossing several active and potentially active faults, including major strike-slip faults. The San Andreas Fault lies immediately west of San Francisco, and the Hayward Fault is approximately 15 miles to the east. A third major fault, the Calaveras Fault, is a branch of the Hayward Fault and lies east of the Hayward Fault.

If a major seismic event or other emergency occurs, the SFPUC is authorized under the Master Agreement to adopt emergency rate surcharges outside of the normal budget development process. Such rate surcharges will be applicable to both SFPUC retail customers and Suburban Purchasers and incorporate the same percentage increase for all customers. Any emergency rate surcharge adopted by the SFPUC will remain in effect only until the next budget-coordinated rate-setting cycle, at which time it can be reviewed. A prolonged reduction in the San Francisco Water Enterprise's water supply resulting from a major earthquake and adopted emergency rates could have a material adverse effect on the City's ability to generate sufficient Net Revenues to pay debt service on the Bonds when due.

The SFPUC estimates in its most recent Official Statement for its bonds that a major seismic event affecting critical locations could result in service interruptions of 60 days or longer. The San Francisco Water Enterprise has established intertie connections with the East Bay Municipal Utility District and the Santa Clara Valley Water District to diversify water supply options in case of a seismic event. Should the Irvington Tunnel or the four major pipelines branching from the Irvington Tunnel become inoperable, the San Francisco Water Enterprise would attempt to negotiate additional water sharing agreements with these and other regional water utilities which interconnect with San Francisco Water Enterprise facilities, but there is no assurance that such negotiations would be successful.

If damage to the Irvington Tunnel or the pipelines that connect to the tunnel resulted in the loss of water transported through the tunnel, the remaining water supply would be limited to storage in the Crystal Springs, San Andreas and Pilarcitos Reservoirs and three terminal reservoirs located in San Francisco as well as existing intertie connections. The combined capacity of the three San Mateo County reservoirs is approximately 29.8 billion gallons, and the SFPUC typically keeps these reservoirs filled to a combined capacity of 18 billion gallons, or an estimated two and one-half month water supply based on historical average daily water demand of both its retail customers and the Suburban Purchasers. Separate from the SFPUC system, the Suburban Purchasers have storage ranging from zero to seven days. The SFPUC is designing all new facilities and upgrading existing facilities to deliver winter day demand ("**WDD**") of 215 mgd (projected February 2030 demand) within 24 hours after a major earthquake without secondary damage resulting.

Slope Instability. Slope instability hazards, consists of non-seismic landslides and cliff erosion, which exist where unstable hills and cliffs threaten occupied structures and public facilities.

Non-seismic landslide. The effect of landslides in the City has been most prevalent in the Westlake neighborhood of the City where, over the past several decades, a number of existing homes have been removed due to risks posed by landslides. As recently as 2000, the City declared 21 single-family homes located on Westline Drive unsuitable for human occupancy and the homes were subsequently removed. Blufftop erosion will continue to threaten existing homes. The vulnerability of homes to landslide hazards in this area is exacerbated by the San Andreas Fault which bisects the neighborhood.

Cliff erosion. This type of slope instability is often considered a type of landslide and is generally caused by an increase in moisture along the bluff line of a cliff which results in the breaking away of material along the face of the cliff. Development along the coastal bluffs can also contribute to increases in cliff erosion through increased runoff due to ineffective storm drainage design.

The rates of erosion along the bluffs vary greatly. A comparison of measurements taken between December 1974 and January 1982, for example, along the 900 block of Skyline Boulevard indicated that the cliff at that time had receded between one to thirteen feet over that time period. It was notable however, that other parts of the bluffs had receded at much slower rates.

Flooding. Flooding is not considered a significant natural hazard in The City. No part of the City lies within the 100-year flood plain meaning that the statistical probability of flooding is less than one percent in any part of the City on any given year. The City has been designated Flood Zone C (Flood Hazard No. 060317) per letter from the Federal Insurance Administration dated July 13, 1979.

Tsunami. Tsunamis are long-period waves usually caused by off-shore earthquakes or landslides. Based on the Tsunami inundation mapping released in December 2009 by the California Geological Survey (CGS), in partnership with the California Emergency Management Agency (CALEMA) and Tsunami Research Center at the University of Southern California, there are no designated inundation areas within the City. (*Reference Cite: Association of Bay Area Governments, Hazard Mitigation Plan Taming Natural Disasters, June 29, 2011*).

Natural Gas Transmission Pipelines. On September 9, 2010 a Pacific Gas and Electric Company ("**PG&E**") high pressure natural gas transmission pipeline exploded in San Bruno, California, located six miles to the southeast of the City, with catastrophic results, including the destruction of 38 homes. There are 4 similar transmission pipelines and numerous other types of pipelines, totaling 6.2 miles in length, owned and operated and maintained by PG&E located throughout the City. PG&E's gas transmission pipeline system passes from north to south through the City, with segments along Interstate 280/Highway 1, Southgate Avenue, St. Francis Boulevard, Hickey Boulevard, and Junipero Serra Boulevard. There is also a spur in the northern portion of the City along John Daly Boulevard, terminating at Lake Merced Boulevard.

PG&E's website (www.pge.com) provides information regarding its high pressure natural gas transmission pipelines and its long range natural gas transmission pipeline planning. This information is summarized below.

According to its website, PG&E has a comprehensive inspection and monitoring program to ensure the safety of its natural gas transmission pipeline system, and uses a risk management program that inventories each of the 20,000 segments within PG&E's natural gas transmission pipeline system and evaluates them against criteria such as:

- the potential for third party damage like dig-ins from construction,
- the potential for corrosion,
- the potential for ground movement, and
- the physical design and characteristics of the pipe segment.

PG&E has also indicated that it considers the proximity of its natural gas transmission pipelines to high density populations and other critical areas, potential reliability impacts and environmentally sensitive areas, and uses the data it collects to help plan and prioritize future work.

Based on all of these factors, PG&E determines which segments warrant further evaluation, monitoring or other future action. PG&E has created a list of the "Top 100" segments to help inform future work plans (although it should be noted that the pipeline that caused the explosion in the City of San Bruno was not on the Top 100 list). As conditions change from year to year, PG&E reevaluates the segments included on the list. This list can be found on PG&E's website at: http://www.pge.com.

A pipeline segment may be placed into planning for further study and long-range planning based upon its risk for one of five factors:

- Potential for Third-Party Damage,
- Potential for Corrosion,
- Potential for Ground Movement,
- Physical Design and Characteristics, and
- Overall (did not score high in any one factor of the above factors, but scored moderately high in more than one factor).

As noted above, additional information may be found on PG&E's website, specifically at http://www.pge.com.

According to information provided by PG&E to the City, as of 2011, the utility has adopted a program to guide risk assessment. In addition to pipeline identification methods described here, the program focuses on expanding the use of automatic or remotely operated shut-off valves, researching and developing improved inspection and diagnostic tools, and helping local areas create emergency response plans by providing detailed information on pipeline locations.

The City is not able to independently confirm the information set forth above or the information contained on the PG&E website with respect to PG&E's pipelines, and can provide no assurances as to its accuracy or completeness. Further, the City can provide no assurances as to the condition of PG&E pipelines in the City, or predict the extent of the damage to City-owned property (including property of the Water System) and non-City-owned property that would occur if a PG&E pipeline located within the City were to explode.

Hazardous Substances

In general, the owners and operators of a property may be required by law to remedy conditions of the property relating to releases or threatened releases of hazardous substances. The Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, sometimes referred to as "**CERCLA**" or the "**Superfund Act**" is the most well known and widely applicable of these laws, but California laws with regard to hazardous substances are also stringent and similar. Under many of these laws, the owner (or operator) is obligated to remedy a hazardous substance condition of property whether or not the owner or operator has created or handled the hazardous substance.

The City is not aware of the existence of hazardous substances that could adversely impact the Water System. See "– THE WATER SYSTEM, Water Supply, City Groundwater Sources" above for a discussion of a 2003 assessment of the City's wells.

Insurance

The Indenture obligates the City to obtain and keep in force various forms of insurance or self-insurance, subject to deductibles, for repair or replacement of a portion of the Water System in the event of damage or destruction to such portion of the Water System. No assurance can be given as to the adequacy of any such self-insurance or any additional insurance to fund necessary repair or replacement of any other portion of the Water System. Significant damage to the Water System could cause the City to be unable to generate sufficient Net Revenues to pay principal of and interest on the Bonds.

See "APPENDIX A - AUDITED FINANCIAL STATEMENTS OF THE CITY FOR FISCAL YEAR ENDED JUNE 30, 2011, NOTES TO BASIC FINANCIAL STATEMENTS, Note 10, Self-Insurance" for further information.

Articles XIIIC and XIIID of the California Constitution

General. On November 5, 1996, California voters approved Proposition 218, the so-called "Right to Vote on Taxes Act." Proposition 218 added Articles XIIIC and XIIID to the State Constitution, which affect the ability of local governments to levy and collect both existing and future taxes, assessments, and property-related fees and charges. Proposition 218, which generally became effective on November 6, 1996, changed, among other things, the procedure for the imposition of any new or increased property-related "fee" or "charge," which is defined as "any levy other than an ad valorem tax, a special tax or an assessment, imposed by a local government upon a parcel or upon a person as an incident of property ownership, including user fees or charges for a property related service" (and referred to in this section as a "property-related fee or charge").

On November 2, 2010, California voters approved Proposition 26, the so-called "Supermajority Vote to Pass New Taxes and Fees Act". Section 1 of Proposition 26 declares that Proposition 26 is intended to limit the ability of the State Legislature and local government to circumvent existing restrictions on increasing taxes by defining the new or expanded taxes as "fees." Proposition 26 amended Articles XIIIA and XIIIC of the State Constitution. The amendments to Article XIIIA limit the ability of the State Legislature to impose higher taxes (as defined in Proposition 26) without a two-thirds vote of the Legislature. Proposition 26's amendments to Article XIIIC broadly define "tax," but specifically exclude, among other things:

> "(1) A charge imposed for a specific benefit conferred or privilege granted directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of conferring the benefit or granting the privilege.
>
> (2) A charge imposed for a specific government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable costs to the local government of providing the service or product.
>
> ...
>
> (6) A charge imposed as a condition of property development.
>
> (7) Assessments and property-related fees imposed in accordance with the provisions of Article XIII D."

Property-Related Fees and Charges. Under Article XIIID, before a municipality may impose or increase any property-related fee or charge, the entity must give written notice to the record owner of each parcel of land affected by that fee or charge. The municipality must then hold a hearing upon the proposed imposition or increase at least 45 days after the written notice is mailed, and, if a majority of the property owners of the identified parcels present written protests against the proposal, the municipality may not impose or increase the property-related fee or charge.

Further, under Article XIIID, revenues derived from a property-related fee or charge may not exceed the funds required to provide the "property-related service" and the entity may not use such fee or charge for any purpose other than that for which it imposed the fee or charge. The amount of a property-related fee or charge may not exceed the proportional cost of the service attributable to the parcel, and no property-related fee or charge may be imposed for a service unless that service is actually used by, or is immediately available to, the owner of the property in question.

Initiative Power. In addition, Article XIIIC states that "the initiative power shall not be prohibited or otherwise limited in matters of reducing or repealing any local tax, assessment, fee or charge. The power of initiative to affect local taxes, assessments, fees and charges shall be applicable to all local governments and neither the Legislature nor any local government charter shall impose a signature requirement higher than that applicable to statewide statutory initiatives."

Judicial Interpretation of Articles XIIIC and XIIID. After Proposition 218 was enacted in 1996, appellate court cases and an Attorney General's opinion initially indicated that fees and charges levied for water and wastewater services would not be considered property-related fees and charges, and thus not subject to the requirements of Article XIIID regarding notice, hearing and protests in connection with any increase in the fees and charges being imposed. However, three recent cases have held that certain types of water and wastewater charges could be subject to the requirements of Article XIIID under certain circumstances.

In *Richmond v. Shasta Community Services District* (2004) 32 Cal.4th 409, the California Supreme Court addressed the applicability of the notice, hearing and protest provisions of Article XIIID to certain charges related to water service. In *Richmond*, the Court held that capacity charges are not subject to Proposition 218. The Court also indicated in dictum that a fee for ongoing water service through an existing connection could, under certain circumstances, constitute a property-related fee and charge, with the result that a local government imposing such a fee and charge must comply with the notice, hearing and protest requirements of Article XIIID.

In *Howard Jarvis Taxpayers Association v. City of Fresno* (2005) 127 Cal.App.4th 914, the California Court of Appeal, Fifth District, concluded that water, sewer and trash fees are property-related fees subject to Proposition 218 and a municipality must comply with Article XIIID before imposing or increasing such fees. The California Supreme Court denied the City of Fresno's petition for review of the Court of Appeal's decision on June 15, 2005.

In July 2006 the California Supreme Court, in *Bighorn-Desert View Water Agency v. Verjil* (2006) 39 Cal.4th 205, addressed the validity of a local voter initiative measure that would have (a) reduced a water agency's rates for water consumption (and other water charges), and (b) required the water agency to obtain voter approval before increasing any existing water rate, fee, or charge, or imposing any new water rate, fee, or charge. The court adopted the position indicated by its statement in *Richmond* that a public water agency's charges for ongoing water delivery are "fees and charges" within the meaning of Article XIIID, and went on to hold that charges for ongoing water delivery are also "fees" within the meaning of Article XIIIC's mandate that the initiative power of the electorate cannot be prohibited or limited in matters of reducing or repealing any local tax, assessment, fee or charge. Therefore, the court held, Article XIIIC authorizes local voters to adopt an initiative measure that would reduce or repeal a public agency's water rates and other water delivery charges. (However, the court ultimately ruled in favor of the water agency and held that the entire initiative measure was invalid on the grounds that the second part of the initiative measure, which would have subjected future water rate increases to prior voter approval, was not supported by Article XIIIC and was therefore invalid.)

The court in *Bighorn* specifically noted that it was not holding that the initiative power is free of all limitations; the court stated that it was *not* determining whether the electorate's initiative power is subject to the statutory provision requiring that water service charges be set at a level that will pay for operating expenses, provide for repairs and depreciation of works, provide a reasonable surplus for improvements, extensions, and enlargements, pay the interest on any bonded debt, and provide a sinking or other fund for the payment of the principal of such debt as it may become due.

Articles XIIIC and XIIID and the City's Water Rates and Charges. The City's current rate structure for fiscal years 2010-11 through 2014-15 was adopted by the City Council on June 28, 2010, pursuant to Resolution No. 10-86, following notice to property owners and a public hearing held at least 45 days after the notice had been mailed, in compliance with the *Bighorn* decision.

The City believes its water rates and charges do not constitute "taxes" under Article XIIIC as revised by Proposition 26 because, as described in subsection 1(e)(7) of Article XIIIC, they are "property-related fees imposed in accordance with the provisions of Article XIIID" (and are also charges for a "property-related service" as defined in subsection 2(g) of Article XIIID) and because, as described in subsection 1(e)(2) of Article XIIIC, they are charged for water service, "a specific government service or product provided directly to the payor that is not provided to those not charged."

Conclusion. It is not possible to predict how courts will further interpret Article XIIIC and Article XIIID in future judicial decisions, and what, if any, further implementing legislation will be enacted.

Under the *Bighorn* case, local voters could adopt an initiative measure that reduces or repeals the City's rates and charges, though it is not clear whether (and California courts have not decided whether) any such reduction or repeal by initiative would be enforceable in a situation in which such rates and charges are pledged to the repayment of bonds or other indebtedness, as is the case with respect to the Bonds.

There can be no assurance that the courts will not further interpret, or the voters will not amend, Article XIIIC and Article XIIID to limit the ability of local agencies to impose, levy, charge and collect increased fees and charges for water, or to call into question previously adopted water rate increases.

Limitations on Remedies Available to Bond Owners

The ability of the City to comply with its covenants under the Indenture and to generate Net Revenues sufficient to pay principal of and interest on the Bonds may be adversely affected by actions and events outside of the control of the City, and may be adversely affected by actions taken (or not taken) by voters, property owners, taxpayers or payers of assessments, fees and charges. See "– Articles XIIIC and XIIID of the California Constitution" below. Furthermore, any remedies available to the Owners of the Bonds upon the occurrence of an Event of Default under the Indenture are in many respects dependent upon judicial actions, which are often subject to discretion and delay and could prove both expensive and time consuming to obtain.

In addition to the limitations on Bondowner remedies contained in the Indenture, the rights and obligations under the Bonds and the Indenture may be subject to the following: the United States Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under State law of certain remedies; the exercise by the United States of America of the powers delegated to it by the Federal Constitution; and the reasonable and necessary exercise, in certain exceptional situations, of the police power inherent in the sovereignty of the State of California and its governmental bodies in the interest of serving a significant and legitimate public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Bonds to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation or modification of their rights.

The opinion of Bond Counsel notes that the rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture are limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally, and by equitable principles, whether considered at law or in equity.

Loss of Tax-Exemption

As discussed under the caption "TAX MATTERS," interest on the Bonds could become includable in gross income for purposes of federal income taxation retroactive to the date the Bonds were issued, as a result of future acts or omissions of the City in violation of its covenants in the Indenture. Should such an event of taxability occur, the Bonds are not subject to special redemption and will remain outstanding until maturity or until redeemed under other provisions set forth in the Indenture.

Secondary Market for Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that any Bonds can be sold for any particular price. Occasionally, because of general market conditions or because of adverse history or economic prospects connected with a particular issue, secondary marketing practices in connection with a particular issue are suspended or terminated. Additionally, prices of issues for which a market is being made will depend upon then-prevailing circumstances. Such prices could be substantially different from the original purchase price.

No assurance can be given that the market price for the Bonds will not be affected by the introduction or enactment of any future legislation, or changes in interpretation of existing law.

CONTINUING DISCLOSURE

The City will covenant in a continuing disclosure certificate, the form of which is set forth in "Appendix E – FORM OF CONTINUING DISCLOSURE CERTIFICATE," for the benefit of holders and beneficial owners of the Bonds, to provide certain financial information and operating data relating to the Water System and the Bonds by not later than nine months after the end of the City's fiscal year, resulting in a deadline of March 31 of each year, beginning with an initial deadline of March 31, 2013. The Continuing Disclosure Certificate also requires the City to provide notices of the occurrence of certain enumerated events.

The covenants of the City in the Continuing Disclosure Certificate will be made in order to assist the Underwriter in complying with Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934, as amended (the "**Rule**").

A default under the Continuing Disclosure Certificate will not, by itself, constitute an Event of Default under the Indenture, and the sole remedy under the Continuing Disclosure Certificate in the event of any failure of the City to comply will be an action to compel specific performance.

During the past five years, the City has entered into disclosure undertakings under the Rule in connection with the issuance of long-term obligations (See "APPENDIX A – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2011- Note 5"). The City has not, on a handful of occasions during the past five years, fully complied, in all material respects, with its disclosure undertakings. Specifically, in some instances an annual report or a material event notice was not filed on a timely basis and, in some instances an annual report or a material event notice was not properly filed with the applicable information repository.

The City will make filings to correct all known instances of non-compliance during the last five years prior to issuance of the Bonds.

NO LITIGATION

In connection with issuance of the Bonds, the City will certify that there is no litigation pending or, to the City's knowledge, threatened in any way to restrain or enjoin the issuance, execution or delivery of the Bonds, to contest the validity of the Bonds, the Indenture or any proceedings of the City with respect thereto.

Also in connection with issuance of the Bonds, the City will certify that there are no lawsuits or claims pending against the City that will materially affect the City's finances so as to impair the ability to pay principal of and interest on the Bonds when due.

FINANCIAL STATEMENTS

Maze & Associates (the "**Auditor**"), audited the financial statements of the City for the Fiscal Year ended June 30, 2011. The Auditor's examination was made in accordance with generally accepted auditing standards and Governmental Auditing Standards, issued by the Comptroller General of the United States. See "APPENDIX A – Audited Financial Statements of the City for Fiscal Year Ended June 30, 2011."

The City has not requested nor did the City obtain permission from the Auditor to include the audited financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any post-audit review of the financial condition or operations of the City.

RATINGS

Standard & Poor's Financial Services LLC, a subsidiary of The McGraw-Hill Companies, Inc. ("**S&P**") has assigned its municipal bond rating of "______" to the Bonds.

The ratings reflect only the views of S&P, and an explanation of the significance of the rating, and any outlook assigned to or associated with these rating, should be obtained from S&P.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. The City has provided certain additional information and materials to S&P (some of which does not appear in this Official Statement).

There is no assurance that the rating will continue for any given period of time or that the rating will not be revised downward or withdrawn entirely by S&P, if in the judgment of S&P, circumstances so warrant. Any such downward revision or withdrawal of the rating on the Bonds may have an adverse effect on the market price or marketability of the Bonds.

TAX MATTERS

In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, Bond Counsel, subject, however to the qualifications set forth below, under existing law, the interest on the Bonds is excluded from gross income for federal income tax purposes and such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, provided, however, that, for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal income tax purposes), such interest is taken into account in determining certain income and earnings, and the Bonds are "qualified tax-exempt obligations" within the meaning of section 265(b)(3) of the Internal Revenue Code of 1986, as amended (the "**Tax Code**"), such that, in the case of certain financial institutions (within the meaning of section 265(b)(5) of the Tax Code), a deduction for federal income tax purposes is allowed for 80% of that portion of such financial institution's interest expense allocable to interest payable on the Bonds.

The opinions set forth in the preceding paragraph are subject to the condition that the City comply with all requirements of the Tax Code that must be satisfied subsequent to the issuance of the Bonds. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of such interest in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds, or may cause the Bonds to not be “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Tax Code.

If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is less than the amount payable at maturity thereof, then such difference constitutes "original issue discount" for purposes of federal income taxes and State of California personal income taxes. If the initial offering price to the public (excluding bond houses and brokers) at which a Bond is sold is greater than the amount payable at maturity thereof, then such difference constitutes "original issue premium" for purposes of federal income taxes and State of California personal income taxes. *De minimis* original issue discount and original issue premium is disregarded.

Under the Tax Code, original issue discount is treated as interest excluded from federal gross income and exempt from State of California personal income taxes to the extent properly allocable to each owner thereof subject to the limitations described in the first paragraph of this section. The original issue discount accrues over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). The amount of original issue discount accruing during each period is added to the adjusted basis of such Bonds to determine taxable gain upon disposition (including sale, redemption, or payment on maturity) of such Bond. The Tax Code contains certain provisions relating to the accrual of original issue discount in the case of purchasers of the Bonds who purchase the Bonds after the initial offering of a substantial amount of such maturity. Owners of such Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of purchasers who do not purchase in the original offering, the allowance of a deduction for any loss on a sale or other disposition, and the treatment of accrued original issue discount on such Bonds under federal individual and corporate alternative minimum taxes.

Under the Tax Code, original issue premium is amortized on an annual basis over the term of the Bond (said term being the shorter of the Bond's maturity date or its call date). The amount of original issue premium amortized each year reduces the adjusted basis of the owner of the Bond for purposes of determining taxable gain or loss upon disposition. The amount of original issue premium on a Bond is amortized each year over the term to maturity of the Bond on the basis of a constant interest rate compounded on each interest or principal payment date (with straight-line interpolations between compounding dates). Amortized Bond premium is not deductible for federal income tax purposes. Owners of premium Bonds, including purchasers who do not purchase in the original offering, should consult their own tax advisors with respect to State of California personal income tax and federal income tax consequences of owning such Bonds.

State Tax Law. In the further opinion of Bond Counsel, interest on the Bonds is exempt from California personal income taxes.

General. Owners of the Bonds should also be aware that the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may have federal or state tax consequences other than as described above. Bond Counsel expresses no opinion regarding any federal or state tax consequences arising with respect to the Bonds other than as expressly described above.

Form of Proposed Opinion. The form of the proposed opinion of Bond Counsel is attached as Appendix D.

CERTAIN LEGAL MATTERS

The legal opinion of Bond Counsel, approving the validity of the Bonds, in substantially the form attached hereto as Appendix D, will be made available to purchasers at the time of original delivery of the Bonds, and a copy thereof will be printed on each Bond. Jones Hall is also acting as Disclosure Counsel the City. *Payment of the fees and expenses of Bond Counsel and Disclosure Counsel is contingent upon issuance of the Bonds*.

Certain matters will be passed upon for the City by the City Attorney, as City Counsel.

UNDERWRITING

The Bonds are being purchased by __________ (the "**Underwriter**"). The Underwriter has agreed to purchase the Bonds at a price equal to $______, which equals the par amount of the Bonds ($_______), less an Underwriter's discount of $_______, plus a net original issue premium of $_______. The bond purchase agreement between the City and the Underwriter provides that the Underwriter will purchase all of the Bonds if any are purchased, the obligation to make such purchase being subject to certain terms and conditions set forth in said agreement, the approval of certain legal matters by counsel and certain other conditions.

FINANCIAL ADVISOR

The City has retained KNN Public Finance, A Division of Zions First National Bank, Oakland, California, as its Financial Advisor (the "**Financial Advisor**") in connection with the authorization and delivery of the Bonds. The payment of the Financial Advisor's fees for services rendered with respect to the sale of the Bonds is contingent upon the authorization and delivery of the Bonds. The Financial Advisor assumes no responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

MISCELLANEOUS

The execution and delivery of this Official Statement has been duly authorized by the City.

CITY OF DALY CITY

By: ____________________________________
Director of Finance and Administrative Services

APPENDIX A

AUDITED FINANCIAL STATEMENTS OF THE CITY
FOR FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

APPENDIX C

CITY OF DALY CITY GENERAL INFORMATION

The following additional information regarding the City and the surrounding area is presented as general background data. The Bonds are payable solely from the sources described herein (see "SECURITY FOR THE BONDS"). The taxing power of the City, the County of San Mateo, the State of California or any political subdivision thereof is not pledged to the payment of the Bonds.

General

The City of Daly City (the "**City**") is located in San Mateo County (the "**County**"), which itself is located west of the San Francisco Bay. The County has a total area of 741.01 square miles, of which 449.07 square miles is land and 291.95 square miles is water. Coastal mountains run north and south, dividing the lightly populated western part of the County from the heavily populated eastern corridor between San Francisco and Santa Clara/Silicon Valley. The County covers most of the San Francisco Peninsula just south of San Francisco and contains 20 incorporated cities.

San Mateo County has a diversified economy and a median household income that is higher than State and national averages. San Francisco International Airport is located at the northern end of the County, and Silicon Valley begins at its southern end. The County's developed areas are mostly suburban with some areas being very urban, and are home to several corporate campuses.

Employment and Industry

The City is included in the San Francisco–San Mateo–Redwood City Metropolitan Division ("**MD**"), which includes all of the County as well as Marin and San Francisco Counties. The unemployment rate in the San Francisco–San Mateo–Redwood City MD was 7.0% in May 2012, unchanged from a revised 7.0% in April 2012, and below the year-ago estimate of 8.0%. This compares with an unadjusted unemployment rate of 10.4% for California and 7.9% for the nation during the same period. The unemployment rate was 6.3% in Marin County, 7.4% in San Francisco County, and 6.8% in San Mateo County.

The following table summarizes the civilian labor force, employment and unemployment in the County for the calendar years 2007 through 2011. These figures are county-wide statistics and may not necessarily accurately reflect employment trends in the City.

SAN FRANCISCO METROPOLITAN STATISTICAL AREA (COUNTY OF SAN MATEO)
Civilian Labor Force, Employment and Unemployment
(Annual Averages)

	2007	2008	2009	2010	2011
Civilian Labor Force (1)	935,400	963,100	965,300	964,600	978,200
Employment	898,000	915,000	883,000	877,500	898,300
Unemployment	37,300	48,100	82,300	87,100	79,900
Unemployment Rate	4.0%	5.0%	8.5%	9.0%	8.2%
Wage and Salary Employment: (2)					
Agriculture	2,700	2,700	2,500	2,400	2,200
Mining and Logging	200	200	200	200	200
Construction	45,400	44,300	35,100	32,400	32,500
Manufacturing	43,500	42,100	38,100	37,000	37,000
Wholesale Trade	27,100	26,800	24,500	23,900	24,000
Retail Trade	95,000	94,000	87,700	86,800	87,600
Transportation, Warehousing, Utilities	40,600	39,800	37,800	36,400	35,900
Information	39,500	40,800	39,600	38,800	40,800
Finance and Insurance	67,700	65,600	60,100	58,100	57,500
Real Estate and Rental and Leasing	21,100	21,200	19,500	19,000	19,200
Professional and Business Services	203,900	210,100	198,300	193,600	201,800
Educational and Health Services	105,200	107,400	108,700	109,000	109,800
Leisure and Hospitality	124,300	126,800	122,200	122,700	127,100
Other Services	38,600	39,400	38,000	37,800	39,100
Federal Government	19,400	19,200	18,900	20,200	19,000
State Government	34,900	35,600	35,400	35,500	35,800
Local Government	82,700	83,500	81,400	80,600	81,000
Total, All Industries (3)	991,800	999,300	947,800	934,300	950,300

(1) Labor force data is by place of residence; includes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(2) Industry employment is by place of work; excludes self-employed individuals, unpaid family workers, household domestic workers, and workers on strike.
(3) Totals may not add due to rounding.
Source: State of California Employment Development Department.

Major Employers

The following table lists the major employers within the City and the County.

CITY OF DALY CITY
Major Employers
(As of 2010-11)

Employers	Number of Employees	Industry
Seton Medical Center	1,389	Hospitals
Jefferson Elementary School District	754	Schools
Jefferson High School District	693	Schools
City of Daly City	675	Government
Cow Palace	405	Indoor Arena
Genesys Telecommunications Laboratories	400	Telecommunications Software
Target Stores – Serramonte	319	Retail
McDonald's (4 stores)	250	Fast Food
Walgreens (3 stores)	227	Retail
St. Francis Convalescent Pavilion	202	Hospitals

Source: City of Daly City Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2011.

COUNTY OF SAN MATEO
Major Employers
June 2012
(Listed Alphabetically)

Employer Name	Location	Industry
AB SCIEX	Foster City	Scientific Apparatus & Instruments-Mfrs
Burlingame Millbrae Yellow Cab	Burlingame	Taxicabs & Transportation Service
Electronic Arts Inc	Redwood City	Game Designers (Mfrs)
Forced Dump Debris Box Svc	Burlingame	Garbage Collection
Franklin Resources Inc	San Mateo	Investment Management
Franklin Templeton Investments	San Mateo	Banks
Franklin Trust Co	San Mateo	Mutual Funds
Genentech Inc	South San Francisco	Drug Millers (Mfrs)
Gilead Sciences Inc	Foster City	Pharmaceutical Consultants
Guckenheimer Inc	Redwood City	Marketing Programs & Services
Health Science Library	Daly City	Services NEC
Kaiser Permanente Medical Ctr	Redwood City	Hospitals
Kaiser Permanente Medical Ctr	South San Francisco	Hospitals
Oracle Corp	Redwood City	Computer Software-Manufacturers
Peninsula Medical Ctr	Burlingame	Hospitals
Rudolph & Sletten Inc	Redwood City	Building Contractors
San Mateo County Human Svc	Belmont	County Government-Social/Human Resources
San Mateo County Mental Health	San Mateo	County Government-Public Health Programs
San Mateo County Transit Dist	San Carlos	County Govt-Transportation Programs
San Mateo Medical Ctr	San Mateo	Crisis Intervention Service
SRI International Inc	Menlo Park	Research Service
Stanford Linear Accelerator	Menlo Park	Research Service
US Interior Dept	Menlo Park	Federal Government-Conservation Depts
Visa International Svc Assn	Foster City	Marketing Programs & Services
Visa USA Inc	Foster City	Credit Card & Other Credit Plans

Source: State of California Employment Development Department; compiled from America's Labor Market Information System Employer Database, 2012 2nd Edition.

Commercial Activity

In 2009, the State Board of Equalization converted the business codes of sales and use tax permit holders to North American Industry Classification System codes. As a result of the coding change, retail stores data for 2009 and after is not comparable to that of prior years. A summary of historic taxable sales within the City and County is shown in the following table.

During the first quarter of calendar year 2011, total taxable transactions in Daly City were reported to be $193,374,000, a 5.71% increase over the total taxable transactions of $182,927,000 that were reported in Daly City during the first quarter of calendar year 2010. A summary of historic taxable sales within Daly City during the past five years for which data is available is shown in the following table. Annual figures are not yet available for 2011.

CITY OF DALY CITY
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	841	$800,679	1,538	$859,944
2007	810	845,378	1,425	907,125
2008	780	822,327	1,383	886,828
2009(1)	897	709,017	1,310	774,360
2010(1)	970	725,488	1,378	786,034

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

During the first quarter of calendar year 2011, total taxable transactions in the County were reported to be $2,900,335,000, a 9.40% increase over the total taxable transactions of $2,651,240,000 that were reported in the County during the first quarter of calendar year 2010. A summary of historic taxable sales within the County during the past five years for which data is available is shown in the following table. Annual figures are not yet available for 2011.

COUNTY OF SAN MATEO
Taxable Retail Sales
Number of Permits and Valuation of Taxable Transactions
(Dollars in Thousands)

	Retail Stores		Total All Outlets	
	Number of Permits	Taxable Transactions	Number of Permits	Taxable Transactions
2006	9,467	$8,723,143	21,082	$12,900,391
2007	9,278	8,998,981	20,202	13,326,306
2008	9,098	8,421,727	19,853	13,137,913
2009(1)	11,143	7,455,767	18,840	11,327,022
2010(1)	11,340	7,846,274	18,979	11,966,338

(1) Not comparable to prior years. “Retail” category now includes “Food Services.”
Source: State Board of Equalization.

Effective Buying Income

Effective buying income ("**EBI**") is designated by Sales and Marketing Management Magazine as personal income less personal tax and non-tax payments. Personal income is the aggregate of wages and salaries, other labor income (such as employer contributions to private pension funds), proprietor's income, rental income (which includes imputed rental income of owner-occupants of non-farm dwellings), dividends paid by corporations, personal interest income from all sources, and transfer payments (such as pensions and welfare assistance). Deducted from this total are personal taxes (federal, state and local, non-tax payments (such as fines, fees, penalties), and personal contributions for social insurance. Effective buying income is a bulk measure of market potential. It indicates the general ability to buy and is essential in comparing, selecting and grouping markets on that basis.

The following table summarizes the total effective buying income for the City, the County,, the State of California and the United States for the period 2007 through 2011.

CITY OF DALY CITY AND COUNTY OF SAN MATEO
Median Effective Buying Income
As of January 1, 2007 through 2011

Year	Area	Total Effective Buying Income (000's Omitted)	Median Household Effective Buying Income
2007	City of Daly City	$ 2,019,510	$57,347
	County of San Mateo	23,043,253	65,262
	State of California	814,894,438	48,203
	United States	6,300,794,040	41,792
2008	City of Daly City	$ 2,089,208	$58,949
	County of San Mateo	23,925,603	67,466
	State of California	832,531,445	48,952
	United States	6,443,994,426	42,303
2009	City of Daly City	$ 2,183,480	$61,311
	County of San Mateo	23,835,480	69,276
	State of California	844,823,319	49,736
	United States	6,571,536,768	43,252
2010	City of Daly City	$ 2,089,628	$58,758
	County of San Mateo	23,489,013	66,508
	State of California	801,393,028	47,177
	United States	6,365,020,076	41,368
2011	City of Daly City	$ 2,207,598	$59,235
	County of San Mateo	23,717,578	66,434
	State of California	814,578,458	47,062
	United States	6,438,704,664	41,253

Source: The Nielsen Company (US), Inc.

Construction Activity

Building activity for the calendar years 2006 through 2010 in the City and the County is shown in the following table.

CITY OF DALY CITY
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	$5,563.2	$8,980.2	$3,221.4	$1,740.2	$2,484.2
New Multi-family	453.4	6,495.8	388.0	49,396.2	6,257.4
Res. Alterations/Additions	6,484.9	6,561.7	12,516.1	11,628.4	13,546.0
Total Residential	12,501.6	22,037.7	16,125.5	62,764.7	22,287.6
New Commercial	27,420.2	13,667.6	1,800.0	1,460.0	0.0
New Industrial	0.0	0.0	0.0	0.0	0.0
New Other	103.2	89.0	121.0	360.1	1,376.6
Com. Alterations/Additions	11,425.7	12,425.8	11,429.2	10,053.1	14,225.6
Total Nonresidential	$38,949.0	$26,182.4	$13,350.2	$11,873.2	$15,602.2
New Dwelling Units					
Single Family	16	22	10	5	5
Multiple Family	2	54	2	212	36
TOTAL	18	76	12	217	41

Source: Construction Industry Research Board, Building Permit Summary.

COUNTY OF SAN MATEO
Building Permit Valuation
(Valuation in Thousands of Dollars)

	2006	2007	2008	2009	2010
Permit Valuation					
New Single-family	$227,781.1	$316,491.4	$245,433.9	$147,515.5	$189,296.6
New Multi-family	101,114.4	67,181.1	122,424.2	74,329.6	21,309.0
Res. Alterations/Additions	305,663.4	274,263.6	272,177.0	204,482.0	262,592.1
Total Residential	634,558.9	657,936.0	640,035.2	426,327.0	473,197.6
New Commercial	218,650.9	366,581.6	114,968.0	17,942.0	62,510.5
New Industrial	127,900.5	29,263.8	2,200.0	5,000.0	0.0
New Other	50,057.9	74,829.0	85,470.2	70,410.1	66,274.8
Com. Alterations/Additions	329,062.3	336,069.0	315,260.4	235,373.3	283,752.5
Total Nonresidential	$725,671.6	$806,743.4	$517,898.6	$328,725.5	$412,537.8
New Dwelling Units					
Single Family	445	658	312	236	216
Multiple Family	492	367	630	393	111
TOTAL	937	1,025	942	629	327

Source: Construction Industry Research Board, Building Permit Summary.

APPENDIX D

FORM OF BOND COUNSEL OPINION

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

$_______*
CITY OF DALY CITY
2012 WATER REVENUE REFUNDING BONDS

This CONTINUING DISCLOSURE CERTIFICATE (this "**Disclosure Certificate**") is executed and delivered by the CITY OF DALY CITY (the "**City**") in connection with the issuance of the 2012 Water Revenue Refunding Bonds captioned above (the "**Bonds**"). The Bonds are being executed and delivered pursuant to an Indenture of Trust, dated as of September 1, 2012 (the "**Indenture**"), between U.S. Bank National Association, as trustee (the "**Trustee**") and the City.

The City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the holders and beneficial owners of the Bonds and in order to assist the Participating Underwriter in complying with S.E.C. Rule 15c2-12(b)(5).

Section 2. Definitions. In addition to the definitions set forth above and in the Indenture, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

"*Annual Report*" means any Annual Report provided by the City pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"*Annual Report Date*" means the date that is nine months after the end of the City's Fiscal Year (currently March 31 based on the City's Fiscal Year end of June 30).

"*Dissemination Agent*" shall mean, initially, _______, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designed in writing by the City and which has been filed with the then current Dissemination Agent a written acceptance of such designation.

"*Fiscal Year*" means any twelve-month period beginning on July 1 in any year and extending to the next succeeding June 30, both dates inclusive, or any other twelve-month period selected and designated by the City as its official Fiscal Year period under a Certificate of the City filed with the Trustee.

"*MSRB*" means the Municipal Securities Rulemaking Board, which has been designated by the Securities and Exchange Commission as the sole repository of disclosure information for purposes of the Rule, or any other repository of disclosure information that may be designated by the Securities and Exchange Commission as such for purposes of the Rule in the future.

* Preliminary; subject to change.

"*Official Statement*" means the final official statement executed by the City in connection with the issuance of the Bonds.

"*Participating Underwriter*" means the original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"*Rule*" means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time.

"*Significant Events*" means any of the events listed in Section 5(a) of this Disclosure Certificate.

Section 3. Provision of Annual Reports.

(a) The City shall, or shall cause the Dissemination Agent to, not later than the Annual Report Date, commencing March 31, 2013, provide to the MSRB, in an electronic format as prescribed by the MSRB, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than 15 Business Days prior to the Annual Report Date, the City shall provide the Annual Report to the Dissemination Agent (if other than the City). If by 15 Business Days prior to the Annual Report Date the Dissemination Agent (if other than the City) has not received a copy of the Annual Report, the Dissemination Agent shall contact the City to determine if the City is in compliance with the previous sentence. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the Annual Report Date, if not available by that date. If the City's Fiscal Year changes, it shall give notice of such change in the same manner as for a Significant Event under Section 5(c). The City shall provide a written certification with each Annual Report furnished to the Dissemination Agent to the effect that such Annual Report constitutes the Annual Report required to be furnished by the City hereunder.

(b) If the City does not provide (or cause the Dissemination Agent to provide) an Annual Report by the Annual Report Date, the City shall provide (or cause the Dissemination Agent to provide) to the MSRB, in an electronic format as prescribed by the MSRB, a notice in substantially the form attached as Exhibit A.

(c) With respect to each Annual Report, the Dissemination Agent shall:

(i) determine each year prior to the Annual Report Date the then-applicable rules and electronic format prescribed by the MSRB for the filing of annual continuing disclosure reports; and

(ii) if the Dissemination Agent is other than the City, file a report with the City certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) The City's audited financial statements prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the City's audited financial statements are not available by the Annual Report Date, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) Unless otherwise provided in the audited financial statements filed on or before the Annual Report Date, financial information and operating data with respect to the City for the preceding Fiscal Year, substantially similar to that provided in the corresponding tables in the Official Statement:

(i) The numbers of connections by users as of June 30 of the most recently-completed fiscal year, in substantially the form of Table 3 in the Official Statement.

(ii) Any update in the schedule of water rates adopted by the City Council in the most recently-completed fiscal year.

(iii) Statement of Revenues, Expenses and Changes in Retained Earnings for the City's Water Utility Enterprise Fund for the most recently-completed fiscal year, in substantially the form of Table 12 of the Official Statement.

(iv) Balance Sheet/Statement of Net Assets for the most recently-completed fiscal year, in substantially the form of Table 13 of the Official Statement.

(v) For the most recently completed fiscal year only (no projections are required), debt service coverage provided by Net Revenues with respect to the Bonds and any Parity Debt, in substantially the form of Table 14 of the Official Statement.

(c) In addition to any of the information expressly required to be provided under this Disclosure Certificate, the City shall provide such further material information, if any, as may be necessary to make the specifically required statements, in the light of the circumstances under which they are made, not misleading.

(d) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City or related public entities, which are available to the public on the MSRB's Internet web site or filed with the Securities and Exchange Commission. The City shall clearly identify each such other document so included by reference.

Section 5. Reporting of Significant Events.

(a) The City shall give, or cause to be given, notice of the occurrence of any of the following Significant Events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;

(vii) Modifications to rights of security holders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City or other obligated person;

(xiii) The consummation of a merger, consolidation, or acquisition involving the City or an obligated person, or the sale of all or substantially all of the assets of the City or an obligated person (other than in the ordinary course of business), the entry into a definitive agreement to undertake such an action, or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

(b) Whenever the City obtains knowledge of the occurrence of a Significant Event, the City shall, or shall cause the Dissemination Agent (if not the City) to, file a notice of such occurrence with the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of 10 business days after the occurrence of the Significant Event. Notwithstanding the foregoing, notice of Significant Events described in subsections (a)(8) and (9) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds under the Indenture.

(c) The City acknowledges that the events described in subparagraphs (a)(2), (a)(7), (a)(8) (if the event is a bond call), (a)(10), (a)(13), and (a)(14) of this Section 5 contain the qualifier "if material." The City shall cause a notice to be filed as set forth in paragraph (b) above with respect to any such event only to the extent that the City determines the event's occurrence is material for purposes of U.S. federal securities law.

(d) For purposes of this Disclosure Certificate, any event described in paragraph (a)(12) above is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

Section 6. Identifying Information for Filings with the MSRB. All documents provided to the MSRB under the Disclosure Certificate shall be accompanied by identifying information as prescribed by the MSRB.

Section 7. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If such termination occurs prior to the final maturity of the Bonds, the City shall give notice of such termination in the same manner as for a Significant Event under Section 5(c).

Section 8. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign by providing 30 days' written notice to the City. Initially, ______ will act as dissemination hereunder.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the City may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) if the amendment or waiver relates to the provisions of Sections 3(a), 4 or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of an obligated person with respect to the Bonds, or type of business conducted;

(b) the undertakings herein, as proposed to be amended or waived, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the proposed amendment or waiver either (i) is approved by holders of the Bonds in the manner provided in the Indenture for amendments to the Indenture with the consent of holders, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or beneficial owners of the Bonds.

If the annual financial information or operating data to be provided in the Annual Report is amended pursuant to the provisions hereof, the first annual financial information filed pursuant hereto containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendment and the impact of the change in the type of operating data or financial information being provided.

If an amendment is made to the undertaking specifying the accounting principles to be followed in preparing financial statements, the annual financial information for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information, in order to provide information to investors to enable them to evaluate the ability of the City to meet its obligations. To the extent reasonably feasible, the comparison shall be quantitative.

A notice of any amendment made pursuant to this Section 9shall be filed in the same manner as for a Significant Event under Section 5(c).

Section 10. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Significant Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Significant Event in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Significant Event.

Section 11. Default. If the City fails to comply with any provision of this Disclosure Certificate, the Participating Underwriters or any holder or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Indenture, and the sole remedy under this Disclosure Certificate in the event of any failure of the City to comply with this Disclosure Certificate shall be an action to compel performance.

Section 12. Duties, Immunities and Liabilities of Dissemination Agent. (a) The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have no duty or obligation to review any information provided to it by the City hereunder, and shall not be deemed to be acting in any fiduciary capacity for the City, the Note holders or any other party. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

(b) The Dissemination Agent shall be paid compensation by the City for its services provided hereunder in accordance with its schedule of fees as amended from time to time, and shall be reimbursed for all expenses, legal fees and advances made or incurred by the Dissemination Agent in the performance of its duties hereunder.

Section 13. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriters and the holders and beneficial owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be regarded as an original, and all of which shall constitute one and the same instrument.

Date: October __, 2012

CITY OF DALY CITY

By ______________________________
Director of Finance and Administrative Services

ACCEPTANCE OF APPOINTMENT
BY DISSEMINATION AGENT

_______,
as Dissemination Agent

By:______________________________
Authorized Officer

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: CITY OF DALY CITY

Name of Issue: $_______* 2012 Water Revenue Refunding Bonds

Date of Issuance: October __, 2012

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Continuing Disclosure Certificate dated October __, 2012. The City anticipates that the Annual Report will be filed by ________________.

Dated: October __, 2012

DISSEMINATION AGENT:

By: ______________________________
Its: ______________________________

APPENDIX F

BOOK ENTRY ONLY SYSTEM

The following description of the Depository Trust Company ("DTC"), the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal, interest and other payments on the Bonds to DTC Participants or Beneficial Owners, confirmation and transfer of beneficial ownership interest in the Bonds and other related transactions by and between DTC, the DTC Participants and the Beneficial Owners is based solely on information provided by DTC. Accordingly, no representations can be made concerning these matters and neither the DTC Participants nor the Beneficial Owners should rely on the foregoing information with respect to such matters, but should instead confirm the same with DTC or the DTC Participants, as the case may be.

Neither the issuer of the Bonds (the "Issuer") nor the trustee, fiscal agent or paying agent appointed with respect to the Bonds (the "Agent") take any responsibility for the information contained in this Appendix.

No assurances can be given that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the Bonds, (b) certificates representing ownership interest in or other confirmation or ownership interest in the Bonds, or (c) redemption or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the Bonds, or that they will so do on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each issue of the Securities, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

2. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and

dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. *The information contained on this Internet site is not incorporated herein by reference.*

3. Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

4. To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Securities unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

10. Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

APPENDIX G

ADOPTED WATER RATES

Effective July 1, 2011

Base Bimonthly Charge

Meter Size	Regular	Outside City	Government	Single-Family Residential with Fire Sprinklers	Dedicated Fire Protection Services
5/8”	$11.64	$23.28	$9.31	$11.64	$11.64
3/4	11.64	23.28	9.31	11.64	11.64
1	32.44	64.88	25.95	16.22	11.64
1-1/2	56.55	113.10	45.24	28.28	11.64
2	89.81	179.62	71.85	44.91	11.64
3	148.85	297.70	119.08	N/A	11.64
4	267.76	535.52	214.21	N/A	11.64
6	471.49	942.98	377.19	N/A	11.64
8	737.59	1,475.18	590.07	N/A	11.64
10	1,066.88	2,133.76	853.50	N/A	11.64
12	1,410.32	2,820.64	1,128.26	N/A	11.64

Volume Charge

Water Use in Units From	To	Rate per Unit-Base Amount	Rate per Unit-Outside	Rate Per Unit-Government
0	6	--	--	--
7	10	$4.39	$8.78	$3.51
11	14	4.49	8.98	3.59
15	20	4.60	9.20	3.68
21	50	4.69	9.38	3.75
51	70	4.80	9.60	3.84
71	100	4.91	9.82	3.93
101	200	5.02	10.04	4.02
201	500	5.12	10.24	4.10
501	1,000	5.24	10.48	4.19
1,001	and up	5.34	10.68	4.27

<u>Effective July 1, 2012</u>

Base Bimonthly Charge

Meter Size	Regular	Outside City	Government	Single-Family Residential with Fire Sprinklers	Dedicated Fire Protection Services
5/8”	$13.04	$26.08	$10.43	$13.04	$13.04
3/4	13.04	26.08	10.43	13.04	13.04
1	36.33	72.66	29.06	18.17	13.04
1-1/2	63.34	126.68	50.67	31.67	13.04
2	100.59	201.18	80.47	50.30	13.04
3	166.71	333.42	133.37	N/A	13.04
4	299.89	599.78	239.91	N/A	13.04
6	528.07	1,056.14	422.46	N/A	13.04
8	826.10	1,652.20	660.88	N/A	13.04
10	1,194.91	2,389.82	955.93	N/A	13.04
12	1,579.56	3,159.12	1,263.65	N/A	13.04

Volume Charge

Water Use in Units From	To	Rate per Unit- Base Amount	Rate per Unit- Outside	Rate Per Unit- Government
0	6	--	--	--
7	10	$4.92	$9.84	$3.94
11	14	5.03	10.06	4.02
15	20	5.15	10.30	4.12
21	50	5.25	10.50	4.20
51	70	5.38	10.76	4.30
71	100	5.50	11.00	4.40
101	200	5.62	11.24	4.50
201	500	5.73	11.46	4.58
501	1,000	5.87	11.74	4.70
1,001	and up	5.98	11.96	4.78

<u>Effective July 1, 2013</u>

Base Bimonthly Charge

Meter Size	Regular	Outside City	Government	Single-Family Residential with Fire Sprinklers	Dedicated Fire Protection Services
5/8”	$14.60	$29.20	$11.68	$14.60	$14.60
3/4	14.60	29.20	11.68	14.60	14.60
1	40.69	81.38	32.55	20.35	14.60
1-1/2	70.94	141.88	56.75	35.47	14.60
2	112.66	225.32	90.13	56.33	14.60
3	186.72	373.44	149.38	N/A	14.60
4	335.88	671.76	268.70	N/A	14.60
6	591.44	1,182.88	473.15	N/A	14.60
8	925.23	1,850.46	740.18	N/A	14.60
10	1,338.30	2,676.60	1,070.64	N/A	14.60
12	1,769.11	3,538.22	1,415.29	N/A	14.60

Volume Charge

Water Use in Units From	To	Rate per Unit-Base Amount	Rate per Unit-Outside	Rate Per Unit-Government
0	6	--	--	--
7	10	$5.51	$11.02	$4.41
11	14	5.63	11.26	4.50
15	20	5.77	11.54	4.62
21	50	5.88	11.76	4.70
51	70	6.03	12.06	4.82
71	100	6.16	12.32	4.93
101	200	6.29	12.58	5.03
201	500	6.42	12.84	5.14
501	1,000	6.57	13.14	5.26
1,001	and up	6.70	13.40	5.36

Effective July 1, 2014

Base Bimonthly Charge

Meter Size	Regular	Outside City	Government	Single-Family Residential with Fire Sprinklers	Dedicated Fire Protection Services
5/8”	$16.06	$32.12	$12.85	$16.06	$16.06
3/4	16.06	32.12	12.85	16.06	16.06
1	44.76	89.52	35.81	22.38	16.06
1-1/2	78.03	156.06	62.42	39.02	16.06
2	123.93	247.86	99.14	61.97	16.06
3	205.39	410.78	164.31	N/A	16.06
4	369.47	738.94	295.58	N/A	16.06
6	650.58	1,301.16	520.46	N/A	16.06
8	1,017.75	2,035.50	814.20	N/A	16.06
10	1,472.13	2,944.26	1,177.70	N/A	16.06
12	1,946.02	3,892.04	1,556.82	N/A	16.06

Volume Charge

Water Use in Units From	To	Rate per Unit-Base Amount	Rate per Unit-Outside	Rate Per Unit-Government
0	6	--	--	--
7	10	$6.06	$12.12	$4.85
11	14	6.19	12.38	4.95
15	20	6.35	12.70	5.08
21	50	6.47	12.94	5.18
51	70	6.63	13.26	5.30
71	100	6.78	13.56	5.42
101	200	6.92	13.84	5.54
201	500	7.06	14.12	5.65
501	1,000	7.23	14.46	5.78
1,001	and up	7.37	14.74	5.90

NOTICE OF INTENTION TO SELL

Approximately $____________
City of Daly City
2012 Water Revenue Refunding Bonds

NOTICE IS HEREBY GIVEN that electronically submitted proposals will be received by City of Daly City (the "City") for the purchase of $_________* aggregate principal amount of City of Daly City 2012 Water Revenue Refunding Bonds (the "Bonds").

The bids for the Bonds will be received at the place, in the manner and up to the time and date specified below, subject to postponement or cancellation.

DATE AND TIME:	Tuesday, September 25, 2012 at 9:30 A.M. Pacific Time
ELECTRONIC BIDDING:	Bid proposals must be submitted electronically through i-Deal LLC's BiDCOMP™/PARITY® as provided in the Official Notice of Sale.
ELECTRONIC POSTING:	The Official Notice of Sale and the Preliminary Official Statement may be obtained through www.i-dealprospectus.com or from KNN Public Finance, A Division of Zions First National Bank, acting as financial advisor to the City (the "Financial Advisor").
NO SEALED OR FAXED BIDS:	Sealed or faxed bids will not be accepted.

Dated: September 10, 2012

OFFICIAL NOTICE OF SALE

Relating to:

$____________
City of Daly City
2012 Water Revenue Refunding Bonds
(Bank Qualified)

Notice is Hereby Given that electronically submitted proposals will be received by the City of Daly City (the "City") for the purchase of $_________* aggregate principal amount of City of Daly City 2012 Water Revenue Refunding Bonds (the "Bonds"), which will be issued and delivered pursuant to an Indenture of Trust dated as of September 1, 2012 (the "Indenture").

Bidders are referred to the Preliminary Official Statement relating to the Bonds (the "Preliminary Official Statement") for additional information regarding the City, the Bonds, and the source of repayment therefor. See "Closing Procedures and Documents - Official Statement" below.

The bids on the Bonds will be received at the place, in the manner and up to the time and date specified below, subject to postponement or cancellation.

DATE AND TIME:	Tuesday, September 25, 2012 at 9:30 A.M. Pacific Time
ELECTRONIC BIDDING:	Bid proposals must be submitted electronically through i-Deal LLC's BiDCOMP™/PARITY® as provided in this Official Notice of Sale.
ELECTRONIC POSTING:	This Official Notice of Sale and the Preliminary Official Statement may be obtained through www.i-dealprospectus.com or from KNN Public Finance, A Division of Zions First National Bank, acting as financial advisor to the City (the "Financial Advisor").
NO SEALED OR FAXED BIDS:	Sealed or faxed bids will not be accepted.

Right To Modify or Amend: The City reserves the right to modify or amend this Official Notice of Sale in any respect; provided, however, that any such modification or amendment shall be communicated to potential bidders by publishing notice through any of the *Thomson Financial*, *The Bond Buyer* wire or the *Bloomberg News* wire (the "News Service") no later than 3:00 p.m. Pacific Time on the business day preceding the date prescribed for receipt of bids. Failure of any bidder to receive notice of any modification or amendment shall not affect the sufficiency of any such notice or the legality of the sale.

*Preliminary; subject to change

Cancellation or Postponement of Sale; Change in Principal Amount: The City reserves the right to cancel or postpone the public sale to a later date or other time or to change the principal amount by announcing such postponement or change through the News Service, no later than 3:00 p.m. Pacific Time on the business day preceding the date prescribed for receipt of bids. Notice of a new time, or of a new date and time, if any, will be given through the News Service as soon as practicable following a postponement. In the event of a postponement of the sale only, any subsequent bid submitted by the bidder will supersede any prior bid made.

Accommodation to Bidders. As an accommodation to bidders, telephonic, facsimile or electronic mail notice of any modification or amendment of this Official Notice of Sale and notice of cancellation or postponement of the sale date or time will be given by the Financial Advisor to any bidder requesting such notice, such request for notice to be submitted to KNN Public Finance, A Division of Zions First National Bank, Attention: Nedko Nedev, Telephone (510) 208-8288, Fax: (510) 208-8282, E-mail: nnedev@knninc.com. Failure of any bidder to receive such telephonic, facsimile or electronic mail notice shall not affect the sufficiency of such notice or the legality of the sale.

Terms of the Bonds

General: The Bonds are being issued as fully registered bonds in denominations of $5,000 or multiples thereof and will be dated the date of issue. The Bonds are payable from the Net Revenues of the City's Water System, as more fully described in the Preliminary Official Statement.

Purpose and Application of Proceeds: The Bonds are being issued to refund, in full, on a current basis, the City's Certificates of Participation (2004 Water Utility Project). In addition, proceeds of the Bonds will also be used to [fund the Reserve Fund for the Bonds and] pay costs of issuing and delivering the Bonds.

Interest Rate: Interest on the Bonds is payable on December 1, 2012 and semiannually thereafter on June 1 and December 1 of each year. Interest is calculated on the basis of a 30-day month, 360-day year from the date of issuance and delivery of the Bonds. Each Bond shall bear interest at the specified rate from its date of issue to its stated maturity date, and all Bonds maturing on any one date shall bear the same rate of interest.

Bidders must specify the rate or rates of interest that the Bonds hereby offered for sale shall bear. Bidders will be permitted to bid different rates of interest; but (i) the maximum interest rate shall not exceed 6%; (ii) each interest rate specified in any bid must be in a multiple of one-eighth or one-twentieth of one percent per annum and a zero rate of interest cannot be specified; (iii) no Bond shall bear more than one rate of interest; (iv) each Bond shall bear interest from its date of issue to its stated maturity date at the interest rate specified in the bid; (v) all Bonds payable at any one time shall bear the same rate of interest; and (vi) any premium bid must be paid as part of the purchase price, and no bid will be accepted which contemplates the cancellation or the waiver of any interest or other concession by the bidder as a substitute for payment in full of the purchase price.

Premium/Discount: Bids for the Bonds shall specify a price of not less than __________ percent (__%) of the principal amount of the Bonds and not more than _____________ percent (___%) of the principal amount of the Bonds.

Maturities: The final aggregate principal amount of the Bonds and the maturity schedule will be determined following award to the successful bidder. For the purpose of calculating the winning bid for the Bonds, the maturity schedule set forth below shall be used.

Maturity Date (June 1)	Principal Amount*
2013	
2014	
2015	
2016	
2017	
2018	
2019	
2020	
2021	
2022	
2023	
2024	
2025	

Adjustment of Principal Amounts. Each principal amount listed in the maturity schedule set forth above is subject to increase or decrease in $5,000 increments. The Financial Advisor will promptly recalculate the aggregate principal amount of the Bonds following award to the successful bidder, for the purpose of maintaining certain funding requirements, and the Financial Advisor will promptly inform the successful bidder of any such adjustment to the maturity schedule set forth above. Subsequent to the adjustment of principal amounts, the proposed purchase price will be adjusted to the level necessary to maintain the successful Purchaser's spread as a percent of total par amount.

By offering a bid for the Bonds, a bidder will be obligated, if it is the successful bidder, to purchase the Bonds with any changes described above. The successful bidder may not withdraw its bid or change its interest rate bids as a result of any changes made to the principal amounts set forth above.

Term Bonds; Mandatory Sinking Fund Payments: Any bidder may, at its option, specify that one or more maturities of the Bonds will consist of a term bond payable at or before its specified maturity date from mandatory sinking fund payments in consecutive years immediately preceding the maturity date thereof, as designated in the bid of such bidder. If the bid of the successful bidder specifies that any maturity of the Bonds will be a term bond, such term bond will be subject to mandatory sinking fund redemption on June 1 in each year so designated in the bid, in the respective amounts for such year as set forth above under the heading "Maturities," at a redemption price equal to the principal amount represented thereby, together with accrued interest thereon to the redemption date, without premium.

No Optional Redemption: The Bonds are not subject to optional redemption prior to maturity.

Security: The Bonds are payable from the Net Revenues of the City's Water System (the "Net Revenues"). In addition, the City has the right to issue Parity Debt in the future secured by Net Revenues pursuant to the Indenture. For additional information regarding the

*Preliminary, subject to change.

City, its Net Revenues and the provisions in the Indenture governing the issuance of Parity Debt, potential bidders should review the Preliminary Official Statement.

In addition, the payment of the principal of and interest with respect to the Bonds will be secured by amounts on deposit in the Reserve Account established under Indenture as more fully described in the Official Statement for further details.

Tax-Exempt Status: In the opinion of Jones Hall, A Professional Law Corporation, San Francisco, California, bond counsel to the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal individual and corporate alternative minimum taxes. In the event that prior to the issuance and delivery of the Bonds (a) the interest represented by other obligations of the same type and character shall be declared to be taxable (either at the time of such declaration or at any future date) under any federal income tax laws, either by the terms of such laws or by ruling of a federal income tax authority or official which is followed by the Internal Revenue Service, or by decision of any federal court, or (b) any federal income tax law is adopted which will have a substantial adverse effect upon owners of the Bonds as such, the successful bidder for the Bonds may, at its option, prior to the issuance and delivery of the Bonds, be relieved of its obligation under the contract to purchase the Bonds, and in such case the deposit accompanying its proposal will be returned.

Book-Entry Only: The Bonds, when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the denominations of $5,000 and integral multiples thereof. Purchasers will not receive bond certificates representing their interest in the Bonds purchased. Principal and interest are payable in lawful money of the United States of America and will be paid to DTC, which in turn will remit such amounts to the beneficial owners of the Bonds through its participants, as described in the Preliminary Official Statement. Delivery of the Bonds will be made through the facilities of DTC in New York, New York, or through the facilities of the Trustee via FAST transfer, and is presently expected to occur on October 16, 2012.

Terms of Sale

Best Bid: The Bonds will be awarded to the bidder offering to purchase the Bonds at the lowest true interest cost to the City. The true interest cost (the "TIC") for each bid will be determined on the basis of the aggregate present value of each semiannual payment. The present value will be calculated to the expected date of delivery of the Bonds, being October 16, 2012, and will be based on the bid amount (par value plus any premium and less any discount). If two or more bids specify the same lowest TIC, then the selection for the award of the Bonds will be made among such bidders by the City in its sole discretion. All interest will be computed on a 360-day year, 30-day month basis from October 16, 2012, the expected date of issuance and delivery of the Bonds.

By submission of its bid, a bidder shall be deemed to have made the following representations:

(1) The bidder has received and reviewed the Preliminary Official Statement and, as a condition to bidding on the Bonds, has determined that it can comply with the requirements of Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(2) As of the date of its bid and as of the date of delivery of the Bonds, all members of the bidder's syndicate either participate in DTC or clear through or maintain a custodial relationship with an entity that participates in said depository.

(3) Zions First National Bank, parent company of KNN Public Finance, is not a participant in this bidding syndicate or other similar account formed for the purpose of purchasing the Bonds directly or indirectly from the City.

Form of Bid: All bids must be for all, but not less than all, of the Bonds offered for sale, plus such premium or less such discount as is specified in the bid. All bids must be unconditional. Each bid must be delivered by electronic transmission as described below and be received by 9:30 a.m., Pacific Time, on Wednesday, September 19, 2012, or such other date, time or date and time as the City may establish upon postponement of the sale of the Bonds pursuant to the terms and conditions set forth in this Official Notice of Sale. All bids shall be deemed to incorporate all of the terms of this Official Notice of Sale.

Electronic Bids: The City will receive bids delivered electronically through Parity. For further information about Parity, potential bidders may contact Parity at 1359 Broadway, 2nd Floor, New York, New York 10018, telephone: (212) 849-5021.

If any provision of this Official Notice of Sale conflicts with information provided by Parity, this Official Notice of Sale shall control. Each bidder submitting an electronic bid understands and agrees by doing so that it is solely responsible for all arrangements with (including any charges by) Parity, and that Parity is not acting as an agent of the City. Instructions and forms for submitting electronic bids must be obtained from Parity. Acceptance of electronic bids shall be subject to the limitations set forth in **"WARNINGS REGARDING ELECTRONIC BIDS"** below.

WARNINGS REGARDING ELECTRONIC BIDS: *The City assumes no responsibility for ensuring or verifying bidder compliance with Parity's procedures. The City shall be entitled to assume that any bid received via Parity has been made by a duly authorized agent of the bidder. The City, the Financial Advisor, Bond Counsel and Disclosure Counsel assume no responsibility for any malfunction of the Parity system, any failure of a bid to be received at the official time for receipt of bids, or any error contained in any bid submitted electronically. The official time for receipt of bids will be determined by the City at the place of bid receipt, and the City shall not be required to accept the time kept by Parity as the official time. The City assumes no responsibility for informing any bidder prior to the deadline for receiving bids that its bid is incomplete or not received.*

If a bidder submits an electronic bid for the Bonds, such bidder thereby agrees to the following terms and conditions: (i) if any provision in this Official Notice of Sale with respect to the Bonds conflicts with information or terms provided or required by Parity, this Official Notice of Sale, including any amendments issued as described herein, shall control; (ii) each bidder shall be solely responsible for making necessary arrangements to access Parity for purposes of submitting its bid in a timely manner and in compliance with the requirements of this Official Notice of Sale; (iii) the City shall not have any duty or obligation to provide or assure access to Parity to any bidder, and the City shall not be responsible for proper operation of, or have any liability for, any delays, interruptions or damages caused by use of Parity or any incomplete, inaccurate or untimely bid submitted by any bidder through Parity; (iv) the City is using Parity as a communication mechanism, and not as an agent of the City, to conduct the electronic bidding for the Bonds; (v) Parity is acting as an independent contractor, and is not acting for or on behalf of the City; (vi) the City is not responsible for ensuring or verifying bidder compliance with any procedures established by Parity; (vii) the City may regard the electronic transmission of a bid through Parity (including information regarding the purchase price for the Bonds and interest rates for any maturity of the Bonds) as though the information were submitted and executed on the bidder's behalf by a duly authorized signatory; (viii) if the bidder's bid is accepted by the City, this Official Notice of Sale and the information that is transmitted electronically through Parity shall form a contract, and the bidder shall be bound by the terms of such contract; and (ix) information provided by Parity to bidders shall form no part of any bid or any contract between the successful bidder and the City unless that information is included in this Official Notice of Sale provided by the City.

Multiple Bids: If multiple bids are received from a single bidder by any means or combination thereof, the City shall accept the bid representing the lowest true interest cost to the City, and each bidder agrees by submitting any bid to be bound by such best bid.

Good Faith Deposit: Deposit: A Good Faith Deposit ("Deposit") in the form of a certified or cashier's check, a wire transfer, or a bid bond ("Financial Surety Bond") in the amount of $250,000 payable to the order of the City, must be provided by the purchaser of the Bonds (the "Purchaser") not later than 10:00 a.m., California time, on the next business day following the award, as a guaranty that the Purchaser will accept and pay for the Bonds in accordance with the terms of the bid. If a check is used, it must be drawn on a bank or trust company having an office in San Francisco or Los Angeles, California. If the Deposit is made by wire transfer, such wire transfer must be in immediately available funds and to the account at the wire address specified by the City to the Purchaser. If a Financial Surety Bond is used, it must be from a pre-qualified insurance company that has a claims paying ability rated in the highest rating category by Moody's Investors Service or Standard & Poor's and that is licensed to issue such a bond in the State of California. The form of such Financial Surety Bond is subject to prior approval by the City, and such form must be submitted to KNN Public Finance, the City's financial advisor, a minimum of 24 hours prior to the time bids are to be received. Such Financial Surety Bond must provide that the surety shall make payment of the full amount of the Deposit by wire transfer to the City within 24 hours of the receipt of written notice from either the City or the Financial Advisor that the bidder has failed to submit the Deposit as required by this Official Notice of Sale. The Financial Surety Bond must identify each bidder whose Deposit is guaranteed by such Financial Surety Bond. If the Bonds are awarded to a bidder utilizing a Financial Surety Bond, then the Purchaser is required to submit its Deposit to the City in the form of a certified or cashier's check or wire transfer not later than 3:30 p.m., California time, on the next business day following the award. If such Deposit is not received by that time, the Financial Surety Bond may be drawn by the City to satisfy the Deposit requirement. The Deposit will be applied to the purchase price of the Bonds. If after the award of the Bonds the Purchaser fails to complete its purchase on the terms stated in its proposal, the Deposit will be retained by the City. No interest on the Deposit will accrue to any bidder.

Statement of True Interest Cost: Each bidder is requested, but not required, to state in its bid the total percentage true interest cost (TIC), which shall be considered as informative only and not binding on either the bidder or the City.

Reoffering Price Certification: Upon notification of award of the bid, the successful bidder for the Bonds shall provide initial offering prices for each maturity of the Bonds. Prior to delivery of the Bonds, the successful bidder shall provide to the City a reoffering price certification in form and substance substantially identical to the certificate attached hereto as Exhibit A.

Qualification for Sale; Blue Sky: Compliance with Blue Sky laws shall be the sole responsibility of the successful bidder, and the successful bidder shall indemnify and hold harmless the City and its officers and officials from any loss or damage resulting from any failure to comply with any such laws. The City will furnish such information and take such action not inconsistent with law as the successful bidder may request and the City shall deem necessary or appropriate to qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States of America as may be designated by the successful bidder; provided, however, that the City shall not execute a general or special consent to service of process or qualify to do business in connection with such qualification or determination in any jurisdiction. **The successful bidder will not offer to sell, or solicit any offer to buy, the Bonds in any jurisdiction where it is unlawful for such successful bidder to make such offer, solicitation or sale, and the successful bidder shall comply with the Blue Sky and other securities laws and regulations of the states and jurisdictions in which the successful bidder sells the Bonds.**

Right of Rejection: The City reserves the right, in its discretion, to reject any and all bids, to waive any irregularity or informality in any bid and to reoffer the Bonds for sale. The City retains absolute discretion to determine whether any bid is timely. The City takes no responsibility for informing any bidder prior to the time for receiving bids that its bid is incomplete or not received.

Prompt Award: The City will take action awarding the Bonds or rejecting all bids not later than twenty-four (24) hours after the expiration of the time herein prescribed for the receipt of bids unless such time of award is waived by the successful bidder. Notice of the award will be given promptly to the successful bidder.

Closing Procedures And Documents

Delivery and Payment: DELIVERY OF THE CERTIFICATES WILL BE MADE TO THE SUCCESSFUL BIDDER THROUGH DTC AND IS EXPECTED TO OCCUR ON OCTOBER 16, 2012. Payment for the Bonds must be made by wire transfer in immediately available funds. Any expense of providing immediately available funds, whether by transfer of Federal Reserve Bank funds or otherwise, shall be borne by the successful bidder. The cost of preparing the Bonds will be borne by the City.

Right of Cancellation: The successful bidder shall have the right, at the bidder's option, to cancel the contract of purchase if the City shall fail to issue the Bonds and tender the same for delivery within sixty (60) days from the date of sale thereof, and in such event the successful bidder shall be entitled to the return of such bidder's Deposit.

California Debt And Investment Advisory Commission Fee: Attention of bidders is directed to California Government Code Section 8856, which provides that the lead underwriter or the purchaser of the Bonds will be charged the California Debt and Investment Advisory Commission fee payable with respect to the Bonds.

CUSIP Numbers, DTC Fees and Other Fees: It is expected that the successful bidder will apply for CUSIP identification numbers for the Bonds and will furnish such CUSIP identification numbers to Bond Counsel within two (2) business days after notice of award. It is anticipated that such CUSIP identification numbers will be printed on the Bonds being delivered to DTC, but neither the failure to print a CUSIP identification number nor any error with respect thereto shall constitute cause for a failure or refusal by the successful bidder to accept delivery of and pay for the Bonds in accordance with the terms and provisions of its bid and this Official Notice of Sale. CUSIP Service Bureau charge for the assignment of CUSIP identification numbers shall be paid by the successful bidder. All expenses in relation to the printing of the CUSIP identification numbers on the Bonds shall be paid by the City. The successful bidder shall also be required to pay all fees required by DTC, the Securities Industry and Financial Markets Association, the Municipal Securities Rulemaking Board and any other similar entity imposing a fee in connection with the issuance of the Bonds.

No Litigation: There is no litigation pending concerning the validity of the Bonds, the corporate existence of the City, or the entitlement of the officers thereof to their respective offices, and the purchaser will be furnished a no-litigation certificate certifying to the foregoing as of and at the time of delivery of the Bonds.

Bank Qualified: The City has designated the Bonds as "qualified tax-exempt obligations" for purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Legal Opinion - Bond Counsel: The legal opinion of Jones Hall, A Professional Law Corporation, Bond Counsel to the City, addressed to the City, approving the validity of the Bonds will be furnished to the successful bidder upon delivery of the Bonds. A copy of the proposed form of the opinion of Bond Counsel is set forth in Appendix D of the Preliminary Official Statement.

Legal Opinion - Disclosure Counsel: The legal opinion of Jones Hall, A Professional Law Corporation, Disclosure Counsel to the City, regarding the Official Statement, will be furnished to the successful bidder upon delivery of the Bonds.

Official Statement: A Preliminary Official Statement has been prepared, copies of which may be obtained upon request made to the Financial Advisor, KNN Public Finance, A Division of Zions First National Bank, 1333 Broadway, Suite 1000, Oakland, California 94612, Attention: Nedko Nedev, Telephone (510) 208-8288, Fax: (510) 208-8282, E-mail: nnedev@knninc.com. The Preliminary Official Statement is also available at www.i-dealprospectus.com. The Preliminary Official Statement shall be "deemed final" by the City prior to or on the date of sale of the Bonds for purposes of Securities and Exchange Commission Rule 15c2-12(b)(1), but the Preliminary Official Statement is subject to revision, amendment and completion in a final Official Statement. A copy of the certificate executed by the City indicating that the Preliminary Official Statement has been deemed final as of its date will be provided to potential bidders upon request to the Financial Advisor at the address provided above. The City will furnish to the successful bidder, at no expense to the successful bidder, up to 25 copies of the Official Statement no later than the business day prior to the date of delivery of the Bonds or, if later, within seven (7) business days of the award date. Additional copies will be made available upon request, submitted to the Financial Advisor no later than twenty-four (24) hours after the time of receipt of bids, at the purchaser's expense, for use in connection with any resale of the Bonds.

Certificate of City Relating to Official Statement: The City will provide to the successful bidder for the Bonds a certificate, signed by an authorized officer of the City, confirming to the successful bidder that, as of the date of the final Official Statement, to the best of such officer's knowledge and belief, the Official Statement (excluding therefrom the information provided by the successful bidder regarding the underwriting, reoffering and CUSIP identification numbers for the Bonds, and the information set forth in Appendix F -"Book Entry Provisions," such information being hereinafter referred to as the "Excluded Information") does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Such Certificate of the City will further certify: (i) that there has been no material adverse change in the condition or affairs of the City, financial or otherwise, whether or not arising from transactions in the ordinary course of the operations of the City, as such operations are described in the Official Statement, which would make it unreasonable for such successful bidder to rely upon the Official Statement in connection with the resale of the Bonds; (ii) that to the best of such officer's knowledge, excluding therefrom the Excluded Information as to which no certification will be provided, no event has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the date of delivery of the Bonds any statement of a material fact or is not reflected in the Official Statement but should be reflected therein in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (iii) authorizing the successful bidder to distribute copies of the Official Statement in connection with the resale of the Bonds.

By making a bid for the Bonds, the successful bidder agrees: (i) to disseminate to all members of the underwriting syndicate, if any, copies of the final Official Statement, including any supplements prepared by the City; (ii) to promptly file a copy of the final Official Statement, including any supplements prepared by the City, with the Nationally Recognized Municipal Securities Information Repositories; and (iii) to take any and all other actions necessary to comply with applicable Securities and Exchange Commission and Municipal Securities Rulemaking Board rules governing the offering, sale and delivery of the Bonds to the ultimate purchasers.

Continuing Disclosure: In order to assist bidders in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "Rule"), the City will undertake, pursuant to a Continuing Disclosure Agreement, to provide certain annual financial information relating to the City and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the Official Statement. See "Continuing Disclosure" in the Preliminary Official Statement.

Dated: September 19, 2012

CITY OF DALY CITY

By: /s/
City Manager

INDENTURE OF TRUST

between the

CITY OF DALY CITY

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of September 1, 2012

Relating to

$____________
City of Daly City
2012 Water Revenue Refunding Bonds

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INDENTURE OF TRUST

This INDENTURE OF TRUST, dated as of September 1, 2012, is between the CITY OF DALY CITY, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, and being qualified to accept and administer the trusts hereby created (the "Trustee").

B A C K G R O U N D:

1. The City has heretofore entered into an Installment Sale Agreement dated as of June 1, 2004 (the "2004 Agreement") with the Daly City Public Facilities Financing Corporation (the "Corporation") in connection with the execution and delivery of $9,860,000 aggregate principal amount of the Certificates of Participation (2004 Water Utility Project) (the "2004 Certificates").

2. The proceeds of the 2004 Certificates were used to finance improvements to the City's Water System (as defined herein).

3. Certain payments (the "2004 Installment Payments") made by the City to the Corporation under the 2004 Agreement were assigned to BNY Western Trust Company, as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "2004 Trustee") for the 2004 Certificates, for the purpose of paying the principal and interest with respect to the 2004 Certificates.

4. The City, in order to achieve debt service savings, now desires to prepay the 2004 Installment Payments, thereby causing the redemption of the 2004 Certificates, and is entitled to do so under the provisions of Section 10.02 of the 2004 Agreement and Section 4.01 of the Trust Agreement (the "2004 Trust Agreement") dated as of June 1, 2004 among the 2004 Trustee, the Corporation and the City.

5. The City wishes at this time to make such deposit of funds for the purpose of prepaying the 2004 Installment Payments and thereby discharging its obligations under the 2004 Agreement and the 2004 Trust Agreement, and in order to provide funds for that purpose, the City Council of the City has authorized the issuance of the City of Daly City 2012 Water Revenue Refunding Bonds in the aggregate principal amount of $__________ (the "Bonds") under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law").

6. The Bonds will be secured by a pledge of and lien on the Net Revenues derived by the City from the operation of the Water System.

7. In order to provide for the authentication and delivery of the Bonds, to establish and declare the terms and conditions upon which the Bonds are to be issued and secured and to secure the payment of the principal thereof and of the interest and premium, if any, thereon, the City Council of the City has authorized the execution of this Indenture.

A G R E E M E N T :

In order to secure the payment of the principal of and the interest on all the Bonds under this Indenture according to their tenor, and to secure the performance and observance of all the covenants and conditions therein and herein set forth, and to declare the terms and conditions upon and subject to which the Bonds are to be issued and received, and in consideration of the premises and of the mutual covenants herein contained and of the purchase and acceptance of the Bonds by the Owners thereof, and for other valuable considerations, the receipt of which is hereby acknowledged, the City and the Trustee hereby covenant and agree with one another, for the benefit of the respective Owners from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS; RULES OF CONSTRUCTION

SECTION 1.01. *Definitions*. Unless the context clearly otherwise requires or unless otherwise defined herein, the capitalized terms defined in Appendix A attached to this Indenture have the respective meanings specified in Appendix A when used in this Indenture.

SECTION 1.02. *Authorization*. Each of the parties hereby represents and warrants that it has full legal authority and is duly empowered to enter into this Indenture, and has taken all actions necessary to authorize the execution hereof by the officers and persons signing it.

SECTION 1.03. *Interpretation.*

(a) Unless the context otherwise indicates, words expressed in the singular include the plural and vice versa and the use of the neuter, masculine, or feminine gender is for convenience only and include the neuter, masculine or feminine gender, as appropriate.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and do not affect the meaning, construction or effect hereof.

(c) All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Indenture; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE II

ISSUANCE OF BONDS

SECTION 2.01. *Authorization and Purpose of Bonds*. The City has reviewed all proceedings heretofore taken and has found, as a result of such review, and hereby finds and determines that all things, conditions and acts required by law to exist, happen or be performed precedent to and in connection with the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law, and the City is now duly empowered, under each and every requirement of law, to issue the Bonds in the manner and form provided in this Indenture.

The City hereby authorizes the issuance of Bonds in the aggregate principal amount of $________________ under the Bond Law for the purposes of providing funds to prepay the 2004 Installment Payments and redeem the 2004 Certificates, and thereby discharge the City's obligations under the 2004 Agreement and the 2004 Trust Agreement, in accordance with the Escrow Agreement. The Bonds are authorized and issued under, and are subject to the terms of, this Indenture and the Bond Law. The Bonds are designated the "City of Daly City 2012 Water Revenue Refunding Bonds".

SECTION 2.02. *Terms of the Bonds*. The Bonds are issuable in fully registered form without coupons in denominations of $5,000 or any integral multiple thereof, so long as no Bond has more than one maturity date. The Bonds will be dated as of the Closing Date, and will mature on June 1 in the years and in the respective principal amounts and bear interest (calculated on the basis of a 360-day year comprised of twelve 30-day months) at the respective rates per annum, as set forth in the following table:

Maturity Date (June 1)	Principal Amount	Interest Rate	Maturity Date (June 1)	Principal Amount	Interest Rate
2013	$		2019	$	
2014			2020		
2015			2021		
2016			2022		
2017			2023		
2018			2024		
			2025		

Interest on the Bonds is payable from the Interest Payment Date next preceding the date of authentication thereof unless:

(a) a Bond is authenticated on or before an Interest Payment Date and after the close of business on the preceding Record Date, in which event it will bear interest from such Interest Payment Date,

(b) a Bond is authenticated on or before the first Record Date, in which event interest thereon will be payable from the Closing Date, or

(c) interest on any Bond is in default as of the date of authentication thereof, in which event interest thereon will be payable from the date to which interest has been paid in full, payable on each Interest Payment Date.

Interest is payable on each Interest Payment Date to the persons in whose names the ownership of the Bonds is registered on the Registration Books at the close of business on the immediately preceding Record Date, except as provided below. Interest on any Bond which is not punctually paid or duly provided for on any Interest Payment Date is payable to the person in whose name the ownership of such Bond is registered on the Registration Books at the close of business on a special record date for the payment of such defaulted interest to be fixed by the Trustee, notice of which is given to such Owner by first-class mail not less than 10 days prior to such special record date.

The Trustee will pay interest on the Bonds by check of the Trustee mailed by first class mail, postage prepaid, on each Interest Payment Date to the Owners of the Bonds at their respective addresses shown on the Registration Books as of the close of business on the preceding Record Date. At the written request of the Owner of Bonds in an aggregate principal amount of at least $1,000,000, which written request is on file with the Trustee as of any Record Date, the Trustee will pay interest on such Bonds on each succeeding Interest Payment Date by wire transfer in immediately available funds to such account of a financial institution within the United States of America as specified in such written request, which written request will remain in effect until rescinded in writing by the Owner. The Trustee will pay principal of the Bonds in lawful money of the United States of America by check of the Trustee upon presentation and surrender thereof at the Office of the Trustee.

SECTION 2.03. *No Redemption of Bonds*. The Bonds are not subject to redemption prior to their respective stated maturities.

SECTION 2.04. *Book Entry System*.

(a) Original Delivery. The Bonds will be initially delivered in the form of a separate single fully registered bond (which may be typewritten) for each maturity of the Bonds. Upon initial delivery, the Trustee shall register the ownership of each Bond on the Registration Books in the name of the Nominee. Except as provided in subsection (c), the ownership of all of the Outstanding Bonds shall be registered in the name of the Nominee on the Registration Books.

With respect to Bonds the ownership of which is registered in the name of the Nominee, the City and the Trustee have no responsibility or obligation to any Depository System Participant or to any person on behalf of which the Nominee holds an interest in the Bonds. Without limiting the generality of the immediately preceding sentence, neither the City nor the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Depository, the Nominee or any Depository System Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any notice with respect to the Bonds, including any notice of redemption, if applicable (iii) if applicable the selection by the Depository of the beneficial interests in the Bonds to be redeemed if the City elects to redeem the Bonds in part, (iv) the payment to any Depository System Participant or any other person, other than a Bond Owner as shown in the Registration Books, of any amount with respect to principal, premium, if any, or interest on the Bonds or (v) any consent given or other action taken by the Depository as Owner of the Bonds. The City and the Trustee may treat and consider the person in whose name each Bond is registered as the absolute owner of such Bond for the purpose of payment of principal of and premium, if any, and interest on such Bond, for the purpose of giving notices of redemption, if applicable, and other matters with respect to such Bond, for the purpose of registering transfers of ownership of such Bond, and for all other purposes whatsoever. The Trustee shall pay the principal of and the interest and premium, if any, on the Bonds only to the respective Owners or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge all obligations with respect to payment of principal of and interest and premium, if any, on the Bonds to the extent of the sum or sums so paid. No person other than a Bond Owner shall receive a Bond evidencing the obligation of the City to make payments of principal, interest and premium, if any, under this Indenture. Upon delivery by the Depository to the City of written notice to the effect that the Depository has determined to substitute a new Nominee in its place, and subject to the provisions herein with respect to Record Dates, such new nominee shall become the Nominee hereunder for all purposes; and upon receipt of such a notice the City shall promptly deliver a copy of the same to the Trustee.

(b) Representation Letter. In order to qualify the Bonds for the Depository's book-entry system, the City shall execute and deliver to such Depository a letter representing such matters as shall be necessary to so qualify the Bonds. The execution and delivery of such letter shall not in any way limit the provisions of subsection (a) above or in any other way impose upon the City or the Trustee any obligation whatsoever with respect to persons having interests in the Bonds other than the Bond Owners. Upon the written acceptance by the Trustee, the Trustee shall agree to take all action reasonably necessary for all representations of the Trustee in such letter with respect to the Trustee to at all times be complied with. In addition to the execution and delivery of such letter, the City may take any other actions, not inconsistent with this Indenture, to qualify the Bonds for the Depository's book-entry program.

(c) Transfers Outside Book-Entry System. If either (i) the Depository determines not to continue to act as Depository for the Bonds, or (ii) the City determines to terminate the Depository as such, then the City shall thereupon discontinue the book-entry system with such Depository. In such event, the Depository shall cooperate with the City and the Trustee in the issuance of replacement Bonds by providing the Trustee with a list showing the interests of the Depository System Participants in the Bonds, and by surrendering the Bonds, registered in the name of the Nominee, to the Trustee on or before the date such replacement Bonds are to be issued. The Depository, by accepting delivery of the Bonds, agrees to be bound by the provisions of this subsection (c). If, prior to the termination of the Depository acting as such, the City fails to identify another Securities Depository to replace the Depository, then the Bonds shall no longer be required to be registered in the Registration Books in the name of the Nominee, but shall be registered in whatever name or names the Owners transferring or exchanging Bonds shall designate, in accordance with the provisions hereof.

If the City determines that it is in the best interests of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City may notify the Depository System Participants of the availability of such certificated Bonds through the Depository.

In such event, the Trustee will issue, transfer and exchange Bonds as required by the Depository and others in appropriate amounts; and whenever the Depository requests, the Trustee and the City shall cooperate with the Depository in taking appropriate action (i) to make available one or more separate certificates evidencing the Bonds to any Depository System Participant having Bonds credited to its account with the Depository, or (ii) to arrange for another Securities Depository to maintain custody of a single certificate evidencing such Bonds, all at the City's expense.

(d) Payments to the Nominee. Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of the Nominee, all payments with respect to principal of and interest and premium, if any, on such Bond and all notices with respect to such Bond shall be made and given, respectively, as provided in the letter described in subsection (b) of this Section or as otherwise instructed by the Depository.

SECTION 2.05. *Form and Execution of Bonds*. The Bonds, the form of Trustee's certificate of authentication, and the form of assignment to appear thereon, are set forth in Appendix B attached hereto and by this reference incorporated herein, with necessary or appropriate variations, omissions and insertions, as permitted or required by this Indenture.

The Mayor of the City shall execute, and the City Clerk of the City shall attest each Bond. Either or both of such signatures may be made manually or may be affixed by facsimile thereof. If any officer whose signature appears on any Bond ceases to be such officer before the Closing Date, such signature will nevertheless be as effective as if the officer had remained in office until the Closing Date. Any Bond may be signed and attested on behalf of the City by such persons as at the actual date of the execution of such Bond are the proper officers of the City, duly authorized to execute debt instruments on behalf of the City, although on the date of such Bond any such person was not an officer of the City.

Only those Bonds bearing a certificate of authentication in the form set forth in Appendix B, manually executed and dated by the Trustee, are valid or obligatory for any purpose or entitled to the benefits of this Indenture, and such certificate of the Trustee is conclusive evidence that such Bonds have been duly authenticated and delivered hereunder and are entitled to the benefits of this Indenture.

SECTION 2.06. *Transfer and Exchange of Bonds.*

(a) Transfer. Any Bond may, in accordance with its terms, be transferred, upon the Registration Books, by the person in whose name it is registered, in person or by a duly authorized attorney of such person, upon surrender of such Bond to the Trustee at its Office for cancellation, accompanied by delivery of a written instrument of transfer in a form acceptable to the Trustee, duly executed. The Trustee shall collect any tax or other governmental charge on the transfer of any Bonds under this Section 2.06. Whenever any Bond or Bonds shall be surrendered for transfer, the City shall execute and the Trustee shall authenticate and deliver to the transferee a new Bond or Bonds of like series, interest rate, maturity and aggregate principal amount. The City shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any transfer of Bonds.

(b) Exchange. The Bonds may be exchanged at the Office of the Trustee for a like aggregate principal amount of Bonds of other authorized denominations and of the same series, interest rate and maturity. The Trustee shall collect any tax or other governmental charge on the exchange of any Bonds under this subsection (b). The City shall pay the cost of printing Bonds and any services rendered or expenses incurred by the Trustee in connection with any exchange of Bonds.

SECTION 2.07. *Registration Books*. The Trustee will keep or cause to be kept, at its Office, sufficient records for the registration and registration of transfer of the Bonds, which must at all times during normal business hours, and upon reasonable notice, be open to inspection by the City; and, upon presentation for such purpose, the Trustee shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on the Registration Books, Bonds as hereinbefore provided.

SECTION 2.08. *Bonds Mutilated, Lost, Destroyed or Stolen*. If any Bond is mutilated, the City, at the expense of the Owner of such Bond, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in exchange and substitution for the Bond so mutilated, but only upon surrender to the Trustee of the Bond so mutilated. The Trustee shall cancel every mutilated Bond surrendered to it and deliver such mutilated Bond to, or upon the order of, the City. If any Bond is lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the Trustee and, if such evidence is satisfactory and if indemnity satisfactory to the Trustee is given, the City, at the expense of the Owner, shall execute, and the Trustee shall thereupon authenticate and deliver, a new Bond of like tenor in lieu of and in substitution for the Bond so lost, destroyed or stolen. The Trustee may require payment of a sum not exceeding the actual cost of preparing each new Bond issued under this Section and of the expenses which may be incurred by the Trustee in connection therewith. Any Bond issued under the provisions of this Section in lieu of any Bond alleged to be lost, destroyed or stolen will constitute an original additional contractual obligation on the part of the City whether or not the Bond so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be equally and proportionately entitled to the benefits of this Indenture with all other Bonds issued under this Indenture.

Notwithstanding any other provision of this Section 2.08, in lieu of delivering a new Bond for which principal has become due for a Bond which has been mutilated, lost, destroyed or stolen, the Trustee may make payment of such Bond in accordance with its terms upon receipt of indemnity satisfactory to the Trustee.

ARTICLE III

ISSUE OF BONDS; PARITY DEBT

SECTION 3.01. *Issuance of Bonds*. Upon the execution and delivery of this Indenture, the City shall execute and deliver Bonds in the aggregate principal amount of $____________ to the Trustee and the Trustee shall authenticate and deliver the Bonds to the Original Purchaser upon receipt of a Request of the City therefor.

SECTION 3.02. *Deposit and Application of Proceeds*. On the Closing Date, the Trustee shall apply the proceeds of the Bonds as follows:

(a) The Trustee shall deposit the amount of $__________________ to the Costs of Issuance Fund.

(b) The Trustee shall deposit the amount of $__________ to the Reserve Fund, constituting the full amount of the Reserve Requirement.

(c) The Trustee shall transfer the amount of $___________, constituting the remainder of the Bond proceeds, to the 2004 Trustee, for deposit and application in accordance with the Escrow Agreement.

SECTION 3.03. *Costs of Issuance Fund*. There is hereby established a separate fund to be known as the "Costs of Issuance Fund", to be held by the Trustee in trust. The Trustee shall disburse moneys in the Costs of Issuance Fund from time to time to pay Costs of Issuance upon submission of a Request of the City stating (a) the person to whom payment is to be made, (b) the amounts to be paid, (c) the purpose for which the obligation was incurred, (d) that such payment is a proper charge against the Costs of Issuance Fund, and (e) that such amounts have not been the subject of a prior Request of the City; in each case together with a statement or invoice for each amount requested thereunder. On March 1, 2013, the Trustee shall transfer any amounts remaining in the Costs of Issuance Fund to the Debt Service Fund to be applied to pay a portion of the interest next coming due and payable on the Bonds, and the Trustee shall close the Costs of Issuance Fund.

SECTION 3.04. *Reserve Fund*. There is hereby created a separate fund to be known as the "Reserve Fund", to be held in trust by the Trustee. An amount equal to the Reserve Requirement shall be maintained in the Reserve Fund at all times, subject to the provisions of Section 4.02(b)(ii), and any deficiency therein shall be replenished from the first available Net Revenues under Section 4.02(b)(ii). The Trustee shall apply amounts in the Reserve Fund for the purposes set forth in Section 4.02(b)(iii).

In connection with the issuance of any Parity Debt, the City may (but is not required to) deposit into the Reserve Fund an amount of funds required to increase the balance in the Reserve Fund and all accounts therein to an amount equal to the Reserve Requirement on the Bonds and all outstanding issues of Parity Debt which are secured by the Reserve Fund. In that event, amounts in the Reserve Fund shall constitute a common reserve for the equal and proportionate security of the Bonds and all such issues of Parity Debt. Any deposit made under this paragraph may be made into one or more separate accounts within the Reserve Fund, all of which shall be accounted for as part of a common reserve.

SECTION 3.05. *Issuance of Parity Debt*. The City may issue Parity Debt in such principal amount as it determines, subject to the following conditions precedent:

(a) No Event of Default (or no event with respect to which notice has been given and which, once all notice of grace periods have passed, would constitute an Event of Default) has occurred and is continuing.

(b) The amount of Net Revenues, as shown by the books of the City for the most recent completed Fiscal Year for which audited financial statements of the City are available, or for any more recent consecutive 12-month period selected by the City, in either case verified by an Accountant or a Financial Consultant or shown in the audited financial statements of the City, plus, at the option of the City, any Additional Revenues, are at least equal to 125% of the amount of Maximum Annual Debt Service coming due and payable in the current or any future Fiscal Year with respect to the Bonds and all Parity Debt then outstanding (including the Parity Debt then proposed to be issued); and

(c) The City shall deliver to the Trustee a Certificate of the City certifying, and an opinion of Bond Counsel stating, that the conditions precedent to the issuance of such Parity Debt set forth in the foregoing subsections of this Section 3.05 have been satisfied.

The Parity Debt Documents pursuant to which Parity Debt is issued, executed or delivered shall state whether it is secured by amounts on deposit in the Reserve Fund.

SECTION 3.06. *Validity of Bonds*. The recital contained in the Bonds that they are issued under the Laws of the State of California is conclusive evidence of their validity and of the regularity of their issuance.

ARTICLE IV

REVENUES; FLOW OF FUNDS

SECTION 4.01. *Pledge of Net Revenues*. The Bonds and any Parity Debt are equally secured by a first pledge, charge and lien upon the Net Revenues, the moneys in the Debt Service Fund and the Reserve Fund, including all amounts derived from the investment of such moneys, without priority for series, issue, number or date, and the payment of the interest on and principal of the Bonds shall be and are secured by an exclusive pledge, charge and lien upon the and such moneys. In addition, the Bonds are secured by a pledge of all of the moneys in the Debt Service Fund and the Reserve Fund, including all amounts derived from the investment of such moneys. So long as any of the Bonds are Outstanding, the Net Revenues and such moneys may not be used for any other purpose; except that out of the Net Revenues there may be apportioned such sums, for such purposes, as are expressly permitted by Section 4.02.

SECTION 4.02. *Receipt, Deposit and Application of Net Revenues*.

(a) Establishment and Maintenance of Water Fund. The City has previously established the Water Fund, which it will continue to hold and maintain for the purposes and uses set forth herein. The City shall deposit all Gross Revenues in the Water Fund promptly upon the receipt thereof, and shall apply amounts in the Water Fund solely for the uses and purposes set forth herein and for the uses and purposes set forth in any Parity Debt Documents.

(b) Application of Amounts in Water Fund. The City shall withdraw amounts on deposit in the Water Fund and apply such amounts at the times and for the purposes, and in the priority, as follows:

(i) *Operation and Maintenance Costs*. The City shall apply amounts on deposit in the Water Fund to pay all Operation and Maintenance Costs when due.

(ii) *Debt Service Fund*. In addition to transfers which are required to be made for the repayment of any Parity Debt, the City shall, on or before the 3rd Business Day preceding each Interest Payment Date, so long as any Bonds remain Outstanding, withdraw from the Water Fund and pay to the Trustee for deposit into the Debt Service Fund (which the Trustee shall establish and hold in trust hereunder) an amount which, together with other available amounts then on deposit in the Debt Service Fund, is at least equal to the aggregate amount of principal of and interest coming due and payable on the Bonds on such Interest Payment Date.

The Trustee shall apply amounts in the Debt Service Fund solely for the purpose of (A) paying the interest on the Outstanding Bonds when due and payable, and (B) paying the principal of the Bonds at the maturity thereof. Upon the payment of all Outstanding Bonds, the Trustee shall transfer any moneys remaining in the Debt Service Fund to the City for deposit into the Water Fund.

(iii) *Reserve Fund*. If the amount on deposit in the Reserve Fund at any time falls below the Reserve Requirement due to a withdrawal of funds therefrom, the Trustee shall promptly notify the City of such fact and the City shall promptly (A) withdraw the amount of such insufficiency from available Net Revenues on deposit in the Water Fund, and (B) transfer such amount to the Trustee for deposit in the Reserve Fund. No deposit need be made in the Reserve Fund so long as the balance therein at least equals the Reserve Requirement. If the amount on deposit in the Reserve Fund exceeds the Reserve Requirement, the Trustee shall transfer such excess amount to the Debt Service Fund.

If the amounts on deposit in the Debt Service Fund on any Interest Payment Date are insufficient to pay the principal of and interest on the Bonds then coming due, the Trustee shall withdraw the amount of such insufficiency from the Reserve Fund and transfer it to the Debt Service Fund. On the date on which all Bonds are retired, any moneys then on deposit in the Reserve Fund will be withdrawn by the Trustee and paid to the City.

(c) Other Uses of Water Fund. The City shall manage, conserve and apply moneys in the Water Fund in such a manner that all deposits required to be made under this Section and under any Parity Debt Documents will be made at the times and in the amounts so required.

So long as no Event of Default has occurred and is continuing, the City may at any time use and apply moneys in the Water Fund for any one or more of the following purposes:

(i) the payment of any subordinate obligations or any unsecured obligations;

(ii) the acquisition and construction of extensions and improvements to the Water System;

(iii) the redemption of any obligations of the City relating to the Water System; or

(iv) any other lawful purpose of the City relating to the Water System.

SECTION 4.03. *Establishment of Rate Stabilization Fund*. The City has the right at any time to establish a rate stabilization fund (the "Rate Stabilization Fund") to be held by it and administered in accordance with this Section 4.03, for the purpose of stabilizing the rates and charges imposed by the City with respect to the Water System. From time to time the City may deposit amounts in the Rate Stabilization Fund, from any source of legally available funds, including but not limited to Net Revenues which are released from the pledge and lien which secures the Bonds and any Parity Debt, as the City may determine.

The City may, but is not required to, withdraw from any amounts on deposit in a Rate Stabilization Fund and deposit such amounts in the Water Fund in any Fiscal Year for the purpose of paying Debt Service coming due and payable in such Fiscal Year. Amounts so transferred from a Rate Stabilization Fund to the Water Fund shall constitute Gross Revenues for such Fiscal Year (except as otherwise provided herein), and shall be applied for the purposes of the Water Fund. Amounts on deposit in a Rate Stabilization Fund shall not be pledged to or otherwise secure the Bonds or any Parity Debt. All interest or other earnings on deposits in a Rate Stabilization Fund shall be withdrawn therefrom at least annually and accounted for as Gross Revenues in the Water Fund. The City has the right at any time to withdraw any or all amounts on deposit in a Rate Stabilization Fund and apply such amounts for any lawful purposes of the City.

SECTION 4.04. *Investments*.

(a) Investment of Funds Held by City. All moneys in the Water Fund and the Rate Stabilization Fund shall be invested by the City from time to time in any securities in which the City may legally invest funds subject to its control.

(b) Investment of Funds Held by Trustee. The Trustee shall invest moneys in the funds and accounts held by it hereunder in Permitted Investments which will be available on or before the dates when such moneys are needed, as specified in the Request of the City delivered to the Trustee at least two Business Days in advance of the making of such investments. In the absence of any such direction from the City, the Trustee shall invest any such moneys solely in Permitted Investments described in clause (e) of the definition thereof.

(c) General Investment Provisions. Obligations purchased as an investment of moneys in any fund or account shall be deemed to be part of such fund or account. Whenever in this Indenture the City is required to transfer any moneys to the Trustee, such transfer may be accomplished by transferring a like amount of Permitted Investments. All interest or gain derived from the investment of amounts in any of the funds or accounts held by the Trustee hereunder shall be retained in the respective fund or account from which such investment was made; except that the Trustee shall deposit all interest or gain from the investment of amounts in the Reserve Fund in the Debt Service Fund to the extent not required to cause the balance in the Reserve Fund to equal the Reserve Requirement. For purposes of acquiring any investments hereunder, the Trustee may commingle funds held by it hereunder upon receipt by the Trustee of the Request of the City. The Trustee or an affiliate may act as principal or agent in the acquisition or disposition of any investment and may impose its customary charges therefor. The Trustee has no liability for losses arising from any investments made under this Section.

The City acknowledges that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the City the right to receive brokerage confirmations of security transactions as they occur, the City specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the City periodic transaction statements which shall include detail for all investment transactions made by the Trustee hereunder.

The Trustee or any of its affiliates may act as sponsor, advisor or manager in connection with any investments made by the Trustee hereunder.

SECTION 4.05. *Valuation and Disposition of Investments*.

(a) Except as otherwise provided in subsection (b) of this Section, the City covenants that all investments of amounts deposited in any fund or account created by or under this Indenture, or otherwise containing gross proceeds of the Bonds (within the meaning of Section 148 of the Tax Code) shall be acquired, disposed of and valued (as of the date that valuation is required by this Indenture or the Tax Code) at Fair Market Value as such term is defined in subsection (d) below. The Trustee has no duty in connection with the determination of Fair Market Value other than to follow the investment directions of the City in any Certificate or Request of the City.

(b) Investments in funds or accounts (or portions thereof) that are subject to a yield restriction under applicable provisions of the Tax Code and investments in the Reserve Fund shall be valued at cost thereof (consisting of present value thereof within the meaning of Section 148 of the Tax Code); provided that the City must inform the Trustee which funds are subject to a yield restriction, and must provide the Trustee with any necessary valuation criteria or formulae.

(c) Except as provided in the preceding subsection (b), for the purpose of determining the amount in any fund, the Trustee shall value Permitted Investments credited to such fund at least annually at the Fair Market Value thereof. The Trustee may utilize and rely on computerized securities pricing services that may be available to it, including those available through its regular accounting system. If and as directed by the City in writing, the Trustee shall sell or present for redemption any Permitted Investment so purchased by the Trustee whenever it is necessary to provide moneys to meet any required payment, transfer, withdrawal or disbursement from the fund to which such Permitted Investment is credited, and the Trustee has no liability or responsibility for any loss resulting therefrom.

(d) For purposes of this Section 4.05, the term “Fair Market Value” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Tax Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (i) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Tax Code, (ii) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Tax Code, or (iii) the investment is a United States Treasury Security -- State and Local Government Series which is acquired in accordance with applicable regulations of the United States Bureau of Public Debt.

ARTICLE V

FINANCIAL COVENANTS

SECTION 5.01. *Punctual Payment; Compliance With Documents*. The City shall punctually pay or cause to be paid the interest and principal to become due with respect to all of the Bonds in strict conformity with the terms of the Bonds and of this Indenture, and will faithfully observe and perform all of the conditions, covenants and requirements of this Indenture and all Supplemental Indentures.

SECTION 5.02. *Discharge of Claims*. The City covenants that in order to fully preserve and protect the priority and security of the Bonds the City shall pay from the Net Revenues and discharge all lawful claims for labor, materials and supplies furnished for or in connection with the Water System which, if unpaid, may become a lien or charge upon the Net Revenues prior or superior to the lien of the Bonds and impair the security of the Bonds. The City shall also pay, from the Net Revenues, all taxes and assessments or other governmental charges lawfully levied or assessed upon or in respect of the Water System or upon any part thereof or upon any of the Net Revenues therefrom.

SECTION 5.03. *Operation of Water System in Efficient and Economical Manner*. The City covenants and agrees to operate the Water System in an efficient and economical manner and to operate, maintain and preserve the Water System in good repair and working order.

SECTION 5.04. *Sale or Eminent Domain of Water System*. Except as provided herein, the City covenants that the Water System will not be encumbered, sold, leased, pledged, any charge placed thereon, or otherwise disposed of, as a whole or substantially as a whole if such encumbrance, sale, lease, pledge, charge or other disposition would materially impair the ability of the City to pay the principal of or interest on the Bonds or any Parity Debt, or would materially adversely affect its ability to comply with the terms of this Indenture and any Parity Debt Documents. The City may not enter into any agreement which impairs the operation of the Water System or any part of it necessary to secure adequate Net Revenues to pay the Bonds and any Parity Debt, or which otherwise would impair the rights of the Bond Owners with respect to the Net Revenues.

If any substantial part of the Water System is sold, the payment therefor must either (a) be used for the acquisition or construction of improvements and extensions or replacement facilities or (b) be applied to redeem any Parity Debt in accordance with the related Parity Debt Documents.

Any amounts received as awards as a result of the taking of all or any part of the Water System by the lawful exercise of eminent domain, if and to the extent that such right can be exercised against such property of the City, shall either (a) be used for the acquisition or construction of improvements and extension of the Water System, or (b) be applied to redeem any Parity Debt in accordance with the related Parity Debt Documents.

SECTION 5.05. *Insurance*. The City will at all times maintain with responsible insurers all such insurance on the Water System as is customarily maintained with respect to works and properties of like character against accident to, loss of or damage to the Water System. If any useful part of the Water System is damaged or destroyed, such part must be restored to usable condition. All amounts collected from insurance against accident to or destruction of any portion of the Water System shall be used to repair or rebuild such damaged or destroyed portion of the Water System, and to the extent not so applied, shall be applied to redeem any Parity Debt in accordance with the related Parity Debt Documents. The City shall also maintain, with responsible insurers, worker's compensation insurance and insurance against public liability and property damage to the extent reasonably necessary to protect the City, the Trustee and the Owners of the Bonds. The Trustee has no liability to determine whether the City is in compliance with the provisions of this Section 5.05.

SECTION 5.06. *Records and Accounts*. The City will keep proper books of record and accounts of the Water System, separate from all other records and accounts, in which complete and correct entries shall be made of all transactions relating to the Water System. Said books shall, upon reasonable request, be subject to the inspection of the Trustee (who shall have no duty to inspect) and the Owners of not less than 10% of the Outstanding Bonds or their representatives authorized in writing.

The City shall cause the books and accounts of the Water System to be audited annually by an Independent Accountant and will make available for inspection by the Bond Owners at the Office of the Trustee, upon reasonable request, a copy of the report of such Independent Accountant.

SECTION 5.07. *Rates and Charges*. The City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year, which are at least sufficient, after making allowances for contingencies and error in the estimates, to yield Gross Revenues (excluding any amounts transferred from a Rate Stabilization Fund) sufficient to pay the following amounts in the following order of priority:

(a) All Operation and Maintenance Costs estimated by the City to become due and payable in such Fiscal Year;

(b) The principal of and interest on the Bonds and any Parity Debt as they become due and payable during such Fiscal Year, without preference or priority, except to the extent such interest is payable from proceeds of Parity Debt deposited for such purpose;

[(c) All amounts, if any, required to restore the balance in Reserve Fund to the full amount of the Reserve Requirement; and]

(d) All payments required to meet any other obligations of the City which are charges, liens, encumbrances upon, or which are otherwise payable from, the Gross Revenues or the Net Revenues during such Fiscal Year.

In addition, the City shall fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each Fiscal Year which are sufficient to yield Net Revenues which are at least equal to 125% of the amount described in the preceding clause (b) for such Fiscal Year. For purposes of this paragraph, the amount of Net Revenues for a Fiscal Year will be computed on the basis that (a) any transfers into the Water Fund in such Fiscal Year from the Rate Stabilization Fund are included in the calculation of Net Revenues, as provided in Section 4.03, and (b) any deposits into the Rate Stabilization Fund in such Fiscal Year are deducted from the amount of Net Revenues to the extent such deposits are made from Gross Revenues received by the City during that Fiscal Year.

SECTION 5.08. *Superior and Subordinate Obligations*. The City may not issue or incur any additional bonds or other obligations having any priority in payment of principal or interest out of the Net Revenues over the Bonds. Nothing herein limits or affects the ability of the City to issue or incur (a) Parity Debt, or (b) obligations which are either unsecured or which are secured by an interest in the Net Revenues which is junior and subordinate to the pledge of and lien upon the Net Revenues established hereunder.

SECTION 5.09. *Tax Covenants Relating to Bonds*.

(a) Generally. The City shall not take any action or permit to be taken any action within its control which would cause or which, with the passage of time if not cured would cause, interest on the Bonds to become includable in gross income for federal income tax purposes.

(b) Private Activity Bond Limitation. The City shall assure that the proceeds of the Bonds are not used in a manner that would cause the Bonds to become "private activity bonds" within the meaning of section 141(a) of the Tax Code or to meet the private loan financing test of Section 141(c) of the Tax Code.

(c) Federal Guarantee Prohibition. The City shall not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Bonds to be "federally guaranteed" within the meaning of Section 149(b) of the Tax Code.

(d) No Arbitrage. The City shall not take, or permit or suffer to be taken by the Trustee or otherwise, any action with respect to the Bond proceeds which, if such action had been reasonably expected to have been taken, or had been deliberately and intentionally taken, on the Closing Date, would have caused the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Tax Code.

(e) Rebate of Excess Investment Earnings. The City shall calculate or cause to be calculated all amounts of excess investment earnings with respect to the Bonds which are required to be rebated to the United States of America under Section 148(f) of the Tax Code, at the times and in the manner required under the Tax Code. The City shall pay when due an amount equal to excess investment earnings to the United States of America in such amounts, at such times and in such manner as may be required under the Tax Code, such payments to be made from any source of legally available funds of the City. The City shall keep or cause to be kept, and retain or cause to be retained for a period of six years following the retirement of the Bonds, records of the determinations made under this subsection (e).

(f) Small Issuer Exemption from Bank Nondeductibility Restriction. The City hereby designates the Bonds for purposes of paragraph (3) of section 265(b) of the

Code and covenants that none of the Bonds constitute private activity bonds as defined in section 141 of the Code, and that not more than $10,000,000 aggregate principal amount of obligations the interest on which is excludable (under section 103(a) of the Code) from gross income for federal income taxes (excluding, however, private activity bonds, as defined in section 141 of the Code, other than qualified 501(c)(3) bonds as defined in section 145 of the Code), including the Bonds, have been or shall be issued by the City including all subordinate entities of the City, during the calendar year 2012.

The Trustee has no duty to monitor the compliance by the City with any of the covenants contained in this Section 5.09.

SECTION 5.10. *Refunding of 2004 Installment Payments*. The City shall cause the proceeds of the Bonds to be applied to the payment and prepayment of the 2004 Installment Payments in accordance with the provisions of the 2004 Installment Purchase Agreement and the Escrow Agreement. From and after the Closing Date, the City's obligations under the 2004 Installment Purchase Agreement shall be fully discharged, and the 2004 Installment Payments shall no longer be secured by a pledge of or lien on the Net Revenues.

SECTION 5.11. *Continuing Disclosure*. The City will comply with and carry out all of the provisions of the Continuing Disclosure Certificate that has been executed and delivered by the City on the Closing Date. Notwithstanding any other provision hereof, failure of the City to comply with the Continuing Disclosure Certificate does not constitute an Event of Default hereunder; *provided, however*, that any Participating Underwriter (as such term is defined in the Continuing Disclosure Certificate) or any Owner or beneficial owner of the Bonds may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Section 5.11.

SECTION 5.12. *Further Assurances*. The City will adopt, make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Indenture, and for the better assuring and confirming unto the Owners of the Bonds and the Trustee the rights and benefits provided in this Indenture.

ARTICLE VI

THE TRUSTEE

SECTION 6.01. *Duties, Immunities and Liabilities of Trustee.*

(a) Performance of Duties. The Trustee shall, prior to the occurrence of an Event of Default, and after the curing or waiving of all Events of Default which may have occurred, perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or duties will be read into this Indenture against the Trustee. The Trustee shall, during the existence of any Event of Default (which has not been cured or waived), exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in their exercise, as a reasonable corporate trustee would exercise or use.

(b) Removal of Trustee. The City may remove the Trustee at any time, and shall remove the Trustee (i) if at any time requested to do so by an instrument or concurrent instruments in writing signed by the Owners of not less than a majority in aggregate principal amount of the Bonds then Outstanding (or their attorneys duly authorized in writing) or (ii) if at any time the Trustee ceases to be eligible in accordance with subsection (e) of this Section 6.01, or becomes incapable of acting, or is adjudged a bankrupt or insolvent, or a receiver of the Trustee or its property is appointed, or any public officer takes control or charge of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation. The City may accomplish such removal by giving 30 days written notice to the Trustee, whereupon the City will appoint a successor Trustee by an instrument in writing.

(c) Resignation by Trustee. The Trustee may at any time resign by giving written notice of such resignation to the City, and by giving notice of such resignation by first class mail, postage prepaid, to the Bond Owners at their respective addresses shown on the Registration Books. Upon receiving such notice of resignation, the City will promptly appoint a successor Trustee by an instrument in writing.

(d) Appointment of Successor Trustee. Any removal or resignation of the Trustee and appointment of a successor Trustee becomes effective upon acceptance of appointment by the successor Trustee. If no successor Trustee has been appointed and accepted appointment within 45 days following giving notice of removal or notice of resignation as aforesaid, the resigning Trustee, any Owner (on behalf of such Owner and all other Owners) may petition any federal or state court for the appointment of a successor Trustee, and such court may thereupon, after such notice (if any) as it may deem proper, appoint such successor Trustee. Any successor Trustee appointed under this Indenture shall signify its acceptance of such appointment by executing and delivering to the City and to its predecessor Trustee a written acceptance thereof, and to the predecessor Trustee an instrument indemnifying the predecessor Trustee for any costs or claims arising during the time the successor Trustee serves as Trustee hereunder, and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the moneys, estates, properties, rights, powers, trusts, duties and obligations of such predecessor Trustee, with like effect as if originally named Trustee herein; but, nevertheless, upon the receipt by the predecessor Trustee of the Request of the City or the request of the successor Trustee, such predecessor Trustee shall execute and deliver any and all instruments of conveyance or further assurance and do such other things as may reasonably be required for more fully and certainly vesting in and confirming to such successor Trustee all the right, title and interest of such predecessor Trustee in and to any property held by it under this Indenture and shall pay over, transfer, assign and deliver to the successor Trustee any money or other property subject to the trusts and conditions herein set forth. Upon request of the successor Trustee, the City will execute and deliver any and all instruments as may be reasonably required for more fully and certainly vesting in and confirming to such successor Trustee all such moneys, estates, properties, rights, powers, trusts, duties and obligations. Upon acceptance of appointment by a successor Trustee as provided in this subsection, the City shall mail or cause the successor Trustee to mail, by first class mail postage prepaid, a notice of the succession of such Trustee to the trusts hereunder to each rating agency which then maintains a rating on the Bonds, and to the Owners at the addresses shown on the Registration Books. If the City fails to mail such notice within 15 days after acceptance of appointment by the successor Trustee, the successor Trustee shall cause such notice to be mailed at the expense of the City.

(e) Qualifications of Trustee. Any Trustee appointed under the provisions of this Section in succession to the Trustee must:

(i) be a company or bank having trust powers,

(ii) have a corporate trust office in the State of California,

(iii) have (or be part of a bank holding company system whose bank holding company has) a combined capital and surplus of at least $75,000,000, and

(iv) be subject to supervision or examination by federal or state authority.

If such bank or company publishes a report of condition at least annually, under law or to the requirements of any supervising or examining authority above referred to, then for the purpose of this subsection the combined capital and surplus of such bank or company shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time the Trustee shall cease to be eligible in accordance with the provisions of this subsection (e), the Trustee shall resign immediately in the manner and with the effect specified in subsection (c) of this Section.

The City will maintain a Trustee which is qualified under the provisions of the foregoing provisions of this subsection (e), so long as any Bonds are Outstanding.

SECTION 6.02. *Merger or Consolidation*. Any bank or company into which the Trustee may be merged or converted or with which either of them may be consolidated or any bank or company resulting from any merger, conversion or consolidation to which it shall be a party or any bank or company to which the Trustee may sell or transfer all or substantially all of its corporate trust business, provided such bank or company shall be eligible under subsection (e) of Section 6.01, shall be the successor to such Trustee without the execution or filing of any paper or any further act, anything herein to the contrary notwithstanding.

SECTION 6.03. *Rights and Liabilities of Trustee*.

(a) The recitals of facts herein and in the Bonds contained are taken as statements of the City, and the Trustee has no responsibility for the correctness of the same, nor does it have any liability whatsoever therefor, nor make any representations as to the validity or sufficiency of this Indenture or of the Bonds nor shall it incur any responsibility in respect thereof, other than as expressly stated herein. The Trustee is, however, responsible for its representations contained in its certificate of authentication on the Bonds. The Trustee is not liable in connection with the performance of its duties hereunder, except for its own negligence or willful misconduct. The Trustee is not liable for the acts of any agents of the Trustee selected by it with due care. The Trustee may become the Owner of any Bonds with the same rights it would have if it were not Trustee and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as a member of, or in any other capacity with respect to, any committee formed to protect the rights of the Owners, whether or not such committee shall represent the Owners of a majority in principal amount of the Bonds then Outstanding. The Trustee, either as principal or agent, may engage in or be entrusted in any financial or other transaction with the City.

(b) The Trustee has no liability with respect to any action taken or omitted to be taken by it in accordance with the direction of the Owners of a majority in aggregate principal amount of the Bonds at the time Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee under this Indenture.

(c) The Trustee has no liability for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Indenture, except for actions arising from the negligence or willful misconduct of the Trustee. The permissive right of the Trustee to do things enumerated hereunder is not construed as a mandatory duty.

(d) The Trustee will not be deemed to have knowledge of any Event of Default hereunder unless and until a responsible officer of the Trustee has actual knowledge thereof, or unless and until a responsible officer of the Trustee has received written notice thereof at its Office. Except as otherwise expressly provided herein, the Trustee is not bound to ascertain or inquire as to the performance or observance of any of the terms, conditions, covenants or agreements herein or of any of the documents executed in connection with the Bonds, or as to the existence of an Event of Default hereunder or thereunder. The Trustee is not responsible for the City's payment of principal and interest on the Bonds, the City's observance or performance of any other covenants, conditions or terms contained herein, or the validity or effectiveness of any collateral given to or held by it. Without limiting the generality of the foregoing, and notwithstanding anything herein to the contrary, the Trustee is not responsible for reviewing the contents of any financial statements furnished to the Trustee under Section 5.06 and may rely conclusively on a Certificate of the City (if any) to establish the City's compliance with its financial covenants hereunder, including, without limitation, its covenants regarding the deposit of Gross Revenues into the Water Fund and the investment and application of moneys on deposit in the Water Fund (other than its covenants to transfer such moneys to the Trustee when due hereunder).

(e) No provision in this Indenture requires the Trustee to risk or expend its own funds or otherwise incur any financial liability hereunder. The Trustee is entitled to receive interest on any moneys advanced by it hereunder, at the maximum rate permitted by law.

(f) The Trustee may establish additional accounts or subaccounts of the funds established hereunder as the Trustee deems necessary or prudent in furtherance of its duties under this Indenture.

(g) The Trustee has no responsibility or liability whatsoever with respect to any information, statement, or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds, nor shall the Trustee have any obligation to review any such material, and any such review by the Trustee will not be deemed to create any obligation, duty or liability on the part of the Trustee.

(h) At any and all reasonable times the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, have the right (but not the duty) fully to inspect the Water System, including all books, papers and records of the City pertaining to the Water System and the Bonds, and to take such memoranda from and with regard thereto as may be desired but which is not privileged by statute or by law.

(i) Before taking any action under Article VIII the Trustee may require indemnity satisfactory to the Trustee be furnished to it to hold the Trustee harmless from any expenses whatsoever and to protect it against any liability it may incur hereunder.

(j) The immunities extended to the Trustee also extend to its directors, officers, employees and agents.

(k) The permissive right of the Trustee to do things enumerated in this Indenture is not construed as a duty.

(l) The Trustee may execute any of the trusts or powers hereof and perform any of its duties through attorneys, agents and receivers and is not answerable for the conduct of the same if appointed by it with reasonable care.

(m) The Trustee shall not be considered in breach of or in default in its obligations hereunder or progress in respect thereto in the event of enforced delay in the performance of such obligations due to unforeseeable causes beyond its control and without its fault or negligence, including, but not limited to, Acts of God or of the public enemy or terrorists, acts of a government, acts of the other party, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, earthquakes, explosion, mob violence, riot, inability to procure or general sabotage or rationing of labor, equipment, facilities, sources of energy, material or supplies in the open market, litigation or arbitration involving a party or others relating to zoning or other governmental action or inaction pertaining to the project, malicious mischief, condemnation, and unusually severe weather or delays of suppliers or subcontractors due to such causes or any similar event and/or occurrences beyond the control of the Trustee

SECTION 6.04. *Right to Rely on Documents***.** The Trustee is protected in acting upon any notice, resolution, requisition, request, consent, order, certificate, report, opinion, facsimile transmission, electronic mail or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Trustee may consult with counsel, including, without limitation, Bond Counsel or other counsel of or to the City, with regard to legal questions, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Trustee hereunder in accordance therewith.

The Trustee is not bound to recognize any person as the Owner of a Bond unless and until such Bond is submitted for inspection, if required, and such person's title thereto is established to the satisfaction of the Trustee.

Whenever in the administration of the trusts imposed upon it by this Indenture the Trustee deems it necessary or desirable that a matter be proved or established prior to taking or suffering any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a Certificate of the City, which shall be full warrant to the Trustee for any action taken or suffered in good faith under the provisions of this Indenture in reliance upon such Certificate, but in its discretion the Trustee may (but has no duty to), in lieu thereof, accept other evidence of such matter or may require such additional evidence as to it may deem reasonable. The Trustee may conclusively rely on any certificate or report of any Independent Accountant appointed by the City.

The Trustee agrees to accept and act upon facsimile transmission of written instructions and/or directions under this Indenture provided, however, that: (a) subsequent to such facsimile transmission of written instructions and/or directions the Trustee shall forthwith receive the originally executed instructions and/or directions, (b) such originally executed instructions and/or directions shall be signed by a person as may be designated and authorized to sign for the party signing such instructions and/or directions, and (c) the Trustee has received a current incumbency certificate containing the specimen signature of such designated person

SECTION 6.05. *Preservation and Inspection of Documents*. All documents received by the Trustee under the provisions of this Indenture shall be retained in its possession and shall be subject during normal business hours, and upon reasonable prior written notice, to the inspection of the City and any Owner, and their agents and representatives duly authorized in writing.

SECTION 6.06. *Compensation and Indemnification*. Absent any agreement to the contrary, the City shall pay to the Trustee from time to time compensation for all services rendered under this Indenture and also all expenses, charges, legal and consulting fees and other disbursements and those of its attorneys (including any allocated costs of internal counsel), agents and employees, incurred in and about the performance of its powers and duties under this Indenture. The Trustee has a first lien on the Net Revenues and all funds and accounts held by the Trustee hereunder to secure the payment to the Trustee of all fees, costs and expenses, including compensation to its experts, attorneys and counsel incurred in declaring such Event of Default and in exercising the rights and remedies set forth in Article VIII.

The City further covenants and agrees to indemnify and save the Trustee and its officers, directors, agents and employees, harmless against any loss, expense and liabilities, whether or not litigated, which it may incur arising out of or in the exercise and performance of its powers and duties hereunder, including the costs and expenses of defending against any claim of liability and of enforcing any remedies hereunder and under any related documents, but excluding any and all losses, expenses and liabilities which are due to the negligence or willful misconduct of the Trustee, its officers, directors, agents or employees. The obligations of the City under this Section 6.06 shall survive resignation or removal of the Trustee under this Indenture and payment of the Bonds and discharge of this Indenture.

SECTION 6.07. *Accounting Records and Financial Statements*. The Trustee shall at all times keep, or cause to be kept, proper books of record and account, prepared in accordance with corporate trust industry standards, in which complete and accurate entries shall be made of all transactions made by it relating to the proceeds of the Bonds and all funds and accounts established and held by the Trustee under this Indenture. Such books of record and account shall be available for inspection by the City at reasonable hours, during regular business hours, with reasonable prior notice and under reasonable circumstances. The Trustee shall furnish to the City, at least semiannually, an accounting (which may be in the form of its customary statements) of all transactions relating to the proceeds of the Bonds and all funds and accounts held by the Trustee under this Indenture.

ARTICLE VII

MODIFICATION AND AMENDMENT OF THIS INDENTURE

SECTION 7.01. *Amendments Permitted*.

(a) Amendment With Bond Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Bonds may be modified or amended by the City and the Trustee upon Request of the City at any time by the execution of a Supplemental Indenture, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding with respect to all Bonds then Outstanding, exclusive of Bonds disqualified as provided in Section 9.05. Any such Supplemental Indenture becomes effective upon the execution and delivery thereof by the parties thereto and upon consent of the requisite Bond Owners. No such modification or amendment may:

(i) extend the maturity of any Bond or reduce the interest rate thereon, or otherwise alter or impair the obligation of the City to pay the principal thereof or interest thereon at the time and place and at the rate and in the currency provided therein, without the written consent of the Owner of such Bond, or

(ii) permit the creation by the City of any mortgage, pledge or lien upon the Gross Revenues or the Net Revenues superior to or on a parity with the pledge and lien created for the benefit of the Bonds (except as expressly permitted by this Indenture), or reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, or

(iii) modify any of the rights or obligations of the Trustee without its written consent.

(b) Amendment Without Bond Owner Consent. This Indenture and the rights and obligations of the City and of the Owners of the Bonds may also be modified or amended at any time by a Supplemental Indenture, without the consent of any Owners of the Bonds, for any one or more of the following purposes:

(i) to add to the covenants and agreements of the City contained in this Indenture, other covenants and agreements thereafter to be observed, or to limit or surrender any rights or power herein reserved to or conferred upon the City;

(ii) to cure any ambiguity, or to cure, correct or supplement any defective provision contained in this Indenture, or in any other respect whatsoever as the City deems necessary or desirable, provided under any circumstances that such modifications or amendments do not materially adversely affect the interests of the Owners in the opinion of Bond Counsel filed with the City and the Trustee;

(iii) to provide for the issuance of Parity Debt under Section 3.05, and to provide the terms and conditions under which such Parity Debt may be issued, including but not limited to the establishment of special funds and accounts relating thereto and any other provisions relating solely thereto, subject to and in accordance with the provisions of Section 3.05; and

(iv) to amend any provision hereof to assure the exclusion from gross income of interest on the Bonds for federal income tax purposes under the Tax Code, in the opinion of Bond Counsel filed with the City and the Trustee.

(c) Notice of Amendments. The City shall deliver or cause to be delivered a draft of any Supplemental Indenture to Moody's and S&P, at least 10 days prior to the effective date of such Supplemental Indenture under this Section 7.01.

SECTION 7.02. *Effect of Supplemental Indenture*. From and after the time any Supplemental Indenture becomes effective under this Article VII, this Indenture shall be deemed to be modified and amended in accordance therewith, the respective rights, duties and obligations of the parties hereto or thereto and all Owners, as the case may be, shall thereafter be determined, exercised and enforced hereunder subject in all respects to such modification and amendment, and all the terms and conditions of any Supplemental Indenture shall be deemed to be part of the terms and conditions of this Indenture for any and all purposes.

SECTION 7.03. *Endorsement or Replacement of Bonds After Amendment*. After the effective date of any amendment or modification hereof under this Article VII, the City may determine that any or all of the Bonds shall bear a notation, by endorsement in form approved by the City, as to such amendment or modification and in that case upon demand of the City the Owners of such Bonds shall present such Bonds for that purpose at the Office of the Trustee, and thereupon a suitable notation as to such action shall be made on such Bonds. In lieu of such notation, the City may determine that new Bonds shall be prepared and executed in exchange for any or all of the Bonds and in that case upon demand of the City the Owners of the Bonds shall present such Bonds for exchange at the Office of the Trustee without cost to such Owners.

SECTION 7.04. *Amendment by Mutual Consent*. The provisions of this Article VII shall not prevent any Owner from accepting any amendment as to the particular Bond held by such Owner.

SECTION 7.05. *Trustee's Reliance*. The Trustee may conclusively rely, and is protected in relying, upon a Certificate of the City and an opinion of counsel stating that all requirements of this Indenture relating to the amendment or modification hereof have been satisfied and that such amendments or modifications do not materially adversely affect the interests of the Owners.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES OF BOND OWNERS

SECTION 8.01. *Events of Default and Acceleration of Maturities*. Each of the following events constitutes an Event of Default hereunder:

(a) Failure to pay any installment of the principal of any Bonds when due, whether at maturity as therein expressed, by proceedings for acceleration or otherwise.

(b) Failure to pay any installment of interest on the Bonds when due.

(c) Failure by the City to observe and perform any of the other covenants, agreements or conditions on its part contained in this Indenture or in the Bonds, if such failure has continued for a period of 60 days after written notice thereof, specifying such failure and requiring the same to be remedied, has been given to the City by the Trustee; *provided, however*, if in the reasonable opinion of the City the failure stated in the notice can be corrected, but not within such 60-day period, such failure shall not constitute an Event of Default if the City institutes corrective action within such 60-day period and thereafter diligently and in good faith cures the failure in a reasonable period of time.

(d) The City commences a voluntary case under Title 11 of the United States Code or any substitute or successor statute.

(e) The occurrence and continuation of an event of default under and as defined in any Parity Debt Documents.

If an Event of Default occurs and is continuing, the Trustee may, and at the written direction of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding the Trustee shall, (a) declare the principal of the Bonds, together with the accrued interest thereon, to be due and payable immediately, and upon any such declaration the same will become immediately due and payable, anything in this Indenture or in the Bonds to the contrary notwithstanding, and (b) subject to the provisions of Section 8.06, exercise any other remedies available to the Trustee and the Bond Owners in law or at equity to enforce the rights of the Bond Owners under this Indenture.

Immediately upon becoming aware of the occurrence of an Event of Default, but in no event later than five Business Days following becoming aware of such occurrence, the Trustee shall give notice of such Event of Default to the City by telephone confirmed in writing. Such notice shall also state whether the principal of the Bonds has been declared to be or have immediately become due and payable. With respect to any Event of Default described in clauses (a) or (b) above the Trustee shall, and with respect to any Event of Default described in clause (c) above the Trustee in its sole discretion may, also give such notice to the Bond Owners by first-class mail at their respective addresses set forth on the Registration Books, which shall include the statement that interest on the Bonds shall cease to accrue from and after the date, if any, on which the Trustee declares the Bonds to become due and payable under the preceding paragraph (but only to the extent that principal and any accrued, but unpaid, interest on the Bonds is actually paid on such date).

This provision, however, is subject to the condition that if, at any time after the principal of the Bonds has been so declared due and payable, and before any judgment or decree for the payment of the moneys due has been obtained or entered, the City shall deposit with the Trustee a sum sufficient to pay all principal on the Bonds matured prior to such declaration and all matured installments of interest (if any) upon all the Bonds, with interest on such overdue installments of principal and interest at an interest rate of 10% per annum, and the reasonable fees and expenses of the Trustee, including fees and expenses of its attorneys, and any and all other defaults known to the Trustee (other than in the payment of principal of and interest on the Bonds due and payable solely by reason of such declaration) has been made good or cured to the satisfaction of the Trustee or provision deemed by the Trustee to be adequate has been made therefor, then, and in every such case, the Owners of at least a majority in aggregate principal amount of the Bonds then Outstanding, by written notice to the City and to the Trustee, may, on behalf of the Owners of all of the Bonds, rescind and annul such declaration and its consequences. However, no such rescission and annulment shall extend to or shall affect any subsequent default, or shall impair or exhaust any right or power consequent thereon.

SECTION 8.02. *Application of Funds Upon Acceleration*. All amounts received by the Trustee under any right given or action taken by the Trustee under the provisions of this Indenture shall be applied by the Trustee as follows and in the following order:

(a) *First*, to the payment of any fees, costs and expenses incurred by the Trustee to protect the interests of the Owners of the Bonds;

payment of the fees, costs and expenses of the Trustee (including fees and expenses of its counsel, including any allocated costs of internal counsel) incurred in and about the performance of its powers and duties under this Indenture and the payment of all fees, costs and expenses owing to the Trustee under Section 6.06, together with interest on all such amounts advanced by the Trustee at the maximum rate permitted by law.

(b) *Second*, to the payment of the whole amount then owing and unpaid upon the Bonds for interest and principal, with interest on such overdue amounts at the respective rates of interest borne by those Bonds, and in case such moneys shall be insufficient to pay in full the whole amount so owing and unpaid upon the Bonds, then to the payment of such interest, principal and interest on overdue amounts without preference or priority among such interest, principal and interest on overdue amounts ratably to the aggregate of such interest, principal and interest on overdue amounts.

SECTION 8.03. *Power of Trustee to Control Proceedings*. If the Trustee, upon the happening of an Event of Default, takes any action, by judicial proceedings or otherwise, in the performance of its duties hereunder, whether upon its own discretion, upon the request of the Owners of a majority in aggregate principal amount of the Bonds then Outstanding, it has full power, in the exercise of its discretion for the best interests of the Owners of the Bonds, with respect to the continuance, discontinuance, withdrawal, compromise, settlement or other disposal of such action. The Trustee may not, unless there no longer continues an Event of Default, discontinue, withdraw, compromise or settle, or otherwise dispose of any litigation pending at law or in equity, if at the time there has been filed with it a written request signed by the Owners of a majority in principal amount of the Outstanding Bonds hereunder opposing such discontinuance, withdrawal, compromise, settlement or other disposal of such litigation.

SECTION 8.04. *Limitation on Owners' Right to Sue*. No Owner of any Bond has the right to institute any suit, action or proceeding at law or in equity, for any remedy under or upon this Indenture, unless:

(a) said Owner has previously given to the Trustee written notice of the occurrence of an Event of Default;

(b) the Owners of a majority in aggregate principal amount of all the Bonds then Outstanding have requested the Trustee in writing to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name;

(c) said Owners have tendered to the Trustee indemnity reasonably acceptable to the Trustee against the costs, expenses and liabilities to be incurred in compliance with such request; and

(d) the Trustee has failed to comply with such request for a period of 60 days after such written request has been received by, and said tender of indemnity has been made to, the Trustee.

Such notification, request, tender of indemnity and refusal or omission are hereby declared, in every case, to be conditions precedent to the exercise by any Owner of any remedy hereunder; it being understood and intended that no one or more Owners has any right in any manner whatever by his or their action to enforce any right under this Indenture, except in the manner herein provided, and that all proceedings at law or in equity to enforce any provision of this Indenture shall be instituted, had and maintained in the manner herein provided and for the equal benefit of all Owners of the Outstanding Bonds.

The right of any Owner of any Bond to receive payment of the principal of and premium, if any, and interest on such Bond as herein provided, shall not be impaired or affected without the written consent of such Owner, notwithstanding the foregoing provisions of this Section or any other provision of this Indenture.

SECTION 8.05. *Non-waiver*. Nothing in this Article VIII or in any other provision of this Indenture or in the Bonds, affects or impairs the obligation of the City, which is absolute and unconditional, to pay from the Net Revenues and other amounts pledged hereunder, the principal of and interest on the Bonds to the Bond Owners when due and payable as herein provided, or affects or impairs the right of action, which is also absolute and unconditional, of the Bond Owners to institute suit to enforce such payment by virtue of the contract embodied in the Bonds.

A waiver of any default by any Owner shall not affect any subsequent default or impair any rights or remedies on the subsequent default. No delay or omission of any Owner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or an acquiescence therein, and every power and remedy conferred upon the Owners by the Bond Law or by this Article VIII may be enforced and exercised from time to time and as often as shall be deemed expedient by the Owners.

If a suit, action or proceeding to enforce any right or exercise any remedy is abandoned or determined adversely to the Owners, the City and the Owners will be restored to their former positions, rights and remedies as if such suit, action or proceeding had not been brought or taken.

SECTION 8.06. *Actions by Trustee as Attorney-in-Fact*. Any suit, action or proceeding which any Owner has the right to bring to enforce any right or remedy hereunder may be brought by the Trustee for the equal benefit and protection of all Owners similarly situated and the Trustee is hereby appointed (and the successive respective Owners by taking and holding the Bonds shall be conclusively deemed so to have appointed it) the true and lawful attorney-in-fact of the respective Owners for the purpose of bringing any such suit, action or proceeding and to do and perform any and all acts and things for and on behalf of the respective Owners as a class or classes, as may be necessary or advisable in the opinion of the Trustee as such attorney-in-fact, subject to the provisions of Article VI. Notwithstanding the foregoing provisions of this Section 8.06, the Trustee has no duty to enforce any such right or remedy unless it has been indemnified to its satisfaction for any additional fees, charges and expenses of the Trustee related thereto, including without limitation, fees and charges of its attorneys and advisors.

SECTION 8.07. *Remedies Not Exclusive*. No remedy herein conferred upon or reserved to the Owners is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised without exhausting and without regard to any other remedy conferred by the Bond Law or any other law.

ARTICLE IX

MISCELLANEOUS

SECTION 9.01. *Limited Liability of the City*. Notwithstanding anything in this Indenture contained, the City is not required to advance any moneys derived from any source of income other than the Net Revenues for the payment of the principal of or interest on the Bonds, or for the performance of any covenants herein contained (except to the extent any such covenants are expressly payable hereunder from the Net Revenues). The City may, however, advance funds for any such purpose, provided that such funds are derived from a source legally available for such purpose and may be used by the City for such purpose without incurring indebtedness.

The Bonds are revenue bonds, payable exclusively from the Net Revenues and other funds as in this Indenture provided. The Water Fund of the City is not liable, and the credit of the City is not pledged, for the payment of the interest on or principal of the Bonds. The Owners of the Bonds have no right to compel the forfeiture of any property of the City. The principal of and interest on the Bonds are not a debt of the City, or a legal or equitable pledge, charge, lien or encumbrance upon any property of the City or upon any of its income, receipts or revenues except the Net Revenues and other funds pledged to the payment thereof as provided in this Indenture.

SECTION 9.02. *Benefits of Indenture Limited to Parties*. Nothing in this Indenture, expressed or implied, gives to any person other than the City and the Owners of the Bonds, any right, remedy or claim under or by reason of this Indenture. Any covenants, stipulations, promises or agreements in this Indenture contained by and on behalf of the City shall be for the sole and exclusive benefit of the Trustee and the Owners of the Bonds.

SECTION 9.03. *Defeasance of Bonds*. If the City pays and discharges the entire indebtedness on any Bonds in any one or more of the following ways:

(a) by paying or causing to be paid the principal of and interest on such Bonds, as and when the same become due and payable;

(b) by irrevocably depositing with the Trustee or an escrow bank, in trust, at or before maturity, an amount of cash which, together with the available amounts then on deposit in the funds and accounts established under this Indenture, is fully sufficient to pay such Bonds, including all principal thereof and interest thereon;

(c) by irrevocably depositing with the Trustee or an escrow bank, in trust, Federal Securities in such amount as an Independent Accountant determines will, together with the interest to accrue thereon and available moneys then on deposit in any of the funds and accounts established under this Indenture, be fully sufficient to pay and discharge the indebtedness on such Bonds (including all principal thereof and interest thereon; or

(d) by purchasing such Bonds prior to maturity and tendering such Bonds to the Trustee for cancellation;

then, at the election of the City, and notwithstanding that any such Bonds have not been surrendered for payment, the pledge of the Net Revenues and other funds provided for in this Indenture and all other obligations of the Trustee and the City under this Indenture with respect to such Bonds shall cease and terminate, except only:

(a) the obligations of the City under Section 5.11,

(b) the obligation of the Trustee to transfer and exchange Bonds hereunder,

(c) the obligation of the City to pay or cause to be paid to the Owners of such Bonds, from the amounts so deposited with the Trustee, all sums due thereon, and

(d) the obligations of the City to compensate and indemnify the Trustee under Section 6.06.

The City must file notice of such election with the Trustee. The Trustee shall pay any funds thereafter held by it, which are not required for said purpose, to the City.

In the case of a defeasance or payment of all of the Bonds Outstanding in accordance with this Section 9.03, the Trustee shall pay all amounts held by it in any funds or accounts hereunder, which are not required for said purpose or for payment of amounts due the Trustee under Section 6.06, to the City.

SECTION 9.04. *Execution of Documents and Proof of Ownership by Owners*. Any request, consent, declaration or other instrument which this Indenture may require or permit to be executed by any Owner may be in one or more instruments of similar tenor, and shall be executed by such Owner in person or by their attorneys appointed in writing.

Except as otherwise herein expressly provided, the fact and date of the execution by any Owner or his attorney of such request, consent, declaration or other instrument, or of such writing appointing such attorney, may be proved by the certificate of any notary public or other officer authorized to take acknowledgments of deeds to be recorded in the state in which he purports to act, that the person signing such request, declaration or other instrument or writing acknowledged to him the execution thereof, or by an affidavit of a witness of such execution, duly sworn to before such notary public or other officer.

The ownership of Bonds and the amount, maturity, number and date of ownership thereof are conclusively proved by the Registration Books.

Any request, declaration or other instrument or writing of the Owner of any Bond binds all future Owners of such Bond in respect of anything done or suffered to be done by the City or the Trustee in good faith and in accordance therewith.

SECTION 9.05. *Disqualified Bonds*. In determining whether the Owners of the requisite aggregate principal amount of Bonds have concurred in any demand, request, direction, consent or waiver under this Indenture, Bonds which are owned or held by or for the account of the City (but excluding Bonds held in any employees' retirement fund) must be disregarded and deemed not to be Outstanding for the purpose of any such determination. The Trustee will not be deemed to have knowledge that any Bond is owned or held by the City unless the City is the Registered Owner or the Trustee has received written notice to that effect.

SECTION 9.06. *Waiver of Personal Liability*. No member, officer, agent or employee of the City shall be individually or personally liable for the payment of the principal of or interest or any premium on the Bonds; but nothing herein contained shall relieve any such member, officer, agent or employee from the performance of any official duty provided by law.

SECTION 9.07. *Destruction of Canceled Bonds*. Whenever in this Indenture provision is made for the surrender to the City of any Bonds which have been paid or canceled under the provisions of this Indenture, a certificate of destruction duly executed by the Trustee shall be deemed to be the equivalent of the surrender of such canceled Bonds and the City shall be entitled to rely upon any statement of fact contained in any certificate with respect to the destruction of any such Bonds therein referred to. The City shall pay all costs of any microfilming of Bonds to be destroyed.

SECTION 9.08. *Funds and Accounts*. Any fund or account required by this Indenture to be established and maintained by the City or the Trustee may be established and maintained in the accounting records of the City or the Trustee, as the case may be, either as a fund or an account, and may, for the purpose of such records, any audits thereof and any reports or statements with respect thereto, be treated either as a fund or as an account. All such records with respect to all such funds and accounts held by the City shall at all times be maintained in accordance with generally accepted accounting principles and all such records with respect to all such funds and accounts held by the Trustee shall be at all times maintained in accordance with corporate trust industry practices; in each case with due regard for the protection of the security of the Bonds and the rights of every Owner thereof.

SECTION 9.09. *Notices*. All written notices to be given under this Indenture shall be given by first class mail or personal delivery to the party entitled thereto at its address set forth below, or at such address as the party may provide to the other party in writing from time to time. The City or the Trustee may, by written notice to the other parties, from time to time modify the address or number to which communications are to be given hereunder.

If to the City: City of Daly City
333 – 90th Street
Daly City, California 94015-1895
Attention: Director of Finance and Administrative Services
Fax: (650) 991-8267

If to the Trustee: U.S. Bank National Association
Global Corporate Trust Services, SF-CA-SFCT
One California Street, 10th Floor, Suite 1000
San Francisco, CA 94111

Attention: Corporate Trust Department
Fax: (415) 677-3768

SECTION 9.10. *Unclaimed Moneys*. Anything contained herein to the contrary notwithstanding, any money held by the Trustee in trust for the payment and discharge of the interest or premium (if any) on or principal of the Bonds which remains unclaimed for two years after the date when the payments of such interest, premium and principal have become payable, if such money was held by the Trustee at such date, or for two years after the date of deposit of such money if deposited with the Trustee after the date when the interest and premium (if any) on and principal of such Bonds have become payable, shall be repaid by the Trustee to the City as its absolute property free from trust, and the Trustee shall thereupon be released and discharged with respect thereto and the Owners shall look only to the City for the payment of the principal of and interest on such Bonds.

SECTION 9.11. *Execution in Several Counterparts*. This Indenture may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts, or as many of them as the City and the Trustee shall preserve undestroyed, shall together constitute but one and the same instrument.

SECTION 9.12. *Governing Law*. This Indenture shall be governed by and construed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the City of Daly City has caused this Indenture to be signed in its name by its City Manager, and its seal to be affixed hereon and attested by its City Clerk, and U.S. Bank National Association, in token of its acceptance of the trust created hereunder, has caused this Indenture to be signed in its corporate name by its officer identified below, all as of the day and year first above written.

CITY OF DALY CITY

By ___________________________________
City Manager

[S E A L]

Attest:

____
City Clerk

APPROVED AS TO FORM:

____
City Attorney

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By ___________________________________
Authorized Officer

APPENDIX A

DEFINITIONS

"Additional Revenues" means, with respect to the issuance of any Parity Debt, any or all of the following amounts:

(i) An allowance for Net Revenues from any additions or improvements to or extensions of the Water System to be made from the proceeds of such Parity Debt in an amount equal to the estimated additional average annual Net Revenues to be derived from such additions, improvements and extensions for the first 36-month period in which each addition, improvement or extension is respectively to be in operation, all as shown by the certificate or opinion of a Financial Consultant.

(ii) An allowance for Net Revenues arising from any increase in the charges made for service from the Water System which has become effective prior to the incurring of such Parity Debt but which, during all or any part of the most recent completed Fiscal Year for which audited financial statements of the City are available, or for any more recent consecutive 12-month period selected by the City under Section 3.05(b), was not in effect, in an amount equal to the total amount by which the Net Revenues would have been increased if such increase in charges had been in effect during the whole of such Fiscal Year or 12-month period, all as shown by the certificate or opinion of a Financial Consultant.

"Bond Counsel" means (a) Jones Hall, A Professional Law Corporation, or (b) any other attorney or firm of attorneys appointed by or acceptable to the City of nationally-recognized experience in the issuance of obligations the interest on which is excludable from gross income for federal income tax purposes under the Tax Code.

"Bond Law" means the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code, as in effect on the Closing Date or as thereafter amended in accordance with its terms.

"Bond Year" means any twelve-month period commencing on June 2 in a year and ending on the next succeeding June 1, both dates inclusive; except that the first Bond Year commences on the Closing Date and ends on June 1, 2013.

"Bonds" means the City of Daly City 2012 Water Revenue Refunding Bonds issued and at any time Outstanding.

"Business Day" means a day (other than a Saturday or a Sunday) on which banks are not required or authorized to remain closed in the state in which the Office of the Trustee is located, and on which the Federal Reserve Bank system is not closed.

"Certificate of the City" means a certificate in writing signed by the Mayor, the City Manager or the Director of Finance and Administrative Services of the City, or any other officer of the City duly authorized by the City Council for that purpose.

"City" means the City of Daly City, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California, and any successor thereto.

"Closing Date" means October __, 2012, being the date of delivery of the Bonds to the Original Purchaser.

"Corporation" means the Daly City Public Facilities Financing Corporation, a nonprofit public benefit corporation organized and existing under the laws of the State.

"Costs of Issuance" means all items of expense directly or indirectly payable by or reimbursable to the City relating to the authorization, issuance, sale and delivery of the Bonds and the current refunding of the 2004 Installment Payments and the discharge of the 2004 Agreement and the 2004 Certificates, including but not limited to printing expenses, rating agency fees, filing and recording fees, initial fees, expenses and charges of the Trustee and its counsel, fees, charges and disbursements of attorneys, financial advisors, accounting firms, consultants and other professionals, and any other cost, charge or fee in connection with the original issuance of the Bonds and the current refunding of the 2004 Installment Payments and the discharge of the 2004 Agreement and the 2004 Certificates.

"Costs of Issuance Fund" means the fund by that name established and held by the Trustee under Section 3.03.

"Debt Service" means, with respect to any Fiscal Year, the sum obtained by totaling the following amounts for such Fiscal Year:

(a) the aggregate amount of principal of and interest on the Outstanding Bonds coming due and payable in such Fiscal Year;

(b) the principal amount of all outstanding Parity Debt, if any, coming due and payable by their terms in such Fiscal Year; and

(c) the amount of interest which would be due during such Fiscal Year on the aggregate principal amount of all outstanding Parity Debt, if any, which would be outstanding in such Fiscal Year if such Parity Debt are retired as scheduled; *provided, however,* that with respect to any Parity Debt which bears interest at an adjustable rate, such interest shall be calculated at an assumed rate equal to the average rate of interest per annum for each of the five previous whole calendar years as shown by the SIFMA Municipal Swap Index (or, if and to the extent such index is not maintained for all or any portion of such period, any similar index of variable rate interest for tax-exempt obligations selected by the City in its sole discretion).

"Debt Service Fund" means the fund by that name established and held by the Trustee under Section 4.02(b)(ii).

“Depository” means (a) initially, DTC, and (b) any other Securities Depository acting as Depository under Section 2.04.

“Depository System Participant” means any participant in the Depository's book-entry system.

“DTC” means The Depository Trust Company, New York, New York, and its successors and assigns.

“Escrow Agreement” means the Escrow Deposit and Trust Agreement dated as of the Closing Date, between the City and The Bank of New York Mellon Trust Company, N.A., as 2004 Trustee, relating to the payment and prepayment of the 2004 Installment Payments and the discharge of the City’s obligations under the 2004 Agreement and the 2004 Certificates.

“Event of Default” means any of the events described in Section 8.01.

“Federal Securities” means any of the following which at the time of investment are legal investments under the laws of the State of California for the funds purported to be invested therein: (a) direct general obligations of the United States of America (including obligations issued or held in book entry form on the books of the Department of the Treasury of the United States of America); and (b) obligations of any agency, department or instrumentality of the United States of America the timely payment of principal of and interest on which are fully secured or guaranteed by the full faith and credit of the United States of America.

“Financial Consultant” means any consultant or firm of such consultants appointed by the City and who, or each of whom: (a) is judged by the City to have experience in matters relating to the financing of Water Systems; (b) is in fact independent and not under domination of the City; (c) does not have any substantial interest, direct or indirect, with the City; and (d) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make reports to the City.

“Fiscal Year” means the period commencing on July 1 of each year and terminating on the next succeeding June 30, or such other period as may be established by the City as its official fiscal year period (written notice of which shall be given by the City to the Trustee).

“Gross Revenues” means all gross income and revenue received by the City from the ownership and operation of the Water System, including, without limiting the generality of the foregoing:

(a) all amounts levied by the City as a fee for connecting to the Water System, as such fee is established from time to time under the applicable laws of the State of California;

(b) all income, rents, rates, fees, capital improvement fees (including facilities capacity and pump zone fees), charges or other moneys derived from the services, facilities and commodities sold, furnished or supplied through the facilities of the Water System,

(c) the earnings on and income derived from the investment of such income, rents, rates, fees, charges or other moneys to the extent that the use of such earnings and income is limited by or under applicable law to the Water System,

(d) the proceeds derived by the City directly or indirectly from the sale, lease or other disposition of a part of the Water System as permitted hereunder, and

(e) amounts transferred into the Water Fund from a Rate Stabilization Fund under Section 4.03.

The term "Gross Revenues" does not include (i) customers' deposits or any other deposits subject to refund until such deposits have become the property of the City, (ii) the proceeds of any ad valorem property taxes levied to pay general obligation bond indebtedness of the City with respect to the Water System, (iii) special assessments or special taxes levied upon real property within any improvement district for the purpose of paying special assessment bonds or special tax obligations of the City relating to the Water System and (iv) amounts transferred from the Water Fund into the Rate Stabilization Fund during a fiscal year, but only to the extent that those amounts were included in Gross Revenues for that fiscal year.

"Indenture" means this Indenture of Trust, as originally executed or as it may from time to time be supplemented, modified or amended by any Supplemental Indenture under the provisions hereof.

"Independent Accountant" means any accountant or firm of such accountants appointed and paid by the City, and who, or each of whom (a) is in fact independent and not under domination of the City; (b) does not have any substantial interest, direct or indirect, with the City; and (c) is not connected with the City as an officer or employee of the City, but who may be regularly retained to make annual or other audits of the books of or reports to the City.

"Interest Payment Date" means June 1 and December 1 in each year, beginning December 1, 2012, and continuing so long as any Bonds remain Outstanding.

"Maximum Annual Debt Service" means, as of the date of any calculation, the maximum amount of Debt Service on the Outstanding Bonds and all outstanding Parity Debt for the current or any future Fiscal Year.

"Net Revenues" means, for any period, an amount equal to all of the Gross Revenues received during such period minus the amount required to pay all Operation and Maintenance Costs becoming payable during such period.

"Nominee" means (a) initially, Cede & Co. as nominee of DTC, and (b) any other nominee of the Depository designated under Section 2.04(a).

"Office" means, with respect to the Trustee, the corporate trust office of the Trustee at the address set forth in Section 9.09, or at such other or additional offices as may be specified by the Trustee in writing to the City; except that for purposes of payment, exchange, transfer, surrender and cancellation of Bonds, such term means the corporate trust office of the Trustee in St. Paul, Minnesota.

"Operation and Maintenance Costs" means the reasonable and necessary costs paid or incurred by the City for maintaining and operating the Water System, determined in accordance with generally accepted accounting principles, including but not limited to (a) costs of water and any other utilities, including the costs of electricity and other forms of energy supplied to the Water System, including any financing costs and debt service associated therewith, (b) all reasonable expenses of management and repair and other expenses necessary to maintain and preserve the Water System in good repair and working order, (c) all administrative costs of the City that are charged directly or apportioned to the operation of the Water System, such as salaries and wages of employees, overhead, taxes (if any) and insurance. "Operating and Maintenance Costs" do not include (i) administrative costs of the Bonds which the City is required to pay hereunder, (ii) payments of debt service on bonds, notes or other obligations issued by the City with respect to the Water System, (iii) depreciation, replacement and obsolescence charges or reserves therefor, and (iv) amortization of intangibles or other bookkeeping entries of a similar nature.

"Original Purchaser" means ______________________, as the original purchaser of the Bonds upon their delivery by the Trustee on the Closing Date.

"Outstanding", when used as of any particular time with reference to Bonds, means all Bonds theretofore, or thereupon being, authenticated and delivered by the Trustee under this Indenture except: (a) Bonds theretofore canceled by the Trustee or surrendered to the Trustee for cancellation; (b) Bonds with respect to which all liability of the City has been discharged in accordance with Section 9.03; (c) Bonds for the transfer or exchange of or in lieu of or in substitution for which other Bonds shall have been authenticated and delivered by the Trustee under this Indenture; and (d) Bonds which are required to be disregarded and not deemed Outstanding under Section 9.05.

"Owner", when used with respect to any Bond, means the person in whose name the ownership of such Bond is registered on the Registration Books.

"Parity Debt" means all bonds, notes, loan agreements, installment sale agreements, leases or other obligations of the City payable from and secured by a pledge of and lien on any of the Net Revenues issued or incurred on a parity with the Bonds under Section 3.05.

"Parity Debt Documents" means, with respect to any issue of Parity Debt, the agreement, indenture of trust, resolution or other instrument authorizing the issuance of such Parity Debt.

"Permitted Investments" means any of the following which at the time of investment are legal investments under the laws of the State of California for the moneys proposed to be invested therein:

(a) Federal Securities;

(b) obligations of any federal agency which either (a) represent full faith and credit of the United States of America, or (b) are rated "AA" or better by S&P;

(c) U.S. dollar denominated deposit accounts federal funds and banker's acceptances with domestic commercial banks, which may include the Trustee, its parent holding company, if any, and their affiliates, which have a rating on their short term certificates of deposit on the date of purchase of "A" or better by S&P, maturing no more than 360 days after the date of purchase, provided that ratings on holding companies are not considered as the rating of the bank;

(d) commercial paper which is rated at the time of purchase in the single highest classification, "A" or better by S&P, and which matures not more than 270 calendar days after the date of purchase;

(e) investments in a money market fund, including those of an affiliate of the Trustee, rated in the highest short-term rating category by S&P, including funds for which the Trustee, its parent holding company, if any, or any affiliates or subsidiaries of the Trustee or such holding company provide investment advisory or other management services;

(f) investment agreements with financial institutions whose long-term general credit rating is A or better from S&P, by the terms of which the Trustee may withdraw funds if such rating falls below "A"; and

(g) the Local Agency Investment Fund of the State of California, created under Section 16429.1 of the California Government Code, to the extent the Trustee is authorized to register such investment in its name.

"Rate Stabilization Fund" means the fund (if any) by that name established and held by the City under Section 4.03.

"Record Date" means, with respect to any Interest Payment Date, the 15th calendar day of the month preceding such Interest Payment Date.

"Registration Books" means the books maintained by the Trustee under Section 2.07 for the registration and transfer of ownership of the Bonds.

"Request of the City" means a request in writing signed by the Mayor, the City Administrator or the Director of Finance and Administrative Services of the City, or any other officer of the City duly authorized by the City Council for that purpose.

"Reserve Fund" means the fund by that name established pursuant and held by the Trustee under Section 3.04, and includes all accounts established therein.

"Reserve Requirement" means an amount equal to 50% of Maximum Annual Debt Service on the Bonds and the Parity Debt that is secured by the Reserve Fund (as set forth in Sections 3.04 and 3.05); provided, that in no event shall the City, in connection with the issuance of Parity Debt secured by the Reserve Fund, be obligated to deposit an amount in the Reserve Fund which is in excess of the amount permitted by the applicable provisions of the Code to be so deposited from the proceeds of tax-exempt bonds without having to restrict the yield of any investment purchased with any portion of such deposit and, that in the event such amount of any deposit into the Reserve Fund is so limited, the Reserve Requirement shall, in connection with the issuance of such Parity Debt secured by the Reserve Fund, be increased only by the amount of such deposit.

"Securities Depositories" means DTC; and, in accordance with then current guidelines of the Securities and Exchange Commission, such other addresses and/or such other securities depositories as the City may designate in a Request of the City delivered by the City to the Trustee.

"S&P" means Standard & Poor's Corporation, of New York, New York, and its successors.

"Supplemental Indenture" means any indenture, agreement, resolution or other instrument hereafter duly adopted or executed in accordance with Section 7.01.

"Tax Code" means the Internal Revenue Code of 1986 as in effect on the Closing Date or (except as otherwise referenced herein) as it may be amended to apply to obligations issued on the Closing Date, together with applicable temporary and final regulations promulgated, and applicable official public guidance published, under said Code.

"Trustee" means U.S. Bank National Association, as Trustee hereunder, or any successor thereto appointed as Trustee under Article VI.

"2004 Agreement" means the Installment Sale Agreement dated as of June 1, 2004 between the City and the Corporation.

"2004 Certificates" means the Certificates of Participation (2004 Water Utility Project) executed for the benefit of the City in the aggregate principal amount of $9,860,000.

"2004 Installment Payments" means semiannual installment payments which the City is obligated to make under Section 4.04 of the 2004 Agreement.

"2004 Trust Agreement" means the Trust Agreement dated as of June 1, 2004 among the 2004 Trustee the City and the Corporation.

"2004 Trustee" means The Bank of New York Mellon Trust Company, N.A., as trustee for the 2004 Certificates.

"Water Fund" means the fund established and held by the City with respect to the Water System for the deposit of Gross Revenues.

"Water System" means the existing water system of the City, comprising all facilities for the obtaining, conserving, treating, distributing, storing and supplying of water for domestic use, irrigation, sanitation, industrial use, fire protection, recreation, or any other public or private uses..

APPENDIX B

FORM OF BOND

No. R-__ $

CITY OF DALY CITY
2012 WATER REVENUE REFUNDING BOND

INTEREST RATE:	MATURITY DATE:	ISSUE DATE:	CUSIP:
________%	June 1, ____	October 16, 2012	

REGISTERED OWNER: CEDE & CO.

PRINCIPAL AMOUNT:

The City of Daly City, a charter city and municipal corporation organized and existing under the Constitution and laws of the State of California (the “City”) for value received, hereby promises to pay (but only out of the Net Revenues and other assets pledged therefor as hereinafter mentioned) to the Registered Owner stated above, or registered assigns, on the Maturity Date stated above, the Principal Amount stated above, in lawful money of the United States of America; and to pay interest thereon in like lawful money from the Interest Payment Date next preceding the date of authentication of this Bond (unless this Bond is authenticated as of a day during the period commencing after the fifteenth day of the month preceding an Interest Payment Date and ending on or before such Interest Payment Date, in which event it shall bear interest from such Interest Payment Date, or unless this Bond is authenticated on or before November 15, 2012, in which event it shall bear interest from the Issue Date stated above) until payment of such principal sum shall be discharged as provided in the Indenture hereinafter mentioned, at the Interest Rate per annum stated above, payable semiannually on each June 1 and December 1, commencing December 1, 2012 (each, an “Interest Payment Date”).

The principal hereof is payable by check at the Office (as defined in the Indenture referred to below) of U.S. Bank National Association. (together with any successor trustee under the Indenture, the “Trustee”). Interest hereon is payable by check of the Trustee mailed on each Interest Payment Date to the Registered Owner as of the 15th day of the month preceding each Interest Payment Date (except with respect to payment of defaulted interest as provided in the Indenture hereinafter referred to) at the address shown on the registration books maintained by the Trustee. Payment of interest will be made by wire transfer in immediately available funds to an account in the United States of America to any Owner of Bonds in the aggregate principal amount of $1,000,000 or more who shall furnish written wire instructions to the Trustee before the 15th day of the month preceding the applicable Interest Payment Date.

This Bond is one of a duly authorized issue of bonds of the City designated as its "City of Daly City 2012 Water Revenue Refunding Bonds" (the "Bonds"), in the aggregate principal amount of $_____________, authorized under Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), and issued under an Indenture of Trust, dated as of September 1, 2012 (the "Indenture"), between the City and the Trustee. The Bonds have been issued for the purpose of refinancing certain obligations of the City incurred to refinance outstanding obligations of the City relating to its water system (the "Water System").

The Bonds are not subject to redemption prior to their scheduled maturity dates.

Reference is hereby made to the Indenture (a copy of which is on file at said Office of the Trustee) and all indentures supplemental thereto and to the Bond Law for a description of the rights thereunder of the owners of the Bonds, of the nature and extent of the security, of the rights, duties and immunities of the Trustee and of the rights and obligations of the City thereunder. The Registered Owner of this Bond, by acceptance hereof, assents and agrees to all the provisions of the Indenture.

The Bonds and the interest thereon are payable from Net Revenues of the Water System (as such terms are defined in the Indenture) and are secured by a pledge and assignment of said Net Revenues and by a pledge and assignment of amounts held in the Debt Service Fund and the Reserve Fund established under the Indenture, subject only to the provisions of the Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in the Indenture. The City has the right under the Indenture to issue additional obligations on a parity with the Bonds, subject to the specific conditions set forth in the Indenture. The Bonds are special obligations of the City and are not a lien or charge upon the funds or property of the City, except to the extent of the aforesaid pledge and assignment.

The Bonds are issuable as fully registered Bonds in denominations of $5,000 and any integral multiple thereof. Subject to the limitations provided in the Indenture, Bonds may be exchanged, at said Office of the Trustee, for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity.

This Bond is transferable by the Registered Owner hereof, in person or by his attorney duly authorized in writing, at said office of the Trustee, but only in the manner, subject to the limitations provided in the Indenture, and upon surrender and cancellation of this Bond. Upon such transfer, a new Bond or Bonds, of authorized denomination or denominations, of the same maturity and for the same aggregate principal amount, will be issued to the transferee in exchange herefor. The City and the Trustee may treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the City and the Trustee shall not be affected by any notice to the contrary.

The Indenture and the rights and obligations of the City and of the owners of the Bonds and of the Trustee may be modified or amended from time to time and at any time in the manner, to the extent, and upon the terms provided in the Indenture; provided that no such modification or amendment shall (a) extend the maturity of or reduce the interest rate on any Bond or otherwise alter or impair the obligation of the City to pay the principal and interest at the time and place and at the rate and in the currency provided therein of any Bond without the express written consent of the owner of such Bond, (b) reduce the percentage of Bonds required for the written consent to any such amendment or modification, or (c) without its written consent thereto, modify any of the rights or obligations of the Trustee, all as more fully set forth in the Indenture.

Unless this Bond is presented by an authorized representative of The Depository Trust Company to the Trustee for registration or transfer, exchange or payment, and any Bond issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co. has an interest herein.

It is hereby certified and recited that any and all things, conditions and acts required to exist, to have happened and to have been performed precedent to and in the issuance of this Bond do exist, have happened and have been performed in due time, form and manner as required by the Bond Law, and by the constitution and laws of the State of California, and that the amount of this Bond, together with all other indebtedness of the City, does not exceed any limit prescribed by the Bond Law and is not in excess of the amount of Bonds permitted to be issued under the Indenture.

This Bond is not entitled to any benefit under the Indenture, or is not valid or obligatory for any purpose, until the certificate of authentication hereon endorsed has been signed by the Trustee.

IN WITNESS WHEREOF, City of Daly City has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the Mayor of the City and its seal to be reproduced hereon by facsimile and attested to by the facsimile signature of the City Clerk of the City, all as of the Issue Date stated above.

CITY OF DALY CITY

By ____________________________________
Mayor

Attest:

____
City Clerk

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Bonds described in the within-mentioned Indenture.

Dated: ________________

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By ________________________________
Authorized Signatory

ASSIGNMENT

For value received the undersigned hereby sells, assigns and transfers unto __________________________________ whose address and social security or other tax identifying number is ____________________, the within-mentioned Bond and hereby irrevocably constitute(s) and appoint(s) ____ attorney, to transfer the same on the registration books of the Trustee with full power of substitution in the premises.

Dated: ______________________

Signature Guaranteed:

___________________________________ ________________________________

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

Note: The signature(s) on this Assignment must correspond with the name(s) as written on the face of the within Bond in every particular without alteration or enlargement or any change whatsoever.

ESCROW DEPOSIT AND TRUST AGREEMENT

This ESCROW DEPOSIT AND TRUST AGREEMENT (this "Agreement"), dated as of September 1, 2012, is between the CITY OF DALY CITY, a general law city and municipal corporation organized and existing under the Constitution and laws of the State of California (the "City"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., a national banking association organized and existing under the laws of the United States of America, with a corporate trust office in San Francisco, California, acting as escrow agent for the 2004 Certificates described below (the "Escrow Agent").

B A C K G R O U N D :

1. The City has heretofore entered into an Installment Sale Agreement dated as of June 1, 2004 (the "2004 Agreement") with the Daly City Public Facilities Financing Corporation (the "Corporation") in connection with the execution and delivery of $9,860,000 aggregate principal amount of the Certificates of Participation (2004 Water Utility Project) (the "2004 Certificates").

2. The proceeds of the 2004 Certificates were used to finance improvements to the City's Water System (as defined herein).

3. Certain payments (the "2004 Installment Payments") made by the City to the Corporation under the 2004 Agreement were assigned to BNY Western Trust Company, as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "2004 Trustee") for the 2004 Certificates, for the purpose of paying the principal and interest with respect to the 2004 Certificates.

4. The City, in order to achieve debt service savings, now desires to prepay the 2004 Installment Payments, thereby causing the redemption of the 2004 Certificates, and is entitled to do so under the provisions of Section 14.01 of the 2004 Agreement and Section 4.01 of the Trust Agreement (the "2004 Trust Agreement") dated as of June 1, 2004 among the 2004 Trustee, the Corporation and the City.

5. The City wishes at this time to make such deposit of funds for the purpose of prepaying the 2004 Installment Payments and thereby discharging its obligations under the 2004 Agreement and the 2004 Trust Agreement, and in order to provide funds for that purpose, the City Council of the City has authorized the issuance of the City of Daly City 2012 Water Revenue Refunding Bonds in the aggregate principal amount of $__________ (the "Bonds").

6. The City wishes to appoint the Escrow Agent for the purpose of establishing an irrevocable escrow fund to be funded, invested, held and administered for the purpose of providing for the payment and prepayment of the 2004 Installment Payments in full.

A G R E E M E N T :

In consideration of the premises and the material covenants contained herein, the City and the Escrow Agent hereby agree as follows:

SECTION 1. *Appointment of Escrow Agent; Establishment of Escrow Fund.* The City hereby appoints the Escrow Agent to act as escrow agent for purposes of administering the funds required to prepay the 2004 Installment Payments in full in accordance with Sections 10.01 and 10.05 of the 2004 Agreement, and thereby discharge the City's obligations under the 2004 Agreement in accordance with Section 10.05 of the 2004 Agreement and Section 14.01(d) of the Trust Agreement.

The Escrow Agent is hereby directed to establish an escrow fund (the "Escrow Fund") to be held by the Escrow Agent in trust as an irrevocable escrow securing the payment and prepayment of the 2004 Installment Payments in accordance with the 2004 Agreement. If at any time the Escrow Agent receives actual knowledge that the cash and securities in the Escrow Fund will not be sufficient to make any payment required by Section 4 in respect of the 2004 Installment Payments, the Escrow Agent shall notify the City of such fact and the City shall immediately cure such deficiency from any source of legally available funds. The Escrow Agent has no liability for any such insufficiency.

SECTION 2. *Deposit of Amounts in Escrow Fund.* On October 16, 2012 (the "Closing Date"), the City shall cause to be transferred to the Escrow Agent for deposit into the Escrow Fund the amount of $____________ in immediately available funds, to be derived from the the proceeds of the 2012 Bonds.

SECTION 3. *Investment of Amounts in Escrow Fund.* The Escrow Agent shall invest all amounts on deposit in the Escrow Fund in ___________________.

SECTION 4. *Application of Amounts in Escrow Fund.* On November 16, 2012, the Escrow Agent shall apply the amounts on deposit in the Escrow Fund to pay and prepay the 2004 Installment Payments and to redeem the 2004 Certificates, in full, as follows:

Payment Date	Interest Payment	Prepaid Principal	Total Payment
November 16, 2012	$__________	$6,800,000	$_____________

Following the payment and prepayment of the 2004 Installment Payments and the 2004 Certificates in full on November 16, 2012, the Escrow Agent shall transfer any amounts remaining on deposit in the Escrow Fund to U.S. Bank National Association, as trustee for the 2012 Bonds, to be applied to pay interest next coming due and payable on the 2012 Bonds.

SECTION 5. *Irrevocable Election to Prepay 2004 Installment Payments*. The City hereby irrevocably elects to prepay all of the 2004 Installment Payments and to redeem the 2004 Certificates in on November 16, 2012, in accordance with the provisions of Section 4.01(c) of the 2004 Trust Agreement. Notice of redemption of the 2004 Certificates shall be given by the Escrow Agent, in its capacity as 2004 Trustee, in accordance with Section 4.03 of the 2004 Bond Indenture, at the expense of the City. Such notice shall be in substantially the form attached hereto as Exhibit A.

SECTION 6. *Compensation to Escrow Agent.* The City shall pay the Escrow Agent full compensation for its services under this Agreement, including out-of-pocket costs such as publication costs, redemption expenses, legal fees and other costs and expenses relating hereto and, in addition, all fees, costs and expenses relating to the purchase, substitution or withdrawal of any securities after the date hereof. Under no circumstances shall amounts deposited in or credited to the Escrow Fund be deemed to be available for said purposes. The Escrow Agent has no lien upon or right of set off against the cash and securities at any time on deposit in the Escrow Fund.

The City shall indemnify, defend and hold harmless the Escrow Agent and its officers, directors, employees, representatives and agents, from and against and reimburse the Escrow Agent for any and all claims, obligations, liabilities, losses, damages, actions, suits, judgments, reasonable costs and expenses (including reasonable attorneys' and agents' fees and expenses) of whatever kind or nature regardless of their merit, demanded, asserted or claimed against the Escrow Agent directly or indirectly relating to, or arising from, claims against the Escrow Agent by reason of its participation in the transactions contemplated hereby, except to the extent caused by the Escrow Agent's gross negligence or willful misconduct. The provisions of this Section 7 shall survive the termination of this Agreement or the earlier resignation or removal of the Escrow Agent.

SECTION 7. *Immunities and Liability of Escrow Agent*. The Escrow Agent undertakes to perform only such duties as are expressly set forth in this Agreement and no implied duties, covenants or obligations shall be read into this Agreement against the Escrow Agent. The Escrow Agent shall not have any liability hereunder except to the extent of its gross negligence or willful misconduct. In no event shall the Escrow Agent be liable for any special, indirect or consequential damages. The Escrow Agent shall not be liable for any loss from any investment made by it in accordance with the terms of this Agreement. The Escrow Agent may consult with legal counsel of its own choice and the Escrow Agent shall not be liable for any action taken or not taken by it in good faith in reliance upon the opinion or advice of such counsel. The Escrow Agent shall not be liable for the recitals or representations contained in this Agreement and shall not be responsible for the validity of this Agreement, the sufficiency of the Escrow Fund or the moneys and securities to pay the principal, interest and redemption premium with respect to the 2004 Installment Payments.

Whenever in the administration of this Agreement the Escrow Agent deems it necessary or desirable that a matter be proved or established prior to taking or not taking any action, such matter may be deemed to be conclusively proved and established by a certificate of an authorized representative of the City and shall be full protection for any action taken or not taken by the Escrow Agent in good faith reliance thereon.

The Escrow Agent may conclusively rely as to the truth and accuracy of the statements and correctness of any opinions or calculations provided to it in connection with this Agreement and shall be protected in acting, or refraining from acting, upon any notice, instruction, request, certificate, document, opinion or other writing furnished to the Escrow Agent in connection with this Agreement and believed by the Escrow Agent to be signed by the proper party, and it need not investigate any fact or matter stated therein.

None of the provisions of this Agreement shall require the Escrow Agent to expend or risk its own funds or otherwise to incur any liability, financial or otherwise, in the performance of any of its duties hereunder. The Escrow Agent may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents, attorneys, custodians or nominees appointed with due care, and shall not be responsible for any willful misconduct or negligence on the part of any agent, attorney, custodian or nominee so appointed. The Escrow Agent shall not be liable to the parties hereto or deemed in breach or default hereunder if and to the extent its performance hereunder is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the Escrow Agent and could not have been avoided by exercising due care. Force majeure shall include acts of God, terrorism, war, riots, strikes, fire, floods, earthquakes, epidemics or other similar occurrences.

The Escrow Agent may at any time resign by giving 30 days written notice of resignation to the City. Upon receiving such notice of resignation, the City shall promptly appoint a successor and, upon the acceptance by the successor of such appointment, release the resigning Escrow Agent from its obligations hereunder by written instrument, a copy of which instrument shall be delivered to each of the City, the resigning Escrow Agent and the successor. If no successor shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning Escrow Agent may petition any court of competent jurisdiction for the appointment of a successor.

Any bank, corporation or association into which the Escrow Agent may be merged or converted or with which it may be consolidated, or any bank, corporation or association resulting from any merger, conversion or consolidation to which the Escrow Agent shall be a party, or any bank, corporation or association succeeding to all or substantially all of the corporate trust business of the Escrow Agent shall be the successor of the Escrow Agent hereunder without the execution or filing of any paper with any party hereto or any further act on the part of any of the parties hereto except on the part of any of the parties hereto where an instrument of transfer or assignment is required by law to effect such succession, anything herein to the contrary notwithstanding.

The Escrow Agent agrees to accept and act upon instructions or directions pursuant to this Agreement sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that, the Escrow Agent shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the City elects to give the Escrow Agent e-mail or facsimile instructions (or instructions by a similar electronic method) and the Escrow Agent in its discretion elects to act upon such instructions, the Escrow Agent's understanding of such instructions shall be deemed controlling. The Escrow Agent shall not be liable for any losses, costs or expenses arising directly or indirectly from the Escrow Agent's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Escrow Agent, including without limitation the risk of the Escrow Agent acting on unauthorized instructions, and the risk of interception and misuse by third parties.

SECTION 8. *Termination of Agreement*. Upon payment and prepayment in full of the 2004 Installment Payments and the payment and redemption in full of the 2004 Certificates, and upon payment of all fees, expenses and charges of the Escrow Agent as described above, this Agreement shall terminate and the Escrow Agent shall be discharged from any further obligation or responsibility hereunder.

SECTION 9. *Execution in Counterparts.* This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 10. *Applicable Law*. This Agreement shall be governed by and construed in accordance with the laws of the State of California.

CITY OF DALY CITY

By: ______________________________
City Manager

Attest:

____
City Clerk

APPROVED AS TO FORM:

____
City Attorney

THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A., as Escrow Agent

By ______________________________
Authorized Officer

EXHIBIT A

NOTICE OF FULL REDEMPTION TO THE HOLDERS OF

$9,860,000
(Original Principal Amount)
City of Daly City
Certificates of Participation
(2004 Water Utility Project)

NOTICE IS HEREBY GIVEN that there have been called for full redemption on November 16, 2012 all of the above captioned certificates of participation (the "Certificates"), totaling $6,800,000 in principal amount, at the redemption price ("Redemption Price") listed below:

Maturity	Amount	Rate	Redemption Price	CUSIP No.*
06/01/2013	$445,000	4.000%	100.00%	235668 CG3
06/01/2014	$460,000	4.000%	100.00%	235668 CH1
06/01/2015	$480,000	4.125%	100.00%	235668 CJ7
06/01/2016	$500,000	4.300%	100.00%	235668 CK4
06/01/2017	$520,000	4.500%	100.00%	235668 CL2
06/01/2018	$545,000	4.500%	100.00%	235668 CM0
06/01/2019	$570,000	4.625%	100.00%	235668 CN8
06/01/2020	$595,000	4.625%	100.00%	235668 CP3
06/01/2021	$625,000	4.750%	100.00%	235668 CQ1
06/01/2022	$655,000	4.800%	100.00%	235668 CR9
06/01/2023	$685,000	5.000%	100.00%	235668 CS7
06/01/2024	$720,000	5.000%	100.00%	235668 CT5

The Certificates are being called pursuant to the redemption provisions of the governing documents under which the Certificates were executed and delivered, at the referenced Redemption Price plus accrued interest to November 16, 2012, on which date all interest with respect to the Certificates will cease to accrue. Holders of the Certificates are requested to present their Certificates, at the following addresses:

First Class/Registered/Certified	Express Delivery Only	By Hand Only
The Bank of New York Mellon	The Bank of New York Mellon	The Bank of New York Mellon
Global Corporate Trust	Global Corporate Trust	Global Corporate Trust
P.O. Box 396	111 Sanders Creek Parkway	Corporate Trust Window
East Syracuse, New York 13057	East Syracuse, New York 13057	101 Barclay Street 1st Floor East
		New York, New York 10286

City of Daly City
By: The Bank of New York Mellon Trust Company, N.A.
as *Trustee or Agent*
Bondholder Communications: 800-254-2826

Dated: October 16, 2012

IMPORTANT TAX NOTICE

Withholding of 28% of gross redemption proceeds of any payment made within the United States may be required by the Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Act"), unless the Paying Agent has the correct taxpayer identification number (social security or employer identification number) or exemption certificate of the payee. **Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.**

**Note: The Issuer and Trustee/Agent shall not be responsible for the selection or use of the CUSIP numbers selected, nor is any representation made as to their correctness indicated in the notice or as printed on any Bond. They are included solely for the convenience of the holders.*

RESOLUTION NO. ______

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF DALY CITY AUTHORIZING THE ISSUANCE AND SALE OF WATER REVENUE REFUNDING BONDS IN THE MAXIMUM AMOUNT OF $8,000,000 TO REFINANCE OUTSTANDING 2004 INSTALLMENT PAYMENT OBLIGATIONS, AND APPROVING RELATED AGREEMENTS AND ACTIONS

WHEREAS, the City of Daly City (the "City") heretofore entered into an Installment Sale Agreement dated as of June 1, 2004 (the "2004 Agreement") with the Daly City Public Facilities Financing Corporation (the "Corporation") in connection with the execution and delivery of $9,860,000 aggregate principal amount of the Certificates of Participation (2004 Water Utility Project) (the "2004 Certificates"); and

WHEREAS, the proceeds of the 2004 Certificates were used to finance improvements to the City's Water System (as such term is defined in the hereinafter mentioned Indenture); and

WHEREAS, certain payments (the "2004 Installment Payments") made by the City to the Corporation under the 2004 Agreement were assigned to BNY Western Trust Company, as succeeded by The Bank of New York Mellon Trust Company, N.A., as trustee (the "2004 Trustee") for the 2004 Certificates, for the purpose of paying the principal and interest with respect to the 2004 Certificates; and

WHEREAS, in order to realize debt service savings, the City now desires to prepay the 2004 Installment Payments, thereby causing the redemption of the 2004 Certificates, and is entitled to do so under the provisions of Section 10.02 of the 2004 Agreement and Section 4.01 of the Trust Agreement (the "2004 Trust Agreement") dated as of June 1, 2004 among the 2004 Trustee, the Corporation and the City; and

WHEREAS, to that end, the City proposes to issue its City of Daly City 2012 Water Revenue Refunding Bonds in the aggregate principal amount of not-to-exceed $8,000,000 (the "Bonds") under the provisions of Articles 10 and 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code, commencing with Section 53570 of said Code (the "Bond Law"), which will be secured by a pledge of the net revenues of the Water System; and

WHEREAS, the City Council of the City has duly considered such transactions and wishes at this time to approve said transactions in the public interests of the City;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Daly City as follows:

Section 1. Issuance of Refunding Bonds; Approval of Indenture. The City Council hereby authorizes the issuance of the Refunding Bonds under the Bond Law, in the principal amount of not to exceed $8,000,000, for the purpose of providing funds to refinance the 2004 Installment Payments and thereby provide funds to refund the outstanding 2004 Certificates.

The Refunding Bonds shall be issued under an Indenture of Trust between the City and U.S. Bank National Association as trustee, which is hereby approved in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by the City Manager or the Director of Finance and Administrative Services of the City (each, an "Authorized Officer"), and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of such changes and additions. The City Council hereby authorizes and directs an Authorized Officer to execute, and the City Clerk to attest, said form of the Indenture of Trust for and in the name of the City. The City Council hereby authorizes the delivery and performance of the Indenture of Trust.

Section 2. Refinancing of 2004 Installment Payments. The City Council hereby authorizes and approves the refinancing of the 2004 Installment Payments from the proceeds of the Refunding Bonds. Such refinancing shall be accomplished under the Escrow Deposit and Trust Agreement between the City and the 2004 Trustee, in substantially the form on file with the City Clerk together with any changes therein or additions thereto deemed advisable by an Authorized Officer, and the execution thereof by an Authorized Officer shall be conclusive evidence of the approval of such changes and additions. The City Council hereby authorizes and directs an Authorized Officer to execute the final form of the Escrow Deposit and Trust Agreement for and in the name of the City. The City Council hereby authorizes the delivery and performance of the Escrow Deposit and Trust Agreement.

Section 3. Sale of Refunding Bonds. The Official Notice of Sale, in the form presented to the City Council, is hereby approved. The Authorized Officers are hereby authorized and directed to distribute the Notice of Sale, with such changes, insertions and omissions as may be approved by the Authorized Officers, to potential bidders for the Refunding Bonds, and to sell the Refunding Bonds by competitive sale in accordance with the terms thereof. Notwithstanding the foregoing, the best conforming bid for the Refunding Bonds will not be accepted if it results in net present value savings below 3% of the principal amount of 2004 Certificates refunded. The Authorized Officers are hereby authorized and directed to publish a notice of intention to sell the Refunding Bonds as required by Section 53692 of the California Government Code.

Section 4. Official Statement. The City Council hereby approves the Preliminary Official Statement describing the Refunding Bonds in the form on file with the City Clerk, and authorizes an Authorized Officer to approve revisions to said Preliminary Official Statement. An Authorized Officer shall execute a certificate deeming the Preliminary Official Statement, as so revised, to be nearly final within the meaning of Rule 15c2-12 of the Securities Exchange Act of 1934. Distribution of the Preliminary Official Statement to prospective purchasers of the Refunding Bonds is hereby approved. An Authorized Officer is hereby authorized and directed to approve any changes in or additions to a final form of said Official Statement, and the execution thereof by an Authorized Officer shall be conclusive evidence of approval of any such changes and additions. The City Council hereby authorizes the distribution of the final Official Statement by the winning bidder for the Bonds. The final Official Statement shall be executed in the name and on behalf of the City by an Authorized Officer.

Section 5. Official Actions. The Mayor, the City Manager, the Director of Finance and Administrative Services of the City, the City Clerk and any and all other officers of the City are hereby authorized and directed, for and in the name and on behalf of the City, to do any and all things and take any and all actions, including execution and delivery of any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they, or any of them, may deem necessary or advisable in order to consummate the transactions described herein. Whenever in this resolution any officer of the City is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf if such officer is absent or unavailable.

Section 7. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

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 ________________________, 2012, 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

City Council Meeting Agenda Report

Item # _____

Meeting Date: September 10, 2012

To: Honorable City Council

From: Anna Mostella, City Manager's Office

Date: August 28, 2012

Subject: Council Committee Meetings, August 27 – September 9, 2012

Date of Meeting:	**Meeting:**	**In Attendance:**
August 28, 2012	Design Review Permit DR-6-12-5744 165 Pierce Street – Construction of Drugstore with Drive-Through Pharmacy	Michael P. Guingona Carol L. Klatt Patricia E. Martel Brian Millar Tatum Mothershead Michael VanLonkhuysen

/am

cc: Brian Millar, Director ECD
Peter Pirnejad, Asst. Director ECD
Tatum Mothershead, Planning Manager

Attachment

AUG 21 2012

DALY CITY INTER-OFFICE MEMORANDUM

DESIGN REVIEW COMMITTEE
DATE: August 28, 2012

TO: Council Design Review Committee
Michael P. Guingona, Council Member
Carol L. Klatt, Council Member

FROM: Michael VanLonkhuysen, Senior Planner

SUBJECT: Design Review Permit DR-6-12-5744
165 Pierce Street — Construction of Drugstore with Drive-Through Pharmacy

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RECOMMENDATION

Staff recommends that the Committee approve Design Review Permit DR-6-12-5744, subject to the attached conditions.

PROPOSAL

Armstrong Development Company is requesting Design Review Committee (DRC) approval to construct a 14,715 square foot drugstore with drive-through pharmacy at the southwest corner of Pierce and Sullivan Streets (see Attachment A – Project Plans). The request does *not* include design review approval for the 1,390 square foot satellite retail building located near the Pierce/Sullivan intersection because the future tenant of this building is presently not known.

The Design Review Permit consists of an evaluation of the following:

- Site Plan
- Landscaping
- Floor Plan
- Building Design
- Signs

BACKGROUND

In January 2007, the City Council approved a request by American Senior Living (ASL) to rezone the 3.64-acre site located at the southwest corner of Pierce Street and Sullivan Avenue to allow for a 208-unit senior apartment building, 14,000 square foot drugstore with drive-through, and 1,400 square foot satellite retail pad. The approval included a use permit for the drugstore drive-through. In 2008, the City Council approved a minor subdivision of the site to allow the senior apartment building, drugstore, and satellite retail building to exist on separate parcels. This map approval remains valid, though not yet recorded. In 2008, the Design Review Committee granted architectural approval for the entire project, but the approval expired in 2009. The applicant is therefore requesting a new Design Review Committee approval.

PROJECT SUMMARY

Site Plan

The proposed site plan is almost identical to the site plan approved by the Design Review Committee in 2008. Like the previous plan, the current proposal identifies one driveway at Pierce Street and another two driveways at Sullivan Avenue. All Sullivan Avenue driveways would be "right-out only" due to the existence of a median island in Sullivan Avenue which does not allow motorists to turn left from these driveways. The southerly driveway along Sullivan Avenue would be restricted to right-out only and primarily used by emergency vehicles and vehicles exiting the drugstore drive-through.

Vehicular circulation within the site is also very similar to the previous site plan, with three drive-aisles providing access to parking spaces located in the areas separating the drugstore and the future satellite retail building, and in between the drugstore and senior apartment building. The plan provides 54 parking spaces total, which satisfies the Zoning Ordinance requirement for the 16,105 square feet of retail that would be built on the site, including the satellite retail building. All parking spaces appear to be easily accessible by customers and employees, with adequate back-up room and the ability for vehicles to the enter the street in a forward motion. Like the previously approved drugstore, the CVS drugstore would provide a two-lane drive-through at the west side of the store.

In terms of pedestrian circulation, the site would utilize existing sidewalks along Pierce Street and Sullivan Avenue connecting to internal sidewalks fronting both the satellite retail pad and drugstore. The site plan also identifies a pedestrian crossing at the drive-aisle leading from Pierce Street to make walking safer between the nine retail parking spaces beneath the apartment building and the drugstore. To make walking safer between the senior apartments and drugstore, the Conditions of Approval require that the applicant revise the project site plan to provide a four-foot sidewalk (with pedestrian crosswalk pavement markings) along the entire easterly length of the drive-aisle leading from the Pierce Street sidewalk to the proposed sidewalk at the front of the drugstore. This sidewalk would make walking significantly safer for seniors walking from the front of the apartments on Pierce Street to the front of the drugstore. The current site plan would require that pedestrians walk in the main drive-aisle of the project, where vehicles are entering/exiting the drugstore parking lot and are backing out of parking spaces beneath the apartment building.

The overall site plan remains consistent with the policies of the Sullivan Corridor Specific Plan, which requires that new buildings be situated close to Sullivan Avenue (Policy SA-1) and that the amount of parking immediately adjacent to Sullivan Avenue be minimized (Policies SA-4 and DC-2). As proposed, the drugstore would occupy just over half of the parcel's Sullivan Avenue frontage. With the continued placement of the satellite retail building immediately adjacent to the Pierce/Sullivan intersection, only a minimal amount of parking (four spaces) occupies the area along Sullivan Avenue in between the drugstore building and the satellite retail building.

Since beginning discussions with the applicant about the CVS drugstore, staff has emphasized the importance of retaining the satellite retail building to ensure that the site provides at attractive building instead of a parking lot at this highly visible intersection and entry to Daly City. According to the applicant, the property owner is diligently marketing the property to smaller retail users.

To facilitate future development of the satellite retail building, the Conditions of Approval require that utilities be stubbed to the satellite retail pad, that the pad be graded concurrent with the drugstore parking lot and compacted so as to be suitable for future building pad development, and that the retaining wall adjacent to the Pierce/Sullivan intersection be constructed concurrent with the drugstore. Due to the height of the wall (six feet at its highest point) at this highly visible location, staff has discussed with the project civil engineer ways to mitigate its visual impact. One of the primary methods that the Conditions of Approval identify is the inclusion of steps leading from the sidewalk at the Pierce/Sullivan intersection up to the future pad. Because these steps would only occupy a portion wall of the width, the Conditions of Approval require that the balance of the wall receive stone veneer to match that of the drugstore building, that the wall be terraced, and that irrigated vines be planted at the top of the wall and at the terrace to drape over the front of the wall. The entire wall, with steps and vines, will be installed as part of the drugstore parking lot improvements.

A final issue with the site plan relates to the omission of pavers in the project parking lot required at the time of the 2007 rezoning. The Conditions of Approval adopted during the 2007 rezoning required that the applicant provide the Design Review Committee a plan for installing interlocking pavers *throughout* the retail parking lot and that the pavers be of a specification approved by the Design Review Committee. The current proposal identifies pavers in 18 parking spaces and at both the Pierce Street driveway (installed as part of the senior apartment building) and at the northerly Sullivan Avenue entrance. The remainder of the parking spaces and all drive-aisles are proposed to receive traditional asphalt pavement.

In discussing this issue with the applicant, the applicant expressed concern that using pavers throughout the parking lot would result in excessive maintenance, specifically the poor legibility of painted communication associated with pavers in "STOP" markings, parking stall striping, handicapped markings, and similar communications to motorists. In considering these factors, staff was amenable to allowing permeable asphalt in lieu of pavers because the initial rationale for the paver requirement was to achieve on-site stormwater treatment and permeable asphalt would achieve the same goal. Staff has therefore added a Condition of Approval requiring either the installation of permeable interlocking pavers or permeable asphalt throughout the site (project driveways would receive pavers even with the permeable asphalt solution).

<u>Landscaping</u>

The applicant has provided a preliminary landscape plan that identifies a mix of drought-tolerant trees and shrubs that should complement the existing landscaping installed as part of the senior apartment development. All proposed trees are 24-inch box specimen and are expected to provide some immediate mitigation of the bulk and mass associated with the drugstore building. The Conditions of Approval require that additional box-specimen trees be added to the landscape plan to ensure that off-street trees are placed at regular 20-foot intervals and that evergreen trees (e.g., Monterey Cypress) be introduced at 20-foot intervals so as to provide a hedge at the east elevation of the drugstore building. The latter requirement is intended to mitigate the long expanse that is the drugstore's eastern wall at that location.

At staff direction, the applicant has included interim and future landscaping for the satellite retail pad area in the landscape plan. In the interim condition, the plan identifies the installation of box-specimen trees in combination with smaller shrubs, with irrigation. While this plan is generally suitable for the interim condition, the Conditions of Approval require that applicant modify the plan to incorporate a functional site amenity, such as raised planters with benches, or similar amenity which could, in the event that the applicant is unable to find a developer for the satellite retail building, provide additional visual interest at this location.

Floor Plan

The proposed floor plan identifies 14,715 square feet of ground level retail configured in the traditional manner similar to the CVS Drugstore located at 375 Gellert Boulevard. As is the case with the Gellert store, shopping cart storage will occur inside the store. According to the applicant, the store will provide between 10 and 15 shopping carts to customers, with most using smaller hand-carried baskets. The baskets would also be stored inside.

In a format typical to larger drugstores, freight truck unloading would occur at the rear of the store, as would trash storage and compaction, along a concrete ramp that extends the length of the store. Allied Waste has reviewed the proposed trash storage location and has requested no change to the location.

According the project description, the drugstore will initially operate daily between 7:00 A.M. and 11:00 P.M., and then expand to 24-hour operation should customer demand warrant these expanded hours. The use permit granted for the drugstore drive-through placed no restrictions on the hours of the drive-through operations.

Building Design

The proposed drugstore architecture incorporates many of the significant design features of the previously-approved drugstore building, which initially was structurally integrated into the senior apartment building by an arch. The arch was removed as a design concept when the construction of the senior apartments and drugstore evolved to become separate construction projects.

Like the previous drugstore design, the CVS design includes a prominent architectural feature at the building entry and covered colonnade at the front elevation. The building's exterior mimics the three-tone color palate and materials present in the senior apartment building, including stucco finish, cornice trim style, wainscot veneer materials, and roofing material. All rooftop mechanical equipment would be hidden from view by a rooftop parapet wall and all downspouts would be interior to the building's walls, depositing rainwater directly into the raised bio-filtration planters identified at the base of the east elevation.

To provide additional visual relief along the eastern elevation, which would otherwise be a long expanse of unarticulated stucco adjacent to Sullivan Avenue, the proposal includes a tower element at the southeast corner of the building and articulated arch elements along the building length. The tower element would provide both visual interest and a screening mechanism for the loading ramp at the drugstore rear. This tower element is recessed from the remainder of the elevation to avoid an existing water line.

In an effort to maximize visual relief along this highly-visible elevation, the Conditions of Approval require that the planters and tower element receive the wainscot veneer material identified for placement on other parts of the building, with decorative cap, and that the applicant affix metal or wire trellises to the building walls beneath the arch elements with vine plantings at their base. These requirements would be in addition to the requirement discussed in the Landscaping section that introduces evergreen trees (e.g., Monterey Cypress) as a hedge at the drugstore east elevation.

Signs

The project sign package includes the wall, monument, and directional signs proposed as a part of the drugstore use, all of which are in conformance with the allowable sign area for the site. Although the signs are in conformance with sign area, the proposal exceeds the maximum allowable number of monument sign areas. Furthermore, the design of the monument and directional signs do not reflect the architectural style of the drugstore building. The Conditions of Approval therefore require that the number of monument signs be limited to one and that all signs incorporate paint and veneer material to match that of the drugstore building. The Conditions of Approval also require the removal or non-illumination of signs directly facing the senior apartment building.

ENVIRONMENTAL ASSESSMENT

Construction of the proposed drugstore was reviewed pursuant to CEQA as part of a larger development project in 2007. The mitigation measures and mitigation monitoring program adopted by the City Council at that time remain in effect.

FINDINGS:

Staff finds that the proposed Design Review Permit, DR-5-12-5473, as conditioned, is in accordance with Section 17.45, Design Review, of the Daly City Municipal Code. Approval of the design review application, as conditioned herein, is in the best interest of the public health, safety, and general welfare of the community, and that the general site, architecture, and landscape considerations have been incorporated to insure compatibility with adjacent buildings and to provide an attractive environment. These findings are based in part on the following:

1. Staff has reviewed the proposal under the requirements of the California Environmental Quality Act (CEQA) and has determined the project is Categorically Exempt per Section 15301(e) Existing Facilities;
2. The project complies with applicable provisions of Design Review Section 17.45 of the Zoning Ordinance.
3. General architectural considerations have been incorporated in order to insure the compatibility of this development with its design concept and the character of other adjacent buildings. These considerations include, but are not limited to, the character, scale and quality of the design, the architectural relationship with the site and other buildings, building materials, and colors.
4. The project will minimize the risk to existing public improvements and adjacent private property by providing controlled stormwater runoff from the site to City facilities in full compliance with Order R-2 NPDES Permit No. CAS612008 and Order No. 2010-0014-DWQ, NPDES No. CAS000002, the statewide National Pollutant Discharge Elimination System (NPDES) General Construction Activity Storm Water Permit.

CONDITIONS OF APPROVAL

Failure to comply with a design review condition of approval is a violation of this title and subject to enforcement, penalties, and legal procedures as prescribed by Chapter 17.50 of this code. Minor modifications may be approved administratively by the Planning Division however; major changes to the approved design will require Design Committee approval. Distinctions between major and minor changes are subject to the determination by the Director of Economic and Community Development. The recommended Conditions of Approval related to the site and architectural designs for Design Review Permit DR-6-12-5744 are as follows:

A. DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT, PLANNING DIVISION

General

1. Plans submitted for the construction of all improvements shall be consistent with plans and project details for Design Review Permit (DR-6-12-5744) as approved by the Daly City Council Design Review Committee. Modifications required for minor design and location changes may be approved by the Planning Division. Major changes will require review and approval by the Design Review Committee.

2. The applicant shall file a Declaration of Acceptance of the conditions of approval with the Planning Division within 30 days of Design Review Committee approval.

3. If building permits have not been issued within one year of Design Review Committee approval, the Design Review application shall expire.

4. The Conditions of Approved adopted by the City Council for Zone Change ZC06-1, Planned Development PD-65, and Use Permit UP06-11 are included by reference.

5. The applicant shall provide utility, grading, and landscape plans at the time of building permit submittal. The Planning Division shall not begin review of the building permit application without the provision of these items.

6. All Conditions of Approval identified herein shall be satisfied prior to final Certificate of Occupancy, unless otherwise specified.

<u>Site Design</u>

7. The applicant shall modify the site plan to include the installation of a four-foot stepped sidewalk along the entire easterly length of the drive-aisle leading from the Pierce Street sidewalk to the proposed sidewalk at the front of the drugstore. This sidewalk shall receive shall be concrete with integral coloring to complement the color of the adjacent drive-aisle pavers. Drive-aisle pavement intersecting the sidewalk segments shall receive pedestrian crosswalk markings complying with accessibility regulations. The applicant shall provide signs at the sidewalk entrances directing persons in wheelchairs to access locations suitable for wheelchair use.

8. The applicant shall provide a utility plan that identifies the installation appropriately-sized utilities stubbed to the satellite retail pad, including water, sewer, stormwater, power, and communication transmission lines.

9. The applicant shall provide a grading plan that identifies finish grading for the satellite retail pad to occur concurrent with the drugstore/parking lot grading. The finish grade shall be compacted so as to be suitable for future building construction on the pad.

10. The applicant shall provide a grading plan that identifies the construction of a retaining wall adjacent to the Pierce/Sullivan intersection concurrent with the construction of the drugstore parking lot. This retaining wall shall receive stepped-terracing and the entire wall shall receive stone veneer to match that of the drugstore building, as found acceptable by Planning Division staff. All landscape areas at the bottom, terrace, and top of the wall shall receive irrigated landscaping. More specifically, the landscape plan shall reflect cat's claw or other similar draping vine be planted at the top and terrace landscape areas.

11. The grading plan shall include steps leading from the sidewalk adjacent to the Sullivan/Pierce intersection to the satellite retail pad.

12. The applicant shall modify the site plan to identify the installation of permeable interlocking pavers or permeable asphalt throughout the site. At a minimum, all project driveways shall receive pavers as identified in the project site plan.

13. The applicant shall provide staff with a manufacturer cut sheet for all paver material to be installed on-site. The paver color and design shall match the pavers installed in the driveway separating the project site from the adjacent senior apartment building.

14. The nine retail parking spaces which presently exist beneath the senior apartment building shall receive striping. The striping shall provide a parking space dimension consistent with the Zoning Ordinance standard parking space dimension.

15. The applicant shall paint all backflow prevention devices and above-grade similar equipment black or dark brown.

16. The applicant shall provide manufacturer cut-sheets of proposed lighting fixtures proposed at the project parking lots. The design of these fixtures shall comply with the design requirements of the Sullivan Corridor Specific Plan.

17. The applicant shall providing security lighting at all parking lot locations and at the rear loading area. This lighting shall consist of wall pack LED fixtures of sufficient luminance so as to ensure adequate visibility throughout the drugstore parking lot. This requirement shall specifically pertain to the parking lot areas along the westerly side of the drugstore building and the nine retail spaces beneath the apartment building. All wall-pack lighting fixtures shall be dark brown or black in color.

18. The applicant shall install wheel stops in all parking stalls to protect buildings and landscaping. This requirement shall include the provision of wheel stops in the nine retail parking spaces which presently exist beneath the senior apartment building.

19. All directional pavement markings shall be stenciled and inspected by the Planning Division and Public Works staff prior to painting.

<u>Landscaping</u>

20. The applicant shall modify the landscape plan to include additional box-specimen trees to ensure that off-street trees are placed at regular 20-foot intervals and that evergreen trees (e.g., Monterey Cypress) be introduced at 20-foot intervals so as to provide a hedge at the east elevation of the drugstore building.

21. The applicant shall modify the landscape plan to incorporate a functional site amenity for the satellite retail pad interim landscaping, such as raised planters with benches, or similar amenity.

22. The applicant shall modify the landscape plan to identify the placement of topsoil on the graded satellite retail pad of sufficient depth necessary for planted material to thrive.

23. The applicant shall modify the landscape plan to relocate the Crape Myrtle identified for location over the proposed storm drain inlet at the northwest corner of the drugstore parking.

24. The applicant shall modify the landscape plan to specify that metal or wire wall trellises are to be installed at all locations facing Sullivan Avenue where blank walls over ten feet length adjoin landscape planter areas.

25. The landscape plan shall identify the method for all irrigation, which shall comply with Chapter 17.41 - Water Conservation in Landscaping. The plan shall provide a detailed tree staking plan for all trees, which shall at a minimum be double staked.

26. The applicant shall warranty all landscape material for a period of two-years after final Certificate of Occupancy issuance for the project. The warranty shall be in writing in a format and language acceptable to the City.

Floor Plan

27. The applicant shall identify a location for storing shopping carts inside the drugstore building in the construction drawings submitted for building permit issuance. Exterior shopping cart storage shall not be permitted.

28. The applicant shall be aware of and comply with the City's Shopping Cart Regulation, as identified in Chapter 8.58 of the Daly City Municipal Code. The provision of signs necessary to fulfill the requirements of these regulations shall be submitted together with the sign application for all signs proposed as a part of the drugstore.

Building Design

29. The drugstore exterior elevations shall match, to the satisfaction of the City staff, the color palate and materials present in the senior apartment building, including stucco finish, trim style, wainscot veneer materials, and roofing material. With specific regard to the cornice trim style, exterior paint colors, and stucco application, the applicant shall develop a mock-up for City staff approval not less than 15 days prior to installation/painting. The mock-up shall be provided on a four-foot by eight-foot format board, delivered to the project site. With specific regard to the roofing and veneer material, the applicant shall provide material samples to not less than 30 days prior to installation.

30. The applicant shall modify the east elevation (Sullivan Avenue) to include the wainscot veneer material identified for placement on other parts of the building, with decorative

cap, and that the applicant affix metal or wire trellises to the building walls beneath the arch elements with vine plantings at their base. These requirements would be in addition to the requirement discussed in the Landscaping section that evergreen trees (e.g., Monterey Cypress) be introduced as a hedge at the drugstore east elevation.

31. The applicant shall modify all applicable elevations to identify that metal decorative elements (including arch trellis framing) are to be a galvanized metal material and painted dark brown so as to complement the veneer material and building body colors. The applicant shall supply a color sample of the paint color not less than 15 days prior to painting.

32. The applicant shall provide a push-pull diagram with any construction drawings submitted for plan check. The diagram shall identify the inset dimension for all wall insets at the building base. The minimum wall inset shall be subject to City approval.

33. The aluminum storefront window system shall be dark brown or black, and this color requirement shall be identified on drawings submitted for a building permit.

34. All rooftop mechanical equipment shall be hidden from view by a rooftop parapet not less than five feet in height.

35. All downspouts shall be interior to the building's walls and shall deposit rainwater directly into the raised bio-filtration planters identified at the base of the east elevation.

<u>Signs</u>

36. All signs shall incorporate halo-illuminated letters, as opposed to the reverse channel letters identified, with raceways hidden behind parapet walls.

37. The applicant shall either remove sign C-2 "DRIVE THROUGH PHARMACY" or make this sign facing the senior apartments non-illuminated, and shall provide better centering of the "DRIVE THROUGH PHARMACY" sign on the east elevation.

38. The number of monument signs shall be limited to one.

39. All free standing signs shall incorporate the paint color scheme and veneer material to match that of the drugstore building and all copy inserts shall match the color of the sign box.

<u>Stormwater Management</u>

40. The applicant shall submit a stormwater management plan that illustrates full compliance with the City's stormwater regulations. The plan shall build upon the preliminary plan submitted by the applicant to identify appropriately-sized facilities necessary to fully comply the City's NPDES Permit and shall include stormwater treatment calculations that demonstrate this compliance. Where necessary, the plan shall also demonstrate that

substrate material is capable of accepting and/or has been designed to accept stormwater for treatment and can do so at a rate acceptable to the City. The applicant shall be aware that the Stormwater Treatment Plan is subject to third-party review and that the entire cost of this review will be paid for by the applicant.

41. The applicant shall determine stormwater flows from an assumed future building on the satellite retail pad in the design of the stormwater management/treatment system and incorporate these flows into the plan described in Condition of Approval #40. The applicant shall provide a physical connection from the pad to a pre-determined treatment device.

Site Maintenance

42. The applicant shall submit a site maintenance plan to the Planning Division for review and approval prior to final Certificate of Occupancy. The maintenance plan shall reference the cross-access and maintenance easements required by the City during the parcel approval for the project and shall provide specific maintenance assignments of all shared facilities on the project site. These facilities shall include, but not limited to driveways, drainage facilities, retaining walls, site lighting, and the stormwater treatment measures identified in the Stormwater Treatment Plan. Where necessary, the maintenance plan shall identify any responsibilities of the senior apartments, where the apartments benefit from shared facilities (e.g., driveways).

43. The maintenance plan identified above shall identify specific measures to maintain the drugstore building and entire site in a manner that enhances the life and character of both. The plan shall, for example, provide a schedule for routine cleaning of the site and building facades to prevent premature aging and wear, as well as specific measures that address graffiti removal within predefined time periods.

44. The maintenance plan identified above shall assign maintenance responsibility for the temporary landscaping installed at the retail pad to the drugstore owner until the retail pad is developed. Similarly, the irrigation system for the retail pad shall remain under the control of the drugstore owner and shall be controlled by the drugstore owner.

B. DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT, BUILDING DIVISION

45. The project shall comply with CALGREEN and Building Code.

C. DEPARTMENT OF WATER AND WASTEWATER RESOURCES

46. All costs associated with any water system improvements required as a result of this project shall be borne by the applicant.

D. DEPARTMENT OF PUBLIC WORKS, ENGINEERING DIVISION

47. All runoff shall be directed to the on-site treatment and detention system prior to connection to the City's storm drain system. Storm water treatment measures shall include provisions for full trash capture. Owner shall maintain all storm water treatment measures, including the full trash capture systems and execute an agreement with the City obligating such maintenance.

48. Right Turn Only signage and pavement markings shall be placed at the driveway exits on Sullivan Avenue.

49. Retaining walls and planters shall not be constructed within public rights of way or easements.

50. Any retaining wall supporting or adjoining a City street, utility or emergency access easement shall be designed for a useful service life of no less than 100 years and shall require a deed restriction on the property requiring immediate repairs and property maintenance of soil retaining structures at all times and upon failure to complete necessary repairs authorizing the City to undertake any required corrective work at property owners expense.

51. Retaining walls and other grading improvements shall be designed with adequate consideration and provisions for easy future maintenance.

E. NORTH COUNTY FIRE AUTHORITY

52. The project shall comply with CFC access requirements width, turning radius and height clearances.

53. The project shall comply with fire hydrant(s) locations and distributions as identified in the CFC appendix requirements.

STAFF RECOMMENDATION

Staff recommends the Design Review Committee approve Design Review DR-6-12-5744, subject to the findings and conditions in this report.

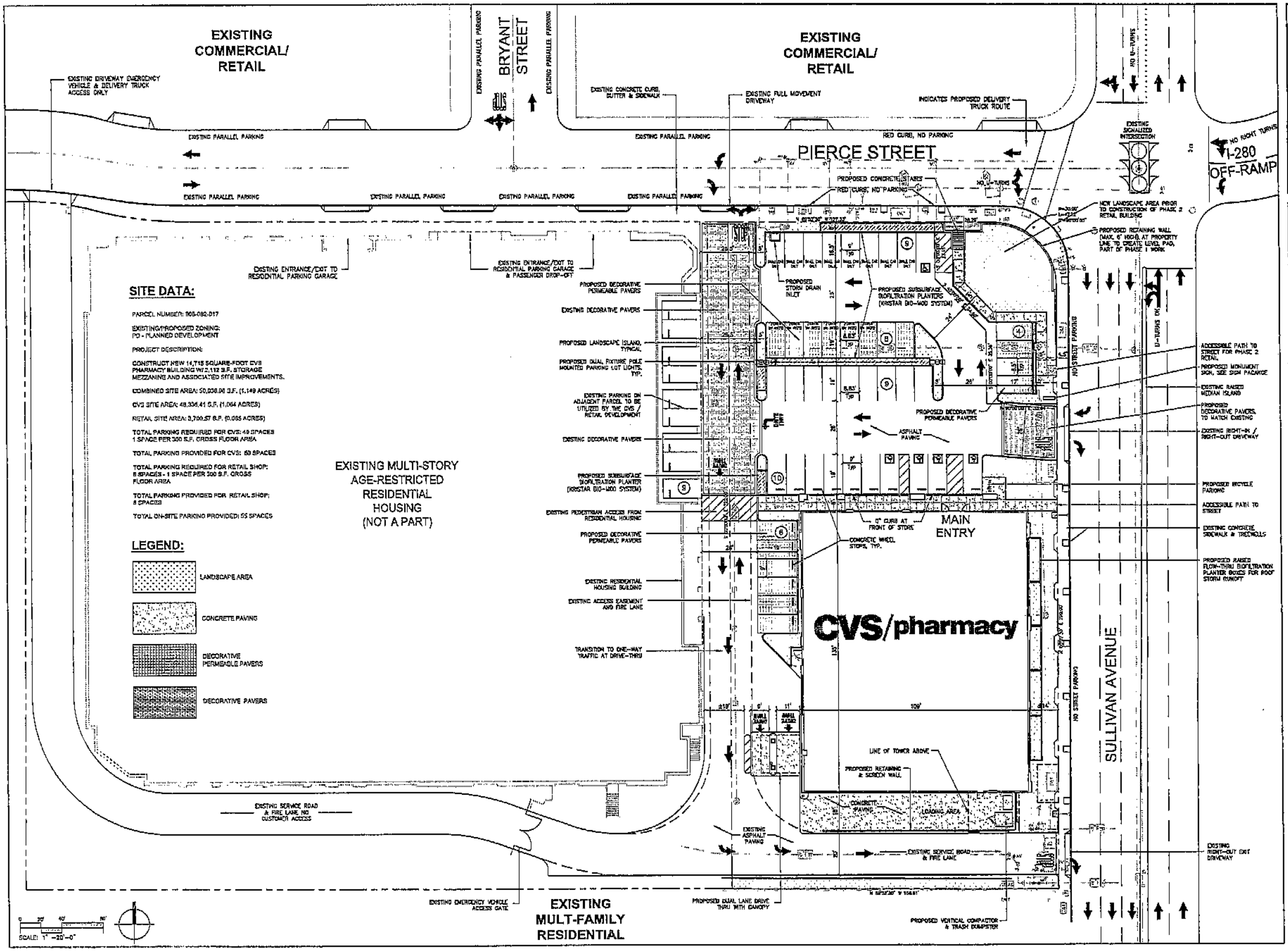
Respectfully submitted,

Michael VanLonkhuysen
Senior Planner

Attachments

Attachment A – Project Plans
Attachment B – Sign Plan

g:\planning\current planning projects\165 pierce street - cvs design review\dr082812.mtv.doc



CVS pharmacy

STORE NUMBER: 10165

SWC PIERCE ST. & SULLIVAN AVE.
DALY CITY, CA 94015
PROJECT TYPE:
DEAL TYPE:

CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD

CONSULTANT:
TAIT

DEVELOPER:
ARMSTRONG DEVELOPMENT PROPERTIES, INC.
TEL
FAX

SEAL:

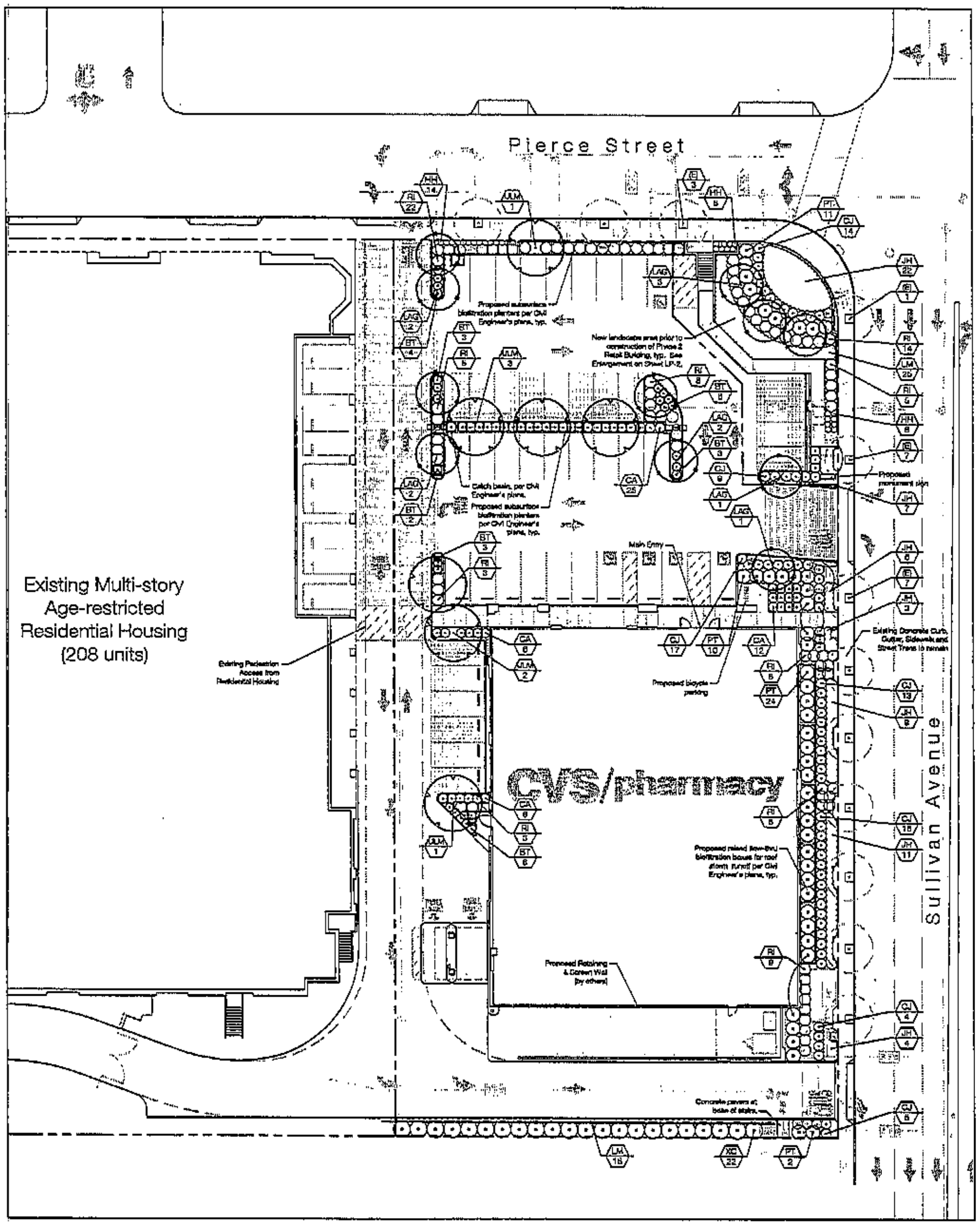
REVISIONS:
1 PER CITY DESIGN REVIEW 7.26.11

DRAWING BY: O.ORTIZ
DATE: 06-25-12
JOB NUMBER: CVS16969
TITLE: SITE PLAN

SHEET NUMBER: SP-1.1

COMMENTS: PHASE 1 BEFORE RETAIL BUILDING

ATTACHMENT A



Tree Legend

Symb.	Botanical Name	Common Name	Size	Remarks	Wat. Use
Trees					
[illegible]	Existing tree(s) to remain - retain and protect. Installed as part of streetscape improvements (by others).				
LAG	Lagerstroemia x fauriei 'Tuscarora'	Crape Myrtle (Deep Coral)	24" box	Standards - min. 5' branching height	L
ULM	Ulmus parvifolia 'Emerald Prairie'	Emerald Prairie Elm	24" box		M

Plant Legend

Symb.	Botanical Name	Common Name	Size	Remarks	Wat. Use
Shrubs					
BT	Berberis thunbergii 'Crimson Pygmy'	Japanese Barberry	5 gallon	-	L
CA	Calamagrostis x acutiflora 'Karl Foerster'	Foerster's Feather Reed Grass	5 gallon	-	L
CJ	Callistemon citrinus 'Little John'	Dwarf Bottlebrush	5 gallon	-	L
HH	Hemerocallis spp.	Evergreen Yellow Daylily	1 gallon	Evergreen var. only	M
PT	Phormium tenax 'Atropurpureum Compactum'	Bronze Compact New Zealand Flax	15 gallon	-	L
RI	Rhaphiolepis umbellata	Yeddo Hawthorn	5 gallon	-	L
XC	Xylosma congestum 'Compactum'	Dwarf Xylosma	5 gallon	-	L
Ground Cover					
JH	Juniperus horizontalis 'Youngstown'	Youngstown Andorra Juniper	1 gallon	48" O.C.	L
LM	Lantana montevidensis	Trailing Lantana	1 gallon	48" O.C.	L

Planting Notes

1. Plant material quantities shown on drawings are informational only. The Contractor is responsible for all plant material required.
2. PF Plant Key / 3 Quantity
3. Immediately after award of contract, the Contractor shall notify the Landscape Architect if specified plant material is available from commercial nurseries. In a case plant material is not available, the Landscape Architect will provide alternate plant material selections. Such changes will not alter the Contractor's original bid price unless a credit is due to the Owner.
4. Excavated plant pits shall have positive drainage. Plant pits when fully flooded with water shall drain within 1 hours of filling. The Contractor shall ensure all plant pits have positive drainage.
5. All plant material shall comply with form and characteristic requirements as specified. All plant material with comply with ANSI Z601 "Standard for Nursery Stock".
6. Standard landscape installation specifications are per the City of Daly City. The Contractor shall conform to all conditions and requirements contained within. The Contractor shall have available on the job site at all time, the Construction Issue Specification Manual for inspection by the Landscape Architect. The Contractor shall insert in the manual all official/approved addendums and/or change orders relative to the landscape installation in chronological order.
7. The Contractor is responsible for soil erosion control measures that may be required through the duration of the contract period. Should there be existing soil erosion conditions that require mitigation when the Contractor initially occupies the site, the Landscape Architect or Owner's Representative should be alerted to its existence. Failure of the Contractor to notify the Landscape Architect or Owner's Representative implies acceptance of the site by the Contractor in its existing condition. All costs necessary to mitigate existing erosion problems shall be at the Contractor's expense and at no extra cost to the Owner or increase in original bid amount.
8. The Contractor shall verify locations of all underground utility systems prior to beginning any phase of construction that may cause damage to existing structures. Call U.S.A. to locate existing utilities at (800) 227-2600. The Contractor shall be responsible for the repair/replacement of damaged utilities, to the satisfaction of the Owner or governing agency and at no extra cost to the Owner or increase in bid amount.
9. A 2" layer of Redi-Grow bark mulch shall be provided in all non-lawn planting areas.
10. The Contractor shall apply a pre-emergent herbicide to all planting areas (except turf) following installation.
11. The location of tree, shrubs and groundcover shall be adjusted in field as necessary to accommodate existing utilities etc.
12. No trees shall be planted within any utility line easements. Refer to Civil Engineer's plans to confirm all locations.

Daly City Water Ordinance Note

Following the approval of the Preliminary Landscape plans, a full construction document package shall be prepared to the requirements of the City of Daly City Model Water Ordinance Checklist. These shall include the following:

a. Area Calculations (total area, irrigated turf area, non-turf irrigated area and special landscape area (SLA)
b. MAWA/EWU water-use calculations based on plant type/square footage
c. Less than 25% of the landscaping is turf and planted on slopes less than 25%
d. Plants grouped by hydrozone
e. 2" of bark mulch provided
f. 70% ETO irrigation system effeciency including no overspray/run-off
g. Irrigation system efficiency greater than 70%
h. Moisture sensors/rain sensor shut-off included
i. Automatic, self-adjusting irrigation controller
j. System operates between 6pm and 10am
k. Separate irrigation meter

The following documentation shall be provided:
1. City of Daly City checklist
2. Landscape and Irrigation Design Plan
3. Water budget (optional)
4. Post installation audit completed

0' 20' 40' 60'
Scale 1"=20'-0"
PN09012

Landscape Architect/Prepared by:
The HLA Group Landscape Architects & Planners, Inc.
1050 Twentieth Street, Suite 200 / Sacramento, California 95811
916.447.7400 / 916.447.8270 fax / www.hlagroup.com

CVS pharmacy

STORE NUMBER: TBD
SWC PIERCE ST. & SULLIVAN AVE.
DALY CITY, CA 94015
PROJECT TYPE:
DEAL TYPE:
CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD

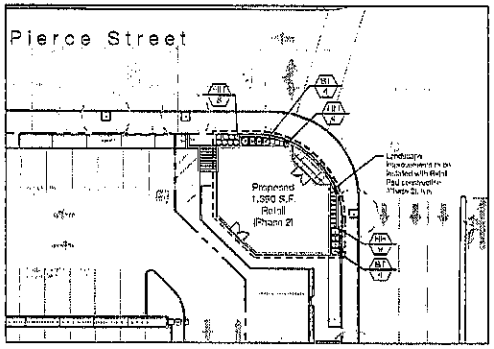
CONSULTANT:
TAIT

DEVELOPER:
ARMSTRONG DEVELOPMENT
TEL
FAX

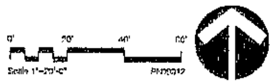
SEAL:
LICENSED LANDSCAPE ARCHITECT
STEVEN A. CARADA
CRLA 2770
STATE OF CALIFORNIA

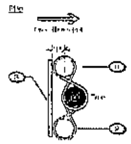
REVISIONS:

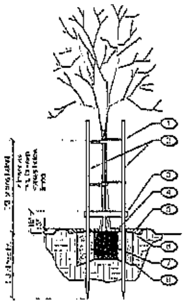
DRAWING BY: O.ORTIZ
DATE: 07-31-12
JOB NUMBER: CVS18960
TITLE:
PRELIMINARY LANDSCAPE PLAN
SHEET NUMBER:
LP-1
COMMENTS:



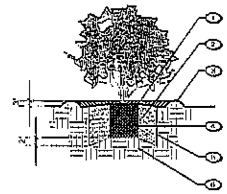
Phase 2 Retail Parcel Planting Layout







A Tree Planting Detail



Key

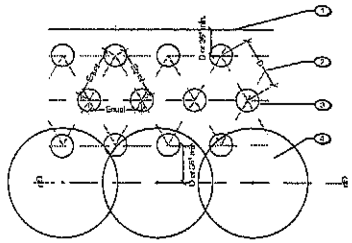
1. Bark mulch, refer to specifications
2. Fertilizer tablets, refer to specifications, typ.
3. Water retention berm
4. Root ball; set crown 1" above finish grade. Pre tile positive drainage away from rootball.
5. Planting pit to be twice the diameter of rootball. For backfill mix, refer to specifications.
6. Undisturbed native soil under rootball. Pre tile positive drainage away from rootball.

Notes:

A) Refer to specifications and plan sheets for more information.

B Shrub Planting

Not to Scale — Section



Legend

1. Mow band, pavement edge, or header
2. Typical spacing (X). Refer to planting plan
3. Groundcover plant, size as denoted on planting plan
4. Shrub mass, typical

C Ground Cover Spacing

Not to Scale — Plan

Landscape Architect/Prepared by:

The HLA Group Landscape Architects & Planners, Inc.

1050 Twentieth Street, Suite 200 / Sacramento, California 95811
916.447.7400 / 916.447.8270 fax / www.hlagroup.com

CVS pharmacy

STORE NUMBER: TBD

SWC PIERCE ST & SULLIVAN AVE
DALY CITY, CA 94015

PROJECT TYPE:
DEAL TYPE:

CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD

CONSULTANT:

TAIT

DEVELOPER:

ARMSTRONG DEVELOPMENT

TEL
FAX

SEAL:

REVISIONS:

DRAWING BY: O.ORTIZ

DATE: 07-31-12

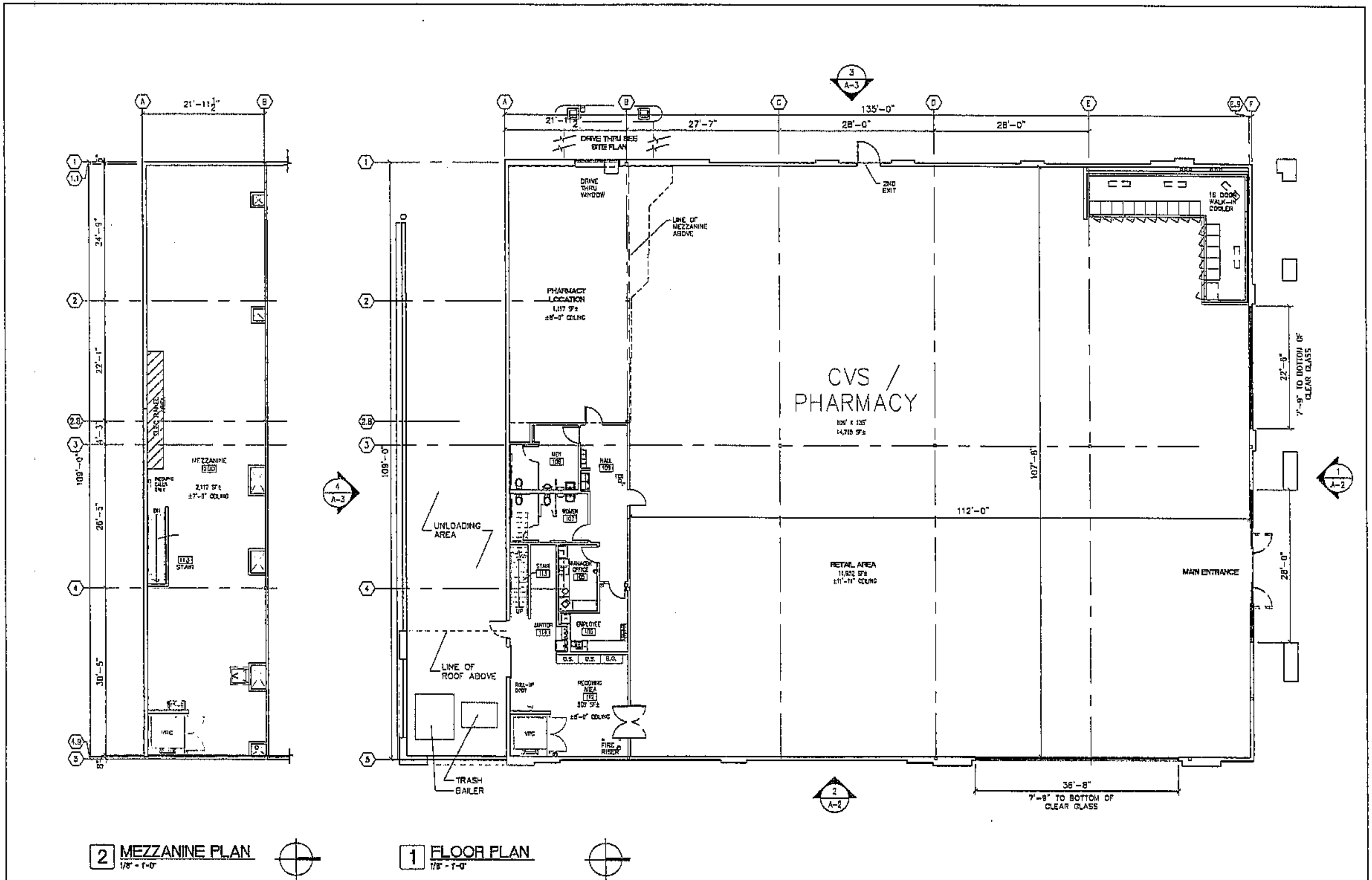
JOB NUMBER: CVS10960

TITLE:

PRELIMINARY LANDSCAPE PLAN

SHEET NUMBER: LP-2

COMMENTS:



CVS pharmacy

NON-PROTOTYPE

STORE NUMBER: 10165

PIERCE STREET AND SULLIVAN AVE.
DALY CITY, CA
PROJECT TYPE: NEW STORE

CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD

ARCHITECTURAL DIMENSIONS

300 Frank H. Ogawa Plaza, Suite 375
Oakland, CA 94612-2047
TEL. 510.463.8300
FAX. 510.463.3395

CONSULTANT:

DEVELOPER:

ARMSTRONG DEVELOPMENT

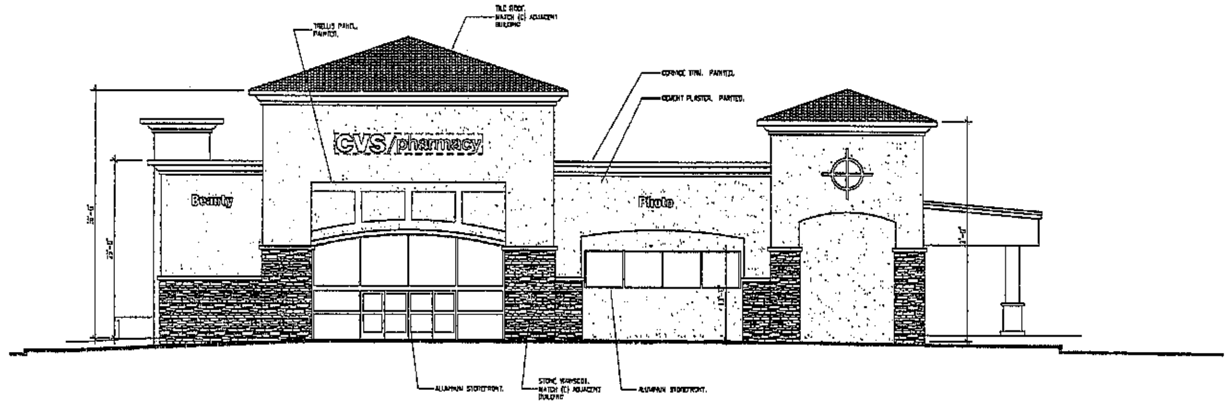
1375 EXPOSITION BLVD., SUITE 101
SACRAMENTO, CA 95815
TEL. (916) 643-9610
FAX. (916) 643-9613

SEAL:

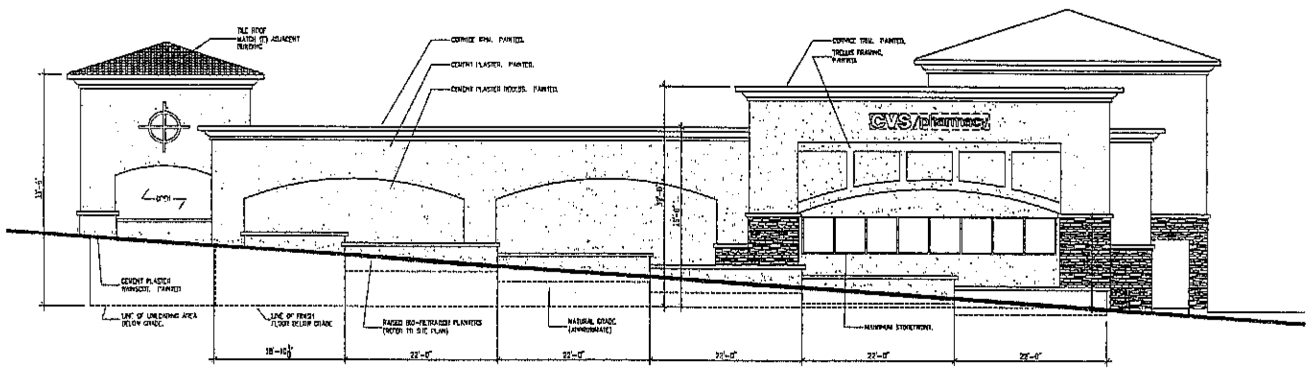
REVISIONS:

DRAWING BY:	AOR
DATE:	JUNE 22 2012
JOB NUMBER:	ARM65
TITLE:	FLOOR PLANS
SHEET NUMBER:	A-1

COMMENTS:
NOT RELEASED FOR CONSTRUCTION



1 NORTH ELEVATION (PIERCE ST.) - PROPOSED
1/8" = 1'-0"



2 EAST ELEVATION (SULLIVAN AVE.) - PROPOSED
1/8" = 1'-0"

CVS pharmacy

NON-PROTOTYPE

STORE NUMBER: 10165

PIERCE STREET AND SULLIVAN AVE.
DALY CITY, CA
PROJECT TYPE NEW STORE

CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD:
ARCHITECTURAL DIMENSIONS
300 Frank H. Ogawa Plaza, Suite 375
Oakland, CA 94612-2047
TEL. 510.463.8300
FAX. 510.463.8395

CONSULTANT:

DEVELOPER:
ARMSTRONG DEVELOPMENT
1375 EXPOSITION BLVD., SUITE 101
SACRAMENTO, CA 95815
TEL. (916) 643-9810
FAX. (916) 643-9813

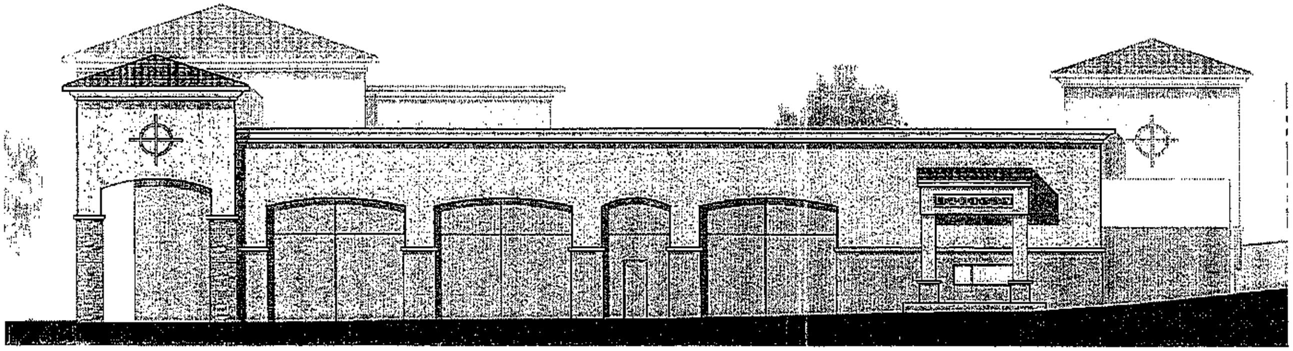
SEAL:

REVISIONS:

DRAWING BY: ADR
DATE: JUNE 22 2012
JOB NUMBER: ARM05
TITLE:
EXTERIOR ELEVATIONS

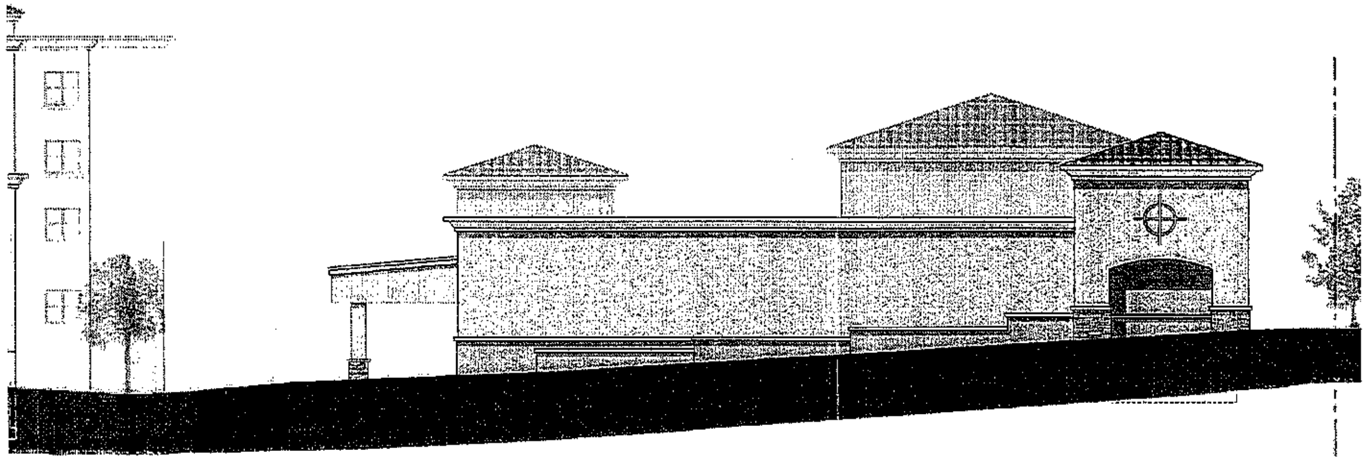
SHEET NUMBER:
A-2

COMMENTS:
NOT RELEASED FOR CONSTRUCTION



3 WEST ELEVATION - PROPOSED

1/8" = 1'-0"



4 SOUTH ELEVATION - PROPOSED

1/8" = 1'-0"

CVS pharmacy®

NON-PROTOTYPE

STORE NUMBER: 10165

PIERCE STREET AND SULLIVAN AVE.
DALY CITY, CA
PROJECT TYPE: NEW STORE

CS PROJECT NUMBER: 66576

ARCHITECT OF RECORD

ARCHITECTURAL DIMENSIONS

300 Frank H. Ogawa Plaza, Suite 375
Oakland, CA 94612-2047
TEL. 510.463.8300
FAX. 510.463.8395

CONSULTANT:

DEVELOPER:
ARMSTRONG DEVELOPMENT

1375 EXPOSITION BLVD., SUITE 101
SACRAMENTO, CA 95815
TEL. (916) 643-5610
FAX. (916) 643-5613

SEAL:

REVISIONS:

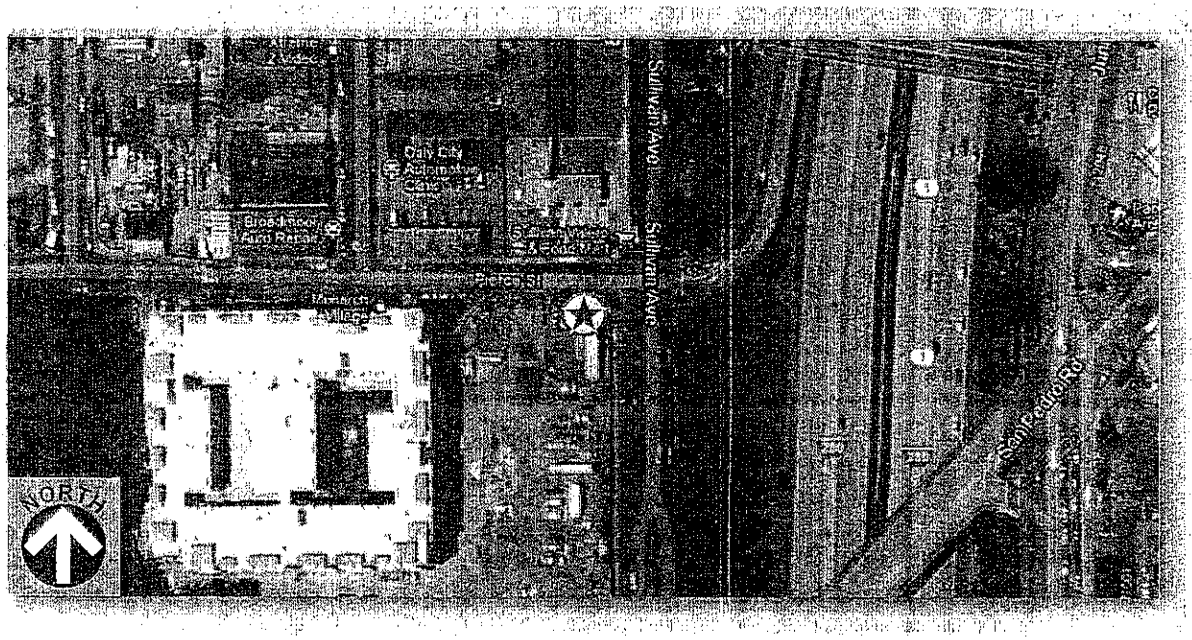
DRAWING BY: AQR
DATE: JUNE 22 2012
JOB NUMBER: ARM05
TITLE:
EXTERIOR ELEVATIONS

SHEET NUMBER:
A-5

COMMENTS:
NOT RELEASED FOR CONSTRUCTION

CVS/pharmacy

CS #66576 - PIERCE ST & SULLIVAN AVE, DALY CITY, CA 94015



(1) VICINITY MAP
SCALE: NTS

ATTACHMENT B

superior electrical advertising

1700 West Anaheim Street
Long Beach, California
90813-1195
Phone: 562.495.3808
Facsimile: 562.435.1867
www.superiorsigns.com

Project:
CVS/pharmacy
CS #66576

Address:
PIERCE ST & SULLIVAN AVE,
DALY CITY, CA
94015

Account Manager:
Pete Skoglund

Designer:
ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 08.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 05.29.12 (3.00)
- Update elevations
- Add two monuments

- APPROVALS -

FOR JOB CHECK DATE
Acct. Mgr.

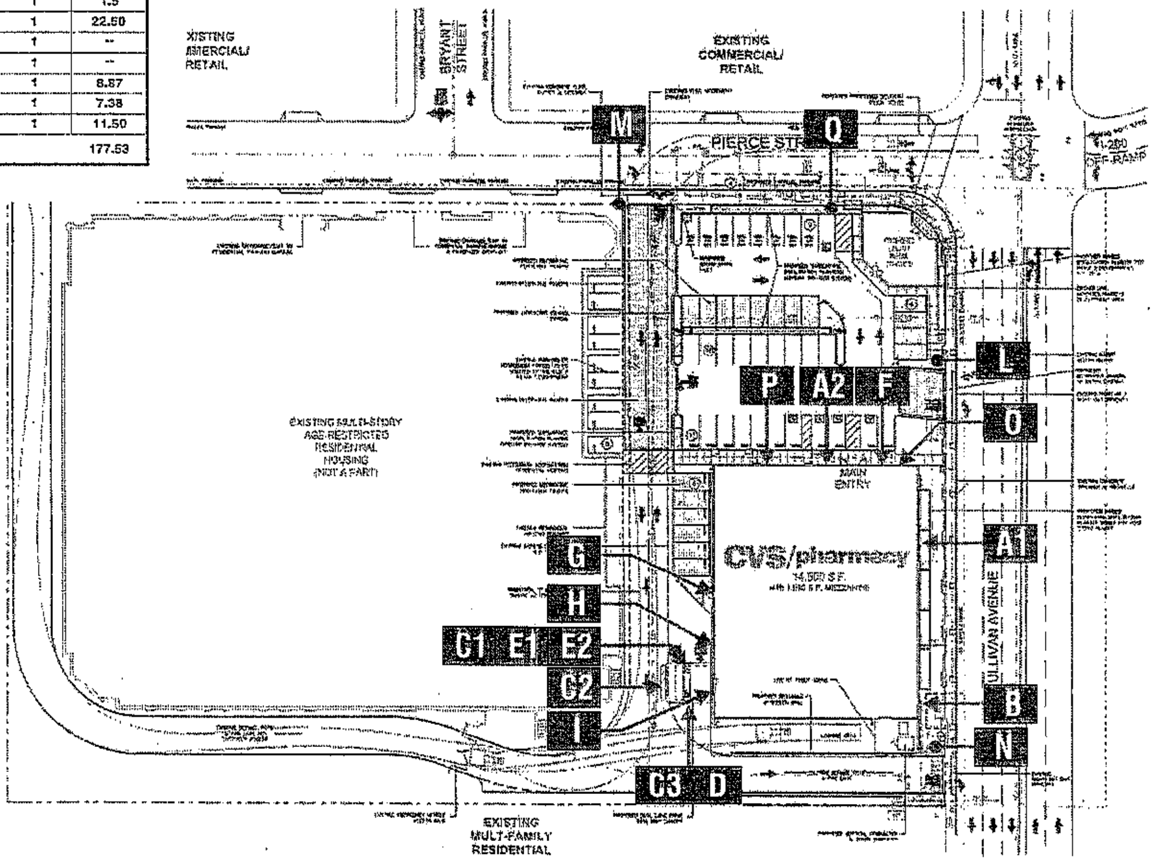
FOR CONSTRUCTION DATE
Acct. Mgr.
Design
Production

FOR INSTALL ONLY DATE
Acct. Mgr.

Page: 01 Of: 19

Note: The Colors depicted here are a graphic representation. Actual colors may vary. See color specifications.

SIGN SCHEDULE - CVS/pharmacy SIGNAGE					
NO.	DESCRIPTION	ILLUM.	AREA	QUANT.	TOTAL
A	2'-6" "CVS/pharmacy" CHANNEL LETTERS	Y	52.21	2	104.42
B	1'-6" "Drive-Thru Pharmacy" CHANNEL LETTERS	Y	26.68	1	26.68
C	9" "DRIVE-THRU PHARMACY" CHANNEL LETTERS	Y	7.31	3	21.93
D	7" "EXIT" CHANNEL LETTERS	Y	0.78	1	0.78
E	7" "FULL SERVICE" CHANNEL LETTERS	Y	2.58	2	5.16
F	1'-9 7/8" HOURS PLAQUE	N	--	1	--
G	1'-6" RECEIVING ENTRANCE PANEL	N	--	1	--
H	4'-0" DRIVE-THRU INFO PANEL	N	--	1	--
I	2-7/8" PHARMACY P/U-D/O PLAQUE	N	0.81	1	0.81
J	1'-6" CLEARANCE PANEL	N	--	1	--
K	1'-6" FULL SERVICE D/T PLAQUE	N	1.5	1	1.5
L	8'-0" DOUBLE FACE MONUMENT	Y	22.50	1	22.50
M	3'-3" DOUBLE FACE DIRECTIONAL	N	--	1	--
N	3'-0" DOUBLE FACE DIRECTIONAL	N	--	1	--
O	1'-6" "Beauty" CHANNEL LETTERS	Y	8.87	1	8.87
P	1'-6" "Photo" CHANNEL LETTERS	Y	7.38	1	7.38
Q	6'-10" DOUBLE FACE MONUMENT	Y	11.50	1	11.50
	BUILDING SQ. FOOTAGE =				177.53



NORTH

1 PLOT PLAN
SCALE: 1/64" = 1'-0"

superior electrical advertising
1700 West Anaheim Street
Long Beach, California
90813-1195
Phone: 562.495.3808
Facsimile: 562.435.1867
www.superiorsigns.com

Project:
CVS/pharmacy
CS #66576

Address:
PIERCE ST & SULLIVAN AVE,
DALY CITY, CA
94015

Account Manager: Patti Skoglund

Designer: ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per nk-1
R2 AZ 08.20.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

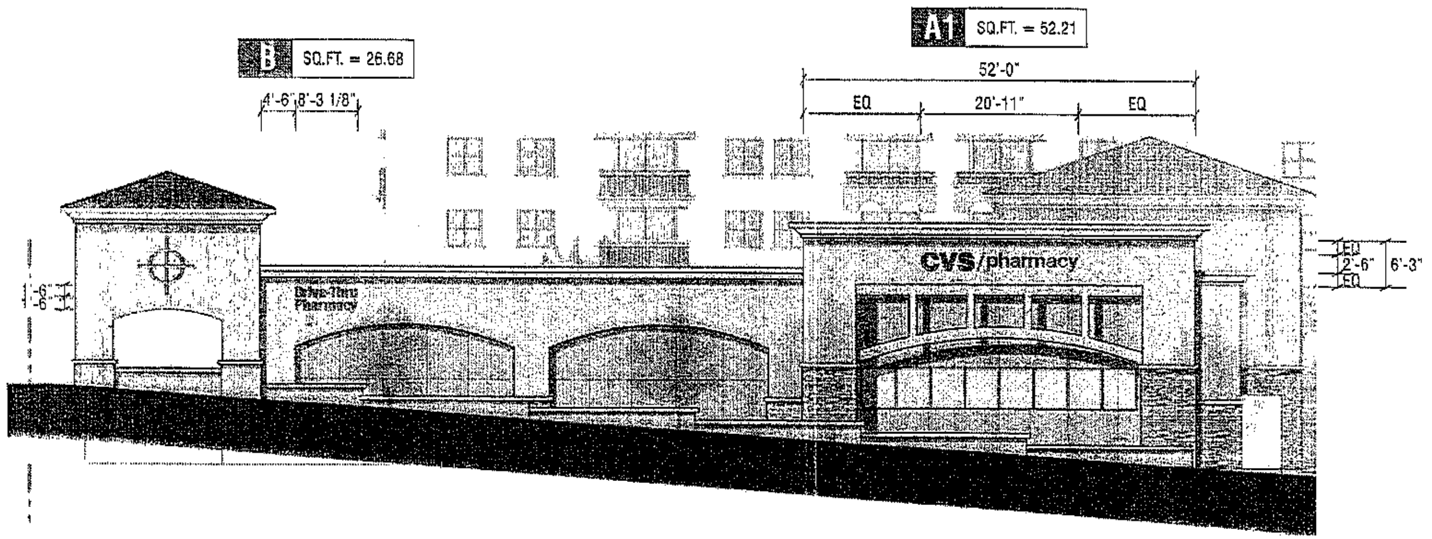
FOR JOB CHECK DATE
Acct. Mgr.

FOR CONSTRUCTION DATE
Acct. Mgr.
Design
Production

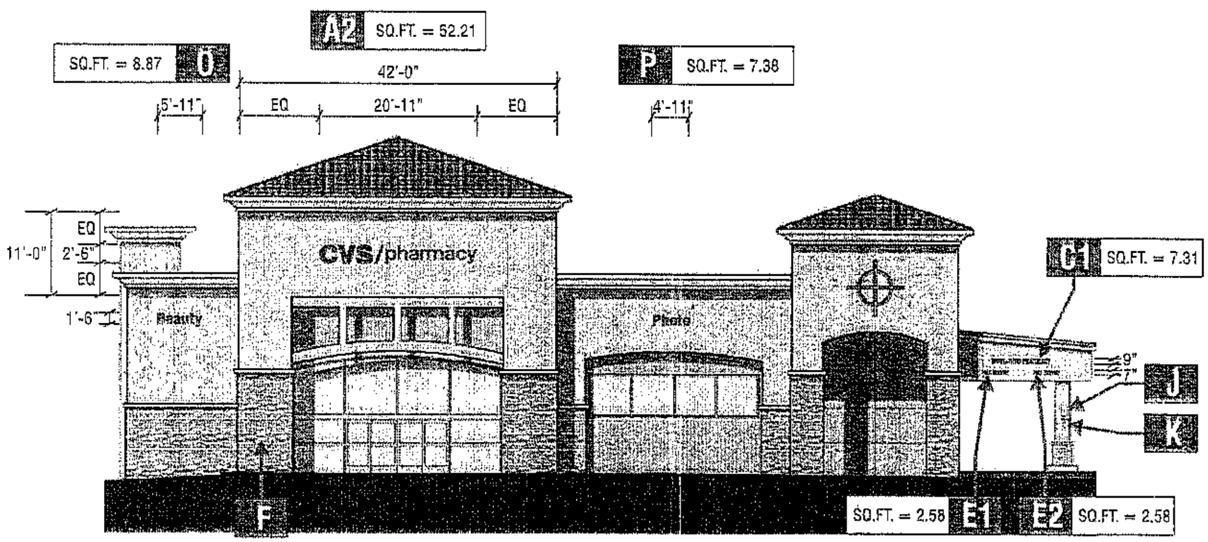
FOR INSTALL ONLY DATE
Acct. Mgr.

Page: 02 Of 19

Note: The Colors depicted here are a graphic representation. Actual colors may vary. See color specifications.



1 EAST ELEVATION
SCALE: 1/16" = 1'-0"



2 NORTH ELEVATION
SCALE: 1/16" = 1'-0"

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Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
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- Remove monument per ck-1
R2 AZ 06.29.12 (3.00)
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- Add two monuments

APPROVALS

FOR JOB CHECK	DATE
Acct. Mgr.	
FOR CONSTRUCTION	**DATE**
Acct. Mgr.	
Design	
Production	
FOR INSTALL ONLY	**DATE**
Acct. Mgr.	

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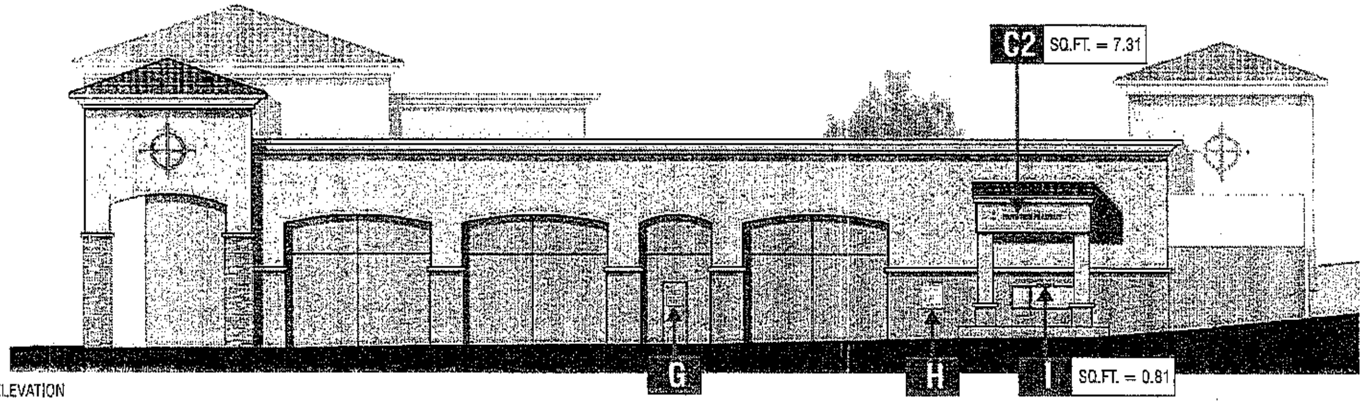
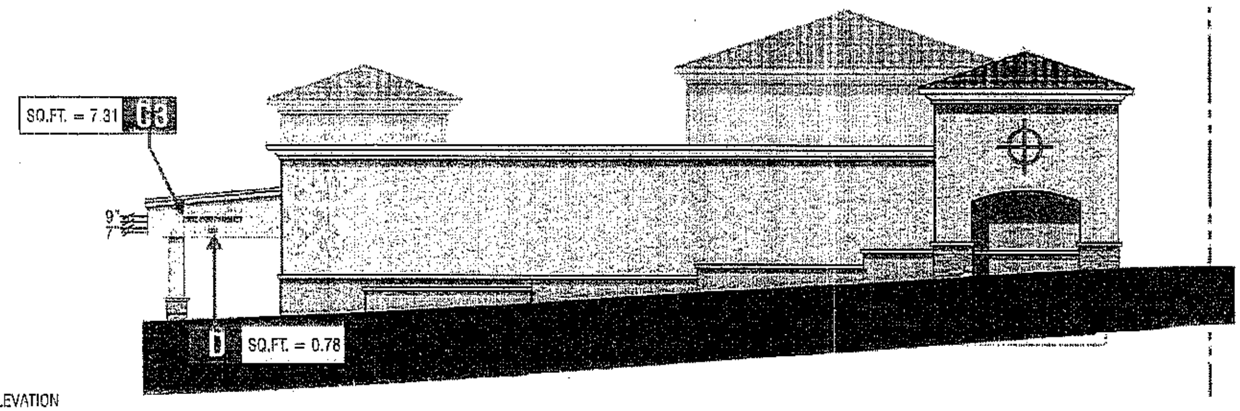


1 WEST ELEVATION
SCALE: 1/16" = 1'-0"



2 SOUTH ELEVATION
SCALE: 1/16" = 1'-0"

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94015

Account Manager: Patti Skoglund
Designer: ALFREDO ZAVALZA 3.50
Scale: AS NOTED
Design No.: 11-12-4447-02
Date: 12.28.11
Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

FOR JOB CHECK	DATE
Acct. Mgr.	
FOR CONSTRUCTION	DATE
Acct. Mgr.	
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FOR INSTALL ONLY	DATE
Acct. Mgr.	

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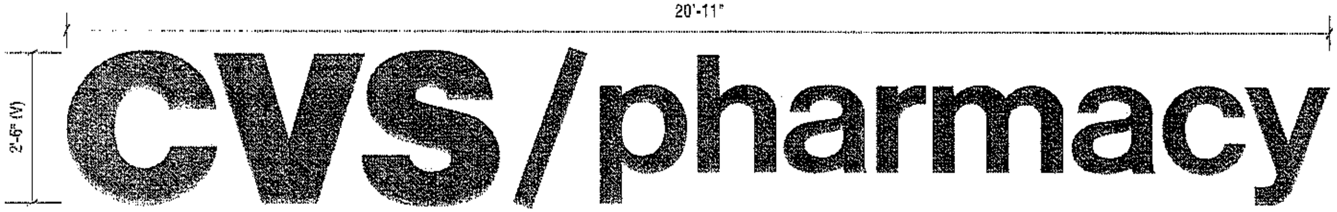


A1 SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS — SQ.FT. = 52.21 EACH

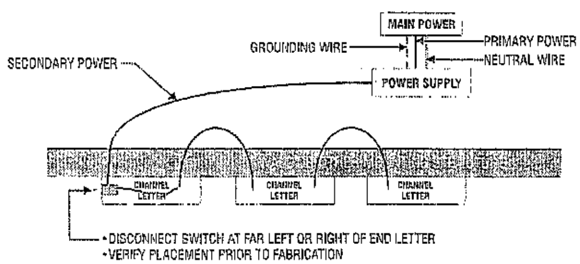
A2 QUANTITY: TWO (2) SETS REQUIRED — SCALE: ½" = 1'-0"

SPECIFICATIONS:

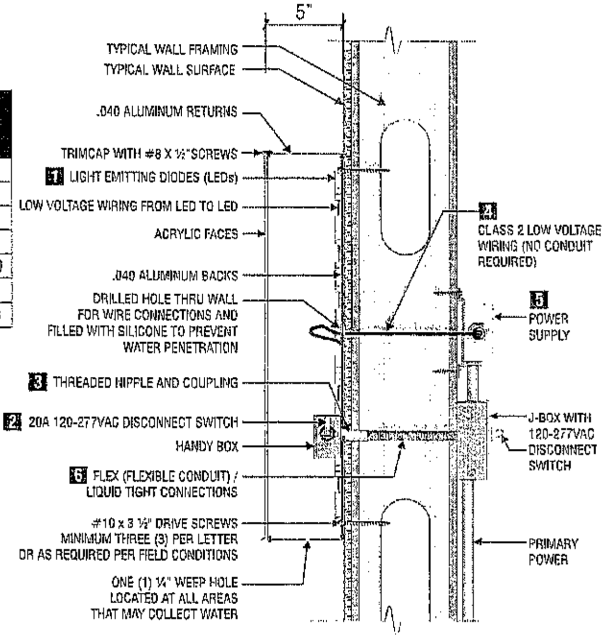
LETTERS:	INTERNALLY ILLUMINATED CHANNEL LETTERS
FACE:	3/16" THICK #2793 RED PLEX
TRIMCAP:	1" BRONZE TRIMCAPS
RETURNS:	.040 THICK 5" DEEP DARK BRONZE PRE-COAT RETURNS
ILLUMINATION:	GE TETRA MAX RED LEDs WITH 120V GE POWER SUPPLIES
NOTES:	FIELD VERIFY ALL MEASUREMENTS AND CONDITIONS PRIOR TO ANY FABRICATION

PLEASE REFER TO THE NUMBERED ITEMS BELOW FOR INCORPORATED INSTALL INSTRUCTIONS. LISTED INSTRUCTIONS TO BE FOUND WITH ACTUAL SIGNAGE (NUMBERED ITEMS CORRESPOND TO SECTION DETAIL)

ITEM #	DESCRIPTION
1	LIGHT EMITTING DIODES (LEDs)
2	DISCONNECT SWITCH
3	THREADED NIPPLE AND COUPLING (FLEX CONNECTOR)
4	CLASS 2 LOW VOLTAGE WIRING (NO CONDUIT REQUIRED)
5	POWER SUPPLY
6	FLEX (FLEXIBLE CONDUIT) / LIQUID TIGHT CONNECTIONS



2 LETTER LAYOUT - PLAN VIEW
NOT TO SCALE



1 TYPICAL SECTION DETAIL
SCALE: NTS

Note to All Contractors

120 **Sign Voltage**

This sign is intended to be installed in accordance with the requirements of Article 600 of the National Electrical Code and/or other applicable local codes. This includes proper grounding and bonding of the sign. All wall penetrations to be sealed with UL Listed silicone sealant.

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DALY CITY, CA
94015

Account Manager: Patti Skoglund

Designer: ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

• APPROVALS •

FOR JOB CHECK — **DATE**
Acct. Mgr.

FOR CONSTRUCTION — **DATE**
Acct. Mgr.
Design
Production

FOR INSTALL ONLY — **DATE**
Acct. Mgr.

Page: 05 Of: 19

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B SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS

QUANTITY: ONE (1) SET REQUIRED

SQ.FT. = 26.68

SCALE: ½" = 1'-0"

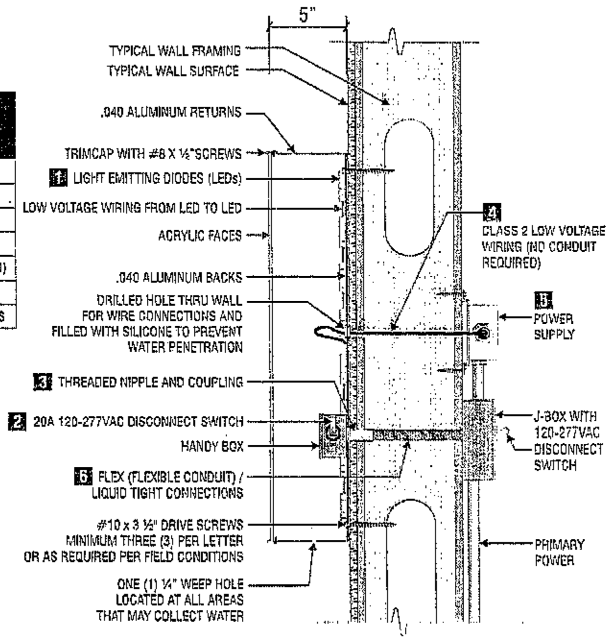
SPECIFICATIONS:

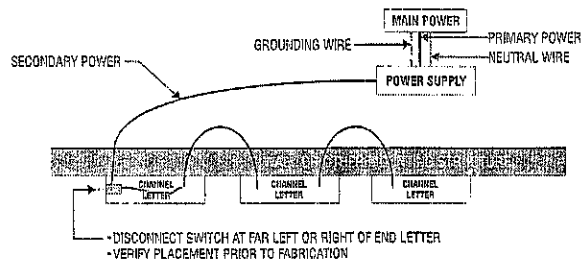
LETTERS: INTERNALLY ILLUMINATED CHANNEL LETTERS
FACE: 3/16" THICK #2793 RED PLEX
TRIMCAP: 1" BRONZE TRIMCAPS
RETURNS: .040 THICK 5" DEEP DARK BRONZE PRE-COAT RETURNS
ILLUMINATION: GE TETRA MAX RED LEDs WITH 120V GE POWER SUPPLIES

NOTES: FIELD VERIFY ALL MEASUREMENTS AND CONDITIONS PRIOR TO ANY FABRICATION

PLEASE REFER TO THE NUMBERED ITEMS BELOW FOR INCORPORATED INSTALL INSTRUCTIONS. LISTED INSTRUCTIONS TO BE FOUND WITH ACTUAL SIGNAGE (NUMBERED ITEMS CORRESPOND TO SECTION DETAIL)

ITEM #	DESCRIPTION
1	LIGHT EMITTING DIODES (LEDs)
2	DISCONNECT SWITCH
3	THREADED NIPPLE AND COUPLING (FLEX CONNECTOR)
4	CLASS 2 LOW VOLTAGE WIRING (NO CONDUIT REQUIRED)
5	POWER SUPPLY
6	FLEX (FLEXIBLE CONDUIT) / LIQUID TIGHT CONNECTIONS





2 LETTER LAYOUT - PLAN VIEW
NOT TO SCALE

1 TYPICAL SECTION DETAIL
SCALE: NTS

Note to All Contractors

120 Sign Voltage

This sign is intended to be installed in accordance with the requirements of Article 600 of the National Electrical Code and/or other applicable local codes. This includes proper grounding and bonding of the sign. All wall penetrations to be sealed with UL Listed silicone sealant.

superior electrical advertising
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Facsimile: 562.435.1867
www.superiorsigns.com

Project:
CVS/pharmacy
CS #66576

Address:
PIERCE ST & SULLIVAN AVE, DALY CITY, CA 94015

Account Manager:
Patti Shoglund

Designer:
ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

FOR JOB CHECK DATE
Acct. Mgr.

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Production

FOR INSTALL ONLY DATE
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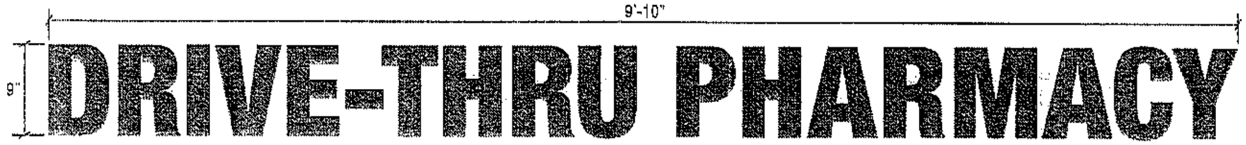

C1 SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS — SQ.FT. = 7.31

C2 C3 QUANTITY: THREE (3) SETS REQUIRED — SCALE: 1" = 1'-0"

SPECIFICATIONS:

LETTERS:	INTERNALLY ILLUMINATED CHANNEL LETTERS
FACE:	3/16" THICK #2793 RED PLEX
TRIMCAP:	1" BRONZE TRIMCAPS
RETURNS:	.040 THICK 5" DEEP DARK BRONZE PRE-COAT RETURNS
ILLUMINATION:	GE TETRA MAX RED LEDs WITH 120V GE POWER SUPPLIES
NOTES:	FIELD VERIFY ALL MEASUREMENTS AND CONDITIONS PRIOR TO ANY FABRICATION

PLEASE REFER TO THE NUMBERED ITEMS BELOW FOR INCORPORATED INSTALL INSTRUCTIONS. LISTED INSTRUCTIONS TO BE FOUND WITH ACTUAL SIGNAGE (NUMBERED ITEMS CORRESPOND TO SECTION DETAIL)

ITEM #	DESCRIPTION
1	LIGHT EMITTING DIODES (LEDs)
2	DISCONNECT SWITCH
3	THREADED NIPPLE AND COUPLING (FLEX CONNECTOR)
4	CLASS 2 LOW VOLTAGE WIRING (NO CONDUIT REQUIRED)
5	POWER SUPPLY
6	FLEX (FLEXIBLE CONDUIT) / LIQUID TIGHT CONNECTIONS

Note to All Contractors

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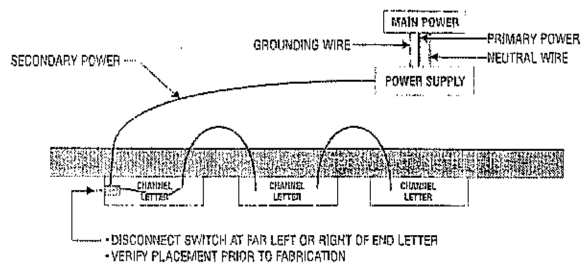
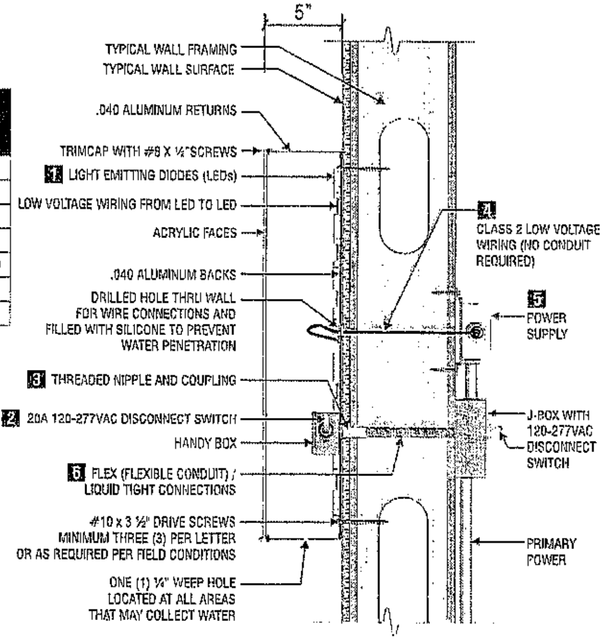


2 LETTER LAYOUT - PLAN VIEW
NOT TO SCALE



1 TYPICAL SECTION DETAIL
SCALE: NTS

superior
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Long Beach, California
90813-1195
Phone: 562.495.3808
Facsimile: 562.435.1867
www.superiorsigns.com

Project:
CVS/pharmacy
CS #66576

Address:
PIERCE ST & SULLIVAN AVE,
DALY CITY, CA
94015

Account Manager: Patti Skoglund

Designer: ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

FOR JOB CHECK	DATE
Acct. Mgr.	
FOR CONSTRUCTION	DATE
Acct. Mgr.	
Design	
Production	
FOR INSTALL ONLY	DATE
Acct. Mgr.	

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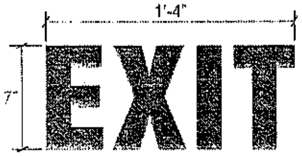

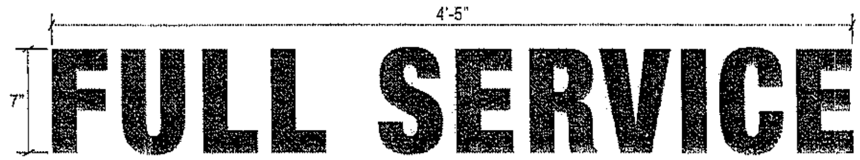

D SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS SQ.FT. = 0.78
QUANTITY: ONE (1) REQUIRED SCALE: 1½" = 1'-0"

E1 SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS SQ.FT. = 2.58
E2 QUANTITY: TWO (2) REQUIRED SCALE: 1½" = 1'-0"

SPECIFICATIONS:

LETTERS:	INTERNALLY ILLUMINATED CHANNEL LETTERS
FACE:	3/16" THICK #2793 RED PLEX
TRIMCAP:	1" BRONZE TRIMCAPS
RETURNS:	.040 THICK 5" DEEP DARK BRONZE PRE-COAT RETURNS
ILLUMINATION:	GE TETRA MAX RED LEDs WITH SELF CONTAINED 120V GE POWER SUPPLIES
NOTES:	FIELD VERIFY ALL MEASUREMENTS AND CONDITIONS PRIOR TO ANY FABRICATIN

PLEASE REFER TO THE NUMBERED ITEMS BELOW FOR INCORPORATED INSTALL INSTRUCTIONS. LISTED INSTRUCTIONS TO BE FOUND WITH ACTUAL SIGNAGE (NUMBERED ITEMS CORRESPOND TO SECTION DETAIL)

ITEM #	DESCRIPTION
1	LIGHT EMITTING DIODES (LEDs)
2	DISCONNECT SWITCH
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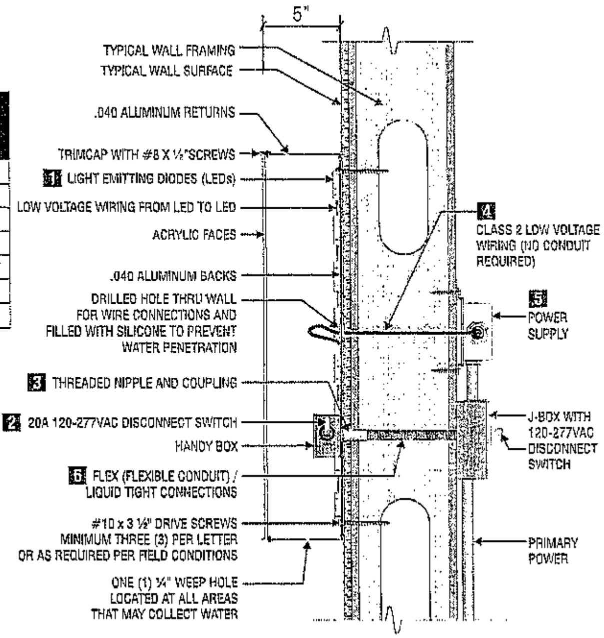
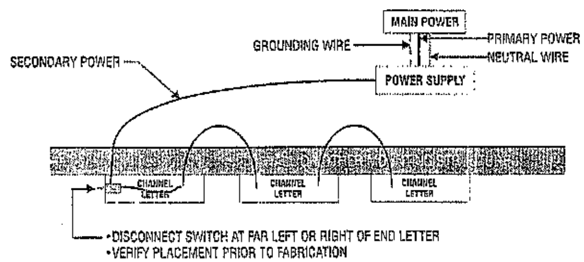
5	POWER SUPPLY
6	FLEX (FLEXIBLE CONDUIT) / LIQUID TIGHT CONNECTIONS



1 TYPICAL SECTION DETAIL
SCALE: NTS



2 LETTER LAYOUT - PLAN VIEW
NOT TO SCALE

Note to All Contractors

120 Sign Voltage

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superior electrical advertising
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CS #66576

Address:
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Account Manager: Peter Skoglund
Designer: ALFREDO ZAVALZA 3.50
Scale: AS NOTED
Design No.: 11-12-4447-02
Date: 12.28.11
Reg. No.:

Revisions:
R1 AZ 06.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per sk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

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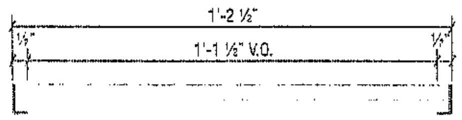
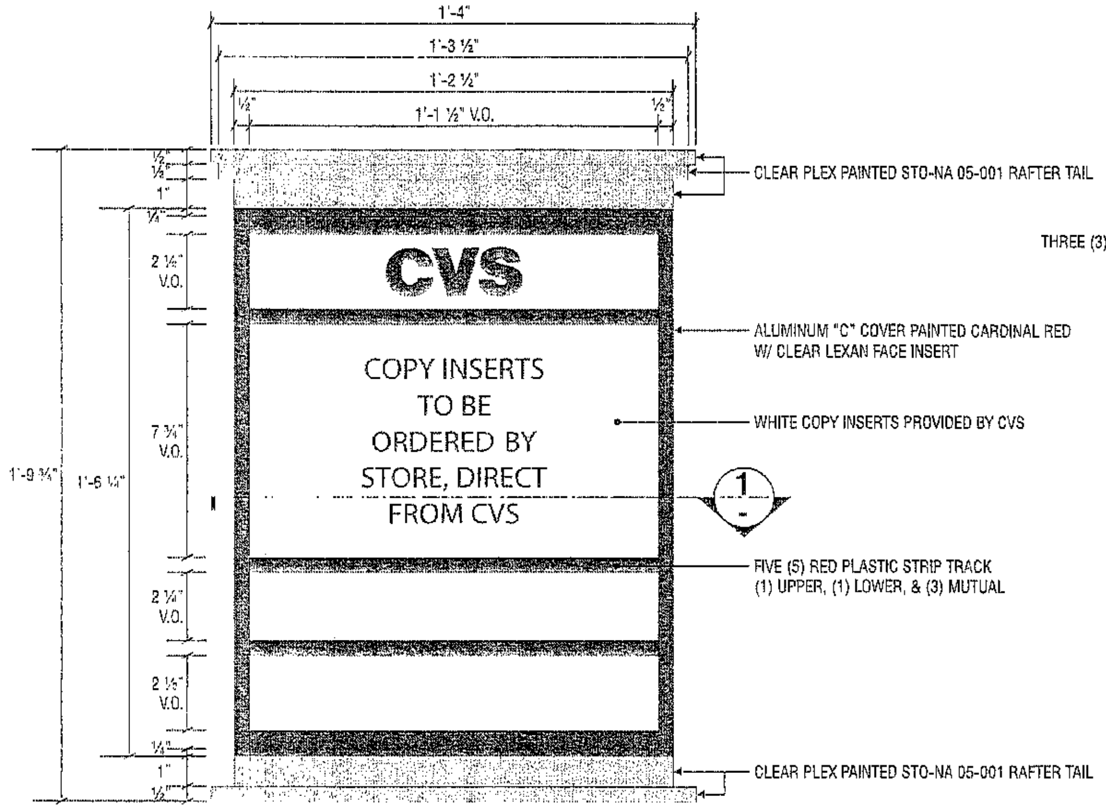


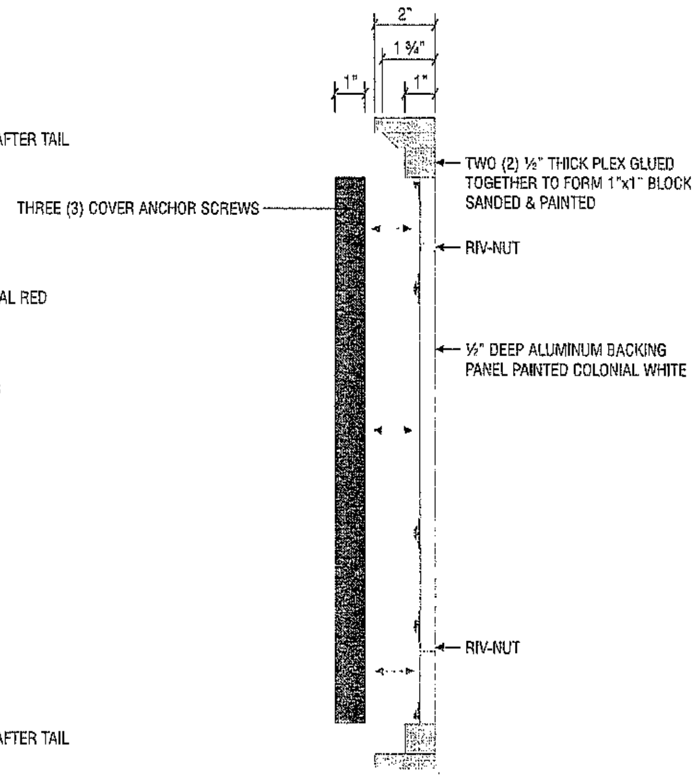
① SECTION PLAN VIEW
SCALE: 3" = 1'-0"



F SIGN ELEVATION / OPEN HOURS PLAQUE
QUANTITY: ONE (1) UNIT REQUIRED
SCALE: 3" = 1'-0"

SPECIFICATIONS:

INSTALL THE HOURS PLAQUE ON THE LEFT SIDE OF THE ENTRANCE.
HEIGHT IS 60" FROM GRADE TO CENTERLINE OF SIGN



② SIDE VIEW
SCALE: 3" = 1'-0"

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Revisions:
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APPROVALS

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Design
Production
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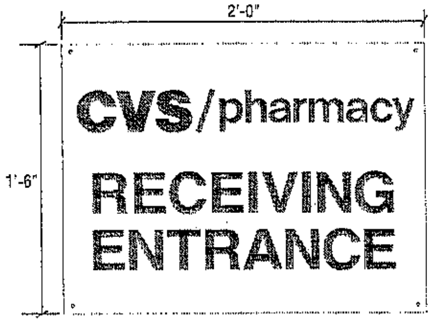

G SIGN ELEVATION / RECEIVING ENTRANCE PANEL

QUANTITY: ONE (1) UNIT REQUIRED — SCALE: 1 ½" = 1'-0"

SPECIFICATIONS:

PANEL: F.C.O. .080" THICK ALUMINUM PANEL PAINTED WHITE
COPY: 3M #3630-53 CARDINAL RED VINYL APPLIED FIRST SURFACE

NOTES: • DIMENSIONS PER JOB CHECK

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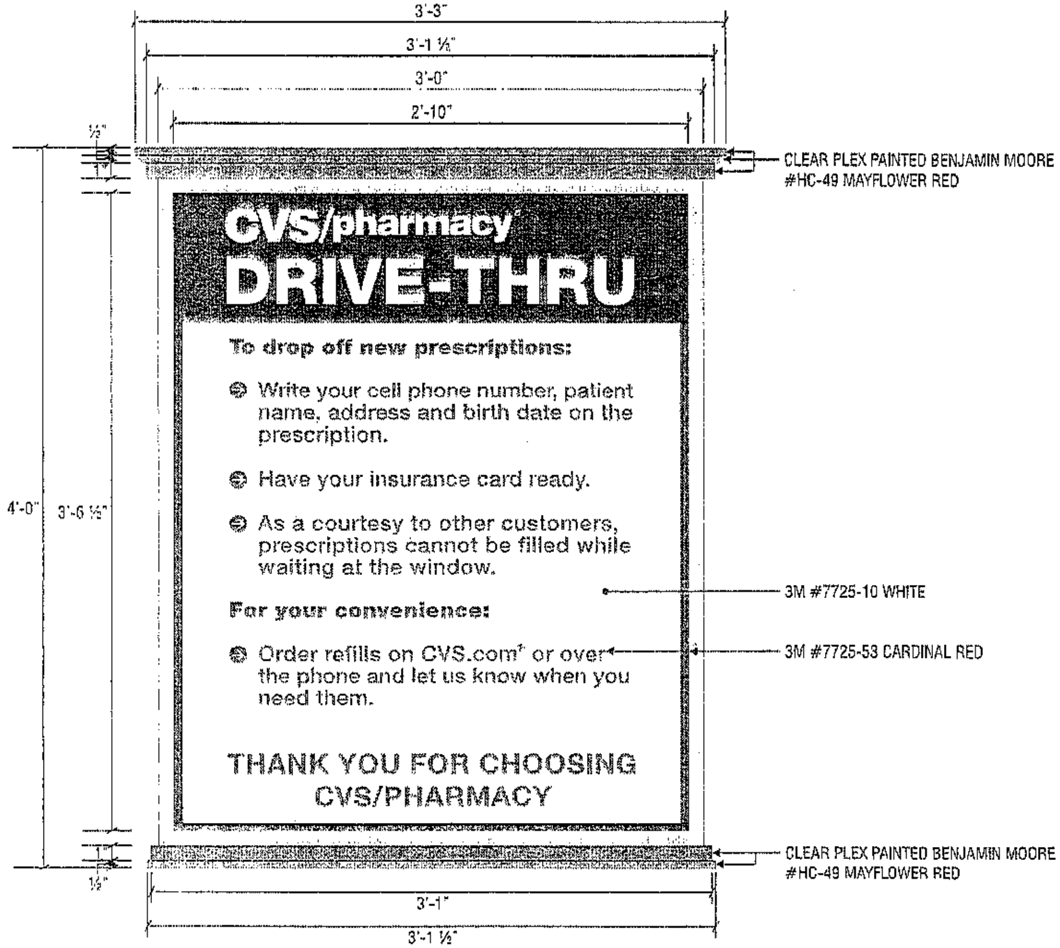
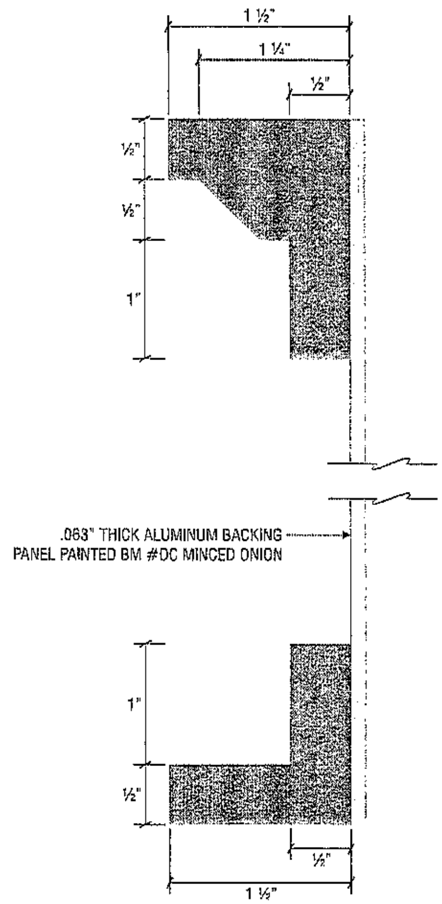


H SIGN ELEVATION / OPEN HOURS PLAQUE

QUANTITY: ONE (1) UNIT REQUIRED — SCALE: 1 ½" = 1'-0"

SPECIFICATIONS:

ATTACHED TO WALL WITH ALL-THREAD NON-CORROSIVE STUDS.
STUD MOUNT FLUSH TO WALL. REINFORCE/SEAL PENETRATIONS W/ SILICONE



1 SIDE VIEW

SCALE: 1 ½" = 1'-0"

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Address: PIERCE ST & SULLIVAN AVE, DALY CITY, CA 94015

Account Manager: Patti Skoglund

Designer: ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
R1 AZ 05.27.12 (4.00)
- Update plot plan & elevations
- Add signage details
- Remove monument per pk-1
R2 AZ 06.29.12 (3.00)
- Update elevations
- Add two monuments

APPROVALS

FOR JOB CHECK — DATE
Acct. Mgr.

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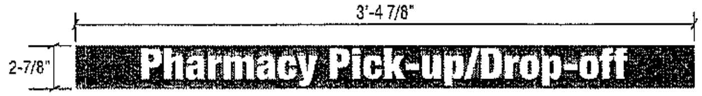
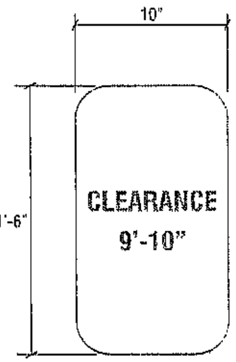


I SIGN ELEVATION / NON-ILLUMINATED PHARMACY PICK-UP PLAQUE

QUANTITY: ONE (1) UNIT REQUIRED SCALE: 1½" = 1'-0"

SPECIFICATIONS:

PANEL: .063" THICK ALUMINUM PAINTED PMS #187c RED
COPY: 3M #7725-10 WHITE VINYL APPLIED FIRST SURFACE

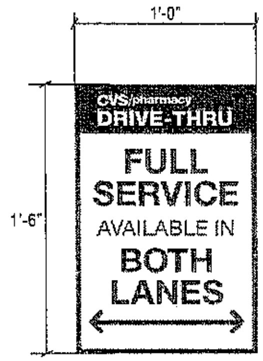


J SIGN ELEVATION / CLEARANCE PANEL

QUANTITY: ONE (1) UNIT REQUIRED SCALE: 1½" = 1'-0"

SPECIFICATIONS:

PANEL: .063" THICK ALUMINUM PAINTED WHITE
COPY: 3M #7725-53 CARDINAL RED VINYL APPLIED FIRST SURFACE



K SIGN ELEVATION / FULL SERVICE DT PLAQUE

QUANTITY: ONE (1) UNIT REQUIRED SCALE: 1½" = 1'-0"

SPECIFICATIONS:

PANEL: .063" THICK ALUMINUM PAINTED PMS #187c RED
GRAPHICS: 3M #7725-10 WHITE VINYL APPLIED FIRST SURFACE

superior electrical advertising
1700 West Anaheim Street
Long Beach, California
90813-1195
Phone: 562.495.3808
Facsimile: 562.435.1867
www.superiorsigns.com

Project:
CVS/pharmacy
CS #66576

Address:
PIERCE ST & SULLIVAN AVE,
DALY CITY, CA
94015

Account Manager:
Patti Skoglund

Designer:
ALFREDO ZAVALZA 3.50

Scale: AS NOTED

Design No.: 11-12-4447-02

Date: 12.28.11

Reg. No.:

Revisions:
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- Add signage details
- Remove monument per sk-1
R2 AZ 05.28.12 (3.00)
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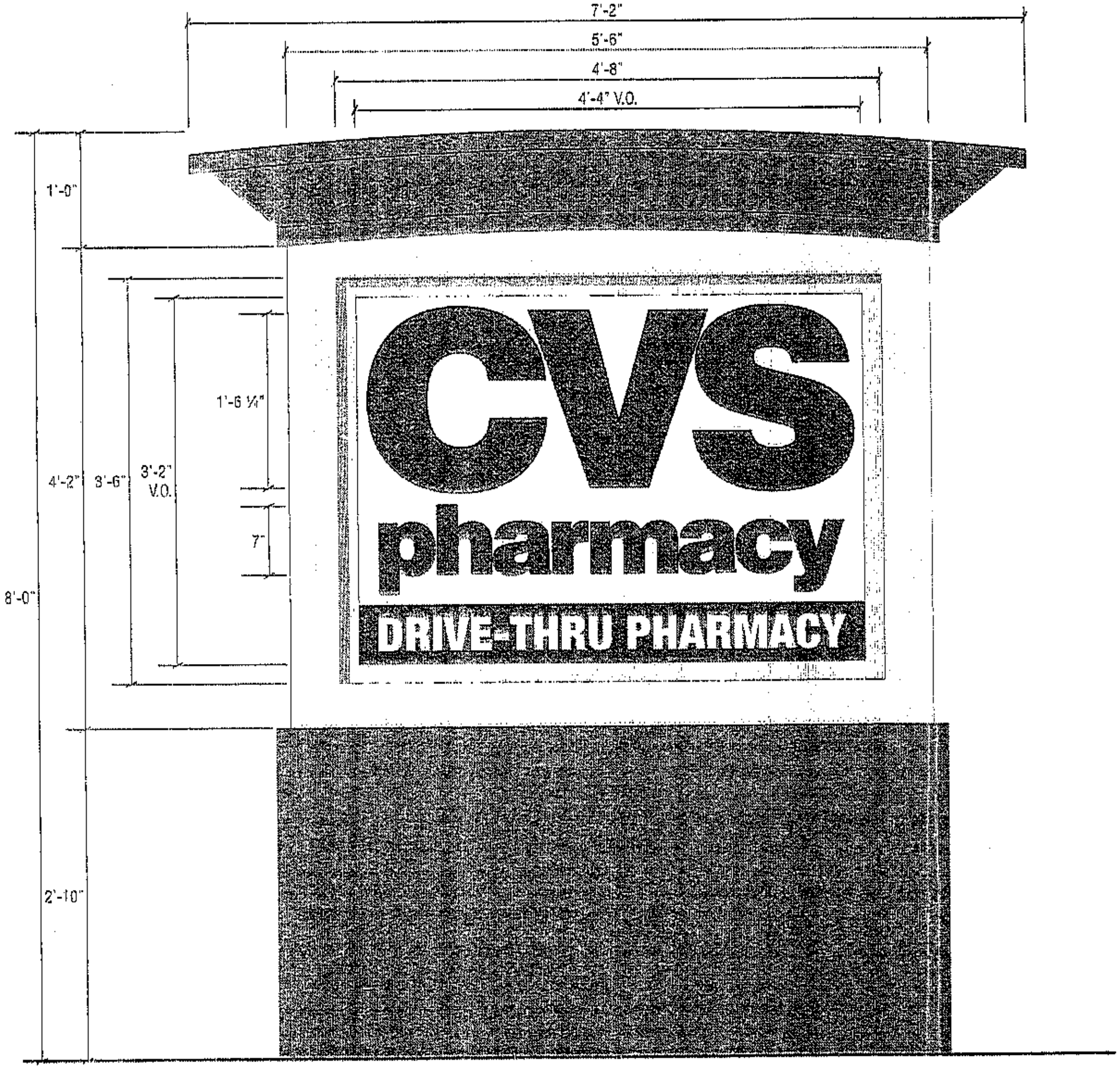
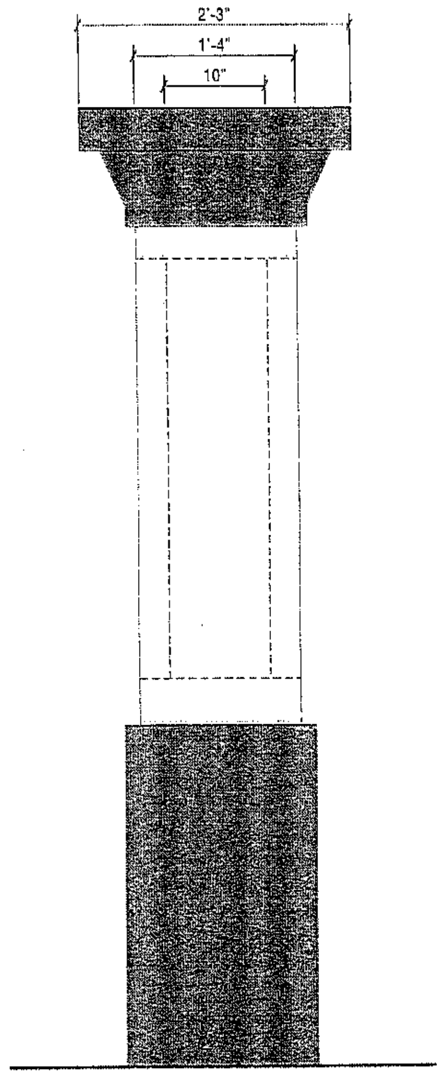


L SIGN ELEVATION / INTERNALLY ILLUMINATED DOUBLE FACE MONUMENT

QUANTITY: ONE (1) UNIT REQUIRED

SCALE: 1" = 1'-0"



1 SIDE VIEW

SCALE: 1" = 1'-0"

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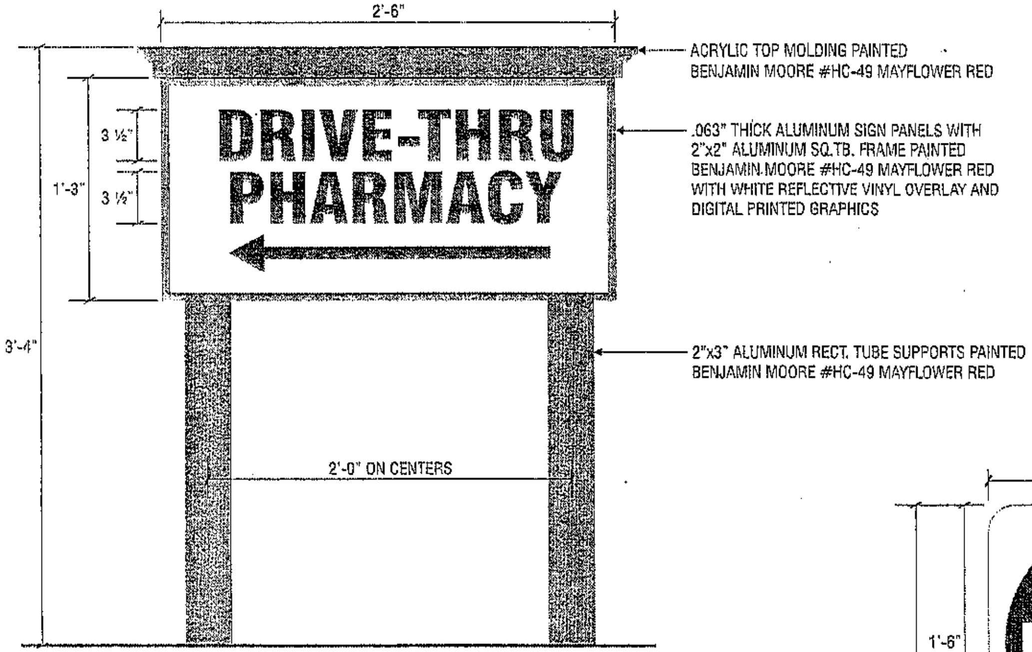
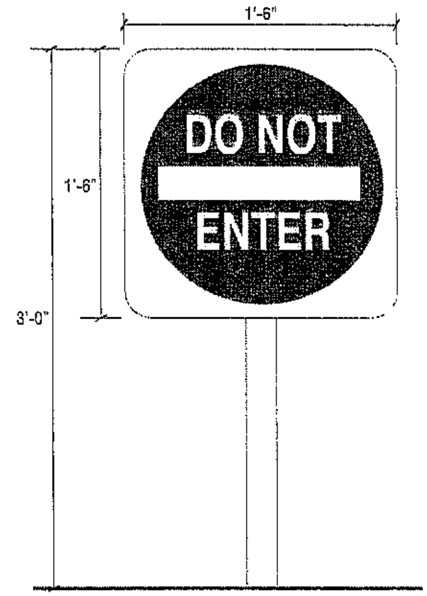


M SIGN ELEVATION / NON-ILLUMINATED DOUBLE FACE DIRECTIONAL

QUANTITY: ONE (1) UNIT REQUIRED SCALE: 1 ½" = 1'-0"

OPPOSITE FACE



OPPOSITE FACE

N SIGN ELEVATION / NON-ILLUMINATED DOUBLE FACE DIRECTIONAL

QUANTITY: ONE (1) UNIT REQUIRED SCALE: 1 ½" = 1'-0"

SPECIFICATIONS:

FACE: .125" ALUMINUM PAINTED WHITE WITH 3M #3630-53 CARDINAL RED VINYL
POST: 2"x2" ALUMINUM SQ.TB. PAINTED WHITE

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94015

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Patti Skoglund

Designer:
ALFREDO ZAVALZA 3.50

Scale: AS NOTED

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R2 AZ 06.29.12 (3.00)
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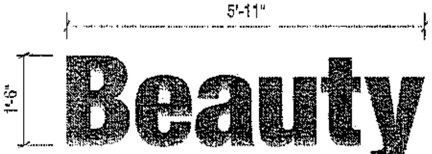
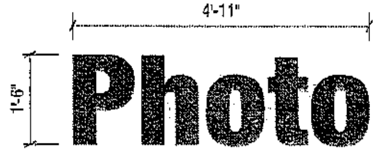




0 SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS — SQ.FT. = 8.87
QUANTITY: ONE (1) REQUIRED — SCALE: ½" = 1'-0"

P SIGN ELEVATION / INTERNALLY ILLUMINATED FACE LIT CHANNEL LETTERS — SQ.FT. = 7.38
QUANTITY: ONE (1) REQUIRED — SCALE: ½" = 1'-0"

SPECIFICATIONS:

LETTERS: INTERNALLY ILLUMINATED CHANNEL LETTERS
FACE: 3/16" THICK #2793 RED PLEX
TRIMCAP: 1" BRONZE TRIMCAPS
RETURNS: .040 THICK 5" DEEP DARK BRONZE PRE-COAT RETURNS
ILLUMINATION: GE TETRA MAX RED LEDs WITH SELF CONTAINED 120V GE POWER SUPPLIES

NOTES: FIELD VERIFY ALL MEASUREMENTS AND CONDITIONS PRIOR TO ANY FABRICATIN

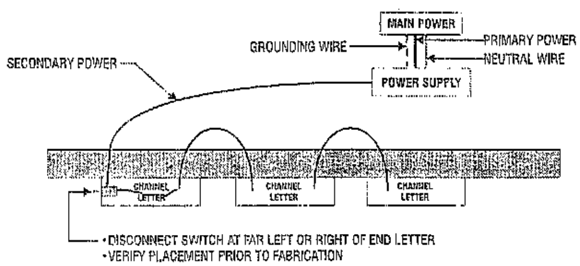
PLEASE REFER TO THE NUMBERED ITEMS BELOW FOR INCORPORATED INSTALL INSTRUCTIONS. LISTED INSTRUCTIONS TO BE FOUND WITH ACTUAL SIGNAGE (NUMBERED ITEMS CORRESPOND TO SECTION DETAIL)

ITEM #	DESCRIPTION
1	LIGHT EMITTING DIODES (LEDs)
2	DISCONNECT SWITCH
3	THREADED NIPPLE AND COUPLING (FLEX CONNECTOR)
4	CLASS 2 LOW VOLTAGE WIRING (NO CONDUIT REQUIRED)
5	POWER SUPPLY
6	FLEX (FLEXIBLE CONDUIT) / LIQUID TIGHT CONNECTIONS

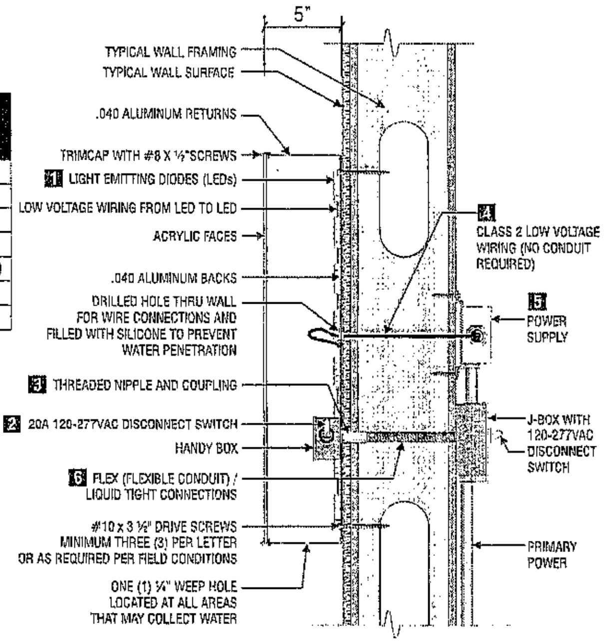
Note to All Contractors

120 Sign Voltage

This sign is intended to be installed in accordance with the requirements of Article 600 of the National Electrical Code and/or other applicable local codes. This includes proper grounding and bonding of the sign. All wall penetrations to be sealed with UL Listed silicone sealant.



2 LETTER LAYOUT - PLAN VIEW
NOT TO SCALE



1 TYPICAL SECTION DETAIL
SCALE: NTS

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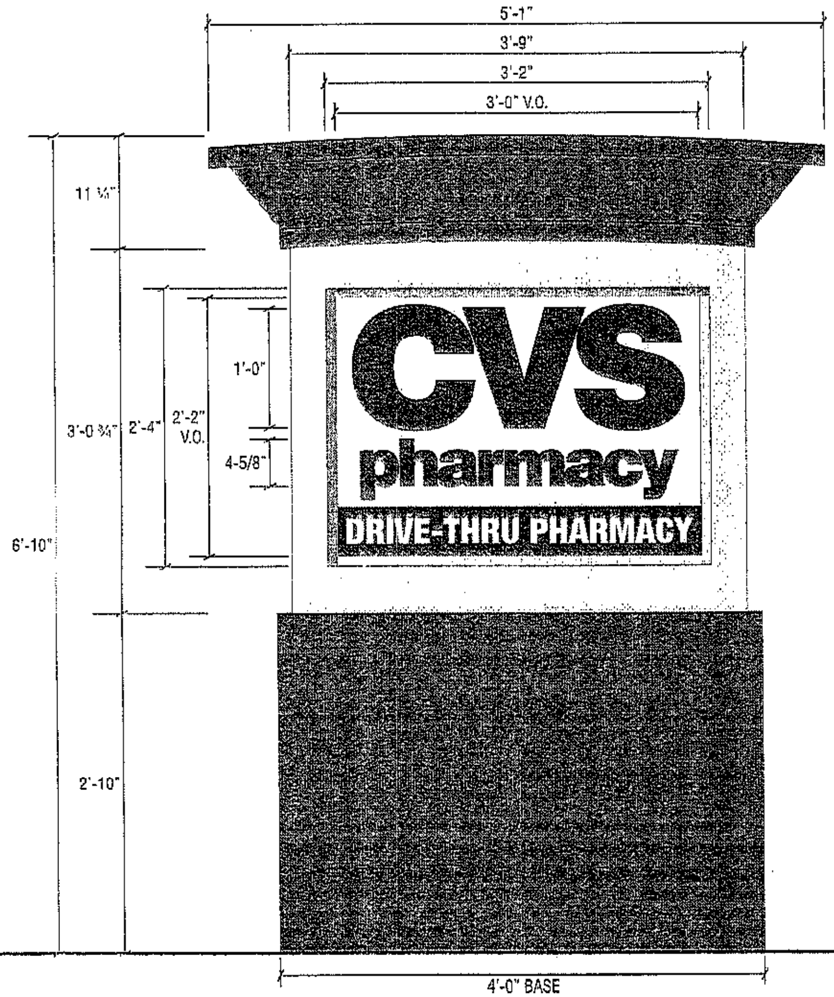
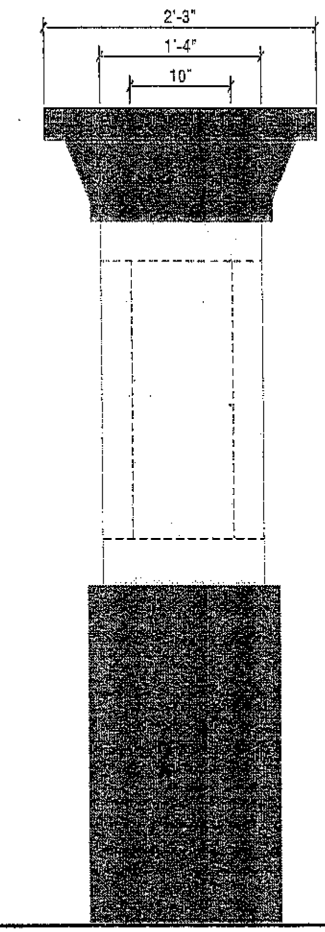


Q SIGN ELEVATION , INTERNALLY ILLUMINATED DOUBLE FACE MONUMENT
QUANTITY: ONE (1) UNIT REQUIRED

SCALE: 1" = 1'-0"



1 SIDE VIEW
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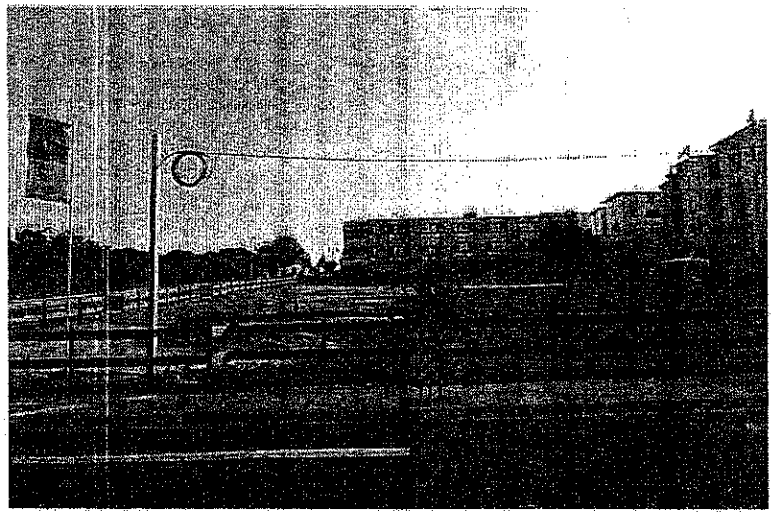
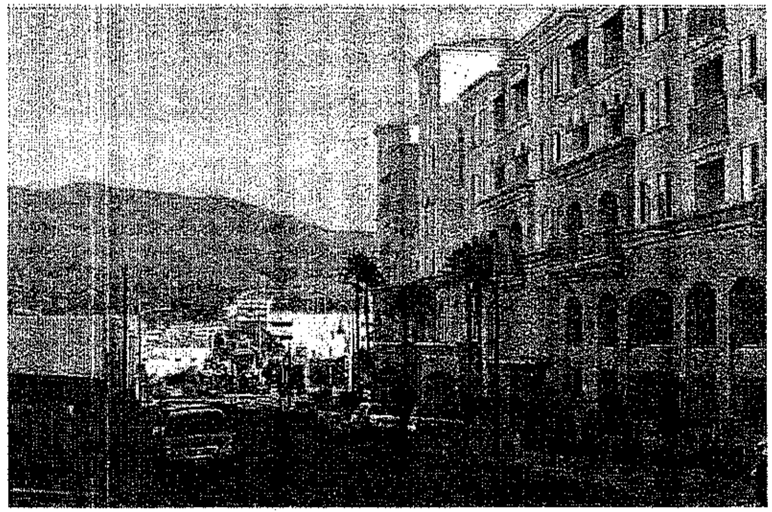
1 EXITING I-280 ONTO SULLIVAN
SCALE: N.T.S.



2 LOOKING AT SITE
SCALE: N.T.S.

3 LOOKING NORTH FROM SITE ACROSS PIERCE ST.
SCALE: N.T.S.



4 ON PIERCE ST LOOKING EAST TOWARDS SULLIVAN AVE
SCALE: N.T.S.

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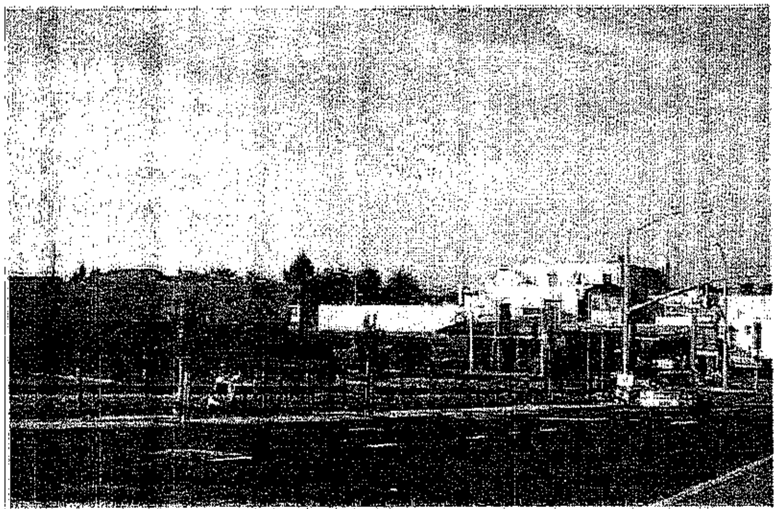
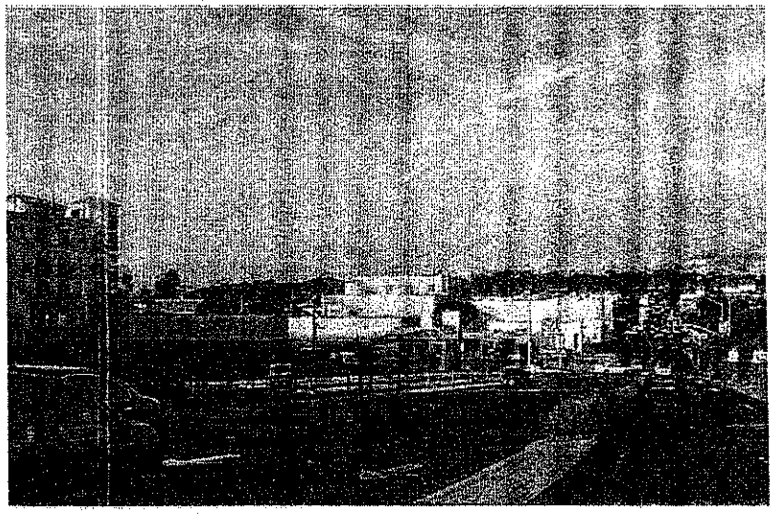
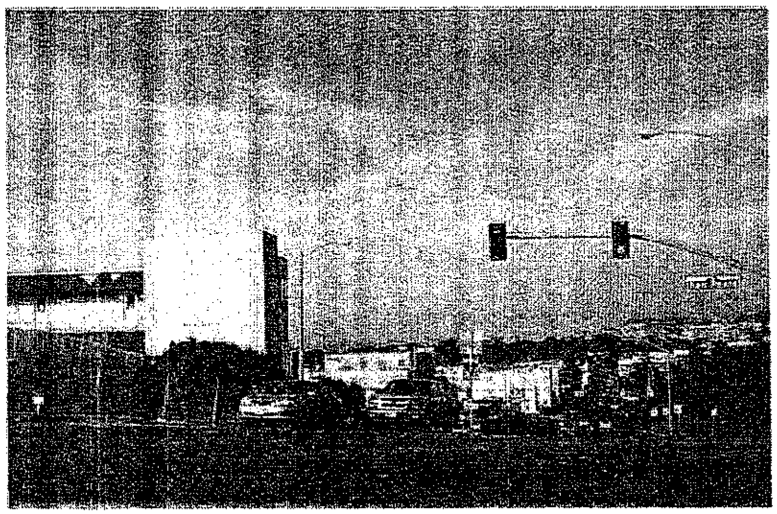


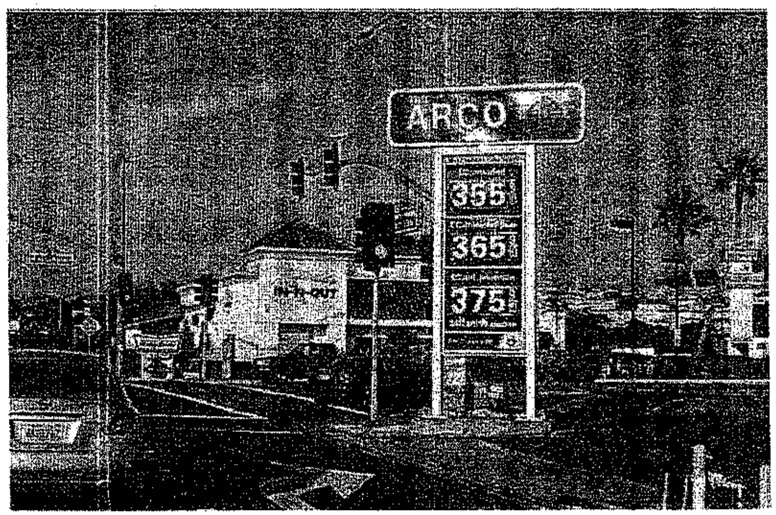
(5) ON SULLIVAN LOOKING NORTH TOWARDS PIERCE ST
SCALE: N.T.S.



(6) LOOKING WEST ON PIERCE STREET
SCALE: N.T.S.



(7) LOOKING SOUTH ON SULLIVAN TOWARDS SITE
SCALE: N.T.S.



(8) TWO BLOCKS NORTH FROM SITE
SCALE: N.T.S.

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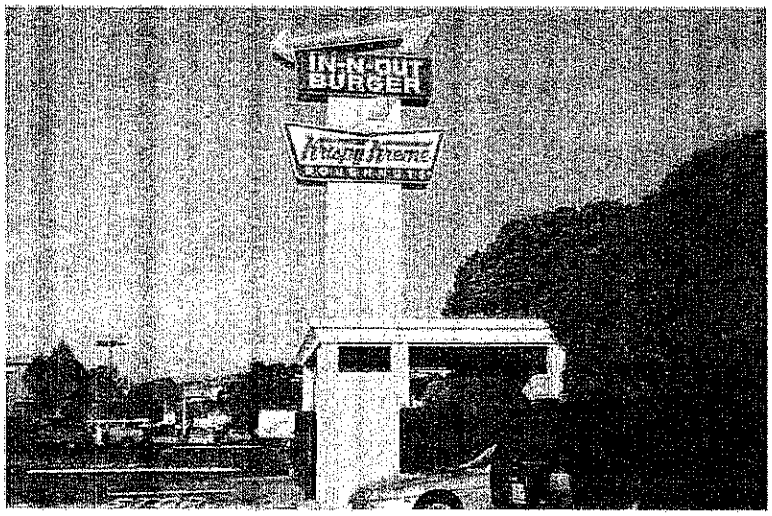
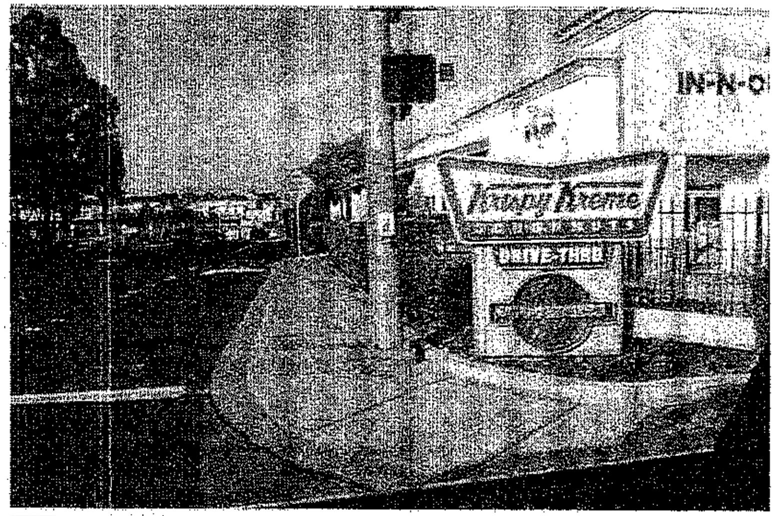


9 TWO BLOCKS NORTH FROM SITE
SCALE: N.T.S.



10 TWO BLOCKS NORTH FROM SITE
SCALE: N.T.S.

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