CITY OF DALY CITY

Regular Meeting - CITY COUNCIL

AGENDA

Monday, October 28, 2019 - 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

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:

APPROVAL OF MINUTES:

Regular Meeting of October 14, 2019

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. Approval of the Subdivision Improvement Agreement between the City of Daly City and

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.

Absolute Best Courtesy, LLC and Approval of the Parcel Map for SUB-7-18-13562, Parcel Map of the Lands of Absolute Best Courtesy, LLC.

2. Restoration of Community Emergency Planning and Disaster Preparedness Position

3. Authorizing POW/MIA Flag Ceremony on Veterans Day November 11, 2019

Check Registers:

4. CHECK REGISTERS FOR THE MONTH OF SEPTEMBER 2019

END OF CONSENT AGENDA

PUBLIC HEARINGS:

5. Introduction of an Ordinance Adding Chapter 5.92 to the Daly City Municipal Code and Adoption of the Short-Term Rental Fees

Staff:
Morales
Recommended Action:
Open/Close Hearing
Motion for City Attorney to Read by Title Only
Councilmember Introduce Ordinance
Adopt Resolution
Roll Call

6. Introduction to the 2019 Editions of the California Building, California Existing Building Code, Residential, California Existing Building, California Green Building Standards, California Mechanical, California Electrical, California Plumbing Codes, and the 2018 International Property Maintenance Code as amended.

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

7. Introduction of the Ordinance to Revise and Adopt the 2019 Edition of the California Fire Code

Staff:
Bierrman
Recommended Action:
Open/Close Hearing

Motion for City Attorney to Read by Title Only
Councilmember Introduce Ordinance

8. Introduction of an Ordinance re: Regulation of Commercial Cannabis Business Operations

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

9. Adopting an Uncodified Urgency Ordinance to Immediately Implement the Tenant Protection Act of 2019 (AB 1482) to Provide Just Cause Eviction Protections in the City of Daly City until December 31, 2019

Staff:
Zimmerman
Recommended Action:
Open/Close Hearing
Adopt Ordinance
Roll Call

COMMUNICATIONS:

10. Authorizing Response to 2019 Grand Jury Report Concerning Pension Costs

Staff:
High
Recommended Action:
Motion to Accept Report and Authorize City Manager to Prepare Written Reponse

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:

11. Council Committee

A Council Committee Meetings October 13 - October 27, 2019

12. City Council

13. Staff

ADJOURNMENT:

CITY OF DALY CITY
MINUTES – REGULAR MEETING - CITY COUNCIL
OCTOBER 14, 2019

To view videos of the City Council meetings, visit http://yt.vu/+dalycitycouncil

The meeting was called to order by Mayor Buenaventura at 7:31 P.M.

ROLL CALL: Councilmembers Present:
Raymond A. Buenaventura, Mayor
Glenn R. Sylvester, Vice Mayor
Rod Daus-Magbual
Pamela DiGiovanni
Juslyn C. Manalo

Staff Present:
Shawnna Maltbie, City Manager
Rose L. Zimmerman, City Attorney
K. Annette Hipona, City Clerk

PRESENTATIONS:

Proclaiming October 2019 as Fire Prevention Month in Daly City
(Deputy Chief/Fire Marshal Barry Biermann, North County Fire Authority)

APPROVAL OF MINUTES:

Regular Meeting of September 23, 2019

It was moved by Councilmember DiGiovanni, seconded by Councilmember Daus-Magbual and carried to approve the minutes of September 23, 2019, as amended.

APPROVAL OF AGENDA:

It was moved by Councilmember DiGiovanni, seconded by Councilmember Daus-Magbual and carried to approve the agenda.

CONSENT AGENDA:

It was moved by Councilmember Sylvester, seconded by Councilmember Manalo and carried to approve the consent agenda, with items #4 and 6 removed from the consent agenda for further discussion.

Resolutions:

Setting Time and Place for a Public Hearing -- Expenditure Plan for Supplemental Law Enforcement Service (SLES) Funds

Resolution 19-152, Setting Time And Place Of Public Hearing Re: Supplemental Law Enforcement Service Funds

Authorizing the City Manager to Execute a Contractual Services Agreement between the City of Daly City and the Jefferson Elementary School District for Afterschool Programming at Daniel Webster Elementary School

Resolution 19-153, Authorizing Execution Of Contractual Services Agreement With The Jefferson Elementary School District For Aftershcool Programming At Daniel Webster Elementary School

Amending Traffic Regulations to: (1) Remove 20-ft. Commercial Loading/ Unloading Zone in Front of 399 Evergreen Avenue (TSR 20/20); (2) Install No Left Turn Sign at the Exit of Franklin D. Roosevelt School (TSR 20/27); (3) Install 12-ft. No Parking Zone on Acton Street, south of Bellevue Avenue (TSR 20/28); and (4) Install 9.5-ft. No Parking Zone on Alp Avenue, east of Mission Street

Resolution 19-154, Establishing Traffic Regulations

Authorizing the City Manager to Negotiate and Execute a License Agreement between the City of Daly City and Sacred Heart Cathedral Preparatory School for the Use of the Baseball Diamonds at Westlake Park

Director of Library and Recreation Services Joseph Curran provided background for the proposed agreement and addressed Council's questions regarding the ad hoc committee meeting schedule and what community input was collected with regard to City parks.

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

Resolution 19-155, Approving Execution Of License Agreement With Sacred Heart Cathedral Preparatory School For The Use Of The Baseball Diamonds At Westlake Park

Authorizing the Daly City Public Library to Participate in the Annual Food for Fines Program

Resolution 19-156, Authorizing The Daly City Public Library's Participation In The Annual Food For Fines Program

Commending Anthony Gerace on the Occasion of His Retirement

Resolution 19-157, Commending Anthony Gerace On The Occasion Of His Retirement

Commending Baltazar Aguirre on the Occasion of His Retirement

Resolution 19-158, Commending Baltazar Aguirre On The Occasion Of His Retirement

Commending Reynante Asuncion on The Occasion of His Retirement

Resolution 19-159, Commending Reynante Asuncion On The Occasion Of His Retirement

Commending Victoria Brodrick on The Occasion of Her Retirement

Resolution 19-160, Commending Victoria Brodrick On The Occasion Of Her Retirement

Commending Ronald Harrison on The Occasion of His Retirement

Resolution 19-161, Commending Ronald Harrison On The Occasion Of His Retirement

Commending Daniel Hazelton on The Occasion of His Retirement

Resolution 19-162, Commending Daniel Hazelton On The Occasion Of His Retirement

Commending Juanita Jew on The Occasion of Her Retirement

Resolution 19-163, Commending Juanita Jew On The Occasion Of Her Retirement

Commending Rosina Kimball on The Occasion of Her Retirement

Resolution 19-164, Commending Rosina Kimball On The Occasion Of Her Retirement

Commending Richard Woodworth on The Occasion of His Retirement

Resolution 19-165, Commending Richard Woodworth On The Occasion Of His Retirement

END OF CONSENT AGENDA

PUBLIC HEARINGS:

Introduction of an Ordinance Adding Chapter 5.92 to the Daly City Municipal Code Re: Short Term Rentals and Adoption of Resolution Approving Short-Term Rental Permit Fees

Associate Planner Carmelisa Morales gave an overview of the draft ordinance adopting regulations for Short-Term Rentals (SRT) and associated permit fees. Mr. Pincer, CEO of consultant firm Host Compliance, along with staff, addressed Council's questions including: regulation enforcement, multi-family units, clarifications of owner occupancy of SRTs, annual limits to un-hosted stays, and how the City will be able to capture revenue.

Mayor Buenaventura opened the public hearing.

The following individuals expressed concerns regarding the draft ordinance requesting more flexibility on the proposed regulations. Speakers, some of whom operate Airbnbs cited the following reasons for more flexibility: loss of income due to strict regulations, expense of living in the Bay Area, providing a hotel option for tourists, no impact on affordable housing market, and providing business tax revenue for the City.

Rochelle A. Nwadibia	Joe Litehiser	Linda Litehiser
Arthur Shekhtman	Benjamin	Qi Li
Shiv Gettu	Lisa Dyball	Anna McGrath
Jacob Remennik		

The following speakers asked Council to consider how the influx of Airbnbs have had negative impacts on Daly City neighborhoods and the quality of life, and asked whether there was a way to limit the concentration of Airbnbs at one particular area. Concerns included safety issues, noise, parking and enforcement.

Carolyn Eidson	Sharon Howell

It was moved by Vice Mayor Sylvester, seconded by Councilmember Manalo and carried to close the public hearing. Council gave direction to staff on the information it further required to make a decision on this matter and direction on re-drafting the ordinance. To address changes to and questions about the ordinance, City Attorney Rose Zimmerman suggested continuing to have an introduction and second reading of the ordinance on the October 28th Council meeting.

It was moved by Vice Mayor Sylvester, seconded by Councilmember Manalo and carried by voice vote to continue the item to the City Council meeting of October 28, 2019.

ORDINANCES

Second Reading, Ordinance No. 1430, Amending Chapter 5.37 to the Municipal Code, Re: Alarm Systems

It was moved by Councilmember Daus-Magbual, seconded by Councilmember DiGiovanni and carried by unanimous roll call vote to adopt the following ordinance:

Ordinance 1430, Amending Chapter 5.37 of the Daly Municipal Code Re: Alarm Systems

PUBLIC APPEARANCES/ORAL COMMUNICATIONS:

The following individuals expressed concern regarding recent no-cause evictions that are occurring in Daly City. Speakers, some facing eviction, urged Council to pass an emergency ordinance to address this matter and cited the following reasons: to protect the most vulnerable renters from being pushed out of their homes, the unjust causes for eviction, the high increase of rent prices, the distress caused by evictions, to prevent further evictions, and the opportunity for Daly City to show leadership in this important issue.

Eula Camara	Keifer Souvanhnaboopha	Florence Thue
Dalena Do	Michael Sagum	Melissa Mejia
Liseth Sibrian	Eduardo Gonzalez	Ethel Rodriguez
Lizette Cruz	Isabel Perez	Maria Esparza
Patrick Racela	Rev. Rebecca Goldberg	Pablo Rubio
Jeffrey Glick	Arlens Arosteguis	Giselle Alvarez

Dray Montano, Kay Fuller, and Peter Gilmore, members of Veterans of Foreign Wars Auxiliary, announced the new meeting date of VFW Post 8750 as the second Thursday of each month. Ms. Montano spoke about the programs VFW offers to veterans and youth including student scholarships and various creative contests. They requested Council to join their circle of contacts and attend their meetings.

APPOINTMENTS:

It was moved by Vice Mayor Sylvester, seconded by Councilmember Manalo and carried by voice vote to appoint Alexander Ruivivar to the Library Commission.

REPORTS:

Council Committee Reports: (Council Committee Meetings September 23 – October 13, 2019)

Peninsula Clean Energy Board (Daus-Magbual)
City/County Association Governments (Daus-Magbual)

City Council:

The Council gave reports on their activities, meetings, and events for the period covering September 24 – October 14: the Filipino-American history month celebration *Kasayahan* at Marchbank Park, Literary Night at John Daly Clubhouse, Skyline College's *Kababayan* event, the *International Walk to School Day* event at Woodrow Wilson Elementary, and the Fall Festival at Doelger Center. Police Captain John Gamez was recognized for his individual fundraising efforts to support a nonprofit organization.

Staff:

City Manager Shawnna Maltbie announced the 2nd annual Love Not Hate Event, titled *Welcoming All*, will take place on October 19th and feature various performances, free barbecue and t-shirt giveaways to the first 250 people who attend.

ADJOURNMENT:

At 10:29 PM, Mayor Buenaventura adjourned the meeting in memory of Leo Benedetti, Giovanna Anastasia Giannini, Victor Kyriakis, Maria Bettina de Rivera Santiago, Remedios "Remy" Sison Mino Baes, Teresa Williams and the victims of the Japanese typhoon.

Approved as submitted, this 28th

day of October, 2019.

____
City Clerk

____
Mayor

City Council Agenda Report

Item # _____

Meeting Date: October 28, 2019

Subject: **Approval of the Subdivision Improvement Agreement between the City of Daly City and Absolute Best Courtesy, LLC and Approval of the Parcel Map for SUB-7-18-13562, Parcel Map of the Lands of Absolute Best Courtesy, LLC.**

Recommended Action

It is recommended that the City Council adopt a resolution to:

1. Approve and authorize the City Manager to execute the Subdivision Improvement Agreement between the City of Daly City and Absolute Best Courtesy, LLC hereinafter called the Subdivider; and

2. Approve the Parcel Map for SUB-7-18-13562, Parcel Map of the Lands of Absolute Best Courtesy, LLC.

Background

The Subdivider has requested approval of the Parcel Map for SUB-7-18-13562, Parcel Map of the Lands of Absolute Best Courtesy, LLC., prior to completion of the improvements associated with the project. In order to ensure that the public and private improvements necessary to serve the individual lots in the subdivision are constructed, the State Subdivision Map Act (SMA) requires the City to execute a bonded agreement with the Subdivider ensuring completion of these required improvements. The attached Subdivision Improvement Agreement (SIA) requires the Subdivider to complete all public improvements including but not limited to, streets, sidewalks, lighting, landscaping, utilities, and joint trench, at the developer's sole expense. The SIA calls for the posting of securities, sets a schedule for completion of all work, establishes a warranty period and requires the Subdivider to indemnify and defend the City for all claims arising from the work. Finally, the SIA contains remedies to be utilized in the event of a default in performance by the Subdivider.

At the regular scheduled City Council meeting on October 22, 2018, the City Council reviewed and approved Minor Subdivision SUB-7-18-13562 (Resolution 18-152) affirmed the project is exempt from the California Environmental Quality Act (CEQA) and approved the Conditions of Approval for the two-lot subdivision on 127 Werner Avenue.

The property being considered for subdivision consists of an existing 6,000 square foot parcel. The proposed parcels are both 3,000 square feet. This is consistent with the R-1 (Single-Family Residential) zoning standards. The subdivision of real property and requirement to prepare Tentative and Parcel Maps are established and regulated by the Subdivision Map Act (California Government Code Section 66410 et. seq.) and Title 16, Subdivisions, of the Daly City Municipal Code. Staff has completed an analysis of the legislative actions for automatic Tentative Map extensions (by the State Assembly and Senate Bills) and has determined the original Tentative Map expires on October 22, 2020.

Discussion

The Subdivision Improvement Agreement (SIA) was prepared in consideration of the approval of the Parcel Map and the developer's obligations under the Subdivision Map Act and the Municipal Code. Both the Planning Commission and the City Council of the City of Daly City previously approved the Tentative Parcel Map. The SIA and the Parcel Map SUB-7-18-13562 have been reviewed and found to be in conformance with the Tentative Parcel Map, the State Subdivision Map Act, and Title 16 of the Municipal Code. Adoption of this resolution will allow execution of the SIA and recordation of the Parcel Map.

Fiscal Impact

The Subdivider is required to pay the following fee types as a part of the entitlement process of this subdivision.

- Park-in-lieu fees
- Building Permit fees
- Plan and Map check fees
- Inclusionary Housing in-lieu fees
- DWWR fees
- AB-1600 fees

All fees required for the recording of the Parcel Map have been paid and additional fees will be paid prior to issuance of building permit. All cost associated with the subdivision will be paid for by the Subdivider.

Summary/Conclusion

The Subdividers or their surety will meet all obligations of the Subdivision Improvement Agreement. The Subdivision Improvement Agreement and the Parcel Map have been reviewed by the City and meet all legal requirements and Conditions of Approval. Adoption of this resolution will authorize the City Manager to execute the Subdivision Improvement Agreement upon receipt and approval of all required bonds and documents. Upon execution of the SIA, the Parcel Map can be released for recordation.

It is recommended that the City Council adopt a resolution to:

1. Approve and authorize the City Manager to execute the Subdivision Improvement Agreement between the City of Daly City and Absolute Best Courtesy, LLC; and

2. Approve the Parcel Map for SUB-7-18-13562, Parcel Map of the Lands of Absolute Best Courtesy, LLC.

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

Respectfully submitted,

Roland Yip	Richard Chiu, Jr., P.E.
Senior Civil Engineer	Director of Public Works

Attachments: Subdivision Improvement Agreement
Parcel Map SUB-7-18-13562 (Full scale available in Engineering Division)

CITY OF DALY CITY
SUBDIVISION IMPROVEMENT AGREEMENT

DATE OF AGREEMENT: __________

NAME OF SUBDIVIDER: Absolute Best Courtesy, LLC
(hereinafter "Subdivider")

NAME OF SUBDIVISION: Parcel Map of the Lands of Absolute Best Courtesy, LLC., SUB-7-18-13562
(hereinafter "Subdivision")

ADDRESS: *127 Werner Avenue* APN: *006-243-360*

NUMBER OF LOTS: 2

ESTIMATED TOTAL COST OF IMPROVEMENTS: $72,275

THIS AGREEMENT is made and entered into by and between the City of Daly City, a municipal corporation of the State of California, hereinafter referred to as "City," and Subdivider.

RECITALS

A. Subdivider has presented to the City for approval and recordation, a final subdivision map of a proposed subdivision pursuant to the provisions of the *Subdivision Map Act* of the State of California and the City's ordinances and regulations relating to the filing, approval and recordation of the subdivision maps. The Subdivision Map Act and the City's ordinances and regulations relating to the filing, ~~approval and recordation~~ of subdivision maps are collectively referred to in this agreement as the "Subdivision Laws."

B. A tentative map of the subdivision has been approved by the Daly City City Council, subject to the Subdivision Law and to the requirements and conditions of approval of the tentative map for this this Subdivision, and the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions*, all of which are on file in the office of the City Clerk and is incorporated into this agreement by reference.

C. The Subdivision Laws establish as a condition precedent to the approval of a final map that Subdivider must have complied with the conditions of approval of the tentative map for this Subdivision and must have either (1) completed, in compliance with City General Conditions Standard Specifications and Drawings (current edition) as well as the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions,* and all land development work required by the Subdivision Laws, or (2) have entered into a secured agreement with the City to complete the improvements and land development within a period of time specified by the City.

D. In consideration of approval of a final map of the subdivision by the City Council, Subdivider desires to enter into this agreement, whereby Subdivider promises to install and complete, at Subdivider's own expense, all the public improvement work required by City in connection with the proposed subdivision. Subdivider has secured this agreement by improvement security required by the Subdivision Laws and approved by the City Attorney.

E. Complete "Improvements Plans" for the construction, installation and completion of the improvements have been prepared by Subdivider and approved by the City Engineer. The Improvement Plans for the subdivision referenced previously in this agreement are on file in the City's Department of Public Works and are incorporated into this agreement by this reference. All references in this agreement to the improvement Plans shall include reference to any specifications for the improvements as approved by the City and in conformance with the City's General Conditions, Standard Specifications and Drawings (current edition at the time of approval of the Final Map) and the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions.*

F. An estimate of the cost of construction of the public improvements and performing land development work in connection with the improvements according to the Improvement Plans has been made and has been approved by the City. The estimated amount is stated on Page 1 of this agreement.

G. The City has adopted standards for the construction and installation of improvements within the City [the City's General Conditions, Standard Specifications and Drawings (current edition at the time of approval of the Final Map) and the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions.* The Improvement Plans have been prepared in conformance with the City standards.

H. All public improvement monuments as specified on the final map and improvement plan are to be completed prior to final formal acceptance by the City Council. Individual property monuments must be installed within one year from final Council acceptance of said subdivision.

I. Subdivider recognizes that by approval of the final map for Subdivision, City has conferred substantial rights upon Subdivider, including the right to sell, lease, or finance lots within the Subdivision. As a result, City will be damaged to the extent of the cost of installation of the improvements by Subdivider's failure to perform its obligations to commence construction of the improvements by the time established in this agreement. The City shall be entitled to all remedies available to it pursuant to this agreement and law in the event of a default by Subdivider. It is specifically recognized that the determination of whether a reversion to acreage or rescission of the Subdivision constitutes an adequate remedy for default by the Subdivider shall be within the sole discretion of City.

NOW, THEREFORE, in consideration of the approval and recordation by the City Council of the final map of the Subdivision, Subdivider and City agree as follows:

1. Subdivider's Obligation to Construct Improvements.

Subdivider shall:

a. Comply with all the requirements and conditions of the tentative subdivision map for this Subdivision and any amendments thereto, and with the provisions of the Subdivision Laws as well as City's General Conditions, Standard Specifications and Drawings (current edition at the time of approval of the Final Map) and the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions*.

b. Complete, at Subdivider's own expense, all the public improvement work required by conditions of the tentative subdivision map for this Subdivision and any amendments thereto, and with the provisions of the City's General Conditions, Standard Specifications and Drawings (current edition at the time of approval of the Final Map) and the *City of Daly City Department of Public Works, Department of Water and Waste Water Resources, and the Fire Department General Conditions of Approval: Subdivisions*, and in conformance with approved Improvement Plans within one (1) year following the date of this agreement; provided however, that the improvements shall not be deemed to be completed until accepted by City Council. Such improvements shall be completed to the satisfaction of the City Engineer and shall include but not be limited to:

(i) Site grading, erosion and sediment controls, retaining walls required to complete site grading and drainage improvements;

(ii) Curb, gutter, sidewalk, driveways, street pavement, pavement markings, traffic control signs and street lighting improvements;

(iii) Sanitary sewer, water, and storm drain improvements, including installation of service laterals, cleanouts and water meters required to serve each lot, catch basins, fire hydrants and pressure reducers;

(iv) Underground electric, gas, telephone and communications service laterals and main improvements to serve each lot as required by Utility Agreement(s);

(v) Off-Site Utility Undergrounding: Pursuant to the Subdivision Conditions of Approval, and as agreed by the Subdivider, the Subdivider shall comply with all components of the General Conditions of Approval for Subdivisions;

(vi) Survey monuments and lot corner markers;

(vii) Water mains, laterals and hydrants in the private driveway;

(viii) Subdivider shall also perform all other work as set forth in the Conditions of Approval for the Tentative Map, as relating to the Subdivision, which are summarized in the Daly City City Clerk's letters to Subdivider dated November 6, 2018 and Daly City Ordinance 1275 related to subdivision improvements, to the extent such letters are inconsistent, the later shall prevail, and by this reference, Daly City City Clerk's letters to Subdivider dated November 6, 2018 and Daly City Ordinance 1275 are incorporated herein by reference as if set out forth in full.

c. Furnish the necessary materials for the completion of the public improvements in conformity with the Improvement Plans, or with any changes required or ordered by the City Engineer, which in his or her opinion are necessary or required to complete the work.

d. Acquire and dedicate all rights-of-way, easements, and other interests in real property for construction and installation of the public improvements, or pay the costs of acquisition incurred by City. All rights-of-way, easements, and other interests in real property shall be free and clear of liens and encumbrances. The Subdivider's obligation with regard to acquisition by City of off-site rights-of-way, easements, and other interests in real property shall be subject to a separate agreement between Subdivider and City. Subdivider shall also be responsible for obtaining any public or private sanitary sewer, drainage, and/or utility easements or authorization to accommodate the Subdivision.

e. Commence construction of the improvements by the time established in Section 22 of the agreement and complete the improvements by the deadline stated in Paragraph 1(b) above, unless a time extension is granted by the City as authorized in Section 22.

f. Install all subdivision public improvement monuments required by law prior to formal final acceptance of the public improvements by the City. Individual property monuments shall be installed within one year of said acceptance. All of said work is to be done at the places, with the materials, in the manner, and at the grades as shown upon the plans and specifications for this Subdivision and its grading plan(s), heretofore approved by the City Engineer and which are now on file in his office, and to the satisfaction of said City Engineer.

g. Install street name signs conforming to City standards. Permanent street name signs shall be installed before acceptance of the improvements by the City.

h. Subdivider shall implement all necessary measures to protect and preserve public safety, convenience, peace and welfare, and to minimize adverse impact on the surroundings. The Subdivider shall conduct his operations in such a manner as to avoid damage to adjacent property. The site shall be kept neat and clean at all times. The work site shall be secured at the conclusion of each work day. All work debris on the public streets and adjoining properties shall be cleaned at the end of each workday.

i. All costs and obligations associated with the work required by this agreement are the costs and obligations of the Subdivider. The City shall assume no costs whatsoever, except if specifically agreed to in the Conditions of Approval. City shall retain the right to perform any work as may be necessary due to Subdivider's failure to complete the same in a timely manner. In the event of failure of the Subdivider to perform all obligations to the satisfaction of the City, the City, after ten (10) days written notice to the Subdivider, may complete the required work and may charge the Subdivider for all costs incurred.

2. Acquisition and Dedication of Easements or Rights-of-Way. If any of the public improvements and land use development work contemplated by this Agreement is to be constructed or installed on land not owned by City or Subdivider, no construction or installation shall be commenced before:

a. The offer of dedication to City of appropriate rights-of-way, easements or other interests in real property, and appropriate authorization from property owner to allow construction or installation of the improvements or work; or

b. The dedication to, and acceptance by, the City of appropriate rights-of-way, easements or other interests in real property, as determined by the City Engineer; or

c. The issuance by a court of competent jurisdiction pursuant to the State Eminent Domain Law of an order of possession. Subdivider shall comply in all respects with the order of possession.

Subdivider shall acquire and dedicate, or pay all costs of including but not limited to the legal fees, court fees, appraisal fees and all costs associated with the acquisition of fee title interest in land, rights-of-way, easements and other interests in real property for construction or installation of the public improvements, free and clear of all liens and encumbrances. The Subdivider's obligations with regard to acquisition by City of off-site rights-of-way, easements and other interests in real property shall be subject to a separate agreement between Subdivider and City, if necessary. Subdivider shall also be responsible for obtaining any public or private drainage easements or authorization to accommodate the Subdivision.

Nothing in this Section 2 shall be construed as authorizing or granting and extension of time to Subdivider.

3. Security. Subdivider shall at all times guarantee Subdivider'performance by furnishing to City and maintaining good and sufficient security as required by the Subdivision Laws on forms approved by City for the purposes and in the amounts as follows:

a. To assure faithful performances of this agreement in regard to said improvements in an amount of 100% of the estimated cost of the improvements; and

b. To secure payment to any contractor, subcontractor, person renting equipment, or furnishing labor and materials for the improvements required to be constructed and installed pursuant to this agreement in the additional amount of 100% of the estimated cost of the improvement; and

c. To guarantee or warranty the work done pursuant to this agreement for a period of one (1) year following acceptance thereof by City against any defective work or labor done or defective materials furnished in the additional amount of 25% of the estimated cost of said improvements; and

d. Subdivider shall also furnish to City good and sufficient security in the amount of 100% of the estimated cost of providing "Construction Record Plan" photo mylar reproducible and/or CADD Diskette in a form acceptable to the City Engineer.

e. Form of Security: The City may accept performance, payment and/or improvement security in the form of the bonds or other alternate forms as per Section 66499 et. seq. of the Subdivision Map Act (Government Code) to and including the following:

(i) A Set Aside Letter of Credit from a construction lender, in a form acceptable to the City Attorney, and shall be in the minimum amount of the estimated cost of the performance, payment and/or improvements, permitted to be secured by methods other than cash. The Set Aside Letter of Credit must require the lender to disburse no funds without prior written permission from the City and no more than 50% of the total amount may be disbursed until the City accepts all improvements as complete and all liens or judgments filed against the improvements are satisfied or released;

(ii) Alternately, the Subdivider may provide a Certificate of Deposit in the minimum amount of the estimated cost of the performance, payment and/or improvements permitted to be secured by methods other than cash. The said Certificate of Deposit, shall not be released until after the City accepts all improvements as complete and until after all liens or judgments filed against the improvements are satisfied or released;

(iii) The subdivider may also make a further cash deposit, rather than submit a Set Aside Letter, or submit a Certificate of Deposit in an amount equal to 100% of the total estimated cost of the performance, payment and/or improvements, as defined in this Agreement as security for the faithful performance of this Agreement;

(iv) The Certificate of Deposit and/or the Set Aside Letter of Credit, if permitted, shall be in a form approved by the City Attorney;

(v) The subdivider may substitute alternate Improvement Securities at any time with the City's prior written approval;

(vi) Any changes, alterations, or additions to the improvement plans and specifications or to the improvements, not exceeding 10% of the original estimated cost of the improvement, which are mutually agreed upon by City and Subdivider, shall not relieve the cash deposit or improvement security given for faithful performance of this agreement. In the event such changes, alterations, or additions exceed 10% of the original estimated cost of the improvement, Subdivider shall provide improvement security for faithful performance as required by this agreement for 100% of the total estimated cost of the improvement as changed, altered, or amended;

(vii) The securities required by this agreement shall be kept on file with the City Clerk. The terms of the security documents are incorporated into this agreement by this reference. If any security is replaced by another approved security, the replacement shall:

(a) Comply with all the requirements for security in this agreement;

(b) Be provided to the City Engineer to be filed with the City Clerk; and upon filing,

(c) Be deemed to have been made a part of and incorporated into this agreement.

Upon provisions of a replacement security with the City Engineer and filing of a replacement security with the City Clerk, the former security may be released.

4. Alterations to Improvement Plans.

a. Any changes, alteration or additions to the Improvement Plans, not exceeding 10% of the original estimated cost of the improvement, which are mutually agreed upon by the City and Subdivider shall not relieve the improvement security given for faithful performance of this agreement. In the event such changes, alterations, or additions, exceed 10% of the original estimated cost of the improvements, Subdivider shall provide improvement security for faithful performance as required by Section 3 of the agreement for 100% of the total estimated cost of the improvement as changed, altered, or amended, minus any completed partial releases allowed by Section 6 of this agreement.

b. The Subdivider shall construct the improvements in accordance with City standards in effect at the time of adoption of the resolution of approval. City reserves the right to modify the standards applicable to the Subdivision and this agreement when necessary to protect the public safety or welfare or comply with applicable Federal or State law or City zoning ordinances. If Subdivider requests and is granted an extension of time for completion of the improvement, City may apply the standards in effect at the time of extension.

5. Inspection. Subdivider shall at all times maintain proper facilities and safe access for inspection of the public improvements by City inspectors and to the shops wherein any work is in preparation. Upon completion of the work the Subdivider may

request a final inspection by the City Engineer, or the City Engineer's authorized representative. If the City Engineer, or the designated representative, determines that the work had been completed in accordance with this agreement, then the City Engineer shall certify the completion of the public improvement to the City Council. No improvement shall be finally accepted by the City Council unless all aspects of the work have been completed in accordance with the Improvement Plans. When applicable law requires an inspection to be made by the City at a particular stage of the work of constructing and installing such improvements, City shall be given timely notice of Subdivider's readiness for such inspection and Subdivider shall not proceed with additional work until the inspection has been made and the work approved. Subdivider shall bear all costs of inspection and certification. No improvements shall be deemed completed until accepted by the City Council pursuant to Section 18 herein.

6. Release of Securities. The securities required by this agreement shall be released as follows:

a. Security given for faithful performance of any act, obligation, work or agreement shall be released upon the final completion and acceptance of the act or work, subject to the provisions of subsection (b) hereof.

b. The City Engineer may release a portion of the security given for faithful performance of improvement work as the improvement progresses upon application thereof by the Subdivider, provided, however, that no such release shall be for an amount less than 25% of the total improvement security given for faithful performance of the improvement work and that the security shall not be reduced to an amount less than 50% of the total improvement security given for faithful performance until final completion and acceptance of the public improvements. In no event shall the City Engineer authorize a release of the improvement security which would reduce the security to an amount below 125% of that required to guarantee the completion of the improvement work and any other obligation imposed by this agreement.

c. Security given to secure payment to the contractor, subcontractors, and to persons furnishing labor, materials or equipment shall, at six (6) months after the completion and acceptance of the work, be reduced to an amount equal to no less than 125% of the total claimed by all claimants for whom liens have been filed and of which notice has been given to the City, plus an amount reasonably determined by the City Engineer to be required to assure the performance of any other obligations secured by the security. The balance of the security shall be released upon the settlement of all claims and obligations for which the security was given.

d. No security given for the guarantee or warranty for work shall be released until the expiration of the warranty period and until any claims filed during the warranty period have been settled. As provided in Paragraph 10, the warranty period shall not commence until final acceptance of all the work and improvements by the City Council.

e. The City may retain from any security released, an amount to sufficiently cover costs and reasonable expenses and fees, including reasonable attorney's fees.

7. Injury to Public Improvements, Public Property or Public Utilities Facilities. Subdivider shall replace or repair, or have replaced or repaired, as the case may be, all public improvements, public utility facilities and surveying or subdivision monuments which are destroyed or damaged as a result of any work under this agreement. Subdivider shall bear the entire cost of replacement or repairs of any and all public or public utility property damaged or destroyed by reason of any work done under this agreement, whether such property is owned by the United States or any agency thereof, of the State of California, or any agency or political subdivision thereof, or by the City or any public or private utility corporation or by any combination of such owners. Any repair or replacement shall be to the satisfaction, and subject to the approval, of the City Engineer.

Furthermore, until such time as the improvements are accepted by City, Subdivider shall be responsible for, and bear the risk of loss to, any of the improvements constructed or installed. Until such time as all improvements required by this agreement are fully completed and accepted by City, Subdivider shall be responsible for the care, maintenance of, and any damage to such improvements. City shall not, nor shall any officer or employee thereof, be liable or responsible for any accident, loss or damage, regardless of cause, happening or occurring to the work or improvement specified in this agreement prior to the completion and acceptance of the work or improvements. All such risks shall be the responsibility of and are hereby assumed by Subdivider.

8. Permits and Utility Deposits. Subdivider shall, at Subdivider's expense, obtain all necessary permits and licenses for the construction and installation of the improvements, give all necessary notices and pay all fees and taxes required by law.

Prior to the commencement of any work related to this Subdivision, the Subdivider shall provide the City with written statements issued by each public utility corporation, telecommunications provider, or public service agency involved to the effect that the Subdivider has make all deposits legally required by such public utility corporation, telecommunications provider, or public service agency for the connection of any and all public utilities to be supplied by such corporation or agency for the Subdivision.

9. Default of Subdivider.

a. Default of Subdivider shall include, but not limited to:

(1) Subdivider's failure to timely commence construction of Improvements under this agreement;

(2) Subdivider's failure to timely complete construction of the improvements;

(3) Subdivider's failure to timely cure any defect in the improvements;

(4) Subdivider's failure to perform substantial construction work for a period of ten (10) calendar days after commencement of the work;

(5) Subdivider's insolvency, appointment of a receiver, or the filing of any petition in bankruptcy, either voluntary or involuntary, which Subdivider fails to discharge within 30 days;

(6) The commencement of a foreclosure action against the subdivision or a portion thereof, or any conveyance in lieu or in avoidance of foreclosure; or

(7) Subdivider's failure to perform any other obligation under this agreement.

b. The City reserves to itself all remedies available to it at law or in equity for breach of Subdivider's obligations under this agreement. The City shall have the right, subject to this Section, to draw upon or utilize the appropriate security to mitigate the City's damages in the event of default of Subdivider. The right of the City to draw upon or utilize the security is additional to and not in lieu of any other remedy available to City. It is specifically recognized that the estimated costs and security amounts may not reflect the actual cost of construction or installation of the improvements and, therefore, City's damages for Subdivider's default shall be measured by the costs of completing the required improvements. The sums provided by the improvement security may be used by City for the completion of the public improvements in accordance with the improvement plans and specifications contained herein.

In the event of Subdivider's default under this agreement, Subdivider authorizes City to perform such obligation twenty (20) days after mailing written notice of default to Subdivider and Subdivider's surety, and agrees to pay the entire cost of such performance by the City.

City may take over the work and prosecute the same to completion, by contract or by any other method City may deem advisable, for the account and at the expense of Subdivider, and Subdivider's surety shall be liable to City for any excess cost of damages occasioned City thereby. In such event, City without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plants and other property belonging to Subdivider as may be on the site of the work and necessary for performance of the work.

c. Failure of Subdivider to comply with the terms of this agreement shall constitute consent to the filing by the City of a notice of violation against all the lots in the Subdivision, or to rescind the approval or otherwise revert the Subdivision to acreage. The remedy provided by this Subsection c is addition to, and not in lieu of, other remedies available to City. Subdivider agrees that the choice of remedy or remedies for Subdivider's breach shall be in the discretion of City.

d. In the event that Subdivider fails to perform any obligation hereunder, Subdivider agrees to pay all costs and expenses incurred by City in securing performance of such obligations, including but not limited to fees and charges of architects, engineers, attorneys, other professionals, and court costs.

e. The failure of City to take enforcement action with respect to a default, or to declare a breach, shall not be construed as a waiver of that default or breach or any subsequent default or breach of Subdivider.

10. Warranty. Subdivider shall guarantee or warranty the work done pursuant to this agreement for a period of one (1) year after final formal acceptance of this subdivision by the City Council against any defective work or labor done or defective materials furnished. If within the warranty period any work or improvement or part of any work or improvement done, furnished, installed or constructed by Subdivider fails to fulfill any of the requirements of this agreement or the improvement plans or specifications referred to herein, Subdivider shall without delay and without cost to the City repair or replace or reconstruct any defective or otherwise unsatisfactory part or parts of the work or structure. Should Subdivider fail to act promptly or in accordance with this requirement, Subdivider hereby authorizes City, at City's option to perform the work twenty (20) days after mailing written notice of default to Subdivider and to Subdivider's surety, and agrees to pay the costs of such work by City. Should the City determine that an urgency requires repairs or replacement to be made before Subdivider can be notified, City may, in its sole discretion, make the necessary repairs or replacement or perform the necessary work and Subdivider shall pay to City cost of such repairs.

Warranty shall be covered by a warranty bond as specified in Section 26, below.

11. Subdivider Not Agent to City. Neither Subdivider nor Subdivider's agents, contractors, or subcontractors are or shall be considered to be agents of the City in connection with the performance of Subdivider's obligations under this agreement.

12. Environmental Warranty. Prior to the acceptance of any dedications or improvements by City, Subdivider shall certify and warrant that neither the property to be dedicated nor Subdivider are in violation of any environmental law and neither the property to be dedicated nor Subdivider are subject to any existing, pending, or threatened investigation by any federal, state or local government authority under or in connection with environmental law. Neither Subdivider nor any third party will use, generate, manufacture, produce, or release, on, under, or about the property to be dedicated, any hazardous substance except in compliance with all applicable environmental laws. Subdivider has not caused or permitted the release of, and has no knowledge of the release or presence of, any hazardous substance on the property to be dedicated or migration of any hazardous substance from or to any other property adjacent to, or in the vicinity of, the property to be dedicated. Subdivider's prior and present use

of property to be dedicated has not resulted in the release of any hazardous substance on the property to be dedicated. Subdivider shall give prompt written notice to City at the address set forth herein of:

a. Any proceeding or investigation by any federal, state, or local government authority with respect to the presence of any hazardous substance on the property to be dedicated or the migration thereof or to any other property adjacent to, or in the vicinity of, the property to be dedicated;

b. Any claims made or threatened by any third party against City of the property to be dedicated relating to any loss or injury resulting from any hazardous substance; and

c. Subdivider's discovery of any occurrence or condition on any property adjoining in the vicinity of the property to be dedicated that could cause the property to be dedicated or any part thereof to be subject to any restriction on its ownership, occupancy, use of the purpose for which it is intended, transferability or suit under any environmental law.

13. Other Agreements. Nothing contained in this agreement shall preclude City from expending monies pursuant to agreements concurrently or previously executed between the parties, or from entering into agreements with other subdividers for the apportionment of costs of water and sewer mains, or other improvements pursuant to the provisions of the City ordinances providing therefore, nor shall anything in this agreement commit City to any such apportionment.

14. Subdivider's Obligation to Warn Public During Construction. Until final acceptance of the improvement, Subdivider shall give good and adequate warning to the public of each and every dangerous condition existent in said improvement, and will take reasonable actions to protect the public from such dangerous condition.

15. Superintendence by Subdivider. Subdivider shall give personal superintendence to the work on said Subdivision and improvements, or have a competent foreman or superintendent, satisfactory to the City, on the work at all times during progress, with authority to act for the Subdivider on issues of safety, construction, erosion control, violations as to haul routes, dust control, noise or other general matters of public safety and the environment.

16. Vesting of Ownership. Upon formal final acceptance of the work by City and recordation of the Resolution of Acceptance of Public Improvement, ownership of the improvements constructed pursuant to this agreement shall vest in City.

17. Final Acceptance of Work. Acceptance of work on behalf of City shall be made by the City Council upon recommendation of the City Engineer after final completion and inspection of all improvements. The City Council shall act upon the Engineer's recommendation within sixty (60) days from the date the City Engineer certifies that the work has been finally completed, as provided in Section 5. Such acceptance shall not constitute a waiver of defects by City.

18. Indemnity/Hold Harmless. Pursuant to Government Code Section 66474.9, and to no extent further than as permitted by such statute, Subdivider agrees to protect, defend, indemnify and hold harmless City, its officials, boards and commissions, and members thereof, agents and employees from any and all claims, demands, causes of action, liability, or loss of any sort, because of, or arising out of, acts or omissions of Subdivider, its agents, employees, contractors and subcontractors in the performance of this agreement, except for such claims, demands, causes of action, liability, or loss arising out of the sole active negligence of the City, its officials, boards commissions, the members thereof, agents, and employees, including all claims, demands, causes of action, liability, or loss because of or arising out of, in whole or in part, the design or construction of the improvement.

This indemnification and agreement to hold harmless shall extend to injuries to persons and damages or taking of property resulting from the design or construction of said Subdivision, and the public improvements as provided herein, and in addition, to adjacent property owners as a consequence of the diversion of waters from the design and construction of public drainage systems, streets and other public improvements. Acceptance by the City of the improvements shall not constitute an assumption by the City of any responsibility for any damage or taking covered by this Section. City shall not be responsible for the design or construction of the property to be dedicated or the improvements pursuant to the approved improvement plans or map, regardless of any negligent action or inaction taken by the City in approving the plans or map, unless the particular improvement design was specifically required by City over written objection by Subdivider submitted to the City Engineer before approval of the particular improvement design, which objection indicated that the particular improvement design was dangerous or defective and suggested an alternative safe and feasible design.

After acceptance of the improvements, the Subdivider shall remain obligated to eliminate any defect in design or dangerous condition caused by the design or construction defect; however, Subdivider shall not be responsible for routine maintenance. **Provisions of this paragraph shall remain in full force and effect for ten (10) years following the acceptance by the City of the improvements.** It is the intent of this section that Subdivider shall be responsible for all liability for design and construction of the improvements installed or work done pursuant to this agreement and that City shall not be liable for any negligence, nonfeasance, misfeasance or malfeasance in approving, reviewing, checking, or inspecting any work or construction. The improvement security shall not be required to cover the provisions of this Paragraph.

Subdivider shall reimburse the City for all costs and expenses (including but not limited to fees and charges of architects, engineers, attorneys and other professionals, and court costs) incurred by City in enforcing the provisions of this section.

19. Personal Nature of Subdivider's Obligation. All of Subdivider's obligation under this agreement are and shall remain the personal obligations of Subdivider notwithstanding a transfer of all or any part of the property within the

Subdivision subject to this agreement, and Subdivider shall not be entitled to assign its obligation under this agreement to any transferee of all or any part of the property within the Subdivision or any other third party without the express written consent of the City.

20. Sale or Disposition of Subdivision. Seller or other Subdivider may request a novation of this agreement and a substitution of security. Upon approval of the novation and substitution of securities, the Subdivider may request a release or reduction of the securities required by this agreement. Nothing in the novation shall relieve the Subdivider of the obligations under Section 18 for the work or improvement done by Subdivider.

21. Time is of the Essence. Time is of the essence in the performance of this agreement; however, in the event good cause is shown, the Daly City City Council may extend the time for completion of the improvements hereunder. Any such extension may be granted without notice to Subdividers surety, and extensions so granted shall not relieve the surety's liability on the bond or bonds to secure faithful performance of this Agreement.

The Daly City City Council shall be the sole and final judge as to whether good cause has been shown to entitle Subdivider to an extension.

22. Time for Commencement of Work; Time Extensions; Performance.

Subdivider shall commence substantial construction of the improvements required by this agreement not later than three (3) months after the date of this agreement. In the event good cause exists as determined by the City Engineer, the time for commencement of construction or completion of the improvements hereunder may be extended for a period or periods not exceeding a total of two additional years. The extension shall be executed in writing by the City Engineer. Any such extension may be granted without notice to Subdivider's surety and shall not affect the validity of this agreement or release the surety or sureties on any security given for this agreement. The City Engineer shall be the sole and final judge as to whether or not good cause has been shown to entitle Subdivider to an extension. Delay, other than delay in the commencement of work, resulting from an act of City, act of God, by storm or inclement weather, strikes, boycotts or similar political actions which prevent the conducting of work, which Subdivider could not have reasonably foreseen, and furthermore were not caused by or contributed to by Subdivider, shall constitute good cause for and extension of the time for completion. As a condition of such extension, the City Engineer may require Subdivider to furnish new security guaranteeing performance of this agreement, as extended, in an increased amount to compensate for any increase in construction costs as determined by the City Engineer.

a. At least fifteen (15) calendar days prior to the commencement of work pursuant to this Agreement, Subdivider shall provide a written work schedule to the City Engineer so that the City Engineer may be able to provide services for inspection.

b. Unless otherwise extended pursuant to Paragraph 21, above, Subdivider must complete all improvements so that they may be accepted by the City, or approved by the City Engineer, within 730 consecutive calendar days after the date of execution of this Agreement.

c. Subdivider recognizes that by approval of the final map of this Subdivision, City has conferred substantial rights upon Subdivider, including the right to sell, lease, or finance lots within the Subdivision, and has taken the final act necessary to subdivide the property within the Subdivision. As a result, City will be damaged to the extent of the need for installation of the improvements by Subdivider's failure to perform its obligations under this Agreement, including, but not limited to, Subdivider's obligation to commence construction of the improvements by the time established in this Agreement and Subdivider's obligation to complete construction of the improvements by the time established in this Agreement.

23. No Vesting of Rights. Performance by Subdivider of this agreement shall not be construed to vest Subdivider's rights with respect to any change in any zoning or building law or ordinance.

24. Subdivider's Insurance. Subdivider shall not commence work under this agreement until Subdivider shall have obtained all insurance required under this paragraph and such insurance shall have been approved by the City Attorney's Office as to form, amount and carrier, nor shall Subdivider allow any contractor or subcontractor to commence work on his contract or subcontract until all similar insurance required of the contractor or subcontractor shall have been so obtained and approved. All requirements herein provided shall appear either in the body of the insurance policies or as endorsements and shall specifically bind the insurance carrier. The approved insurance coverage must be in full force until all work required by this agreement is complete and approved by the City.

a. Worker's Compensation Insurance. Subdivider shall maintain, during the life of this agreement, Worker's Compensation Insurance for all Subdivider's employees employed at the site of improvement, and in case any work is sublet, Subdivider shall require any contractor or subcontractor similarly to provide Worker's Compensation Insurance for all contractor's or subcontractor's employees, unless such employees are covered by the protection afforded by Subdivider. In case any class of employees engaged in work under this agreement at the site of the project is not protected under any Worker's Compensation Law, Subdivider shall provide, and shall cause each contractor and subcontractor to provide, adequate insurance for the protection of employees not otherwise protected. Subdivider hereby indemnifies City for any damages resulting to it from failure of either Subdivider or any contractor or subcontractor to take out or maintain such insurance.

b. General Liability, Property Damage & Automobile Insurance. Subdivider shall take out and maintain during the life of this agreement such public liability and property damage insurance on an occurrence basis as shall insure City, its subsidiary agencies and their elective and appointive boards, commissions, officers, agents and employees, including the negligent act or omission of the City and the Subdivider and any contractor or subcontractor performing work covered by this agreement from claims for damages for personal injury including death, as well as from claims for property damage which may arise from Subdivider's or any contractor's or subcontractor's operations hereunder, whether such operations be by Subdivider or any contractor or subcontractor, or by anyone directly or indirectly employed by either Subdivider or any contractor or subcontractor, and the amounts of such insurance shall be as follows:

(1) General Liability Insurance. The amounts of Public Liability Insurance shall be not less than $1,000,000.00 per occurrence and $3,000,000.00 in the aggregate or $3,000,000.00 combined single limit bodily injury and property damage for each occurrence.

(2) Property Damage Insurance. In an amount not less than $500,000.00 for damage to the property of each person on account of any one occurrence.

(3) Automobile Insurance. Subdivider shall maintain Automobile Insurance pursuant to this agreement in an amount of not less than $1,000,000.00 for each occurrence combined single limit or not less than $500,000.00 for any one person, and $1,000,000.00 for any one (1) accident, and $300,000.00 property damage.

(4) "City of Daly City and its subsidiary agencies, and their officers, agents, employees and servants" shall be named as additional insured on any such policies of public liability and automobile liability insurance, except compensation insurance. Such endorsement shall also contain a provision that the insurance afforded thereby to the City, its subsidiary agencies, and their officers, agents, employees, and servants shall be primary insurance to the full limits of liability of the policy, and that if the City, its subsidiary agencies and their officers and employees have other insurance against a loss covered by a policy, such other insurance shall be excess insurance only.

c. Contractual Liability Insurance. Subdivider shall take out and maintain during the life of this agreement an insurance policy in the amount of at least $1,000,000.00 insuring City, its subsidiary agencies and their elective and appointive boards, commissions, officers, agents and employees covering Subdivider and any other contractor or subcontractor performing work covered by this agreement against damages sustained by reason of any action or actions, and/or any claims or demands by reason of any breach or alleged breach of any contract, or provision thereof, or by reason of any contractual liability or alleged contractual liability on any contract, entered into by Subdivider and/or any of Subdivider's contractors, subcontractors, agents and/or employees.

d. Cross Liability. In the event that any of the aforesaid insurance policies provided for in this paragraph insures any entity, person, board or commission other than those mentioned in this paragraph, such policy shall contain a standard form of cross-liability endorsement, insuring on such policy City, its subsidiary agencies and their elective and appointive boards, commissions, officers, agents and employees; Subdivider and any contractor or subcontractor performing work covered by this agreement.

e. Evidence of Insurance. Subdivider shall furnish City concurrently with the execution hereof, with satisfactory evidence of the insurance required, and evidence that each carrier is required to give City at least thirty days' prior written notice of the cancellation or reduction in coverage of any policy during the effective period of this agreement.

25. Title to Improvements. Except as otherwise detailed herein or on the subdivision improvement plans or the final map, title to, and ownership of, water mains and their appurtenant fittings and structures, including the service laterals from the mains up to and including the water meters, drainage pipes and structures serving the public streets and easements, public street lights and other improvements constructed by Subdivider within public rights-of-way and easements but excluding the common area improvements to be maintained by the property owners association per their covenant, conditions and restrictions, shall vest absolutely in City, upon completion and acceptance of such improvements by City. The City may at its option, accept said improvements for beneficial public use and maintenance upon their completion and before the Subdivider completes all required subdivision improvements.

26. Repair or Reconstruction of Defective Work. Before requesting final acceptance of completed improvements or any portion thereof and release of Agreement cash or other security, the Subdivider shall post a Warranty Bond guaranteeing any corrective work required and covering the Warranty or Warranties as specified in Section 10, above. The amount of warranty bond obligation shall be no less than 10% of the total estimated cost of completing all required improvements. The warranty bond shall stay in full force for a period of one year after the City accepts the improvements and releases the Security.

If, within a period of one year after final acceptance of the work performed under this agreement, any structure or part of any structure furnished and/or installed or constructed by Subdivider, or any of the work done under this agreement, fails to fulfill any of the requirements of this agreement or the specifications and without any cost to City, repair or replace or reconstruct any defective or otherwise unsatisfactory part or parts of the work or structure. Should Subdivider fail to act promptly, or in accordance with this requirement, or should the exigencies of the case require repairs or replacements to be made before Subdivider can be notified, City may, at its option, make the necessary repairs or replacements or perform the necessary work and Subdivider shall pay to City the actual cost of such repairs plus fifteen (15) percent.

27. Cost of Engineering and Inspection. Subdivider shall pay to City, pursuant to Title 16 of the Daly City Municipal Code, specifically Sections 16.20.020 and 16.20.030 thereof of the Code, all fees necessary for engineering, plan check and inspection. Other services furnished by City in connection with this subdivision not covered by the fees shall be paid by Subdivider. City shall furnish statements of all charges for such services

performed by City, and Subdivider shall complete payment of such charges within ten (10) days after receipt thereof.

28. Notice of Default. If Subdivider refuses or fails to obtain prosecution of the work, or any severable part thereof, with such diligence as will insure its completion within the time specified, or any extensions thereof, or fails to obtain completion of said work within such time, or if the Subdivider should be adjudged as bankrupt, or Subdivider should make a general assignment for the benefit of Subdivider's creditors, or if a receiver should be appointed in the event of Subdivider's insolvency, or if Subdivider, or any of Subdivider's contractors, subcontractors, agents or employees, should violate any of the provisions of this agreement, the City Engineer or City Council may serve written notice upon Subdivider and Subdivider's surety of breach of this agreement, or of any portion thereof, and default of Subdivider.

City may take over the work and prosecute the same to completion, by contract or by any other method City may deem advisable, for the account and at the expense of Subdivider, and Subdivider's Surety shall be liable to City for any excess cost or damages occasioned City thereby; and, in such event, City, without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plant and other property belonging to Subdivider as may be on the site of the work and necessary for performance of the work.

29. Breach of Agreement: Performance by Surety or City. In the event of any such Notice of Default (Section 28, above), Subdivider's surety shall have the duty to take over and complete the work and the improvement herein specified; provided, however, that if the surety, within ten (10) days after the serving upon it of such notice of its intention to take over the performance of the contract, and does not commence performance thereof within ten (10) days after notice to City of such election, City may take over the work and prosecute the same to completion, by contract or by any other method City may deem advisable, for the account and at the expense of Subdivider, and Subdivider's surety shall be liable to City for any excess or damages occasioned City thereby; and, in such event, City, without liability for so doing, may take possession of, and utilize in completing the work, such materials, appliances, plant and other property belonging to Subdivider as may be on the site of the work and necessary therefor.

30. Notices. All notices herein required shall be in writing, and delivered in person or sent by registered mail, postage prepaid. Notices required to be given to City shall be addressed as follows:

City of Daly City
c/o City Engineer
City Hall
333-90th Street
Daly City, California 94015

Notices required to be given to Subdivider shall be addressed as shown on the first page of this agreement.

Notices required to be given surety of Subdivider shall be addressed to the last known or provided address by the surety.

Any party or the surety may change such address by notice in writing to the other parties and thereafter notices shall be addressed and transmitted. Notice shall be effective on the date it is delivered in person, or, if mailed, on the date of deposit in the United States Mail.

31. Building Occupancy Permits. All required improvements, utilities, landscaping and other services shall be completed and accepted by the City of Daly City before a request is made for a Building Occupancy Permit.

32. Conditions, Covenants and Restrictions (or Declaration of Covenants); Final Subdivision Map and Deeds and Easements.

Prior to the sale of any residential units, the Subdivider must have:

a. City and State approved Conditions, Covenants and Restrictions (or Declaration of Covenants);

b. a recorded final subdivision map covering the units proposed for sale;

c. City approved form of deed(s) covering necessary cross-easements or other such title documents providing for on-site vehicle access and parking.

33. Compliance with Laws. Subdivider, its agents, employees, contracts, and subcontractors shall comply with all federal, state and local laws in the performance of the improvements and land development work required by this agreement.

34. Severability. The provisions of this agreement are severable. If any portion of this agreement is held invalid by a court of competent jurisdiction, the remainder of the agreement shall remain in full force and effect unless amended or modified by mutual written consent of the parties.

35. Captions. The captions of this agreement are for convenience and reference only and shall not define, explain, modify, limit, exemplify, or aid in the interpretation, construction or meaning of any provisions of this agreement.

36. Litigation. In the event that suit is brought to enforce the terms of this agreement, the prevailing party shall be entitled to litigation costs and reasonable attorney's fees.

37. Incorporation of Recitals. The recitals to this agreement are hereby incorporated into the terms of this agreement.

38. Entire Agreement. This agreement constitutes the entire agreement of the parties with respect to the subject matter. All modification, amendments, or waivers

of the terms of this agreement must be in writing and signed by the appropriate representatives of the parties.

39. Interpretation. This agreement shall in interpreted in accordance with the laws of the State of California.

40. Jurisdiction. Jurisdiction of all disputes over the terms of this agreement shall be in the County of San Mateo, State of California.

IN WITNESS WHEREOF, this agreement is executed by the parties as of the date hereinabove first written.

SUBDIVIDER:
(Proof of authorization for Subdivider's signatures required and must be attached)

Signature: YU YING WU

Print: Yu Ying Wu

Title: Owner

Signature: ______________________

Print: ______________________

Title: ______________________

CITY OF DALY CITY
Recommended for Approval:

____
Kevin Fehr
City Engineer

____
Richard Chiu, Jr.
Director of Public Works

CITY OF DALY CITY:

____
Shawnna Maltbie
City Manager

APPROVED AS TO FORM:

____
Rose Zimmerman
City Attorney

ATTEST:

____
K. Annette Hipona
City Clerk

NOTICE: The Conditions of Approval for the tentative map for this Subdivision include certain fees, dedication requirements, reservation requirements, and other exactions. Pursuant to Government Code Section 66020(d)(1), this Notice constitutes written notice of a statement of the amount of such fees, and description of the amount of such fees, and a description of the dedications, reservations, and other exactions. You are hereby notified that the 90-day approval period in which you may protest these fees, dedications, reservation, and other exactions, pursuant to Government Code Section 66020(a), begins on the date the City Council approves the Final Map. If you fail to file a protest within this 90-day period complying with all of the requirements of Section 66020, you will be legally barred from later challenging such exactions.

EXHIBIT "A"
SUBDIVISION IMPROVEMENT AGREEMENT

Parcel Map of the Lands of Absolute Best Courtesy, LLC., 2 Lots

(SUBDIVISION/UNIT NO.)

Absolute Best Courtesy, LLC.

(Subdivider)

IMPROVEMENTS REQUIRED – COST

Improvements		Estimated Costs
1.	Streets	$6,300
2.	Sidewalks (including driveway approaches)	$7,800
3.	Curb and Gutters	$1,200
4.	Driveway	$8,520
5.	Sanitary Sewer Service	$14,000
6.	Water Main Service	$10,000
7.	Gas Service	$10,000
8.	Adminstration (10%)	$5,782
9.	Contingency (15%)	$8,673
10.	TOTAL ESTIMATED COST–REQUIRED IMPROVEMENTS	$72,275

EXHIBIT "B"
SUBDIVISION IMPROVEMENT AGREEMENT

__Parcel Map of the Lands of Absolute Best Courtesy, LLC., 2 Lots__
(Subdivision/Unit No.)

__Absolute Best Courtesy, LLC.__
(Subdivider)

FEES REQUIRED

FEES AND CHARGES:

1.	City's Plan Review charges (including Parcel Map)		$2,560.00
2.	Subdivision Agreement		$4,800.00
3.	Improvement Permit and Inspection charges		$10,102.40
4.	Parkland Dedication In-Lieu Fees		$46,473.73
		Total	$63,936.13

FEES COLLECTED WITH BUILDING PERMITS:

1. Public Facility fees AB1600	$10,148.00

REFUNDABLE DEPOSITS:

A. Cash/Bond deposit for emergency, and clean-up and other corrective work shall be maintained at an amount not less than	$72,275
B. Cash deposit for the photo-mylar reproducible of the Parcel Map after it is filed with the County Recorder	$200

SUBDIVIDER SHALL:

A. Reimburse City for its engineering and administrative costs in connection with the subdivision such as map checking and plan review. These costs are to be paid prior to Council's consideration of this Agreement.

B. Pay all development fees at the time of issuance of building permits.

OWNER'S STATEMENT:

I HEREBY STATE THAT I AM THE OWNER OF, OR HAVE SOME RIGHT, TITLE OR INTEREST IN AND TO THE REAL PROPERTY INCLUDED WITHIN THE SUBDIVISION SHOWN UPON THIS MAP, AND I AM THE ONLY PERSON WHOSE CONSENT IS NECESSARY TO PASS CLEAR TITLE TO SAID PROPERTY, AND I HEREBY CONSENT TO THE MAKING AND FILING OF SAID MAP AND SUBDIVISION AS SHOWN WITHIN THE DISTINCTIVE BORDER.

OWNER: ABSOLUTE BEST COURTESY, LLC

OWNER: YU YING WU DATE: 10-3-2019
YU YING WU

OWNER'S ACKNOWLEDGEMENT:

A NOTARY PUBLIC OR OTHER OFFICER COMPLETING THIS CERTIFICATE VERIFIES ONLY THE IDENTITY OF THE INDIVIDUAL WHO SIGNED THE DOCUMENT TO WHICH THIS CERTIFICATE IS ATTACHED, AND NOT THE TRUTHFULNESS, ACCURACY, OR VALIDITY OF THAT DOCUMENT

STATE OF CALIFORNIA)
COUNTY OF Alameda SS)
ON October 03, 2019 BEFORE ME, Kavin Patel, Notary Public, A NOTARY PUBLIC, PERSONALLY APPEARED
—Yu Ying Wu—

WHO PROVED TO ME ON THE BASIS OF SATISFACTORY EVIDENCE TO BE THE PERSON(~~S~~) WHOSE NAME IS/~~ARE~~ SUBSCRIBED TO THE WITHIN INSTRUMENT AND ACKNOWLEDGED TO ME THAT ~~HE~~/SHE/~~THEY~~ EXECUTED THE SAME IN ~~HIS~~/HER/~~THEIR~~ AUTHORIZED CAPACITY, AND THAT BY ~~HIS~~/HER/~~THEIR~~ SIGNATURE ON THE INSTRUMENT THE PERSON(~~S~~), OR THE ENTITY UPON BEHALF OF WHICH THE PERSON(~~S~~) ACTED, EXECUTED THE INSTRUMENT.

I CERTIFY UNDER PENALTY OF PERJURY UNDER THE LAWS OF THE STATE OF CALIFORNIA THAT THE FOREGOING PARAGRAPH IS TRUE AND CORRECT.

WITNESS MY HAND. SIGNATURE: Kavin Patel

NOTARY PUBLIC, STATE OF CA COMMISSION No,: 2189240 Kavin Patel
PRINT NAME

MY COMMISSION EXPIRES: April 01, 2021

COUNTY OF PRINCIPAL PLACE OF BUSINESS: Alameda

KAVIN PATEL
Notary Public – California
Alameda County
Commission # 2189240
My Comm. Expires Apr 1, 2021

CITY ENGINEER'S STATEMENT:

I HAVE EXAMINED THIS MAP AND THE SUBDIVISION AS SHOWN IS SUBSTANTIALLY THE SAME AS IT APPEARED ON THE TENTATIVE MAP AND ANY APPROVED ALTERATIONS OF THE TENTATIVE MAP, IF ANY. ALL PROVISIONS OF THE SUBDIVISION MAP ACT AND ANY LOCAL ORDINANCES APPLICABLE AT THE TIME OF THE APPROVAL OF THE TENTATIVE MAP HAVE BEEN COMPLIED WITH.

DATE: ________ BY: ________________

KEVIN M. FEHR, RCE NO. 78518
CITY ENGINEER
CITY OF DALY CITY

REGISTERED PROFESSIONAL ENGINEER
KEVIN M. FEHR
No. 78518
CIVIL
STATE OF CALIFORNIA

CITY SURVEYOR'S STATEMENT:

I HEARBY STATE THAT THIS PARCEL MAP OF SUB-7-18-13562 WAS EXAMINED BY ME, AND I AM SATISFIED THAT THIS MAP IS TECHNICALLY CORRECT.

DATE: ________ BY: ________________

ANNE-SOPHIE TRUONG, LS 8998
ACTING CITY SURVEYOR
FOR THE CITY OF DALY CITY

PROFESSIONAL LAND SURVEYOR
ANNE-SOPHIE TRUONG
No. 8998
STATE OF CALIFORNIA

ENGINEER'S STATEMENT:

THIS MAP WAS PREPARED BY ME OR UNDER MY DIRECTION AND IS BASED UPON A FIELD SURVEY IN CONFORMANCE WITH THE REQUIREMENTS OF THE SUBDIVISION MAP ACT AND LOCAL ORDINANCE AT THE REQUEST OF ZHEN QIANG ZHOU AND YU YING WU ON DECEMBER 4, 2018. I HEREBY STATE THAT THIS PARCEL MAP SUBSTANTIALLY CONFORMS TO THE APPROVED OR CONDITIONALLY APPROVED TENTATIVE MAP. I FURTHER STATE THAT ALL MONUMENTS ARE OF THE CHARACTER AND OCCUPY THE POSITIONS INDICATED; AND THAT THE MONUMENTS ARE, OR WILL BE SUFFICIENT TO ENABLE THE SURVEY TO BE RETRACED.

BY: Carlos Dominguez DATE: 9-26-2001

CARLOS R. DOMINGUEZ
R.C.E. NO C 26949
LICENSE EXPIRES MARCH 31, 2021

REGISTERED PROFESSIONAL ENGINEER
Carlos Renan Dominguez
No. C26949
EXP. 3-31-21
CIVIL
STATE OF CALIFORNIA

COUNTY RECORDER'S STATEMENT:

FILED THIS _____ DAY OF _______ , 20__ AT _________ M. IN BOOK ____ OF PARCEL MAPS , AT PAGES _______ , AT THE REQUEST OF FIRST AMERICAN TITLE COMPANY

FILE NO. ______________________ MARK CHURCH, SAN MATEO COUNTY RECORDER

FEE $ ____________ BY: ________________
DEPUTY

CITY CLERK'S STATEMENT:

I, K. ANNETTE HIPONA, CITY CLERK OF THE CITY OF DALY CITY, SAN MATEO COUNTY, HEREBY STATE THAT THE CITY COUNCIL OF SAID CITY OF DALY CITY BY RESOLUTION ADOPTED AT ITS REGULAR MEETING OF SAID CITY HELD ON ____ DAY OF ____, 2019, DID DULY APPROVE SAID PARCEL MAP.

BY: ______________________________ DATE: __________

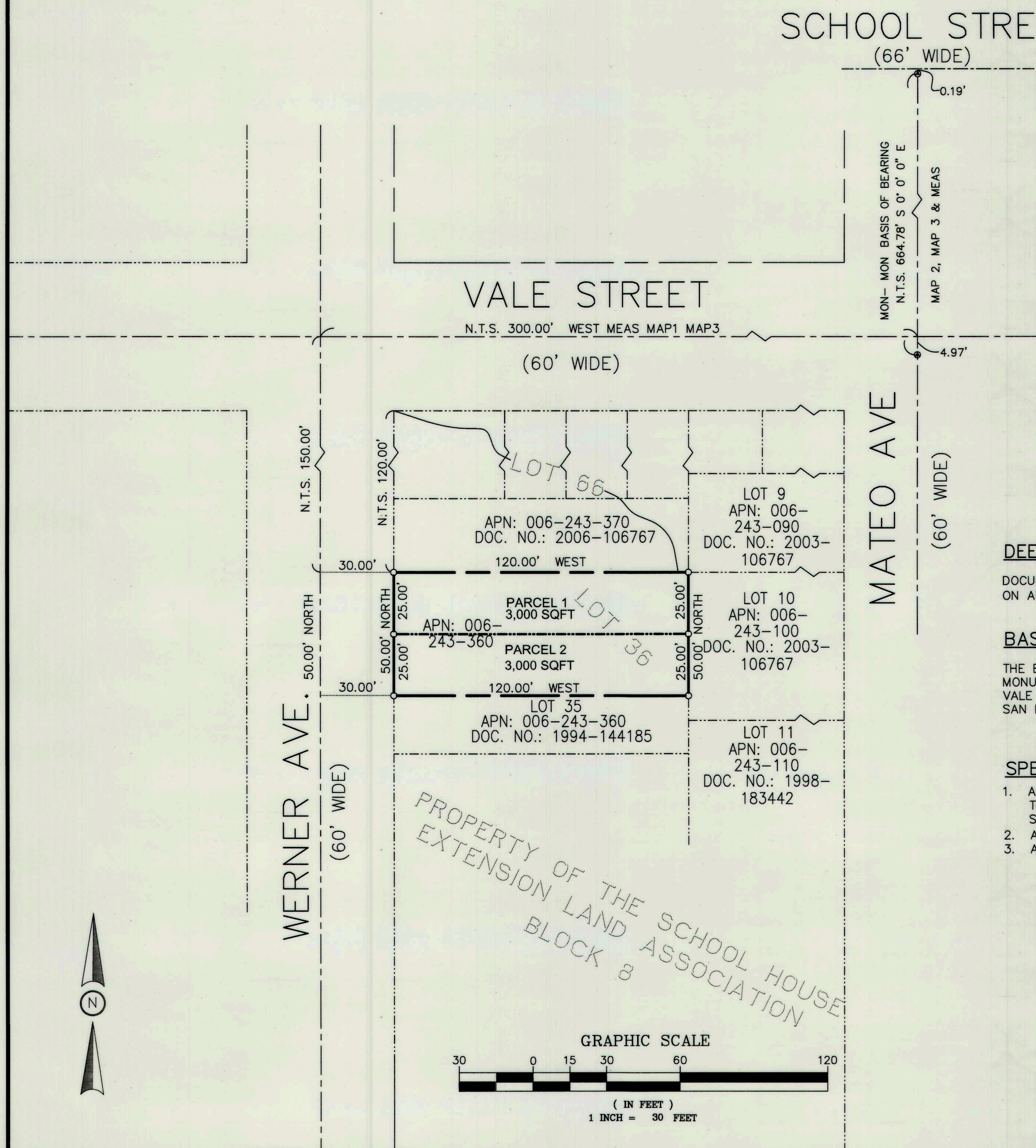
CLERK OF THE CITY OF DALY CITY
STATE OF CALIFORNIA

PARCEL MAP OF THE LANDS OF ABSOLUTE BEST COURTESY, LLC.
SUB-7-18-13562

BEING A RESUBDIVISION OF A PORTION OF LOT 65, BLOCK 8
MAP OF "PROPERTY OF THE SCHOOL HOUSE EXTENSION LAND ASSOCIATION"
FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO
ON JANUARY 12, 1872 IN LIBER "E" OF MAPS AT PAGE 34
AND COPIED INTO LIBER 1 OF MAPS AT PAGE 15

SEPTEMBER 2019

CITY OF DALY CITY, SAN MATEO COUNTY, CA
DOMINGUEZ ASSOCIATES 40 HUMBOLDT COURT PACIFICA, CA. 94044
PHONE NUMBER: (650) 359-0947



LEGEND

- DISTINCTIVE BORDER
- PROPERTY LINE (NEW)
- PROPERTY LINE (OTHER)
- CENTER LINE
- TIES
- ○ SET 3/4" IP WITH PLASTIC CAP W/ C26949
- ⊙ FOUND MONUMENT IN HAND HOLE

ABBREVIATIONS

M.L.	MONUMENT LINE
MEAS.	MEASURED
N.T.S.	NOT TO SCALE

MAP SCHEDULE

MAP 1	"E" MAPS PAGE 34
MAP 2	PM VOL 77 PG 41
MAP 3	PM VOL 82 PG 51

DEED REFERENCE:

DOCUMENT 2017-066028 RECORDED IN OFFICIAL RECORDS IN THE COUNTY OF SAN MATEO ON AUGUST 1, 2017, REFERENCES THE LEGAL DESCRIPTION OF THE LANDS TO BE RESUBDIVIDED.

BASIS OF BEARINGS

THE BEARING, S 0°00'00" E OF THE CENTERLINE OF MATEO AVENUE TAKEN BETWEEN FOUND STANDARD CITY MONUMENTS AT THE INTERSECTIONS OF MATEO AVENUE WITH SCHOOL STREET, AND MATEO AVENUE WITH VALE STREET AS SHOWN ON PARCEL MAP MS 05-1 RECORDED IN BOOK 77 OF PARCEL MAPS AT PAGE 41, SAN MATEO COUNTY RECORDS.

SPECIAL NOTES

1. ALL DIMENSIONS FROM THE BOUNDARIES OF THE PROPERTY IN QUESTION TO MONUMENT LINES OF THE MONUMENT MAP REFERRED TO HEREON ARE GIVEN FOR THE SOLE PURPOSE OF ITS RETRACEMENT. SUCH INFORMATION SHALL NOT BE USED FOR ANY OTHER PURPOSE.
2. ALL DEFLECTION ANGLES HEREON ARE 90 DEGREES UNLESS EXPRESSLY OTHERWISE INDICATED.
3. ALL DISTANCES ARE MEASURED IN FEET AND DECIMALS THEREOF.

PARCEL MAP OF THE LANDS OF ABSOLUTE BEST COURTESY, LLC.

SUB-7-18-13562

BEING A RESUBDIVISION OF A PORTION OF LOT 65, BLOCK 8
MAP OF "PROPERTY OF THE SCHOOL HOUSE EXTENSION LAND ASSOCIATION"
FILED FOR RECORD IN THE OFFICE OF THE RECORDER OF THE COUNTY OF SAN MATEO
ON JANUARY 12, 1872 IN LIBER "E" OF MAPS AT PAGE 34
AND COPIED INTO LIBER 1 OF MAPS AT PAGE 15

SEPTEMBER 2019

CITY OF DALY CITY SAN MATEO COUNTY, CA

DOMINGUEZ ASSOCIATES 40 HUMBOLDT COURT PACIFICA, CA. 94044
PHONE NUMBER: (650) 359-0947

City Council Meeting Agenda Report

Item # _____

Meeting Date: October 28, 2019

Subject: Restoration of Community Emergency Planning and Disaster Preparedness Position

Recommended Action
It is requested that City Council approve the restoration of the Community Emergency Planning and Disaster Preparedness position and fill with a Battalion Chief.

Background/Discussion
In 2007 the position of Community Emergency Planning and Disaster Preparedness position was created in support of the National Preparedness Goal and Presidential Policy Directive 8, which describes the capabilities necessary to secure the homeland against acts of terrorism and manmade or natural disasters, as well as state of California directives. Additionally, prior to the elimination due to budget reductions the position had been responsible for developing, revising and implementing a comprehensive community emergency disaster preparedness and response management plan.

Objectives and duties of the position are Develops, plans, organizes, directs and evaluates emergency planning and disaster preparedness programs. Develop and prepare curricula, printed and visual programs for presentation to the general public, schools, service organizations, and city staff. Develops, coordinates and leads emergency management training. Participates in coordination and evaluation of emergency operation drills and training, assists in making recommendations for improvement in operations and or response. Assists in consultation with county wide emergency response and preparedness agencies to analyze, facilitate and resolve emergency management issues. Interfaces with Federal, State and Local agencies and organizations on a routine basis to assist in integrating and coordinating emergency planning and response activities. Assists in coordinating, developing and submitting local emergency planning, preparedness and response grants through State Homeland Security, UASI and others. Represents the department before civic and community groups; promotes and responds to inquiries from the media and public. Increases community participation in the programs via outreach activities. Monitors public awareness and evaluates training needs. Functions as the Information Officer (IO) for the department. Makes presentations, prepares reports and recommends courses of action after considering alternatives. Participates in developing, updating and maintaining Emergency Management Plans. Assists in reviewing policies and programs and ensures collaboration with local stakeholders. Assists in maintaining an up to date survey of existing personnel, equipment, supplies, and services that could be used during an emergency.

Fiscal Impact

The budgetary impact of the one additional 80-hour per pay period Battalion Chief is projected to be $142,421 in Fiscal Year (FY) 2019-20; $363,393 in FY 2020-21; and $389,750 in FY 2021-22. These figures include salary and all benefits. Even though the Fire Management Association has not yet completed bargaining with the City, these figures include annual five percent wage increases and specialty pay increases received by Daly City Firefighters’ Union No. 1879. The FY 2019-20 figure assumes that the position will be filled for five months during the current fiscal year.

Summary/Conclusion
Restore the Community Emergency Planning and Disaster Preparedness position responsible for developing, revising and implementing a comprehensive community emergency disaster preparedness and response management plan in support of the National Preparedness Goal and Presidential Policy Directive 8, as well as State of California directives.

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

Respectfully submitted,

Ron Myers
Fire Chief

Natalie Sakkal
Director of Human Resources

City Council Meeting Agenda Report

Item # _____

Meeting Date: October 28, 2019

Subject: Authorizing POW/MIA Flag Ceremony on Veterans Day November 11, 2019

Recommended Action

Authorizing POW/MIA Flag Ceremony on Veterans Day November 11, 2019.

Background/Discussion

According to the U.S. Department of Defense, more than 81,000 Americans who served in World War II, the Korean War, the Vietnam War, the Cold War, the wars in the Persian Gulf and other conflicts have still not returned home. Many were taken prisoner of war (POW) or went missing in action (MIA) long ago.

The POW/MIA Flag stands as a powerful symbol of our commitment to our Prisoners of War and Missing in Action and a reminder that they are not forgotten.

As Veterans Day is an opportunity to celebrate the bravery and sacrifice of all U.S Veterans, it is fitting that the City begin displaying the POW/MIA flag at City Hall on the following dates:

• Armed Forces Day, May 16
• Memorial Day, May 25
• Flag Day, June 14
• Independence Day, July 4
• POW/MIA Day, 3rd Friday of September
• Veterans Day, November 11

On November 11, 2019, a POW/MIA Flag Ceremony will be held at City Hall.

Fiscal Impact

There is no fiscal impact.

Summary/Conclusion

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

Respectfully submitted,

Shawnna Maltbie

Shawnna Maltbie
City Manager

CITY OF DALY CITY
CHECK REGISTERS
FOR THE MONTH OF SEPTEMBER 2019

09/06/2019

CHECKS ISSUED	-	#378358
CANCELLED CHECK	-	NONE
VOID CHECK	-	NONE

09/11/2019

CHASE CREDIT CARD	-	N/A – Electronic Payment

09/16/19

CHECKS ISSUED	-	#378359 TO 378637
CANCELLED CHECK	-	#378629
VOID CHECK	-	NONE

09/23/19

CHECKS ISSUED	-	#378638
CANCELLED CHECK	-	NONE
VOID CHECK	-	NONE

09/30/2019

CHECKS ISSUED	-	#378639 TO 379005
CANCELLED CHECK	-	NONE
VOID CHECK	-	NONE

AUDITED Todd Ridge FINANCE DIRECTOR

APPROVED ______________________ CITY MANAGER

APPROVED ______________________ MAYOR

APPROVED ______________________ VICE MAYOR

ACCOUNTS PAYABLE CHECK RUN SUMMARY
FISCAL YEAR 2019-2020

	MONTH	TOTAL
2019	July	$ 7,801,241.60
	August	8,749,338.00
	September	5,910,518.69
	October	
	November	
	December	
2020	January	
	February	
	March	
	April	
	May	
	June	
	TOTAL	**$ 22,461,098.29**

SEPTEMBER 2019 BREAK DOWN OF EXPENSES BY FUND

Fund	Total for Month	Total for Year	% of Total
General Fund	$ 1,831,636.55	$ 7,185,981.03	32.0%
Gas Tax Fund	548,415.19	3,060,364.61	13.6%
Utility/Enterprise Funds	3,530,466.95	12,214,752.65	54.4%
Total:	**$ 5,910,518.69**	**$ 22,461,098.29**	100.0%

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378358	17654	MUSSMAN, RONALD	09/06/19	500.00	MW	OH		

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	500.00	Number of Checks Processed:	1
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
Total EPAYs	0.00	Number of EPAYs Processed:	0
G R A N D T O T A L	500.00		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
CB00091119	49024	JP MORGAN CHASE BANK N	09/11/19	31,896.87	HW	TR		Hand Written

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	0.00	Number of Checks Processed:	0
Total Hand Written	31,896.87	Number of Checks Processed:	1
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
Total EPAYs	0.00	Number of EPAYs Processed:	0
G R A N D T O T A L	31,896.87		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378359	44031	A & D AUTOMATIC GATE COMPANY	09/16/19	1,497.78	MW	OH		
AP00378360	52558	ACCOUNTEMPS	09/16/19	2,257.00	MW	OH		
AP00378361	33975	ACE FIRE EQUIPMENT & SERVICE	09/16/19	2,624.71	MW	OH		
AP00378362	53561	ACTION TOWING	09/16/19	350.00	MW	OH		
AP00378363	34666	AD BRAKES	09/16/19	281.58	MW	OH		
AP00378364	1514	ADAM HILL COMPANY, THE	09/16/19	1,772.84	MW	OH		
AP00378365	54281	ADVANCED ADBAG PACKAGING INC	09/16/19	1,077.41	MW	OH		
AP00378366	32391R	AGUIRRE III, BALTAZAR	09/16/19	746.22	MW	OH		
AP00378367	29880	AIRGAS USA LLC	09/16/19	1,409.27	MW	OH		
AP00378368	1025	ALHAMBRA	09/16/19	696.55	MW	OH		
AP00378369	18401	ALLIED ELECTRONICS INC	09/16/19	87.09	MW	OH		
AP00378370	37116	ALPHA ANALYTICAL LABORATORIES	09/16/19	31,856.55	MW	OH		
AP00378371	39355	ALTA LANGUAGE SERVICES INC	09/16/19	316.00	MW	OH		
AP00378372	22125	ALTEC INDUSTRIES INC	09/16/19	188.97	MW	OH		
AP00378373	40755	AMAZON	09/16/19	4,536.03	MW	OH		
AP00378374	38846	AMERICAN MESSAGING	09/16/19	29.06	MW	OH		
AP00378375	42310	AMERINAT	09/16/19	412.85	MW	OH		
AP00378376	35696	AMERIPRIDE	09/16/19	2,673.99	MW	OH		
AP00378377	24868	ANIXTER INC	09/16/19	230.68	MW	OH		
AP00378378	46585	ANTHEM BLUE CROSS	09/16/19	139.50	MW	OH		
AP00378379	46585	ANTHEM BLUE CROSS	09/16/19	127.20	MW	OH		
AP00378380	53563	ARANDA, MILLIE	09/16/19	153.00	MW	OH		
AP00378381	5495	ASSOCIATION OF PUBLIC TREASUR	09/16/19	280.00	MW	OH		
AP00378382	1101	AT&T	09/16/19	256.18	MW	OH		
AP00378383	32577	AT&T	09/16/19	378.71	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378384	6413	AT&T	09/16/19	14,916.88	MW	OH		
AP00378385	44649	ATLAS COPCO COMPRESSORS LLC	09/16/19	2,996.64	MW	OH		
AP00378386	54858	AU ENERGY	09/16/19	288.00	MW	OH		
AP00378387	29643	AUTO COLLISION CENTER	09/16/19	2,299.66	MW	OH		
AP00378388	53625	AVENU MUNISERVICES LLC	09/16/19	6,509.60	MW	OH		
AP00378389	50075	AZYURA	09/16/19	2,600.00	MW	OH		
AP00378390	49645	BADGE FRAME INC	09/16/19	689.84	MW	OH		
AP00378391	34520	BAKER ENGINEERING	09/16/19	6,600.00	MW	OH		
AP00378392	50080R	BAY CONSTRUCTION COMPANY, THE	09/16/19	500.00	MW	OH		
AP00378393	25193	BEHAVIOR ANALYSIS TRAINING IN	09/16/19	481.00	MW	OH		
AP00378394	53898R	BERMUDEZ, JAIME	09/16/19	835.96	MW	OH		
AP00378395	35853	BIANCHI, DONNA	09/16/19	700.00	MW	OH		
AP00378396	49668	BIG BELLY SOLAR INC	09/16/19	115.23	MW	OH		
AP00378397	19200	BIRITE FOODSERVICE DISTRIBUTO	09/16/19	4,278.52	MW	OH		
AP00378398	46439R	BOHM, PATRICIA	09/16/19	960.00	MW	OH		
AP00378399	53500	BRIOTIX LP	09/16/19	1,035.25	MW	OH		
AP00378400	50902R	BROADWAY, CHRIS	09/16/19	185.00	MW	OH		
AP00378401	3064	BROWN & CALDWELL INC	09/16/19	6,384.03	MW	OH		
AP00378402	48259	BWNVT MOTORS INC	09/16/19	4,341.72	MW	OH		
AP00378403	33941	C & A BROWN COMPANY	09/16/19	742.38	MW	OH		
AP00378404	2396	C M AMOS PRINTING COMPANY	09/16/19	499.00	MW	OH		
AP00378405	16519	C/CAG	09/16/19	318,357.00	MW	OH		
AP00378406	18411	CAL FIRE STATE FIRE TRAINING	09/16/19	876.00	MW	OH		
AP00378407	42973	CAL SIGNAL CORP	09/16/19	786.60	MW	OH		
AP00378408	36927	CALCON SYSTEMS INC	09/16/19	841.51	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378409	1196	CALIFORNIA WATER SERVICE COMP	09/16/19	388.26	MW	OH		
AP00378410	28636	CDW GOVERNMENT INC	09/16/19	48,807.26	MW	OH		
AP00378411	42277	CEL ANALYTICAL INC	09/16/19	3,080.00	MW	OH		
AP00378412	46387	CELETTA INVESTIGATIVE SERVICE	09/16/19	750.00	MW	OH		
AP00378413	3893	CERTIFIED LABORATORIES	09/16/19	149.96	MW	OH		
AP00378414	1882	CH BULL COMPANY	09/16/19	636.14	MW	OH		
AP00378415	3678	CINTAS CORPORATION #464	09/16/19	4,677.49	MW	OH		
AP00378416	14786	CIR	09/16/19	1,915.00	MW	OH		
AP00378417	35395	CITY AUTO SUPPLY	09/16/19	6,822.40	MW	OH		
AP00378418	25602	CITY OF DALY CITY	09/16/19	2,375.56	MW	OH		
AP00378419	54186	CIVICPLUS INC	09/16/19	1,800.00	MW	OH		
AP00378420	51061	CLEAN VENT INC	09/16/19	1,345.00	MW	OH		
AP00378421	20045	CLEANSMART SOLUTIONS INC	09/16/19	5,596.03	MW	OH		
AP00378422	31162	CLINE & DUPLISSEA	09/16/19	3,729.00	MW	OH		
AP00378423	34153	COMCAST	09/16/19	28.16	MW	OH		
AP00378424	47244	COMCAST	09/16/19	90.41	MW	OH		
AP00378425	51634	COMCAST	09/16/19	69.95	MW	OH		
AP00378426	51804	COMCAST	09/16/19	665.31	MW	OH		
AP00378427	12578	COMPLETE LINEN SERVICE INC	09/16/19	100.51	MW	OH		
AP00378428	54863R	COOPER, JAMES	09/16/19	60.00	MW	OH		
AP00378429	30109	CORELOGIC SOLUTIONS LLC	09/16/19	300.00	MW	OH		
AP00378430	43157JPA	COUNTY OF SAN MATEO	09/16/19	1,093.01	MW	OH		
AP00378431	42324	CRIME SCENE CLEANERS INC	09/16/19	350.00	MW	OH		
AP00378432	54887R	CRUZ, JOEL	09/16/19	400.00	MW	OH		
AP00378433	52092	CRYE PRECISION LLC	09/16/19	8,240.30	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378434	48323	CRYSTAL CREAMERY	09/16/19	597.79	MW	OH		
AP00378435	28906	CSG CONSULTANTS INC	09/16/19	21,353.20	MW	OH		
AP00378436	54854	CUBE SOLUTIONS	09/16/19	892.81	MW	OH		
AP00378437	7274	CUMMINS PACIFIC	09/16/19	4,018.75	MW	OH		
AP00378438	1042	D C LOCK & SECURITY SERVICE	09/16/19	92.88	MW	OH		
AP00378439	27395	D W NICHOLSON CORPORATION	09/16/19	80,000.00	MW	OH		
AP00378440	1836	DAILY JOURNAL CORPORATION	09/16/19	163.50	MW	OH		
AP00378441	1414	DALY CITY CENTRAL CASHIER	09/16/19	858.83	MW	OH		
AP00378442	48520	DALY CITY PARTNERSHIP	09/16/19	15,000.00	MW	OH		
AP00378443	1793	DALY CITY TOOL MART	09/16/19	185.73	MW	OH		
AP00378444	42706	DASH MEDICAL GLOVES INC	09/16/19	845.50	MW	OH		
AP00378445	51806	DAVID J POWERS & ASSOCIATES I	09/16/19	18,451.72	MW	OH		
AP00378446	54888R	DAVID, SHERWIN	09/16/19	400.00	MW	OH		
AP00378447	45599	DELA CRUZ, CHRISTIAN	09/16/19	2,794.80	MW	OH		
AP00378448	1299	DEPARTMENT OF JUSTICE	09/16/19	679.00	MW	OH		
AP00378449	1061	DUNN EDWARDS CORPORATION	09/16/19	1,194.95	MW	OH		
AP00378450	53261	DUST FREE PC LLC	09/16/19	926.64	MW	OH		
AP00378451	44734	EATON PUMPS SALES & SERVICE	09/16/19	6,170.00	MW	OH		
AP00378452	54889R	EBALAN, JUNE	09/16/19	400.00	MW	OH		
AP00378453	51252	ELITE CORPORATE SERVICES INC	09/16/19	975.00	MW	OH		
AP00378454	51834	EMERGENCY REPORTING	09/16/19	643.58	MW	OH		
AP00378455	4339	EMPLOYMENT DEVELOPMENT DEPART	09/16/19	12,170.00	MW	OH		
AP00378456	1049	EQUIFAX INFORMATION SVCS LLC	09/16/19	50.00	MW	OH		
AP00378457	54890R	FANELLA, LAURA A	09/16/19	20.00	MW	OH		
AP00378458	54397	FBD VANGUARD CONSTRUCTION INC	09/16/19	83,840.35	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378459	1383	FEDEX	09/16/19	46.86	MW	OH		
AP00378460	17884	FEDEX	09/16/19	6.67	MW	OH		
AP00378461	10971	FEDEX OFFICE	09/16/19	31.58	MW	OH		
AP00378462	52678	FERGUSON GROUP LLC, THE	09/16/19	6,500.00	MW	OH		
AP00378463	47322	FERN ELECTRIC & CONTROL INC	09/16/19	8,370.62	MW	OH		
AP00378464	19787	FIRST CHOICE COFFEE SERVICES	09/16/19	391.05	MW	OH		
AP00378465	11813	FOLGER GRAPHICS	09/16/19	2,452.66	MW	OH		
AP00378466	G-HERNANDEZ	FRANCHISE TAX BOARD	09/16/19	490.71	MW	OH		
AP00378467	G-HOLMES	FRANCHISE TAX BOARD	09/16/19	200.00	MW	OH		
AP00378468	1282	FRED PRYOR SEMINARS	09/16/19	348.00	MW	OH		
AP00378469	54891	FULLER, OPAL	09/16/19	8,729.41	MW	OH		
AP00378470	54892R	GARCIA, JUAN DANIEL	09/16/19	400.00	MW	OH		
AP00378471	53703	GATES & ASSOCIATES	09/16/19	7,382.00	MW	OH		
AP00378472	48247	GCS ENVIRONMENTAL EQUIPMENT S	09/16/19	804.24	MW	OH		
AP00378473	54899R	GEZER, HAMIT BARIS	09/16/19	500.00	MW	OH		
AP00378474	54893R	GONGORA, MERCY	09/16/19	400.00	MW	OH		
AP00378475	30509	GOODYEAR COMMERCIAL TIRE & SE	09/16/19	7,983.92	MW	OH		
AP00378476	27059	GOOMBAH'S EMBROIDERY	09/16/19	351.64	MW	OH		
AP00378477	31925	GOVCONNECTION INC	09/16/19	908.13	MW	OH		
AP00378478	3942	GOVERNMENT FINANCE OFFICERS A	09/16/19	1,140.00	MW	OH		
AP00378479	18532	GOW SUPPLY COMPANY INC	09/16/19	106.99	MW	OH		
AP00378480	1754	GRAINGER INC	09/16/19	2,384.32	MW	OH		
AP00378481	1571	GRANITEROCK	09/16/19	430.09	MW	OH		
AP00378482	3327	GRIGGS, DONALD	09/16/19	465.36	MW	OH		
AP00378483	2223	HACH COMPANY	09/16/19	1,894.48	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378484	33992R	HALVORSON, DANECA	09/16/19	183.85	MW	OH		
AP00378485	49597	HAWK ANALYTICS INC	09/16/19	2,495.00	MW	OH		
AP00378486	54894R	HAWTHORNE, SABRINA	09/16/19	400.00	MW	OH		
AP00378487	54496	HEART & SOUL COMPANY	09/16/19	10,800.00	MW	OH		
AP00378488	54895R	HERNANDEZ, SILVIA	09/16/19	400.00	MW	OH		
AP00378489	17021	HF&H CONSULTANTS LLC	09/16/19	8,960.00	MW	OH		
AP00378490	9049	HI TECH EVS INC	09/16/19	19,974.44	MW	OH		
AP00378491	15857	HOME DEPOT CREDIT SERVICES	09/16/19	12,846.32	MW	OH		
AP00378492	49079	HULA HALAU O MAKALAPUA	09/16/19	351.90	MW	OH		
AP00378493	35284R	HUSSAIN, SHEIKH	09/16/19	120.85	MW	OH		
AP00378494	37457	IDEXX DISTRIBUTION INC	09/16/19	1,037.54	MW	OH		
AP00378495	2411	INTERSTATE TRAFFIC CONTROL PR	09/16/19	2,516.85	MW	OH		
AP00378496	1072	IRVINE & JACHENS INC	09/16/19	83.03	MW	OH		
AP00378497	31382	J A Z RESTAURANT EQUIPMENT	09/16/19	647.40	MW	OH		
AP00378498	46352	JENSEN PRECAST	09/16/19	2,236.00	MW	OH		
AP00378499	53983	JOE, CHRISTOPHER	09/16/19	1,500.00	MW	OH		
AP00378500	25311	JOHNSON CONTROLS SECURITY SOL	09/16/19	457.27	MW	OH		
AP00378501	14416	JOHNSTONE SUPPLY	09/16/19	144.87	MW	OH		
AP00378502	11281	JWC ENVIRONMENTAL INC	09/16/19	16,978.81	MW	OH		
AP00378503	10255MED	KAISER FOUNDATION HEALTH PLAN	09/16/19	1,721.00	MW	OH		
AP00378504	10144	KAMAN INDUSTRIAL TECHNOLOGIES	09/16/19	1,537.92	MW	OH		
AP00378505	29633	KELLY MOORE PAINT COMPANY INC	09/16/19	154.61	MW	OH		
AP00378506	53295R	KHO, ANNA	09/16/19	128.19	MW	OH		
AP00378507	39604	KIMBALL MIDWEST	09/16/19	310.05	MW	OH		
AP00378508	49414	KITTELSON & ASSOCIATES INC	09/16/19	5,943.06	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378509	33914	KOFFLER ELECTRICAL MECHANICAL	09/16/19	15,877.15	MW	OH		
AP00378510	48573	KOSMONT COMPANIES	09/16/19	6,707.46	MW	OH		
AP00378511	1108	L N CURTIS AND SONS	09/16/19	475.24	MW	OH		
AP00378512	13776	LANGUAGE LINE SERVICES	09/16/19	682.64	MW	OH		
AP00378513	45566	LAVEZZO, RONALD F	09/16/19	720.00	MW	OH		
AP00378514	1148	LAWSON PRODUCTS INC	09/16/19	177.66	MW	OH		
AP00378515	26270	LEE, KATY	09/16/19	688.50	MW	OH		
AP00378516	53259	LEFTA SYSTEMS	09/16/19	2,300.00	MW	OH		
AP00378517	33497	LEGACY MECHANICAL & ENERGY SE	09/16/19	5,531.64	MW	OH		
AP00378518	45083	LEHR	09/16/19	157.49	MW	OH		
AP00378519	53869	LEW EDWARDS GROUP, THE	09/16/19	6,500.00	MW	OH		
AP00378520	29332	LORAL LANDSCAPING	09/16/19	21,150.52	MW	OH		
AP00378521	49874	LOU'S GLOVES INC	09/16/19	336.00	MW	OH		
AP00378522	54077	LOWE'S	09/16/19	1,399.14	MW	OH		
AP00378523	52034	LUCITY INC	09/16/19	31,518.75	MW	OH		
AP00378524	54358	MAVERICK NETWORKS INC	09/16/19	805.73	MW	OH		
AP00378525	49790R	MCQUADE, JOSHUA	09/16/19	1,408.40	MW	OH		
AP00378526	23949	METRO MOBILE COMMUNICATIONS	09/16/19	1,545.00	MW	OH		
AP00378527	48672	METTLER TOLEDO RAININ LLC	09/16/19	330.69	MW	OH		
AP00378528	52240	MGT OF AMERICA CONSULTING LLC	09/16/19	955.80	MW	OH		
AP00378529	49436REN	MKD CEDAR HILL LLC	09/16/19	5,514.64	MW	OH		
AP00378530	27389	MOORE IACOFANO GOLTSMAN INC	09/16/19	45,566.43	MW	OH		
AP00378531	46655	MSC INDUSTRIAL SUPPLY CO	09/16/19	108.68	MW	OH		
AP00378532	15210	MUNICIPAL MAINTENANCE EQUIPME	09/16/19	2,228.02	MW	OH		
AP00378533	49040	NAPIER, NORA	09/16/19	692.58	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378534	6850	NATIONAL BUSINESS FURNITURE L	09/16/19	849.31	MW	OH		
AP00378535	44586	NCFMA	09/16/19	150.00	MW	OH		
AP00378536	53628	NEW ALPHA TWO INC	09/16/19	451.00	MW	OH		
AP00378537	3420	NEWARK ELEMENT14	09/16/19	496.33	MW	OH		
AP00378538	46852	NEWEGG BUSINESS INC	09/16/19	933.01	MW	OH		
AP00378539	52305	NRC ENVIRONMENTAL SERVICES IN	09/16/19	6,201.80	MW	OH		
AP00378540	1055	OFFICE DEPOT	09/16/19	1,405.46	MW	OH		
AP00378541	15337	OFFICE DEPOT	09/16/19	348.29	MW	OH		
AP00378542	42500	OFFICE DEPOT	09/16/19	5,328.85	MW	OH		
AP00378543	3685	OTIS ELEVATOR COMPANY	09/16/19	879.08	MW	OH		
AP00378544	4918	OTIS ELEVATOR COMPANY	09/16/19	1,273.89	MW	OH		
AP00378545	10360R	PACIFIC GAS & ELECTRIC	09/16/19	17,000.00	MW	OH		
AP00378546	1216	PACIFIC GAS & ELECTRIC	09/16/19	130,610.75	MW	OH		
AP00378547	6203	PACIFIC GAS & ELECTRIC	09/16/19	11,425.35	MW	OH		
AP00378548	29252	PACIFIC PRODUCE INC	09/16/19	985.70	MW	OH		
AP00378549	54900R	PALAFOX, CARLOS	09/16/19	3,200.00	MW	OH		
AP00378550	54766R	PAUL STEPHENS CONSTRUCTION	09/16/19	150.00	MW	OH		
AP00378551	3297	PENINSULA LIBRARY SYSTEM	09/16/19	130,623.76	MW	OH		
AP00378552	29738	PENINSULA UNIFORMS & EQUIPMEN	09/16/19	526.17	MW	OH		
AP00378553	19678	PERS LONG TERM CARE PROGRAM	09/16/19	679.29	MW	OH		
AP00378554	51799	PET FOOD EXPRESS	09/16/19	107.13	MW	OH		
AP00378555	47044	PETERSON TRUCKS INC	09/16/19	664.69	MW	OH		
AP00378556	32428R	PICCOLOTTI, THOMAS	09/16/19	254.00	MW	OH		
AP00378557	54331	PIIAN SYSTEMS LLC	09/16/19	8,246.85	MW	OH		
AP00378558	52903	PLANET TECHNOLOGIES INC	09/16/19	20,000.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378559	54896R	PLUMBING THE BAY	09/16/19	2,000.00	MW	OH		
AP00378560	36106	POLYDYNE INC	09/16/19	24,717.42	MW	OH		
AP00378561	16440	PRAXAIR DISTRIBUTION INC	09/16/19	73.63	MW	OH		
AP00378562	14431	PRAXAIR INC	09/16/19	3,378.27	MW	OH		
AP00378563	1115	R & B COMPANY	09/16/19	6,302.85	MW	OH		
AP00378564	12539	R A METAL PRODUCTS INC	09/16/19	5,107.22	MW	OH		
AP00378565	14608	REEVES COMPANY INC	09/16/19	55.90	MW	OH		
AP00378566	1200	REPUBLIC SERVICES OF NORTH AM	09/16/19	1,212,258.70	MW	OH		
AP00378567	51931	ROADPOST USA INC	09/16/19	652.89	MW	OH		
AP00378568	10207	ROMAN, MARIANNA	09/16/19	246.98	MW	OH		
AP00378569	25567R	ROYER, CYNTHIA	09/16/19	720.00	MW	OH		
AP00378570	54806R	ROZAN, VALENTINA	09/16/19	118.84	MW	OH		
AP00378571	22771	S & S WORLDWIDE INC	09/16/19	916.77	MW	OH		
AP00378572	14379	S AND J SALES	09/16/19	13,080.25	MW	OH		
AP00378573	1087	SAFETY KLEEN SYSTEMS INC	09/16/19	181.88	MW	OH		
AP00378574	26957	SAN FRANCISCO BUSINESS TIMES	09/16/19	115.00	MW	OH		
AP00378575	53557	SAN FRANCISCO HARLEY DAVIDSON	09/16/19	171.58	MW	OH		
AP00378576	1109	SAN FRANCISCO PUBLIC	09/16/19	602,267.50	MW	OH		
AP00378577	51614	SAN MATEO CART SERVICE	09/16/19	750.00	MW	OH		
AP00378578	4947	SAN MATEO COUNTY BAR ASSOCIAT	09/16/19	265.00	MW	OH		
AP00378579	12544	SAN MATEO COUNTY CONTROLLERS	09/16/19	113,965.30	MW	OH		
AP00378580	35246	SAN MATEO COUNTY SHERIFFS OFF	09/16/19	1,970.00	MW	OH		
AP00378581	G-BLACKMAN3	SAN MATEO COUNTY SHERIFF	09/16/19	312.00	MW	OH		
AP00378582	9666	SAN MATEO LAWN MOWER SHOP	09/16/19	1,056.58	MW	OH		
AP00378583	54717	SANTANA, VALERIA CRISTINA	09/16/19	1,000.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378584	13503	SANTOS, MARIA VICTORIA	09/16/19	3,455.76	MW	OH		
AP00378585	23014R	SATORRE, RENATO	09/16/19	505.39	MW	OH		
AP00378586	49441	SC FUELS	09/16/19	28,215.23	MW	OH		
AP00378587	22626R	SCHMIDT, RICHARD	09/16/19	720.00	MW	OH		
AP00378588	53448	SEROLOGICAL RESEARCH INSTITUT	09/16/19	2,555.00	MW	OH		
AP00378589	1111	SF - WATER	09/16/19	777,367.14	MW	OH		
AP00378590	8782	SHERROD, RICHARD	09/16/19	2,667.50	MW	OH		
AP00378591	52666	SHRED WORKS INC	09/16/19	33.00	MW	OH		
AP00378592	54855R	SIGALA, MARIO	09/16/19	115.00	MW	OH		
AP00378593	46954	SILVERSPOT GRAPHICS	09/16/19	2,695.00	MW	OH		
AP00378594	32237	SMART & FINAL STORES LLC	09/16/19	218.86	MW	OH		
AP00378595	18862R	SMELLY MELS PLUMBING INC	09/16/19	4,000.00	MW	OH		
AP00378596	54685	SOLAR ART	09/16/19	680.00	MW	OH		
AP00378597	38611	SOLAR TRAFFIC CONTROLS LLC	09/16/19	925.31	MW	OH		
AP00378598	37458	SOLUTIONWERKS INC	09/16/19	8,448.62	MW	OH		
AP00378599	26862	SOUTH BAY REGIONAL PUBLIC SAF	09/16/19	175.00	MW	OH		
AP00378600	20534	ST FRANCIS ELECTRIC INC	09/16/19	4,900.00	MW	OH		
AP00378601	27088	STATE TREASURERS OFFICE	09/16/19	150.00	MW	OH		
AP00378602	13326	STEERS, JUDITH E	09/16/19	7,876.62	MW	OH		
AP00378603	36511	STELLA, ROBERT	09/16/19	155.00	MW	OH		
AP00378604	1090	STEWART CHEVROLET CADILLAC	09/16/19	256.45	MW	OH		
AP00378605	51439	SWEET DELIGHT BAKERY	09/16/19	601.05	MW	OH		
AP00378606	54332	SYN TECH SYSTEMS INC	09/16/19	1,446.24	MW	OH		
AP00378607	29237	SYNAGRO WEST LLC	09/16/19	30,252.57	MW	OH		
AP00378608	45319	T MOBILE USA INC	09/16/19	2,907.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378609	54771	TALLETT, MALISSA	09/16/19	460.00	MW	OH		
AP00378610	49426R	TAM, KENNETH	09/16/19	250.00	MW	OH		
AP00378611	17883	TRAFFIC PARTS INC	09/16/19	362.50	MW	OH		
AP00378612	54720	TRANSPORTENGINEERING	09/16/19	5,670.00	MW	OH		
AP00378613	53970	TRIDENT K9 CONSULTING	09/16/19	600.00	MW	OH		
AP00378614	47572	TYLER TECHNOLOGIES INC	09/16/19	4,824.34	MW	OH		
AP00378615	37637	ULINE INC	09/16/19	253.29	MW	OH		
AP00378616	31745	UNITED SITE SERVICES OF CALIF	09/16/19	410.13	MW	OH		
AP00378617	50490	UNITEDHEALTHCARE INSURANCE CO	09/16/19	310.47	MW	OH		
AP00378618	32209	UNIVAR USA INC	09/16/19	9,820.44	MW	OH		
AP00378619	3904	UPS	09/16/19	16.97	MW	OH		
AP00378620	G-COEN	US DEPARTMENT OF EDUCATION	09/16/19	527.69	MW	OH		
AP00378621	46998	UTILITY TELECOM GROUP LLC	09/16/19	1,566.89	MW	OH		
AP00378622	29329	VERIZON WIRELESS SERVICES LLC	09/16/19	3,071.02	MW	OH		
AP00378623	1579	VWR INTERNATIONAL LLC	09/16/19	975.19	MW	OH		
AP00378624	36355	WASTEWATER SOLUTIONS INC	09/16/19	4,125.00	MW	OH		
AP00378625	50485	WAVE BROADBAND	09/16/19	243.49	MW	OH		
AP00378626	49085	WEST COAST ARBORISTS INC	09/16/19	5,772.00	MW	OH		
AP00378627	39237	WEST COAST CODE CONSULTANTS I	09/16/19	12,159.63	MW	OH		
AP00378628	29517	WEST LITE SUPPLY COMPANY INC	09/16/19	507.58	MW	OH		
AP00378629	54897R	WESTLAKE KIMCO LP	09/16/19	420.00	MW	OH		
AP00378630	54330	WILLIAMS SCOTSMAN INC	09/16/19	428.06	MW	OH		
AP00378631	45551	WOLTERS KLUWER LEGAL & REGULA	09/16/19	547.55	MW	OH		
AP00378632	21984	WONG, ANTHONY	09/16/19	1,139.85	MW	OH		
AP00378633	52933R	WONG, EUGENE	09/16/19	500.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378634	54048	WOODARD & CURRAN INC	09/16/19	564.00	MW	OH		
AP00378635	41132	WRIGHT, CHARLAYNE	09/16/19	591.60	MW	OH		
AP00378636	27629R	YEE, LUCY C	09/16/19	500.00	MW	OH		
AP00378637	44591	YUCKOS INC	09/16/19	239.00	MW	OH		

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	4,350,073.32	Number of Checks Processed:	279
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
Total EPAYs	0.00	Number of EPAYs Processed:	0
G R A N D T O T A L	4,350,073.32		

LESS CANCELED CHECKS:
AP00378629 54897R WESTLAKE KIMCO LP 09/16/19 420.00

$4,349,653.32

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378638	50942	HANDLED WITH CARE	09/23/19	6,071.98	MW	OH		

G R A N D T O T A L S:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	6,071.98	Number of Checks Processed:	1
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
Total EPAYs	0.00	Number of EPAYs Processed:	0
G R A N D T O T A L	6,071.98		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378639	46218R	24/7 ROOTER & PLUMBING SERVIC	09/30/19	4,000.00	MW	OH		
AP00378640	25627	A S F ELECTRIC INC	09/30/19	380.00	MW	OH		
AP00378641	54912	A SOUND OBJECTIVE	09/30/19	500.00	MW	OH		
AP00378642	54883	AARDVARK	09/30/19	47,989.10	MW	OH		
AP00378643	13334	ABBEY PARTY RENTS INC	09/30/19	2,707.06	MW	OH		
AP00378644	52558	ACCOUNTEMPS	09/30/19	2,294.00	MW	OH		
AP00378645	53561	ACTION TOWING	09/30/19	1,012.50	MW	OH		
AP00378646	34666	AD BRAKES	09/30/19	1,357.68	MW	OH		
AP00378647	1514	ADAM HILL COMPANY, THE	09/30/19	2,052.55	MW	OH		
AP00378648	5034	ADAMSON POLICE PRODUCTS	09/30/19	273.13	MW	OH		
AP00378649	13854	AECO SYSTEMS INC	09/30/19	5,400.00	MW	OH		
AP00378650	15226	AFSCME DISTRICT COUNCIL 57	09/30/19	3,454.55	MW	OH		
AP00378651	29880	AIRGAS USA LLC	09/30/19	424.28	MW	OH		
AP00378652	1465	ALBERTSONS SAFEWAY	09/30/19	1,599.69	MW	OH		
AP00378653	14004	ALERT PEST CONTROL COMPANY IN	09/30/19	2,541.25	MW	OH		
AP00378654	1025	ALHAMBRA	09/30/19	427.46	MW	OH		
AP00378655	36102R	ALL FOUR SEASONS ROOFING	09/30/19	275.00	MW	OH		
AP00378656	54913R	ALLEN, RONESHA	09/30/19	300.00	MW	OH		
AP00378657	22544	ALLSTAR FIRE EQUIPMENT INC	09/30/19	7,257.48	MW	OH		
AP00378658	14988	AMERICAN TOWER CORPORATION	09/30/19	7,745.67	MW	OH		
AP00378659	42310	AMERINAT	09/30/19	364.85	MW	OH		
AP00378660	35696	AMERIPRIDE	09/30/19	1,165.96	MW	OH		
AP00378661	39041	ANGLIM FLAGS	09/30/19	368.00	MW	OH		
AP00378662	24868	ANIXTER INC	09/30/19	4,489.35	MW	OH		
AP00378663	1259	ARAMARK UNIFORM SERVICES INC	09/30/19	317.35	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378664	54914R	ARCIA, DALISAY	09/30/19	400.00	MW	OH		
AP00378665	32577	AT&T	09/30/19	12,086.15	MW	OH		
AP00378666	47003	AT&T	09/30/19	254.00	MW	OH		
AP00378667	6413	AT&T	09/30/19	129.46	MW	OH		
AP00378668	29643	AUTO COLLISION CENTER	09/30/19	7,885.04	MW	OH		
AP00378669	49498	AUTOTEMP INC	09/30/19	218.75	MW	OH		
AP00378670	50075	AZYURA	09/30/19	5,000.00	MW	OH		
AP00378671	1232	BAKER & TAYLOR COMPANY INC	09/30/19	7,664.59	MW	OH		
AP00378672	26987R	BATAC, DELAILAH	09/30/19	400.00	MW	OH		
AP00378673	46152R	BAY 101 ROOFING INC	09/30/19	275.00	MW	OH		
AP00378674	50599	BAY AREA PARTS INC	09/30/19	163.19	MW	OH		
AP00378675	54908R	BAYLINE DEMOLITION	09/30/19	3,000.00	MW	OH		
AP00378676	24544	BAYSIDE EQUIPMENT CO INC	09/30/19	426.23	MW	OH		
AP00378677	50441R	BCW CONSTRUCTION	09/30/19	2,857.95	MW	OH		
AP00378678	54915R	BIERMANN, BARRY	09/30/19	3,000.00	MW	OH		
AP00378679	19200	BIRITE FOODSERVICE DISTRIBUTO	09/30/19	3,003.43	MW	OH		
AP00378680	54880	BK DEMOLITION LLC	09/30/19	7,950.00	MW	OH		
AP00378681	48840	BK TECHNOLOGIES INC	09/30/19	338.38	MW	OH		
AP00378682	22205	BLACKSTONE PUBLISHING	09/30/19	300.00	MW	OH		
AP00378683	54916R	BORJA, AMANDA	09/30/19	400.00	MW	OH		
AP00378684	17202	BOUND TREE MEDICAL LLC	09/30/19	628.80	MW	OH		
AP00378685	35592R	BRENNAN, MICHAEL	09/30/19	925.60	MW	OH		
AP00378686	3064	BROWN & CALDWELL INC	09/30/19	5,761.75	MW	OH		
AP00378687	44468	BUDGET CONFERENCING INC	09/30/19	202.74	MW	OH		
AP00378688	44792	BURGERMEISTER	09/30/19	3,232.13	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378689	2396	C M AMOS PRINTING COMPANY	09/30/19	269.12	MW	OH		
AP00378690	42408R	C M CONSTRUCTION	09/30/19	1,200.00	MW	OH		
AP00378691	17997	C.L.E.A.	09/30/19	2,205.00	MW	OH		
AP00378692	25781R	CAL PAC ROOFING	09/30/19	275.00	MW	OH		
AP00378693	33645R	CAL STATE ROOFING COMPANY INC	09/30/19	825.00	MW	OH		
AP00378694	15093	CALBO	09/30/19	2,340.00	MW	OH		
AP00378695	36927	CALCON SYSTEMS INC	09/30/19	7,516.74	MW	OH		
AP00378696	17888	CARL WARREN & COMPANY INC	09/30/19	1,547.05	MW	OH		
AP00378697	9356	CASCADE	09/30/19	1,237.05	MW	OH		
AP00378698	54091R	CBA SITE SERVICES	09/30/19	725.00	MW	OH		
AP00378699	54917R	CBS CONSTRUCTION	09/30/19	2,225.00	MW	OH		
AP00378700	28636	CDW GOVERNMENT INC	09/30/19	20,014.85	MW	OH		
AP00378701	2930	CED CONTRACTORS SF	09/30/19	2,249.45	MW	OH		
AP00378702	24769	CENTER POINT LARGE PRINT	09/30/19	23.25	MW	OH		
AP00378703	10299JPA	CENTRAL COUNTY FIRE DEPARTMEN	09/30/19	22,231.67	MW	OH		
AP00378704	40597R	CENTRAL ROOFING INC	09/30/19	550.00	MW	OH		
AP00378705	30689	CENTRISYS CORPORATION	09/30/19	447.01	MW	OH		
AP00378706	54171	CENTURY CARPET	09/30/19	2,490.36	MW	OH		
AP00378707	54918R	CFY CONSTRUCTION	09/30/19	275.00	MW	OH		
AP00378708	1882	CH BULL COMPANY	09/30/19	2,221.24	MW	OH		
AP00378709	54919R	CHAN, IVAN	09/30/19	1,475.00	MW	OH		
AP00378710	54920R	CHAN, STEVEN	09/30/19	400.00	MW	OH		
AP00378711	48727	CINTAS CORPORATION	09/30/19	549.80	MW	OH		
AP00378712	3678	CINTAS CORPORATION #464	09/30/19	4,029.37	MW	OH		
AP00378713	46465JPA	CITY OF BELMONT	09/30/19	5,357.50	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378714	6649JPA	CITY OF BRISBANE	09/30/19	3,389.33	MW	OH		
AP00378715	25602	CITY OF DALY CITY	09/30/19	109,061.59	MW	OH		
AP00378716	25602	CITY OF DALY CITY	09/30/19	238.97	MW	OH		
AP00378717	43155JPA	CITY OF DALY CITY	09/30/19	13,677.42	MW	OH		
AP00378718	5342JPA	CITY OF FOSTER CITY	09/30/19	5,892.42	MW	OH		
AP00378719	6034JPA	CITY OF PACIFICA	09/30/19	4,888.00	MW	OH		
AP00378720	6579JPA	CITY OF REDWOOD CITY	09/30/19	10,204.75	MW	OH		
AP00378721	20562JPA	CITY OF SAN BRUNO	09/30/19	3,568.58	MW	OH		
AP00378722	46083JPA	CITY OF SAN CARLOS	09/30/19	6,008.67	MW	OH		
AP00378723	25816JPA	CITY OF SAN MATEO	09/30/19	14,993.58	MW	OH		
AP00378724	40147	CITY TOYOTA	09/30/19	474.34	MW	OH		
AP00378725	20045	CLEANSMART SOLUTIONS INC	09/30/19	1,508.05	MW	OH		
AP00378726	17086	COKER PUMP AND EQUIPMENT COMP	09/30/19	1,156.79	MW	OH		
AP00378727	25819JPA	COLMA FIRE PROTECTION DISTRIC	09/30/19	2,968.08	MW	OH		
AP00378728	52184	COLUMBIA ELECTRIC INC	09/30/19	7,437.98	MW	OH		
AP00378729	48517	COMCAST	09/30/19	254.45	MW	OH		
AP00378730	48645	COMCAST	09/30/19	108.15	MW	OH		
AP00378731	49055	COMCAST	09/30/19	17.41	MW	OH		
AP00378732	49446	COMCAST	09/30/19	106.24	MW	OH		
AP00378733	52453	COMCAST	09/30/19	123.42	MW	OH		
AP00378734	52652	COMCAST	09/30/19	153.51	MW	OH		
AP00378735	40882RJPA	COMER, SHERYL	09/30/19	152.07	MW	OH		
AP00378736	12578	COMPLETE LINEN SERVICE INC	09/30/19	100.51	MW	OH		
AP00378737	54921R	COOK, JOHN	09/30/19	2,000.00	MW	OH		
AP00378738	30109	CORELOGIC SOLUTIONS LLC	09/30/19	520.36	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378739	14930	COUNTY OF SAN MATEO	09/30/19	8,031.24	MW	OH		
AP00378740	50279	COVANTA ENERGY LLC	09/30/19	472.45	MW	OH		
AP00378741	1053	CPS HR CONSULTING	09/30/19	199.00	MW	OH		
AP00378742	48323	CRYSTAL CREAMERY	09/30/19	773.28	MW	OH		
AP00378743	28906	CSG CONSULTANTS INC	09/30/19	6,266.20	MW	OH		
AP00378744	21239R	CURRAN, JOSEPH	09/30/19	883.45	MW	OH		
AP00378745	41522	CWEA	09/30/19	185.00	MW	OH		
AP00378746	54972	CWEA SFBS	09/30/19	80.00	MW	OH		
AP00378747	19907	CWEA-TCP	09/30/19	89.00	MW	OH		
AP00378748	48970R	CYPERT, SHANE	09/30/19	273.74	MW	OH		
AP00378749	1836	DAILY JOURNAL CORPORATION	09/30/19	399.00	MW	OH		
AP00378750	54776R	DALEO INC	09/30/19	81.10	MW	OH		
AP00378751	1414	DALY CITY CENTRAL CASHIER	09/30/19	509.87	MW	OH		
AP00378752	1937	DALY CITY FIREFIGHTERS UNION	09/30/19	10,121.00	MW	OH		
AP00378753	30935	DALY CITY POLICE OFFICERS BEN	09/30/19	1,071.20	MW	OH		
AP00378754	9290	DALY CITY POLICE OFFICERS ASS	09/30/19	1,780.00	MW	OH		
AP00378755	9290	DALY CITY POLICE OFFICERS ASS	09/30/19	13,193.36	MW	OH		
AP00378756	1793	DALY CITY TOOL MART	09/30/19	360.52	MW	OH		
AP00378757	54922R	DAMATO ASSOCIATES	09/30/19	1,531.29	MW	OH		
AP00378758	54935R	DE LEON, LUIS	09/30/19	400.00	MW	OH		
AP00378759	1299	DEPARTMENT OF JUSTICE	09/30/19	588.00	MW	OH		
AP00378760	28282	DEPARTMENT OF TOXIC SUBSTANCE	09/30/19	3,125.24	MW	OH		
AP00378761	54906R	DIGIACOMO, CHRIS	09/30/19	444.60	MW	OH		
AP00378762	46826	DIRECTV LLC	09/30/19	36.24	MW	OH		
AP00378763	43302	DITAN, ROLAND L	09/30/19	558.78	MW	OH		

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AP00378764	54557	DKF SOLUTIONS GROUP LLC	09/30/19	369.41	MW	OH		
AP00378765	51175	DPREP INC	09/30/19	1,348.00	MW	OH		
AP00378766	41587	EBI AGGREGATES BRISBANE	09/30/19	162.30	MW	OH		
AP00378767	40611	ECMS INC	09/30/19	4,165.44	MW	OH		
AP00378768	51252	ELITE CORPORATE SERVICES INC	09/30/19	1,250.00	MW	OH		
AP00378769	54923R	ELSSIBONY, SAMANTHA	09/30/19	1,910.50	MW	OH		
AP00378770	1049	EQUIFAX INFORMATION SVCS LLC	09/30/19	50.00	MW	OH		
AP00378771	54924R	EVERWIN GROUP	09/30/19	425.00	MW	OH		
AP00378772	26327	EWING IRRIGATION PRODUCTS INC	09/30/19	499.21	MW	OH		
AP00378773	23379R	EXCELLENT TECHNICAL ROOFING C	09/30/19	275.00	MW	OH		
AP00378774	42544	FARMER BROTHERS COFFEE	09/30/19	310.12	MW	OH		
AP00378775	36077	FASTENAL COMPANY	09/30/19	1,171.94	MW	OH		
AP00378776	10971	FEDEX OFFICE	09/30/19	7.20	MW	OH		
AP00378777	47322	FERN ELECTRIC & CONTROL INC	09/30/19	2,443.42	MW	OH		
AP00378778	34698	FERROGROUP INC DBA	09/30/19	3,677.38	MW	OH		
AP00378779	1765	FIDELITY NATIONAL TITLE COMPA	09/30/19	145.00	MW	OH		
AP00378780	49393	FIRE SAFETY SUPPLY INCORPORAT	09/30/19	29.50	MW	OH		
AP00378781	41177R	FIRM CONSTRUCTION COMPANY	09/30/19	815.00	MW	OH		
AP00378782	47590	FOSTER FLOW CONTROL	09/30/19	520.89	MW	OH		
AP00378783	51642R	FOWLER, LAINE	09/30/19	379.32	MW	OH		
AP00378784	23380R	FOX, MATTHEW	09/30/19	918.71	MW	OH		
AP00378785	G-HERNANDEZ	FRANCHISE TAX BOARD	09/30/19	651.45	MW	OH		
AP00378786	G-HOLMES	FRANCHISE TAX BOARD	09/30/19	200.00	MW	OH		
AP00378787	54925R	GARY LIU CONSTRUCTION	09/30/19	3,453.73	MW	OH		
AP00378788	54905	GEVEKO MARKINGS INC	09/30/19	4,787.13	MW	OH		

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AP00378789	54926R	GIVENS, DEBORAH	09/30/19	400.00	MW	OH		
AP00378790	54927R	GMJ CONSTRUCTION	09/30/19	2,375.00	MW	OH		
AP00378791	45094R	GOLDEN ROOFING COMPANY	09/30/19	275.00	MW	OH		
AP00378792	47780	GOODWAY TECHNOLOGIES CORPORAT	09/30/19	123.64	MW	OH		
AP00378793	30509	GOODYEAR COMMERCIAL TIRE & SE	09/30/19	1,280.12	MW	OH		
AP00378794	27059	GOOMBAH'S EMBROIDERY	09/30/19	259.05	MW	OH		
AP00378795	31925	GOVCONNECTION INC	09/30/19	1,005.10	MW	OH		
AP00378796	3942	GOVERNMENT FINANCE OFFICERS A	09/30/19	1,295.00	MW	OH		
AP00378797	1754	GRAINGER INC	09/30/19	6,068.49	MW	OH		
AP00378798	41984R	GRAND ROOFING COMPANY INC	09/30/19	275.00	MW	OH		
AP00378799	41222R	GRANITE ROCK COMPANY	09/30/19	1,200.00	MW	OH		
AP00378800	46382R	GRC ROOFING INC	09/30/19	275.00	MW	OH		
AP00378801	37554R	GREGORIO, JOYCE	09/30/19	691.90	MW	OH		
AP00378802	35839R	GRIFFITHS, JEROME ANTHONY	09/30/19	2,824.37	MW	OH		
AP00378803	30894	GRM	09/30/19	355.31	MW	OH		
AP00378804	6476	HANSON, CATHERINE	09/30/19	750.00	MW	OH		
AP00378805	54928R	HATTON'S CRANE RIGGING	09/30/19	1,000.00	MW	OH		
AP00378806	30684	HD SUPPLY CONSTRUCTION AND	09/30/19	296.52	MW	OH		
AP00378807	54948R	HE, QINGHUA	09/30/19	35.00	MW	OH		
AP00378808	17021	HF&H CONSULTANTS LLC	09/30/19	3,112.50	MW	OH		
AP00378809	9049	HI TECH EVS INC	09/30/19	4,350.18	MW	OH		
AP00378810	54590	HOME DEPOT PRO, THE	09/30/19	1,247.01	MW	OH		
AP00378811	39941R	HOME DEPOT, THE	09/30/19	43.68	MW	OH		
AP00378812	47748	HONEYWELL ANALYTICS INC	09/30/19	802.99	MW	OH		
AP00378813	52392R	HONG'S GENERAL CONSTRUCTION*	09/30/19	875.00	MW	OH		

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AP00378814	2665	HSQ TECHNOLOGY CORP	09/30/19	4,809.51	MW	OH		
AP00378815	54929R	HUANG, MEI	09/30/19	6,514.56	MW	OH		
AP00378816	54930R	HUNG'S GENERAL CONSTRUCTION	09/30/19	1,625.00	MW	OH		
AP00378817	41818	HUNTINGTON COURT REPORTERS	09/30/19	503.48	MW	OH		
AP00378818	3076	IAFC MEMBERSHIP	09/30/19	310.00	MW	OH		
AP00378819	47482	ICC	09/30/19	2,562.23	MW	OH		
AP00378820	53460	INDEPENDENT CODE CONSULTANTS	09/30/19	9,072.11	MW	OH		
AP00378821	48933	INFOSEND INC	09/30/19	7,790.31	MW	OH		
AP00378822	14932	INTERSTATE BATTERY SYSTEM OF	09/30/19	83.62	MW	OH		
AP00378823	54902R	IQV CONSTRUCTION & ROOFING	09/30/19	599.63	MW	OH		
AP00378824	1072	IRVINE & JACHENS INC	09/30/19	633.65	MW	OH		
AP00378825	47829	ITERIS INC	09/30/19	26,285.08	MW	OH		
AP00378826	54931R	J MORAGA CONSTRUCTION	09/30/19	1,376.87	MW	OH		
AP00378827	42850R	J Z CONSTRUCTION	09/30/19	875.00	MW	OH		
AP00378828	54909	JIM MYERS & SONS INC	09/30/19	4,857.00	MW	OH		
AP00378829	53478R	JK PRO ROOFING INC	09/30/19	1,100.00	MW	OH		
AP00378830	54932R	JK ROOFING COMPANY	09/30/19	550.00	MW	OH		
AP00378831	25311	JOHNSON CONTROLS SECURITY SOL	09/30/19	457.27	MW	OH		
AP00378832	54699R	JORGE LOPEZ ROOFING INC	09/30/19	275.00	MW	OH		
AP00378833	48768R	K J WOOD CONSTRUCTION INC	09/30/19	3,000.00	MW	OH		
AP00378834	10255MED	KAISER FOUNDATION HEALTH PLAN	09/30/19	1,082.00	MW	OH		
AP00378835	54933R	KAISER FOUNDATION HEALTH PLAN	09/30/19	34,291.80	MW	OH		
AP00378836	54934R	KAM, PETER	09/30/19	3,244.32	MW	OH		
AP00378837	39604	KIMBALL MIDWEST	09/30/19	332.67	MW	OH		
AP00378838	51402R	KLATT, JOHN	09/30/19	54.60	MW	OH		

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AP00378839	1108	L N CURTIS AND SONS	09/30/19	3,973.97	MW	OH		
AP00378840	54064R	LAST DETAIL ROOFING, THE	09/30/19	550.00	MW	OH		
AP00378841	45566	LAVEZZO, RONALD F	09/30/19	600.00	MW	OH		
AP00378842	48574R	LEE, JENNY	09/30/19	500.00	MW	OH		
AP00378843	33497	LEGACY MECHANICAL & ENERGY SE	09/30/19	510.00	MW	OH		
AP00378844	45083	LEHR	09/30/19	10,886.23	MW	OH		
AP00378845	37094	LEXISNEXIS RISK DATA MANAGEME	09/30/19	1,032.82	MW	OH		
AP00378846	54936R	LI, DAVID	09/30/19	4,764.19	MW	OH		
AP00378847	54937R	LI, YA LING	09/30/19	635.00	MW	OH		
AP00378848	54031R	LIANG, CHAO LI	09/30/19	1,925.00	MW	OH		
AP00378849	54938R	LIBERTY STAR CONSTRUCTION	09/30/19	3,875.00	MW	OH		
AP00378850	12906LAW	LIEBERT CASSIDY WHITMORE	09/30/19	40,674.07	MW	OH		
AP00378851	54903R	LIM, DEMETRIO	09/30/19	614.00	MW	OH		
AP00378852	54939R	LIN, FLORA	09/30/19	3,948.50	MW	OH		
AP00378853	32870R	LINK, RYAN	09/30/19	145.95	MW	OH		
AP00378854	54940R	LIU, YUE YING	09/30/19	2,967.43	MW	OH		
AP00378855	29332	LORAL LANDSCAPING	09/30/19	755.00	MW	OH		
AP00378856	54941R	LOUIE BING SHOU CONSTRUCTION	09/30/19	746.00	MW	OH		
AP00378857	54942R	MACH, TERESA	09/30/19	150.00	MW	OH		
AP00378858	54943R	MADERO, IVAN	09/30/19	550.00	MW	OH		
AP00378859	54044	MAILFINANCE INC	09/30/19	1,647.56	MW	OH		
AP00378860	27066	MANAGED HEALTH NETWORK	09/30/19	1,857.60	MW	OH		
AP00378861	36826	MANCO	09/30/19	892.61	MW	OH		
AP00378862	14277	MAZE & ASSOCIATES INC	09/30/19	2,600.00	MW	OH		
AP00378863	44914R	MCGUIRE AND HESTOR	09/30/19	1,261.49	MW	OH		

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AP00378864	54944R	MENDEZ, ALFREDO	09/30/19	480.00	MW	OH		
AP00378865	50972R	MENICUCCI, PAUL	09/30/19	25.00	MW	OH		
AP00378866	25805JPA	MENLO PARK FIRE PROTECTION DI	09/30/19	19,454.83	MW	OH		
AP00378867	22166	MERCURY NEWS, THE	09/30/19	185.79	MW	OH		
AP00378868	33993LAW	MEYERS NAVE RIBACK SILVER & W	09/30/19	1,857.13	MW	OH		
AP00378869	26465	MID PENINSULA BOYS & GIRLS CL	09/30/19	12,500.00	MW	OH		
AP00378870	22863	MIDWEST TAPE INC	09/30/19	97.83	MW	OH		
AP00378871	40379R	MIKE PH CONSTRUCTION CO	09/30/19	275.00	MW	OH		
AP00378872	54440	MK BATTERY	09/30/19	871.27	MW	OH		
AP00378873	54945R	MONTEALEGRE, JONATHAN	09/30/19	4,307.02	MW	OH		
AP00378874	54686	MOTOPORT USA	09/30/19	409.73	MW	OH		
AP00378875	39868R	MR ROOFING INC	09/30/19	1,375.00	MW	OH		
AP00378876	54757	MSI FUEL MANAGEMENT	09/30/19	2,724.37	MW	OH		
AP00378877	15210	MUNICIPAL MAINTENANCE EQUIPME	09/30/19	2,992.44	MW	OH		
AP00378878	53628	NEW ALPHA TWO INC	09/30/19	90.00	MW	OH		
AP00378879	40422R	NEW CITY CONSTRUCTION GROUP I	09/30/19	275.00	MW	OH		
AP00378880	40378R	NEW CITY ROOFING CO INC	09/30/19	550.00	MW	OH		
AP00378881	45221R	NEW HIGH PROTECTION ROOFING I	09/30/19	275.00	MW	OH		
AP00378882	46852	NEWEGG BUSINESS INC	09/30/19	876.73	MW	OH		
AP00378883	25761	NORTHERN SAFETY CO INC	09/30/19	117.99	MW	OH		
AP00378884	45711R	OBERST, PHIL	09/30/19	400.00	MW	OH		
AP00378885	54672	OCEAN TREASURES SERVICING INC	09/30/19	381.38	MW	OH		
AP00378886	40765RJPA	ODLE, JOHN	09/30/19	51.04	MW	OH		
AP00378887	1055	OFFICE DEPOT	09/30/19	64.40	MW	OH		
AP00378888	15337	OFFICE DEPOT	09/30/19	335.86	MW	OH		

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AP00378889	42500	OFFICE DEPOT	09/30/19	1,353.51	MW	OH		
AP00378890	18994	OTC BRANDS, INC	09/30/19	323.01	MW	OH		
AP00378891	10360R	PACIFIC GAS & ELECTRIC	09/30/19	10,500.00	MW	OH		
AP00378892	1216	PACIFIC GAS & ELECTRIC	09/30/19	167,198.50	MW	OH		
AP00378893	4484R	PACIFIC GAS & ELECTRIC	09/30/19	1,200.00	MW	OH		
AP00378894	29252	PACIFIC PRODUCE INC	09/30/19	837.10	MW	OH		
AP00378895	40269R	PAK'S ROOFING INC	09/30/19	275.00	MW	OH		
AP00378896	26120	PENGUIN RANDOM HOUSE LLC	09/30/19	97.51	MW	OH		
AP00378897	3297	PENINSULA LIBRARY SYSTEM	09/30/19	8,193.25	MW	OH		
AP00378898	1936	PENINSULA PEACE OFFICERS ASSO	09/30/19	289.80	MW	OH		
AP00378899	29738	PENINSULA UNIFORMS & EQUIPMEN	09/30/19	26.34	MW	OH		
AP00378900	27473	PENWORTHY COMPANY, THE	09/30/19	2,211.47	MW	OH		
AP00378901	19678	PERS LONG TERM CARE PROGRAM	09/30/19	679.29	MW	OH		
AP00378902	51799	PET FOOD EXPRESS	09/30/19	112.20	MW	OH		
AP00378903	47044	PETERSON TRUCKS INC	09/30/19	263.90	MW	OH		
AP00378904	54946R	PHAM, LYNN	09/30/19	400.00	MW	OH		
AP00378905	54331	PIIAN SYSTEMS LLC	09/30/19	2,794.50	MW	OH		
AP00378906	47186	PIRTEK SFO	09/30/19	913.17	MW	OH		
AP00378907	45947	PLUS TECHNOLOGIES LLC	09/30/19	6,298.00	MW	OH		
AP00378908	54884	POD OFFICE	09/30/19	19,016.10	MW	OH		
AP00378909	25817JPA	POINT MONTARA HALF MOON BAY F	09/30/19	9,857.25	MW	OH		
AP00378910	36106	POLYDYNE INC	09/30/19	39,439.88	MW	OH		
AP00378911	44870R	POLYTEC CONSTRUCTION COMPANY	09/30/19	4,097.94	MW	OH		
AP00378912	40152	POM INCORPORATED	09/30/19	204.40	MW	OH		
AP00378913	54462	PORAC RETIREE MEDICAL TRUST	09/30/19	10,350.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378914	14431	PRAXAIR INC	09/30/19	5,019.43	MW	OH		
AP00378915	53942	PREFERRED ALLIANCE INC	09/30/19	356.80	MW	OH		
AP00378916	52581	PRI MANAGEMENT GROUP	09/30/19	390.00	MW	OH		
AP00378917	54947R	PRO SUPERIOR CONSTRUCTION	09/30/19	1,115.00	MW	OH		
AP00378918	1115	R & B COMPANY	09/30/19	6,863.89	MW	OH		
AP00378919	14449	R & S ERECTION OF SAN MATEO	09/30/19	5,246.00	MW	OH		
AP00378920	27153R	RANGER PIPELINES INC	09/30/19	1,261.80	MW	OH		
AP00378921	40424R	RB ROOFING COMPANY	09/30/19	275.00	MW	OH		
AP00378922	50803	READYREFRESH BY NESTLE	09/30/19	84.85	MW	OH		
AP00378923	2439	RECORDED BOOKS INC	09/30/19	175.61	MW	OH		
AP00378924	54886	RECYCLE AWAY	09/30/19	4,943.03	MW	OH		
AP00378925	41528	REDFLEX TRAFFIC SYSTEMS INC	09/30/19	44,160.00	MW	OH		
AP00378926	46300R	RESCUE ROOFING COMPANY	09/30/19	825.00	MW	OH		
AP00378927	53614R	REZVANI, MORTEZA	09/30/19	1,483.75	MW	OH		
AP00378928	34149	RICHARDSON, JAY	09/30/19	100.00	MW	OH		
AP00378929	54949R	RUSSO, BONNIE	09/30/19	500.00	MW	OH		
AP00378930	52843R	S F UNDERGROUND	09/30/19	8,000.00	MW	OH		
AP00378931	1087	SAFETY KLEEN SYSTEMS INC	09/30/19	1,080.48	MW	OH		
AP00378932	54950R	SALCEDO, ERLINDA	09/30/19	400.00	MW	OH		
AP00378933	53557	SAN FRANCISCO HARLEY DAVIDSON	09/30/19	1,295.06	MW	OH		
AP00378934	43158JPA	SAN MATEO COUNTY FIRE COUNTY	09/30/19	16,570.00	MW	OH		
AP00378935	35246	SAN MATEO COUNTY SHERIFFS OFF	09/30/19	90,371.82	MW	OH		
AP00378936	G-BLACKMAN3	SAN MATEO COUNTY SHERIFF	09/30/19	312.00	MW	OH		
AP00378937	1790	SAN MATEO COUNTY TRANSIT DIST	09/30/19	20,257.46	MW	OH		
AP00378938	54717	SANTANA, VALERIA CRISTINA	09/30/19	900.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378939	54951R	SERRAMONTE HL, LLC	09/30/19	3,575.00	MW	OH		
AP00378940	54952R	SERRANO, STEPHANIE	09/30/19	136.38	MW	OH		
AP00378941	50625R	SF CROWN ROOFING INC	09/30/19	275.00	MW	OH		
AP00378942	54953R	SFBA INVESTMENT GROUP	09/30/19	1,988.10	MW	OH		
AP00378943	46550R	SHELDON, STEVE	09/30/19	4,706.24	MW	OH		
AP00378944	54954R	SHINE, KHIN	09/30/19	3,643.41	MW	OH		
AP00378945	23742	SHOE DEPOT INC	09/30/19	1,316.44	MW	OH		
AP00378946	49695	SHRED IT USA	09/30/19	127.15	MW	OH		
AP00378947	54955R	SKYBLUE BUILDERS	09/30/19	1,868.50	MW	OH		
AP00378948	18862R	SMELLY MELS PLUMBING INC	09/30/19	4,000.00	MW	OH		
AP00378949	37110R	SOLIS, ELIZABETH	09/30/19	408.05	MW	OH		
AP00378950	54956R	SOMARRIBA, VALERIA	09/30/19	400.00	MW	OH		
AP00378951	54957R	SOUTHGATE HOME DESIGN INC	09/30/19	2,408.72	MW	OH		
AP00378952	32055	SPRINT	09/30/19	100.00	MW	OH		
AP00378953	40438	STANLEY ACCESS TECH LLC	09/30/19	2,010.20	MW	OH		
AP00378954	36510	STANTEC CONSULTING INC	09/30/19	19,872.62	MW	OH		
AP00378955	3613	STATIONARY ENGINEERS LOCAL 39	09/30/19	1,469.92	MW	OH		
AP00378956	51439	SWEET DELIGHT BAKERY	09/30/19	69.50	MW	OH		
AP00378957	45319	T MOBILE USA INC	09/30/19	765.00	MW	OH		
AP00378958	54958R	TAM, TONY	09/30/19	3,871.87	MW	OH		
AP00378959	42522R	TAN, ANDY	09/30/19	1,200.00	MW	OH		
AP00378960	54959R	TASSIN CONSTRUCTION	09/30/19	725.00	MW	OH		
AP00378961	54976R	TAUALA, LORINA	09/30/19	498.44	MW	OH		
AP00378962	39843R	TAYLOR, LUCAS	09/30/19	918.71	MW	OH		
AP00378963	2798	TEAMSTERS LOCAL 856	09/30/19	3,586.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378964	13852	TELECOMMUNICATIONS ENGINEERIN	09/30/19	3,544.80	MW	OH		
AP00378965	42970JPA	TELECOMMUNICATIONS ENGINEERIN	09/30/19	15,330.00	MW	OH		
AP00378966	54821R	THE GB GROUP INC	09/30/19	785.00	MW	OH		
AP00378967	1201	THOMSON REUTERS WEST	09/30/19	2,381.86	MW	OH		
AP00378968	54960R	TIUTAN, RICARDO	09/30/19	635.00	MW	OH		
AP00378969	22184R	TOM LEE ROOFING INC	09/30/19	275.00	MW	OH		
AP00378970	54961R	TOTAH, SAMAR	09/30/19	20.00	MW	OH		
AP00378971	50933R	TRANI, KRISTINE	09/30/19	400.00	MW	OH		
AP00378972	49543	TRB AND ASSOCIATES INC	09/30/19	34,303.66	MW	OH		
AP00378973	54962R	TRINITY REAL ESTATE	09/30/19	78.47	MW	OH		
AP00378974	54173	TTI CONSULTING	09/30/19	1,200.00	MW	OH		
AP00378975	54963R	TUFO, ROSARIO	09/30/19	575.00	MW	OH		
AP00378976	26803	TURBO DATA SYSTEMS INC	09/30/19	45,794.98	MW	OH		
AP00378977	31745	UNITED SITE SERVICES OF CALIF	09/30/19	170.52	MW	OH		
AP00378978	32209	UNIVAR USA INC	09/30/19	6,680.71	MW	OH		
AP00378979	3904	UPS	09/30/19	14.12	MW	OH		
AP00378980	54964R	URBANO, ANITA	09/30/19	2,105.00	MW	OH		
AP00378981	G-COEN	US DEPARTMENT OF EDUCATION	09/30/19	527.69	MW	OH		
AP00378982	54632R	VIA US CONSTRUCTION INC	09/30/19	2,511.02	MW	OH		
AP00378983	41056R	VIOLA, ANNA MARIE	09/30/19	746.22	MW	OH		
AP00378984	51675R	VOGT, TAYLOR	09/30/19	200.00	MW	OH		
AP00378985	46592R	VSS INTERNATIONAL INC	09/30/19	1,200.00	MW	OH		
AP00378986	46441	WARMAN SECURITY	09/30/19	3,333.33	MW	OH		
AP00378987	36355	WASTEWATER SOLUTIONS INC	09/30/19	5,079.70	MW	OH		
AP00378988	50485	WAVE BROADBAND	09/30/19	1,555.39	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note
AP00378989	49348R	WELLS CONSTRUCTION INC	09/30/19	4,925.00	MW	OH		
AP00378990	6141	WEST COAST CONTRACTORS SERVIC	09/30/19	74.01	MW	OH		
AP00378991	29517	WEST LITE SUPPLY COMPANY INC	09/30/19	611.72	MW	OH		
AP00378992	53692	WINDOW AND DOOR SHOP INC, THE	09/30/19	3,622.98	MW	OH		
AP00378993	25139	WITMER PUBLIC SAFETY GROUP IN	09/30/19	72.99	MW	OH		
AP00378994	50910R	WIZARD PLUMBING AND DRAIN	09/30/19	2,000.00	MW	OH		
AP00378995	54965R	WOO, DAVID	09/30/19	1,010.00	MW	OH		
AP00378996	18388JPA	WOODSIDE FIRE PROTECTION DIST	09/30/19	11,273.92	MW	OH		
AP00378997	54966R	WRA CONSTRUCTION	09/30/19	1,200.00	MW	OH		
AP00378998	54910	XPO LOGISTICS FREIGHT INC	09/30/19	220.98	MW	OH		
AP00378999	54967R	YURKOV, EJ	09/30/19	1,174.95	MW	OH		
AP00379000	54968R	YW BUILDERS INC	09/30/19	1,134.35	MW	OH		
AP00379001	4510	ZAP MANUFACTURING INC	09/30/19	573.56	MW	OH		
AP00379002	26847R	ZETZER, DAVID	09/30/19	930.00	MW	OH		
AP00379003	54969R	ZHONG, STEPHANIE	09/30/19	1,025.00	MW	OH		
AP00379004	54970R	ZHU, KEN	09/30/19	1,475.00	MW	OH		
AP00379005	54971R	ZOLFAGHARI, RAHMAN	09/30/19	1,925.00	MW	OH		

Check	Payee ID.	Payee Name	Date	Check Amount	Type	Subs	Rel To	Note

GRAND TOTALS:

Total Void Machine Written	0.00	Number of Checks Processed:	0
Total Void Hand Written	0.00	Number of Checks Processed:	0
Total Machine Written	1,522,396.52	Number of Checks Processed:	367
Total Hand Written	0.00	Number of Checks Processed:	0
Total Reversals	0.00	Number of Checks Processed:	0
Total Cancelled	0.00	Number of Checks Processed:	0
Total EFTs	0.00	Number of EFTs Processed:	0
Total EPAYs	0.00	Number of EPAYs Processed:	0
GRAND TOTAL	1,522,396.52		

City Council Meeting Agenda Report

Item # _____

Meeting Date: October 28, 2019

Subject: Introduction of an Ordinance Adding Chapter 5.92 to the Daly City Municipal Code and Adoption of the Short-Term Rental Fees

Recommended Action

Introduce the attached revised Ordinance adding Chapter 5.92 to the Daly City Municipal Code adopting regulations for Short-Term Rentals and adopt Resolution approving Short-Term Rental Permit Fees.

City Council Discussion

On October 14, 2019, the proposed Ordinance and Short-Term Rental Permit Fees were introduced to the City Council. After receiving public input and discussion with staff, the City Council directed staff to review the comments received and revise the Ordinance accordingly. The Council continued discussion of the Ordinance to tonight's meeting. A detailed discussion of the comments is provided in the Public Comments section and revisions to the Ordinance based on public and City Council comments are provided in the Revisions to the Ordinance section of this staff report.

Background

In April 2018, the City Council convened a Task Force to discuss issues and potential regulations related to short-term rentals (i.e. homeowners renting their entire home or individual rooms within their home on a short-term basis (i.e., 30 days or less)). At the Task Force meeting on April 25, 2018, staff provided an overview of the short-term rental market in Daly City, the associated potential revenue loss, and steps other cities have taken to address the impacts of short-term rentals. Task Force members expressed their concerns and made suggestions such as requiring owner-occupancy, not allowing short-term rentals in City-approved accessory dwelling units, and limiting the number of days a homeowner can use their home as a short-term rental.

On March 11, 2019, the Task Force findings and an overview of the current short-term rental market in Daly City were presented to the City Council. Upon review of the information presented and input from staff and the public, the City Council directed staff to develop a Short-Term Rental Ordinance.

On October 14, 2019, the proposed Ordinance and Short-Term Rental Permit Fees were introduced to the City Council. After public input was gathered and discussion with staff, the City Council directed staff to review the comments received and revise the Ordinance accordingly. The following report will summarize the ordinance development process, public comments received and proposed changes to the Ordinance.

Discussion

Staff retained the consulting and data collection services of Host Compliance, a firm that provides short-term rental compliance monitoring and enforcement solutions to local governments, to advise staff through the ordinance formulation process. Host Compliance provided a list of cities of comparable size and population density to Daly City for staff to review such as Pasadena and West Hollywood in Southern California and Bellingham in Washington. Staff also reviewed the Short-Term Rental Ordinances of other Bay Area cities such as Redwood City and Berkeley and contacted staff from some cities to gather feedback on their experience with the implementation process. Host Compliance also provided data on the scale and scope of the short-term rental market in Daly City. As of October 8, 2019, there were 485 short-term rental units in Daly City and 702 active listings on various platforms.

In August, staff met with representatives from Airbnb, a hosting platform that provides a means through which a host may offer a dwelling unit, or portion thereof, for home-sharing, to learn about voluntary collection agreements (VCA), an agreement between a city and a hosting platform where the hosting platform collects TOT on behalf of the city. VCAs do not typically require hosting platforms to disclose any information on each short-term rental advertised on their platforms and the TOT collected for each short-term rental. The hosting platform will simply submit the TOT collected as one payment to the city on a pre-established basis. In addition, hosted and unhosted stay limits are not typically enforced by a hosting platform. Airbnb is in the process of reviewing the City's TOT regulations to determine the feasibility of a VCA with the City of Daly City.

In mid-September, staff sent courtesy notices to property owners who were identified hosts of short-term rentals in Daly City, the Short-Term Rental Task Force, and other interested parties. Information on the proposed Ordinance and the scheduled public hearing was also included in the City water bills and online such as the City website and social media platforms.

Public Comments

Staff received public comments related to the Ordinance both in writing and verbally at the City Council meeting on October 14, 2019. The comments came from various perspectives including hosts of short-term rentals, residents living near short-term rentals, and other interested parties.

The benefits of short-term rentals expressed in the comments include guests contributing to Daly City's economy when they visit local retail and commercial uses, opportunities for owners and tenants to earn supplemental income which can assist with home maintenance costs and other financial needs, and more flexibility to check on the conditions of the home and use the home for family and other personal needs compared to long-term rentals. Comments also indicated hosting platforms allow hosts to screen their guests which have resulted in law-abiding and respectful guests.

The concerns related to short-term rentals expressed in the comments are the nuisances they have created for Daly City residents and neighborhoods. Neighborhoods are changing as homes are converted from long-term rentals to short-term rentals. Some homes are functioning as hotels and hostels with multiple bookings per night. Guests are not respectful of neighbors and their properties and contribute to the parking issues in Daly City. Loud parties often occur late into the night and early morning. Trash is left out for several days and eventually spews out onto neighboring properties and sidewalks due to wind and wild animals. The nuisances created by short-term rentals have increased police activity and overall safety concerns in residential neighborhoods.

The comments received also included suggestions for the Ordinance such as eliminating the owner-occupancy requirement, increasing the day limit for unhosted stays, requiring explicit written permission from the owner for tenant-operated short-term rentals, and adding a grandfather clause for hosts already operating short-term rentals. However, other comments were in support of the Ordinance as proposed.

Revisions to the Ordinance

As proposed, the Short-Term Rental Ordinance aims to prevent long-term rental units from being replaced with short-term rentals, protect affordable housing units from conversion, preserve and protect neighborhood character and livability from nuisances that are often associated with short-term rentals, provide alternative forms of lodging, and generate City revenue to share City infrastructure cost and other public expenditures by operation of short-term rentals under established standards.

The proposed revisions to the Ordinance and staff's response to the concerns and suggestions raised by the public and City Council and are summarized below. The first draft and the revised draft of the Ordinance are included in this report as Attachment A and B respectively.

1. Staff was informed by the California Coastal Commission (CCC) that a Local Coastal Program (LCP) Amendment is required to apply the Ordinance to properties located in the Coastal Zone. Therefore, the Ordinance has been revised to only be applicable to short-term rentals located outside the Coastal Zone. After adoption of the Ordinance, staff will apply for the LCP Amendment.

2. After reviewing the Short-Term Rental Ordinances of other cities and consulting with Host Compliance, it was determined many cities allow both owners and tenants to rent their primary residences for home-sharing. In addition, both the tenant and host would be responsible for any nuisance violations arising at a property during short-term rental activities. The Ordinance was revised to allow both owners and tenants to rent their primary residences as short-term rentals. However, the primary residency requirement has not changed. The dwelling unit must be the owner or tenant's primary residence which means they must reside there for a minimum of nine months per year.

3. Since a tenant would now be allowed to rent their primary residence as a short-term rental, the Ordinance was revised to permit short-term rentals in duplexes and properties with multiple rental units in addition to single-family residences, condominiums, duplexes, and townhomes. For owner-occupied properties with multiple rental units, the owner of such property may only host a short-term rental in the dwelling unit that is their primary residence.

4. The unpermitted property types were not changed. Short-term rentals would not be permitted on properties with accessory dwelling units, inclusionary housing or other income-restricted housing units. However, the Ordinance was revised to clarify that

vacation rentals, defined as a dwelling unit that is not a primary residence and which is available for temporary lodging for compensation, are also prohibited.

5. The Ordinance aims to prevent long-term rental units from being replaced with short-term rentals. Since the Ordinance was revised to remove the owner-occupancy requirement and now allow tenant-operated short-term rentals, staff does not recommend a change in the day limit for un-hosted stays (i.e. the host is off-site during the guest's stay). Therefore, the un-hosted stays would be limited to a maximum of 90 days per year while hosted stays (i.e. the host is on-site throughout the guest's stay) would have no limit to the number of days per year.

6. The Ordinance includes restrictions that would limit the number of days, guests, and bookings for short-term rentals. These restrictions may help with the parking issues in residential neighborhoods and therefore staff does not recommend increasing the parking requirement for short-term rentals. Therefore, as proposed, no additional parking would be required for short-term rentals, but existing on-site parking spaces must be made available to guests.

7. Prospective hosts, owners and tenants who intend to use their primary residences as a short-term rental, would be required to obtain a Short-Term Rental Permit from the Planning Division and an annual business license from the Finance Department which includes payment of all quarterly Transient Occupancy Taxes (TOT) associated with the short-term rental. The Ordinance was revised to require a notarized supplemental authorization form to be submitted with the Short-Term Rental Permit application if the host is not the owner of the dwelling unit or property.

8. The business license and Short-Term Rental Permit will expire on September 30th of each year and may be renewed if the host meets all the renewal requirements. However, failure to comply with any provision of the Ordinance could lead to the property becoming ineligible for renewal at the next renewal period or suspension of the Short-Term Rental Permit.

9. The Ordinance was revised to clarify that short-term rentals with a business license operating on or before the enactment of this Ordinance would be considered existing, unpermitted uses. Since an amnesty period ending on September 30, 2020 after the effective date of this Ordinance is being provided, staff does not recommend a grandfather clause which would allow existing short-term rentals to continue to operate without complying with this Ordinance.

Fees

Pursuant to Sections 5.16.020 and 5.15.050 of the Daly City Municipal Code, businesses and individuals who operate businesses or long-term property rentals in Daly City must pay a minimum of $110.00 annually. Additional language applies to gross receipts. Since this payment scheme is already universally used for business licenses in Daly City, the Finance Department recommends the same fee apply for business licenses for short-term rentals.

Pursuant to Resolution No. 13-170, the hourly cost of Planning services is $165.00. Planning staff anticipates the review of a new Short-Term Rental Permit will amount to approximately one hour of staff time and one-half hour for the renewal of a Short-Term Rental Permit. However, Planning staff anticipates some reviews may amount to more than one hour of staff time. Therefore, the Finance Department recommends that the Planning Permit fees be set at $165.00 for a new Short-Term Rental Permit and $82.50 for the renewal of a Short-Term Rental Permit. For reviews that exceed one hour of staff time, fees will be charged at the hourly rate for Planning services. Furthermore, Planning staff will review the fee for the renewal of a Short-Term Rental Permit after the first renewal period in 2020 to determine if the reviews exceed one-half hour of staff time and should be revised.

Environmental Assessment

Pursuant to Title 14 of the California Code of Regulations, Section 15378, staff has determined that the proposed Short-Term Rental Ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project as defined 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). The Ordinance is also exempt under the definition of "project" in Section 15378(b)(3) in that it concerns general policy and procedure making.

Findings

Staff recommends that the City Council approve the proposed Short-Term Rental Ordinance subject to the following findings:

1. The project is exempt from the requirements of the California Environmental Quality Act (CEQA) in that it is not a project as defined by the Act. The Ordinance is also exempt under the definition of "project" in Section 15378(b)(3) in that it concerns general policy and procedure making.

2. Notice of the public hearing was published in the local newspaper on September 29, 2019.

3. The Ordinance addresses the potential impacts related to short-term rentals in Daly City and incorporates the information presented to the City Council at their March 11, 2019 meeting and input from staff and the public.

4. Staff has reviewed the public comments related to short-term rentals received in writing and verbally at the City Council meeting on October 14, 2019 and revised the Ordinance accordingly.

5. The Ordinance seeks to generate City revenue as a contribution to City infrastructure costs and other public expenditures associated with the operation of short-term rentals under established standards.

6. The Ordinance focuses on preventing long-term rental units from being replaced with short-term rentals and protecting affordable housing units from conversion to short-term rentals.

7. The Ordinance aims to preserve and protect neighborhood character and livability from nuisances that could be often associated with short-term rentals.

RECOMMENDATION

Staff recommends that the City Council:

1. Introduce the attached Ordinance adding Chapter 5.92 to the Daly City Municipal Code adopting regulations for Short-Term Rentals.

2. Adopt Resolution approving the proposed Short-Term Rental Permit Fees.

3. Affirm the Environmental Assessment.

Respectfully submitted,

Carmelisa Morales
Associate Planner

Tatum Mothershead
Director of Economic and
Community Development

Todd High
Director of Finance

Attachments

Attachment A – First Draft of Short-Term Rental Ordinance
Attachment B – Revised Draft of Short-Term Rental Ordinance

ORDINANCE NO. _______

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY ADDING CHAPTER 5.92 TO THE DALY CITY MUNICIPAL CODE RE: SHORT-TERM RENTALS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 5.92 of Title 5 of the Daly City Municipal Code is hereby added to read as follows:

Chapter 5.92
SHORT TERM RENTALS

5.92.10 – Purpose.

The purposes of the Short-Term Rentals related regulations contained in this Chapter are:

A. To prevent long-term rental units from being replaced with Short-Term Rentals and protect affordable housing units from conversion.
B. To preserve and protect neighborhood character and livability from nuisances that are often associated with Short-Term Rentals.
C. To generate City revenue to share City infrastructure cost and other public expenditures by operation of Short-Term Rentals under established standards.
D. To provide alternative forms of lodging.

5.92.020 – Applicability.

The following standards apply to short-term rentals whereby a dwelling unit is shared, in whole or in part, for transient occupancy as a way of generating rental income.

5.92.030 – Definitions.

For the purposes of this Chapter, the following terms shall have the following meanings:

A. **“Bedroom”** means a part or division of a building enclosed by walls, floor, and ceiling intended and designed for sleeping.

B. “**Guest”** means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a home shall be deemed to be a transient until the period of thirty days has expired unless there is an agreement in writing between the host and the guest providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance codified in this chapter may be considered.

C. **“Home-sharing**” means an accessory use of a primary residence for the purposes of providing temporary lodging, for compensation, for periods of 30 consecutive days or less.

D. **“Host**” means an owner of a dwelling unit who rents his/her primary residence for home-sharing under this Chapter.

E. **“Hosted stay**” means a home-sharing activity whereby the host remains on-site throughout the guest’s stay (except during daytime and/or work hours).

F. **“Hosting platform**” means a business or person that provides a means through which a Host may offer a dwelling unit, or portion thereof, for home-sharing. A Hosting Platform is usually, though not necessarily, provided through an internet-based platform. It generally allows a property owner or tenant to advertise the dwelling unit through a website provided by the Hosting Platform and provides a means for potential guests to arrange short-term rentals, whether the guests pays rent directly to the Host or to the Hosting Platform.

G. **“Primary residence**” means a host's permanent residence or usual place of return for housing as documented by evidence of occupancy as determined by the Finance Department and Planning Department. A person may have only one primary residence and must reside there for a minimum of nine (9) months per year.

H. **“Un-hosted stay”** means a home-sharing activity whereby the host remains off-site during the guest's stay.

I. **“Vacation rental”** means a dwelling unit that is not a primary residence and which is available for temporary lodging for compensation. The term "vacation rental" shall not include single-room occupancy buildings, bed and breakfast inns, hotels, or corporate housing.

5.92.040 – Eligibility.

A. Short-term rentals shall be permitted in single-family residences, townhomes, and condominiums. For the purposes of this Chapter, a condominium is defined as a single, individually-owned dwelling unit in a multi-unit building in which the owner holds sole title to the unit, but owns land and common property (i.e. elevators, halls, roof, stairs, etc.) jointly with other unit owners, and shares the upkeep expenses on the common-property with them. This Chapter does not grant any permission that invalidates or supersedes provisions regarding home-sharing to properties subject to the rules of a homeowners or condominium association.

B. Short-term rentals are not permitted on properties with accessory dwelling units, inclusionary housing or other income-restricted housing units, and non-owner-occupied properties including properties with multiple dwelling units.

5.92.050 – Requirements.

The host is required to obtain a business license from the Finance Department and Short-Term Rental permit from the Planning Division before renting any primary residence to any guest.

A. **Business License**. To apply for a business license, a host shall file an application with the Finance Department as stipulated in Chapter 5.12 (*Licensing Regulations*) and obtain a Transient Occupancy Registration Certificate from the Finance Department as stipulated in Chapter 3.32 (*Transient Occupancy Tax*).

B. **Short-Term Rental Permit**. To apply for a Short-Term Rental permit, a host shall file an application with the Planning Division on a form provided by the Planning Division, and shall include all information required by the instructions on the application and the guidelines necessary to implement this Chapter.

   a. **Eligibility Requirements**. The following requirements must be met for approval of a Short-Term Rental permit:

      i. The host shall sign a notarized affidavit confirming the following:

         1. The short-term rental unit is his/her primary residence
         2. The designated local responsible contact person will be available 24 hours per day
         3. The short-term rental is legally permitted and habitable based on building permit history. In the absence of a building permit record demonstrating such, the Building Official shall determine if the accessory structure is suitable for habitability and an inspection of the accessory structure may be required.
         4. The space used for short-term rental meets or exceeds fire and life safety requirements, including installation of smoke and carbon monoxide detectors, and adequate means of egress.
         5. The host has signed an indemnification and hold harmless agreement in a form approved by the City Attorney, agreeing to indemnify, save, protect, hold harmless, and defend the City of Daly City, the City Council of the City of Daly City, individually and collectively, and the City of Daly City representatives, officers, officials, employees, agents, and volunteers from any and all claims, demands, damages, fines, obligations, suits, judgments,

penalties, causes of action, losses, liabilities, or costs at any time received , incurred, or accrued as a result of, or arising out of host's actions or inaction in the operation, occupancy, use, and/or maintenance of the property.

6. The host has provided evidence of insurance coverages specifically for short-term rentals.
7. The host shall adhere to the short-term rental regulations listed in Sections 5.92.050.C and 5.92.050.D.

b. For properties with active business licenses for short-term rentals issued prior to January 1, 2020, compliance with this Chapter shall be required upon expiration of said business license.

C. **Short-Term Rental Regulations**.

a. Un-hosted stays shall be limited to a maximum of 90 days per year. There shall be no limit for hosted stays.

b. Short-term rentals shall not be used by more than two guests per bedroom plus two additional guests at one time.

c. Short-term rentals shall be limited to one booking per property per day.

d. No additional parking shall be required for short-term rentals. Existing on-site parking spaces shall be made available to short-term renters.

e. Short-term rentals shall not adversely affect the residential character of the neighborhood nor shall the use generate noise, vibration, glare, odors, or other effects that unreasonably interfere with any person's reasonable enjoyment of his or her residence. To this effect, the short-term rental activity shall comply with all provisions of the Daly City Municipal Code, including, but not limited to Chapter 8.32 (*Litter*), Chapter 9.22 (*Disturbing the Peace*), and Chapter 10.40 (*Residential Parking Permits*).

f. No person shall advertise, undertake, maintain, authorize, book, or facilitate any renting to guests in a manner that does not comply with this Chapter.

g. No person shall advertise any short-term rental without a City issued short-term rental permit number depicted in a visible location on the advertisement, including any listing on a hosting platform.

h. No signs shall be posted on the exterior of the dwelling unit advertising the presence of the short-term rental use.

i. Commercial events including, but not limited to weddings, banquets, and corporate events, are prohibited from occurring as part of the short-term rental use. The dwelling shall not be short-term rented for the sole purpose of accommodating such uses.

j. No person shall offer or engage in short-term rental in any part of the property not approved for residential use, including but not limited to, a vehicle parked on the property, a storage shed, trailer, garage, or any temporary structure like a tent.

D. **Host Requirements**.

a. The host shall be responsible for any nuisance violations arising at a property during short-term rental activities.

b. The host shall identify a local responsible contact person to be available twenty-four (24) hours per day during the term of any hosted or unhosted stay who shall respond to any concerns or requests for assistance related to the condition, operation, or conduct of guests of the short-term rental. The local responsible contact person shall take immediate remedial action as needed to resolve such concerns or requests for assistance.

c. The host shall provide and maintain fire extinguishers, smoke detectors, carbon monoxide detectors, and information related to emergency exit routes and emergency contact information.

d. The host shall keep and preserve all records as may be necessary to determine the amount of such tax as he/she may have been liable for the collection of and payment to the City, including the number and length of each short-term rental stay, and the price paid for each stay. The Finance Department and Planning Department shall have the right to inspect these records at all reasonable times. Hosts shall provide a copy of the records from the last year to the Finance Department at the time of renewing the short-term rental permit.

e. The host shall fully comply with all the requirements of Chapter 3.32 (*Transient Occupancy Tax*) and any successor sections.

5.92.060 – Fees.

The City Council shall establish and set by Resolution all fees and charges as may be necessary to effectuate the purpose of this Chapter.

5.92.070 – Expiration and Renewal.

A. A Short-Term Rental permit is valid for the same duration as the associated business license which expires on September 30th of the year the business license is issued. It may not be transferred, does not run with the land, and is valid only at the original short-term rental site. The Short-Term Rental permit shall automatically expire upon sale or transfer of the property. No registration may be assigned, transferred, or loaned to any other person.

B. A short-term rental permit may be renewed if the host meets the following renewal requirements:

a. Payment of registration renewal fees and all required transient occupancy tax remittance associated with the short-term rental. The host shall submit such information concerning the short-term rental activity as may be required to enable the Finance Department to verify the amount of tax paid.

   b. Is deemed to have been in conformance with the provisions of this Chapter for the past year.
   c. Documents and provides any changes that have occurred to the information on the current short-term rental permit.
   d. Submits short-term rental records as required in Section 5.70.040.D for the last year.
C. Failure to renew prior to the expiration date will result in expiration of the short-term rental permit.

5.92.080 – Enforcement.

A. Failure to comply with any provision of this Chapter may constitute a violation.
B. If the same property being used for short-term rental has been issued three violations between the date the Short-Term Rental permit was issued and the next renewal period, the property shall become ineligible for renewal of the short-term rental permit at the next renewal period of that calendar year. At the start of the renewal period of the next following calendar year, the eligibility of said property shall be reinstated.
C. The City has the sole discretion to suspend the Short-Term Rental permit of any property being used for short-term rental with one or more violations pursuant to Chapter 8.16 (*Property Maintenance and Nuisance Abatement)* of the Daly City Municipal Code. If a Short-Term Rental permit is revoked, the owner must wait at least one calendar year before an application for short-term rental can be filed for that property.
D. Any person convicted of violating any provision of this Chapter in a criminal case or found to be in violation of this chapter in a civil case brought by a law enforcement agency shall be ordered to reimburse the City and other participating law enforcement agencies their full investigative costs, pay all back Transient Occupancy Taxes, and remit all illegally obtained rental revenue to the City so that it may be returned to the short-term rental guests or used to compensate victims of illegal short-term rental activities.
E. Any person who violates any provision of this Chapter shall be subject to administrative fines and administrative penalties pursuant to Chapter 8.16 (*Property Maintenance and Nuisance Abatement)* of the Daly City Municipal Code.
F. The remedies provided in this Section are not exclusive, and nothing in this Chapter shall preclude the use or application of any other remedies, penalties, or procedures established by law. The City may pursue any other administrative or judicial legal remedies available, including, but not limited to, civil injunctions, license revocations, and civil penalties for violations of this Chapter.

5.92.090 – Amnesty Period for Short-Term Rentals.

Short-term rentals operating on or before the enactment of this Chapter shall be considered existing, unpermitted uses. An amnesty period of nine (9) months ending on September 30, 2020 after the effective date of this Chapter is being provided to allow these existing, unpermitted uses to be legalized by conforming to the requirements of this Chapter, including compliance with operating standards, registration, and recordkeeping obligations. Existing short-term rental uses that do not conform to the requirements of this Chapter on or before September 30th, 2020 after the effective date of this Chapter shall cease operation and be prohibited from resuming unless and until the use conforms to the requirements of this Chapter.

SECTION 2. **Severability**. If any section, subsection, provision or part of this Ordinance, or its application to any person or circumstance, is held to be unconstitutional or otherwise invalid, the remainder of this Ordinance, and the application of such provision to other person or circumstances, shall not be affected thereby and shall remain in full force and effect and, to that end, the provisions of this Ordinance are severable.

SECTION 3. **Environmental Determination**. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15378, 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.

SECTION 4. **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 Council members voting for and against this ordinance or otherwise voting. This ordinance shall become effective on January 1, 2020.

Introduced this ____________day of________________________________, 2019.

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___________________, 2019, 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

ORDINANCE NO. _______

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY ADDING CHAPTER 5.92 TO THE DALY CITY MUNICIPAL CODE RE: SHORT-TERM RENTALS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 5.92 of Title 5 of the Daly City Municipal Code is hereby added to read as follows:

Chapter 5.92
SHORT-TERM RENTALS

5.92.10 – Purpose.

The purposes of the Short-Term Rentals related regulations contained in this Chapter are:

A. To prevent long-term rental units from being replaced with Short-Term Rentals and protect affordable housing units from conversion.
B. To preserve and protect neighborhood character and livability from nuisances that are often associated with Short-Term Rentals.
C. To generate City revenue to share City infrastructure cost and other public expenditures by operation of Short-Term Rentals under established standards.
D. To provide alternative forms of lodging.

5.92.020 – Applicability.

The following standards apply to short-term rentals located outside the Coastal Zone whereby a dwelling unit is shared, in whole or in part, for transient occupancy as a way of generating rental income. For short-term rentals located in the Coastal Zone, the following standards shall apply upon certification of a Local Coastal Program Amendment.

5.92.030 – Definitions.

For the purposes of this Chapter, the following terms shall have the following meanings:

A. **"Bedroom"** means a part or division of a building enclosed by walls, floor, and ceiling intended and designed for sleeping.

~~A.~~B. **"Condominium"** means a single, individually-owned dwelling unit in a multi-unit building in which the owner holds sole title to the unit, but owns land and common property (i.e. elevators, halls, roof, stairs, etc.) jointly with other unit owners, and shares the upkeep expenses on the common-property with them.

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~~B.~~C. "**Guest"** means any person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of thirty consecutive calendar days or less, counting portions of calendar days as full days. Any such person so occupying space in a home shall be deemed to be a transient until the period of thirty days has expired unless there is an agreement in writing between the host and the guest providing for a longer period of occupancy. In determining whether a person is a transient, uninterrupted periods of time extending both prior and subsequent to the effective date of the ordinance codified in this chapter may be considered.

~~C.~~D. **"Home-sharing**" means an accessory use of a primary residence for the purposes of providing temporary lodging, for compensation, for periods of 30 consecutive days or less.

~~D.~~E. **"Host**" means an ~~owner~~ owner or tenant of a dwelling unit who rents his/her primary residence for home-sharing under this Chapter.

~~E.~~F. **"Hosted stay**" means a home-sharing activity whereby the host remains on-site throughout the guest's stay (except during daytime and/or work hours).

~~F.~~G. **"Hosting platform**" means a business or person that provides a means through which a Host may offer a dwelling unit, or portion thereof, for home-sharing. A Hosting Platform is usually, though not necessarily, provided through an internet-based platform. It generally allows a property owner or tenant to advertise the dwelling unit through a website provided by the Hosting Platform and provides a means for potential guests to arrange short-term rentals, whether the guests pays rent directly to the Host or to the Hosting Platform.

~~G.~~H. **"Primary residence**" means a host's permanent residence or usual place of return for housing as documented by evidence of occupancy as determined by the Finance Department and Planning Department. A person may only have one primary residence and must reside there for a minimum of nine (9) months per year.

~~H.~~I. **"Un-hosted stay"** means a home-sharing activity whereby the host remains off-site during the guest's stay.

J. **"Vacation rental"** means a dwelling unit that is not a primary residence and which is available for temporary lodging for compensation. The term "vacation rental" shall not include single-room occupancy buildings, bed and breakfast inns, hotels, or corporate housing.

~~I.~~

5.92.40 ~~5.92.040~~ – Eligibility.

A. Short-term rentals shall be permitted in single-family residences, condominiums, duplexes, townhomes, and properties with multiple rental units. For owner-occupied properties with multiple rental units, the owner of such property may only host a short-term rental in the dwelling unit that is their primary residence.~~townhomes, and condominiums. For the purposes of this Chapter, a condominium is defined as a single, individually-owned dwelling unit in a multi-unit building in which the owner holds sole title to the unit, but owns land and common property (i.e. elevators, halls, roof, stairs, etc.) jointly with other unit owners, and shares the upkeep expenses on the common property with them. This Chapter does not grant any permission that invalidates or supersedes provisions regarding home-sharing to properties subject to the rules of a homeowners or condominium association.~~

B. Short-term rentals shall ~~are~~ not be permitted in inclusionary housing or other income-restricted housing units or on properties with accessory dwelling units.~~, inclusionary housing or other income-restricted housing units, and non-owner-occupied properties including properties with multiple dwelling units.~~

~~B.~~C. Vacation rentals, as defined in this Chapter, are prohibited and shall not be operated in the City.

5.92.050 – Requirements.

The host is required to obtain a business license from the Finance Department and Short-Term Rental permit from the Planning Division before renting any primary residence to any guest.

A. **Business License**. To apply for a business license, a host shall file an application with the Finance Department as stipulated in Chapter 5.12 (*Licensing Regulations*) and obtain a Transient Occupancy Registration Certificate from the Finance Department as stipulated in Chapter 3.32 (*Transient Occupancy Tax*).

B. **Short-Term Rental Permit**. To apply for a Short-Term Rental permit, a host shall file an application with the Planning Division on a form provided by the Planning Division, and shall include all information required by the instructions on the application and the guidelines necessary to implement this Chapter.

   a. **Eligibility Requirements**. The following requirements must be met for approval of a Short-Term Rental permit:

      i. The host shall sign a notarized affidavit confirming the following:

         1. The short-term rental unit is his/her primary residence. If the host is not the property owner, a notarized supplemental authorization form signed by all property owners must be submitted with the application.

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2. The designated local responsible contact person will be available twenty-four (24) hours per day.
3. The short-term rental is legally permitted and habitable based on building permit history. In the absence of a building permit record demonstrating such, the Building Official shall determine if the accessory structure is suitable for habitability and an inspection of the accessory structure may be required.
4. The space used for short-term rental meets or exceeds fire and life safety requirements, including installation of smoke and carbon monoxide detectors, and adequate means of egress.
5. The host has signed an indemnification and hold harmless agreement in a form approved by the City Attorney, agreeing to indemnify, save, protect, hold harmless, and defend the City of Daly City, the City Council of the City of Daly City, individually and collectively, and the City of Daly City representatives, officers, officials, employees, agents, and volunteers from any and all claims, demands, damages, fines, obligations, suits, judgments, penalties, causes of action, losses, liabilities, or costs at any time received , incurred, or accrued as a result of, or arising out of host's actions or inaction in the operation, occupancy, use, and/or maintenance of the property.
6. The host has provided evidence of insurance coverages specifically for short-term rentals.
7. The host shall adhere to the short-term rental regulations listed in Sections 5.92.050.C and 5.92.050.D.

b. For properties with active business licenses for short-term rentals issued prior to January 1, 2020, compliance with this Chapter shall be required upon expiration of said business license.

C. **Short-Term Rental Regulations**.

a. Un-hosted stays shall be limited to a maximum of 90 days per year. There shall be no limit for hosted stays.

~~a.~~b. If a dwelling unit is subject to the rules of a homeowners' or condominium association, this Chapter shall not grant any permission that invalidates or supersedes provisions regarding home-sharing.

~~b.~~c. Short-term rentals shall not be advertised for or used by more than two guests per bedroom plus two additional guests at one time.

~~c.~~d. Short-term rentals shall be limited to one booking per property per day.

~~d.~~e. No additional parking shall be required for short-term rentals. Existing on-site parking spaces shall be made available to ~~short-term renters~~guests.

~~e.~~f. Short-term rentals shall not adversely affect the residential character of the neighborhood nor shall the use generate noise, vibration, glare, odors, or other effects that unreasonably interfere with any person's reasonable enjoyment of his or her residence. To this effect, the short-term rental activity shall comply with all provisions of the Daly City Municipal Code, including, but not limited to Chapter 8.32 (*Litter*), Chapter 9.22 (*Disturbing the Peace*), and Chapter 10.40 (*Residential Parking Permits*).

~~f.~~g. No person shall advertise, undertake, maintain, authorize, book, or facilitate any renting to guests in a manner that does not comply with this Chapter.

~~g.~~h. No person shall advertise any short-term rental without a City issued short-term rental permit number depicted in a visible location on the advertisement, including any listing on a hosting platform.

~~h.~~i. No signs shall be posted on the exterior of the dwelling unit advertising the presence of the short-term rental use.

~~i.~~j. Commercial events including, but not limited to weddings, banquets, and corporate events, are prohibited from occurring as part of the short-term rental use. The dwelling shall not be short-term rented for the sole purpose of accommodating such uses.

~~j.~~k. No person shall offer or engage in short-term rental in any part of the property not approved for residential use, including but not limited to, a vehicle parked on the property, a storage shed, trailer, garage, or any temporary structure like a tent.

D. **Host Requirements**.

a. The host, and the property owner if the host is the tenant, shall be responsible for any nuisance violations arising at a property during short-term rental activities.

b. The host shall identify a local responsible contact person to be available twenty-four (24) hours per day during the term of any hosted or unhosted stay who shall respond to any concerns or requests for assistance related to the condition, operation, or conduct of guests of the short-term rental. The local responsible contact person shall take immediate remedial action as needed to resolve such concerns or requests for assistance.

c. The host shall provide and maintain fire extinguishers, smoke detectors, carbon monoxide detectors, and information related to emergency exit routes and emergency contact information.

d. The host shall keep and preserve all records as may be necessary to determine the amount of such tax as he/she may have been liable for the collection of and payment to the City, including the number and length of each short-term rental stay, and the price paid for each stay. The Finance Department and Planning Department shall have the right to inspect these records at all reasonable times. Hosts shall provide a copy of the records from the last year to the Finance Department at the time of renewing the short-term rental permit.

e. The host shall fully comply with all the requirements of Chapter 3.32 (*Transient Occupancy Tax*) and any successor sections.

5.92.060 – Fees.

The City Council shall establish and set by Resolution all fees and charges as may be necessary to effectuate the purpose of this Chapter.

5.92.070 – Expiration and Renewal.

A. A Short-Term Rental permit is valid for the same duration as the associated business license which expires on September 30th of the year the business license is issued. It may not be transferred, does not run with the land, and is valid only at the original short-term rental site. The Short-Term Rental permit shall automatically expire upon sale or transfer of the property. No registration may be assigned, transferred, or loaned to any other person.
B. A short-term rental permit may be renewed if the host meets the following renewal requirements:
   a. Payment of registration renewal fees and all required transient occupancy tax remittance associated with the short-term rental. The host shall submit such information concerning the short-term rental activity as may be required to enable the Finance Department to verify the amount of tax paid.
   b. Is deemed to have been in conformance with the provisions of this Chapter for the past year.
   c. Documents and provides any changes that have occurred to the information on the current short-term rental permit.
   d. Submits short-term rental records as required in Section 5.70.040.D for the last year.
C. Failure to renew prior to the expiration date will result in expiration of the short-term rental permit.

5.92.080 – Enforcement.

A. Failure to comply with any provision of this Chapter may constitute a violation.
B. If the same property being used for short-term rental has been issued three violations between the date the Short-Term Rental permit was issued and the next renewal period, the property shall become ineligible for renewal of the short-term rental permit at the next renewal period of that calendar year. At the start of the renewal period of the next following calendar year, the eligibility of said property shall be reinstated.
C. The City has the sole discretion to suspend the Short-Term Rental permit of any property being used for short-term rental with one or more violations pursuant to Chapter 8.16 (*Property Maintenance and Nuisance Abatement)* of the Daly City Municipal Code. If a

Short-Term Rental permit is revoked, the ~~owner~~ host must wait at least one calendar year before an application for short-term rental can be filed for that property.

D. Any person convicted of violating any provision of this Chapter in a criminal case or found to be in violation of this chapter in a civil case brought by a law enforcement agency shall be ordered to reimburse the City and other participating law enforcement agencies their full investigative costs, pay all back Transient Occupancy Taxes, and remit all illegally obtained rental revenue to the City so that it may be returned to the short-term rental guests or used to compensate victims of illegal short-term rental activities.
E. Any person who violates any provision of this Chapter shall be subject to administrative fines and administrative penalties pursuant to Chapter 8.16 (*Property Maintenance and Nuisance Abatement)* of the Daly City Municipal Code.
F. The remedies provided in this Section are not exclusive, and nothing in this Chapter shall preclude the use or application of any other remedies, penalties, or procedures established by law. The City may pursue any other administrative or judicial legal remedies available, including, but not limited to, civil injunctions, license revocations, and civil penalties for violations of this Chapter.

5.92.090 – Amnesty Period for Short-Term Rentals.

Short-term rentals with a business license operating on or before the enactment of this Chapter shall be considered existing, unpermitted uses. An amnesty period of nine (9) months ending on September 30, 2020 after the effective date of this Chapter is being provided to allow these existing, unpermitted uses to be legalized by conforming to the requirements of this Chapter, including compliance with operating standards, registration, and recordkeeping obligations. Existing short-term rental uses that do not conform to the requirements of this Chapter on or before September 30th, 2020 after the effective date of this Chapter shall cease operation and be prohibited from resuming unless and until the use conforms to the requirements of this Chapter.

SECTION 2. Severability. If any section, subsection, provision or part of this Ordinance, or its application to any person or circumstance, is held to be unconstitutional or otherwise invalid, the remainder of this Ordinance, and the application of such provision to other person or circumstances, shall not be affected thereby and shall remain in full force and effect and, to that end, the provisions of this Ordinance are severable.

SECTION 3. Environmental Determination. The City Council finds, pursuant to Title 14 of the California Code of Regulations, Section 15378, 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.

SECTION 4. 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 Council members voting for and against this ordinance or otherwise voting. This ordinance shall become effective on January 1, 2020.

Introduced this ____________day of________________________________, 2019.

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___________________, 2019, 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: October 28, 2019

Subject: Adoption of the 2019 editions of the California Building, California Existing Building Code, Residential, California Existing Building, California Green Building Standards, California Mechanical, California Electrical, California Plumbing Codes, and the 2018 International Property Maintenance Code as amended.

Recommended Action

Conduct a Public Hearing on the proposed Ordinance and introduce the Ordinance adopting the 2019 editions of the following California Building, California Existing Building Code, Residential, California Existing Building, California Green Building Standards, California Mechanical, California Electrical, and California Plumbing Codes, the 2018 International Property Maintenance Code as amended.

Background

The State of California recently adopted the International Model Code. New codes reflect changes in technology, fire safety techniques and building industry including environmental and sustainable construction practice. The 2019 California Code of Regulations Title 24 will become effective January 1, 2020 pursuant to Health and Safety Code Section 18938(b). By adopting the 2019 California Code of Regulations Title 24, Daly City will be enforcing codes that are consistent with State regulations.

California Health and Safety Code Sections 17922 and 17958 provide local jurisdictions the opportunity to modify the State Building Standards Codes (California Codes) based on local climatic, geological or topographical including environmental conditions. Chapter 15 of the municipal code represents Daly City's specific needs based on local and environmental conditions. Copies of local amendments and express findings justifying those amendments must be filed with the State Building Standards Commission to become effective.

The California Codes of Regulation Title 24 are based on the 2018 editions of the International Building and International Residential Code, Uniform Plumbing and Mechanical Code 2018 edition and National Electrical Code 2017 edition. Chapter 15 of the Daly City Municipal Code adopts the California Codes of Regulations, Title 24. Chapter 15 has been revised primarily to adopt the most recent editions of the codes. Staff has evaluated specific Daly City amendments to these codes to assure the amendments are up to date, germane and enforceable.

Discussion

Staff is proposing basic changes to the Municipal code in this adoption cycle as follows.

1. Numerous minor editorial changes have been made primarily so that the Municipal code modifies the correct California code section. In this edition of the California Code of Regulations Title 24, code sections have been added and moved or deleted. In order that the Municipal code references are in the correct provision, certain reference section numbers have changed.

2. Chapter 15.00 General Regulations. To eliminate some redundancy with administrative provisions of the code, where terminology and procedures are slightly different on fees, time limitation of application, permit expiration, procedure of appeals, approved address numbers, cooperation of other officials and officers including emergency access have been incorporated into the general regulations.

3. 15.00.040 Time limitation on all permits has been changed to comply with A.B. 2913. Every permit issued by the building official under the provisions of this code shall remain valid if the work authorized by such permit is commenced within twelve months (12) after its issuance unless the permittee has abandoned the work authorized by the permit.

   Code enforcement permit issued to abate code violation is limited to a duration not to exceed ninety (90) days.

   Permit expiration and extension to abate code violation has been limited to a duration not to exceed ninety (90) days.

4. 15.00.180. Accessory Dwelling Unit cannot be sold separately and limits the number of meters that can be issued to a single-family dwelling unit.

5. 15.00.190. Factory built housing fee has been added to the general regulation to allow the city to charge for installation of factory-built homes based on actual construction on site other than mobile home.

6. 15.08.100. A part of the Municipal Code. Section 406.3.4 of California Building Code 2019 is for additional fire protection between the garage and adjoining living area whenever a new habitable space is created for an existing residential building.

7. 15.08.110. As part of the Municipal Code. Section 460 of California Building Code 2019 requires that existing Type V commercial buildings that undergo substantial improvement or change of occupancy meet all requirements of the current adopted California Code of Regulations Title 24. Substantial improvement is now defined by the California Building Code section 202.

8. 15.08.150. As part of the Municipal Code, section 604 of the California Building Code 2019 part of the municipal code prohibits the use of copper metal roofing, copper granule

containing asphalt shingle where the discharge of wastewater to storm drains is generated from the installation, cleaning, treating and washing of surface of copper roof.

9. 15.08.240. As part of the Municipal Code, section 1905.1.7, ACI 318 of the California Building Code 2019, for consistency with jurisdictions within the Bay Area, ICC Peninsula Tri-Chapter recommended a minimum of two half inch diameter foundation steel reinforcements for plain concrete.

10. 15.08.260. As part of the Municipal Code, section 3114 of the California Building Code 2019 and as part of the municipal code, this regulation provides a limitation to where modular units can be located and allowable time that a modular unit can be set up on a location other than a mobile home park.

11. Chapter 15.10. California Residential Code which based on the International Residential Code 2019 for one- and two-family dwelling and townhouses was adopted to separate the regulations between a commercial and residential building. Other residential buildings such as apartments, condominiums, hotels or other multi-family dwelling are regulated by the California Building Code.

12. 15.10.011 As part of the Municipal Code, section R101 as part of the California Residential Code 2019, the term Accessory Dwelling Unit was included to provide a clear determination of that this is a space for independent living within a single-family residential building and not identified as a duplex.

13. 15.10.020. As part of the Municipal Code, section R105.2 as part of the California Residential Code 2019 is amended to limit the cumulative floor area of an accessory building to a total of 120 which limits the number of accessory structures that can be constructed on site and at the same time regulates the location of where an accessory structure can be located.

14. 15.10.100. As part of the Municipal Code, section R302.1.4 as part of the California Residential Code 2019, a minimum fire separation distance is established between the main dwelling unit and a detached accessory dwelling unit to require a fire safe distance between two unprotected exterior wall.

15. 15.10.110. As part of the Municipal Code, section R302.1.3 as part of the California Residential Code 2019, a fire resistive construction separation is added to require a floor / ceiling including common wall between the main unit and an accessory dwelling unit that is constructed within a building shell to prevent the quick spread of fire with the addition installation of sound proofing boards.

16. 15.10.120. As part of the Municipal Code, section R3021.1.4 as part of the California Residential Code 2019, a minimum fire separation distance of 5 feet from the side property line is required for an unprotected exterior wood deck and stairs. in order not to require the installation of a non-combustible wall for a deck and stairs. If a wood deck and stairs will be located less than 5 feet from the property line, a non-combustible wall protection will be required from the ground foundation to the top of the guardrail.

17. 15.10.130 . As part of the Municipal Code, section R302.6.1 as part of the California Residential Code 2019. Fire protection retrofits. The California Building and Residential Code fire protection requirement between the garage or carport area and dwelling unit for new construction are similar. The local amendments made for both codes will continue to require additional fire protection to be installed into existing garage area or carports whenever a new habitable space is created by alteration of unimproved space.

18. 15.10.140. As part of the Municipal Code, section R303.1.1 of the California Residential Code 2019 is added setting requirements and limitation for a Court based on the California Building Code which is not identified under the California Residential Code.

19. 15.10.150. As part of the Municipal Code, section R304.4 as part of the California Residential Code 2019 regulates a maximum size of a storage room to 70 square feet that can be constructed within a residential buildings shell without requiring additional fire resistive construction to separated a storage from a habitable space.

20. 15.10.160. As part of the Municipal Code, section R309.5, R309.6 and R313California Residential Code 2019 - Automatic fire sprinkler system is deleted and is substituted by Daly City Municipal Code 15.3 and the 2019 California Fire Code. The California Residential code requires automatic fire sprinkler system to new construction. In our previous municipal code, the North County Fire Authority has been reviewing new residential buildings including substantial additions and alterations to existing residential buildings to determine if automatic fire sprinklers are required. The same amendment was made on the California Building Code for multi-family dwelling units. 15.08.180 Automatic Fire Sprinkler System is deleted and substituted by DCMC 15.32. Deleting the automatic fire sprinkler requirements in both California Building and Residential Code and substituting this regulation with Daly City Municipal Code 15.32, automatic fire sprinkler system requirements will be better enforced by having the North County Fire Authority require, review and inspect automatic fire sprinkler system.

21. 15.10.170 As part of the Municipal Code, section R310.1 of the California Residential Code 2019, the International Building and Residential Code as adopted by the California Code of Regulations changed the requirements for emergency escape and rescue windows where bedroom windows can only open directly onto a public way or to a yard or court that opens to a public way.

The municipal code amendment will allow a bedroom window for a single-family residential building for purposes of emergency escape and rescue to open onto rear yards that do not have direct access to a public way provided the yard has a minimum clear depth of 20 feet which extends to the full depth of the parcel and additional fire protection retrofit is required to the exterior wall where the bedroom window is located.

The municipal code amendment will require multi-family residential building which are three stories or less where bedroom windows to open on to a rear yard of not less than 10 feet in length and that extends to the full width of the building to provide the rear yard must gain access to a direct and unobstructed exit passageway that leads to the public way.

22. 15.10.180. As part of the Municipal Code section R311.1.1, of the California Residential Code 2019 The definition of an "Exit Passageway" is added and defined in reference with the California Building Code to clearly identify the requirements for an exit discharge of a detached or attached accessory dwelling unit that is constructed at the rear yard of a parcel without a side yard. Exiting to reach the public way cannot go through a garage or re-enter any portion of the building other than to an exit passageway.

    The state regulation defines passageway to be a pathway unobstructed clear to the sky and extend from a street to one entrance of the accessory unit. This definition describes a property with an ample side yard or a side yard with a minimum three feet in width. In most cases Daly City housing stock does not have side yards to provide a pathway to the public way.

23. 15.10.200. As part of the Municipal Code, section R324.7.2.8 of the California Residential Code is added to identify the location of a required rapid shutdown switch for photovoltaic solar system to prevent any electricity generated by the solar system from energizing the electrical system in the event that first responders need to shut down all power source to a residential building.

24. 15.10.220. As part of the Municipal Code, section Table R602.10.4 footnote "f" and 'g'of the California Residential Code 2019 is to identify the material and system that can be use for construction of a lateral force resisting system to a structural panel board as the other material did not perform well during the Northridge earthquake.

25. 15.10.190. As part of the Municipal Code, section R703.12 of the California Residential Code 2019, approved exterior siding material for both California Building and Residential Code shall be of naturally durable wood drop siding or similar manufactured materials with comparable life span. The continuance of this amended regulation will provide the developer or builder the flexibility in choosing an acceptable and readily available exterior drop siding material for exterior walls within eighteen inches (18") of the property line for wood frame construction.

26. 15.10.250. As part of the Municipal Code, section AJ102.2.1 of the California Residential Code, Appendix "J". Lateral Movement Strengthening of Existing Basement Wall is added to codify an existing bracing policy for residential building whenever additional habitable rooms are added to an existing unfinished basement. The regulation is added to regulate the alteration of existing basement wall in order not to lessen the existing lateral load resisting strength of the existing basement walls including adding an intermediate braced wall to meet maximum spacing braced panels.

27. 15.10.260. As part of the Municipal Code, section AJ102.2.2 of the California Residential Code 2019 appendix "J". Regulating the removal or reduction in length of an existing interior wall is added.

    It has become popular to homeowners to have an open kitchen integrated to the family room and dining area, however, for building that were constructed prior to the 2001 California Building Code, all interior walls including walls that encloses the kitchen area from the dining room and living room were required by previous regulations at the time of their construction to be wall that are to be constructed to resist horizontal loads.

    To codify an existing bracing policy, the regulation is to control the removal or reduction of interior walls. If reduction of interior wall is made, it is required that the braced wall line where the altered wall was made shall make modifications to compensate for the reduction in strength of a braced wall line. A bracing policy was prepared by staff and can be use as guidelines for strengthening an altered interior braced wall line.

    If one chooses for a complete removal on interior walls between the kitchen, dining and living room, a lateral analysis will be required and shall be prepared by a licensed civil or structural engineer.

28. Chapter 15.14. International Property Maintenance Code is being adopted for flexibility in identifying health and safety code violations for existing buildings or properties and having the flexibility on procedural guidelines in prescribing the minimum repair or alteration requirements in abating an identified violation. The California Health and Safety Code will be an additional reference to the International Property Maintenance Code.

29. 15.16.120 . As part of the Municipal Code, section 510.7.1 of the California Mechanical Code 2019 is added to provide consistency in requiring added fire protection of a commercial kitchen grease duct for older buildings which do not have fire protection rating compared to newer buildings.

    Shaft enclosure protection can either be an approved fire rated assembly or an approved fire wrap material installed by a certified installer.

30. 15.16.140. As part of the Municipal Code, section R802.8.5 of the California Mechanical Code is added to control the installation of exhaust vents from fuel burning

appliances from discharging on the side yard where the main entrance pathway of the adjacent residential building is located.

31. 15.20.120. As part of the Municipal Code, section 301.2.6 of the California Plumbing Code. Minimum Standard for plumbing materials has added Cross-linked Polyethylene (PEX A and PEX B) limited to color white are now acceptable plumbing materials for domestic water distribution in addition to copper. Chlorinated Polyvinyl Chloride (CPVC) orange pipe that is approved for fire sprinkler system only and in not an acceptable piping material for domestic water distribution

    Cross-linked Polyethylene-Aluminum-Cross-linked Polyethylene (EEX-AL-EEX), Polyethylene-Aluminum-Polyethylene (PE-AL-PE) for water in addition to Acylontrile-butadiene-styrene (ABS), for drain, waste and vent fittings; Polyvinyl Chloride (PVC), for drain, waste and vent fittings; Polyethylene (PE) for building supply or for natural gas yard piping; Polyethylene (PE), Chlorinated Polyvinyl Chloride (CPVC) and Polyvinyl Chloride (PVC) for domestic water services are not deemed to be an approved

    All references to ABS, CPVC, EEX-AL-EEX, PE-AL-PE and PE materials throughout the body of the California Plumbing Code, 2019 Edition, are hereby deleted except as otherwise defined in this chapter.

32. 15.20.140. As part of the Municipal Code, the section 401.3.1 of the California Plumbing Code 2019 refers to water consumption of plumbing fixtures are being updated with current Daly City Municipal Code 15.66.040 which is equivalent to the Plumbing Code and California Green Building Standards. In retaining this amendment, the general public has immediate access to this information instead through a handout the outlines the requirements of water conservation per Daly City Municipal Code 15.66.040.

33. 15.20.200. As part of the Municipal Code, section 612 of the California Plumbing Code is deleted for designing automatic fire sprinkler system and is substituted by Daly City Municipal Code 15.3 and the 2019 California Fire Code. The California Residential code requires automatic fire sprinkler system to new construction. In our previous municipal code, the North County Fire Authority has been reviewing new residential buildings including substantial additions and alterations to existing residential buildings to determine if automatic fire sprinklers are required. The same amendment was made on the California Building Code for multi-family dwelling units. 15.08.180 Automatic Fire Sprinkler System is deleted and substituted by DCMC 15.32. Deleting the automatic fire sprinkler requirements in both California Building and Residential Code and substituting this regulation with Daly City Municipal Code 15.32, automatic fire sprinkler system requirements will be better enforced by having the North County Fire Authority require, review and inspect automatic fire sprinkler system.

34. 15.20.220. As part of the Municipal Code, section 707.4 of the California Plumbing Code 2019 is amended by requiring a closer spacing of cleanouts from 100 feet to 50 feet intervals. This

requirement is to provide a reasonable spacing of cleanout to access sewer blockage. Due to water conservation requirements, there not enough water to convey waste through the entire length of the sewer line and as a result, this is causing frequent blockage to the sewer line.

35. Chapter 15.22. California Green Building Standards Code has been revised to include existing buildings. The purpose of this code is to improve health and safety and general welfare by enhancing the design and construction of the buildings through the use of building concepts having a reduced negative impact or positive environmental impact and encouraging sustainable construction practices in the following categories:

    1. Planning and design
    2. Energy efficiency
    3. Water efficiency and conservation
    4. Material conservation and resources efficiency
    5. Environmental quality.

    Tier 1 and 2 are voluntary measures which are requirements to enhanced for conservation and environmental efficiency and sustainability in construction of residential and non-residential are not being adopted as regulatory measures under the current ordinance.

36. 15.22.020. As part of the Municipal Code, Table 4.303.1.5 and 5.303.3.4.5 of the California Green Building Code 2019 refers to water consumption of plumbing fixtures are being updated with current Daly City Municipal Code 15.66.040 which is equivalent to the requirement of the California Plumbing Code 2019. In retaining this amendment, the general public has immediate access to this information instead through a handout the outlines the requirements of water conservation per Daly City Municipal Code 15.66.040.

37. 15.24.130. As part of the Municipal Code, article 706.7 (A) of the California Electrical Code 2019, requires a readily accessible disconnecting means of ungrounded conductors for an Electric Storage System. This requirement will be consistent with disconnecting means of photovoltaic units that are installed on residential buildings.

38. Chapter 15.64. As part of the Municipal Code, the California Existing Building Code 2019 is being adopted for alteration, repairs and addition to existing buildings or properties and having the flexibility on procedural guidelines in prescribing the minimum repair or alteration requirements without making the entire building conform to current building code regulations.

39. 15.65.080. As part of the Municipal Code, the California Existing Building Code 2019, in conjunction with Senate Bill 721 the need to inspect exterior elevated elements and associated waterproofing elements for buildings with 3 or more multifamily dwelling units. Inspection shall be conducted by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses including structural pest control licensee.

    Inspection of exterior elevated elements is now regulated under section 302 of the California Existing Building Code. Property owners shall complete and submit an affidavit and submit to the building division certifying structural safety of exterior elevated elements. The inspection shall be completed as specified on SB 721 and recertification shall be every 5 years.

40. 15.65.080. As part of the Municipal Code, section 506.5 of the California Existing Building Code 2019 is added to provide directions in evaluating older non-conforming, mixed-use commercial buildings and others which undergo Substantial Improvement or Change of Occupancy to a Higher Degree of public safety, health, general welfare and hazardous conditions.

    Section 506.5 includes retaining section 3412 of the California Building Code 2013 to provide an alternative means of determining if necessary upgrades are required to conform or be exempted with the requirements of a new building.

A copy of the revised municipal code incorporating the recommended modifications and the corresponding findings of fact are attached.

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

Respectfully submitted,

Valentino J. Mandapat,
Chief Building Supervisor / Building Official

Tatum Mothershead
Director of Economic and Community Development

Attachments: A - Revised Municipal Code
B – Findings of Fact

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY OF DALY CITY REPEALING AND REPLACING TITLE 15 OF THE DALY CITY MUNICIPAL CODE AND REPLACING CHAPTERS 15.00, 15.08, 15.10, 15.14, 15.16, 15.20, 15.22, 15.24, 15.60 AND 15.64

WHEREAS, pursuant Section 17958.7 and Section 18941.5 of the California Health and Safety Code, the City Council of the City of Daly City hereby adopts the report contained herein as the "Findings of Fact" with regard to the adoption of the Daly City Municipal Code, ChapterS15.00, 15.08, 15.10, 15.14, 15.16, 15.20, 15.22, 15.24, 15.60 AND 15.64 (Attachment 1); and

WHEREAS, adopting this ordinance, specific amendments have been established which are more restrictive in nature than those adopted by the State of California and the California Building Standards Commission; and

WHEREAS, these local amendments to the above Codes have been evaluated and recognized by the City of Daly City as reflecting changes in technology and the building industry. The amendments address problems, concerns and future direction by which the City will establish and maintain an environment which will afford a high level of safety to all those who work and live within the City's boundaries; and

WHEREAS, the adoption of this Ordinance is based upon the "Findings of Fact", as referenced in Attachment 1, and hereby incorporated by reference.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN as follows:

Section 1: CHAPTER 15.00, GENERAL REGULATIONS

CHAPTER 15.00 is hereby repealed and amended as set forth in EXHIBIT A.

Section 2: CHAPTER 15.08, BUILDING CODE

CHAPTER 15.08, is hereby repealed and amended as set forth in EXHIBIT B.

Section 3: CHAPTER 15.10, RESIDENTIAL BUILDING CODE

CHAPTER 15.10 is hereby repealed and amended as set forth in EXHIBIT C.

Section 4: CHAPTER 15.14, INTERNATIONAL PROPERTY MAINTENANCE CODE

CHAPTER 15.14, is hereby repealed and amended as set forth in EXHIBIT D.

Section 5: CHAPTER 15.16, MECHANICAL CODE

CHAPTER 15.16, is hereby repealed and amended as set forth in EXHIBIT E.

Section 6: CHAPTER 15.20, PLUMBING CODE

CHAPTER 15.20, is hereby repealed and amended as set forth in EXHIBIT F.

Section 7: CHAPTER 15.22, CALIFORNIA GREEN BUILDING STANDARDS CODE

CHAPTER 15.22, is hereby repealed and amended as set forth in EXHBIT G

Section 8: CHAPTER 15.24, ELECTRICAL CODE

CHAPTER 15.24, is hereby repealed and amended as set forth in EXHIBIT H

Section 9: CHAPTER 15.60, ENERGY CODE

CHAPTER 15.60, is hereby repealed and amended as set forth in EXHIBIT I.

Section 10: CHAPTER 15.65, CALIFORNIA EXISTING BUILDING CODE

CHAPTER 15.65, is hereby added as set forth in EXHIBIT J.

Section 11:
2019 California Building Code
2019 California Residential Building Code
2018 International Property Maintenance Code
2019 California Mechanical Code
2019 California Plumbing Code
2019 California Green Building Standards Code
2019 California Electrical Code
2019 California Energy Code

including all appendices and amendments thereto, and the whole thereof is now filed with the City Clerk, and from the date on which this Ordinance takes effect, the provisions therefore shall be enforceable to the same extent as if contained in the bodies of the published editions of the Uniform Codes.

Section 12: SEVERABILITY

If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Daly City hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

Section 13: The City Council finds, pursuant to Title 14 of the California Administrative Code, Section 15378, that this ordinance is exempt from the requirements of the California Environmental Quality Act (CEQA) in that:

A. 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 ultimately as provided in Title 14, Section 15378(a);

B. In that it is further exempt under the definition of Project in Section 15378(b)(3) in that it concerns general policy and procedure making;

C. In that it can be seen with certainty that there is no possibility that the activity may have a significant effect upon the environment pursuant to Title 14, Section 15061(b)(3); and

D. In that the action taken is an action by a regulatory agency that will both enhance and protect the environment and thereafter categorically exempt pursuant to Title 14, Section 15308.

Section 14: PUBLICATION

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 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 Council members voting for and against this ordinance or otherwise voting. This ordinance shall become effective thirty (30) days from and after its adoption.

Introduced this ________day of______________________, 2019.

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______________________, 2019, 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

FinalSECTION 1. Chapter 15.00 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.00 and Sections 15.00.010 through 15.00.180 are hereby added to Title 15, to read as follows:

EXHIBIT A -REFERENCE

CHAPTER 15.00

GENERAL REGULATIONS

Sections:

15.00.010 Administrative Authority.

Terms Explained.

A. Whenever the term “the authority having jurisdiction” or “administrative authority” is used, it shall mean the Building Official

B. Whenever the term “assistants” or “authorized representative” is used, it shall mean members of the building division.

C. Where reference is made to governing authority, it shall mean the City Council.

D. Where reference is made to private sewage disposal systems, public sewers, and/or waste department, the term "administrative authority" shall include the North San Mateo County Sanitation District, the Bayshore Sanitation District, the San Mateo County Health Department and any other public agencies dealing with sewage or sewage disposal.

E. Where reference is made to storm sewers and the water main distribution, the term "Administrative Authority" shall include the city engineer or his or her designated assistant.

15.00.020 Construction Valuation and Fees Prescribed and Established by Resolution of the City Council.

Any person desiring a permit required by these codes shall, at the time of filing an application therefore, pay fees prescribed and established by resolution of the City Council.

15.00.030 Time Limitation of Application.

Applications for which no permit is issued within one hundred eight (180) days following the date of application shall expire by limitation, and plans and other data submitted for review may thereafter be returned to the applicant or destroyed by the administrative authority.

Exception: Applications to abate enforcement violations shall have duration not to exceed ninety (90) days.

The Building Official may extend the time for action by the applicant for a period not exceeding one hundred eight (180) days on request by the applicant showing that circumstances beyond the control of the application have prevented action from being taken.

Exception: An extension on an application to abate enforcement violations shall not exceed ninety (90) days.

No application shall be extended or reactivated more than once. In order to renew action on an application after expiration, the applicant shall resubmit plans and pay a new plan review fee.

Terms Explained:

1 Permit Application Extended – To prolong a permit application without an activity less than 180 days from the date of application without causing the permit to expire beyond limitation.

2 Permit Application Reactivated – To restore a permit application without an activity for more than 180 days but less than 360 days from the date of application to a state of activity.

3. Expired Permit Renewal – To restore a permit application that has been extended and reactivated or has not had an activity for more than 360 days from the date of application.

15.00.040 Permit Expiration and Extension.

The following provisions apply to all permits issued. Every permit issued by the building official under the provisions of this code shall remain valid if the work authorized by such permit is commenced within twelve months (12) after it issuance per A.B. 2913, unless the permittee has abandoned the work authorized by the permit.

Exceptions:

A. Code Enforcement permit is to abate or repair building violations and shall have duration not to exceed ninety days (90) and shall expire if work is not commenced or is suspended or abandoned after ninety days has expired.

B. Permits for building maintenance work shall have duration not to exceed one hundred eighty days (180) and shall expire if work is not commenced or is suspended or abandoned after one hundred eighty days has expired.

Building maintenance work shall include reroofing, water heater, furnace, siding, garage door, garage door opener, and window replacement, new electrical service installation, minor plumbing repairs and other similar work as determined by the administrative authority.

In the case of an expired permit, before such work can be recommenced, a new permit shall be first obtained to do so, and the fee therefor shall be per fees established by resolution of the City council, provided no changes have been made or will be made in the original plans and specifications for such work, and provided further that such suspension or abandonment has not exceeded one year. In order to renew or reactivate the action on a permit after expiration exceeding 360 days, the permittee shall pay a new full permit fee

Any permittee holding an unexpired permit may apply for an extension of the time within which work may commence under that permit when the permittee is unable to commence work within the time required by this section for good and satisfactory reasons. The administrative authority may extend the time for action by the permittee for a period not exceeding one hundred eighty days on written request by the permittee showing justifiable cause that demonstrated beyond the control of the permittee have prevented action from being taken.

Exceptions:

A. Code Enforcement permits to abate or repair an enforcement violations may be extended for a period of time not to exceed ninety days (90).

B. Permits for building maintenance work may be extended or reactivated for a period of time not to exceed one hundred eight days (180).

C. No permit shall be extended or reactivated more than once.

Terms Explained:

c.1 Permit Extended – To prolong a permit without an activity before 180 days without causing the permit to expire beyond limitation.

c.2 Permit Reactivated – To restore a permit without an activity for more than 180 days but less than 360 day to a state of activity.

c.3 Code Enforcement permit – is to abate or repair a violation and not for construction

15.00.050 Procedure for Appeals.

Any person aggrieved by the decision of the building official shall have the right to appeal said decision to the city council of the city. Said appeal shall be in writing and shall be submitted to the city clerk of the city within ten days of the decision of the administrative authority. The city council, at its next regular meeting after receipt of the notice of appeal, shall set a time for hearing on said appeal, which time shall be not less than fourteen nor more than forty-five days (40) from the date of said regular meeting. A copy of the notice of hearing shall be mailed to the appellant not less than ten days before the date of hearing by the city clerk of the city. The time of hearing may be continued at the request of the party aggrieved at any time, which continuance shall not exceed a maximum of sixty days from the date originally set for hearing.

Said right of continuance shall be subject to approval by the city council and the decision of the city council shall be final.

Notice of the decision of the city council shall be delivered to the appellant personally or sent by certified mail--return receipt requested.

The effective date of said decision shall be the date of mailing of said notice of the decision, or the date same is personally delivered to said appellant. Failure to any person to file an appeal in accordance with the provisions of this code shall constitute a waiver of any right to an administrative hearing and adjudication of the notice and order or to any portion thereof.

15.00.060 Building Address

Approved Address Identification shall be provided on all new and existing buildings in such a position as to be plainly visible and legible from the street or road fronting the property. Said numbers shall be Arabic numbers or alphabetical letters and shall contrast with their background, shall be a minimum of one-half inch stroke by 4 inches high, and shall be either internally or externally illuminated in all new construction, alterations or repair of existing construction.

Numbers or letters shall be designated on all occupancies within a building. Size shall be one-quarter inch stroke by two inches high and on a contrasting background. Directional address numbers or letters shall be provided. Said addresses or numbers shall be installed in an approved location to facilitate emergency response. Where access is by means of a private road and the building address cannot be viewed from the public way, a monument, pole, or other approved sign or means shall be used to identify the structure. Address numbers shall not be spelled out and shall be maintained.

Exception: Accessory Dwelling Units shall be provided with a separate address (i.e.) 123-90th Street

Street for main unit 123-90th Street, and for the ADU 123-A 90th Street

15.00.070 Cooperation of other officials and officers.

The building official may request, and shall receive, the assistance and cooperation of other officials of this jurisdiction so far as is required in the discharge of the duties required by this code or other pertinent law or ordinance.

15.00.080 Emergency access.

In the event that the building official determines that there is an immediate emergency due to the fact that dangerous or unsafe conditions exist which are an immediate menace to life, health or property, and if, after proper demand for entry therein has been made, as herein provided, no owner or occupant, or any other person having charge, custody or control of any building or premises shall fail or neglect to properly permit entry therein by the building official or authorized representative, for the purpose of inspection and examination pursuant to this code, said person shall be in violation of this section and shall be guilty of a misdemeanor.

15.00.090 Reserve.

15.00.100 Qualifications for permit.

For the purpose of this code, no permit shall be issued to any person to do or cause to be done any work regulated by this code except to:

A. A person holding a valid and unrevoked appropriate contractor's license classification issued by the State of California and a Daly City business license; or

B. A bona fide registered owner of a single-family residential building who will personally perform the labor on said building and demonstrates to the satisfaction of the authorized representative that the said registered owner possesses the knowledge, training and skills necessary to complete all work in a manner which complies with all applicable codes.

C. A property management firm or corporation regularly employing one or more qualified tradespersons who performs alteration and repair to an existing component of a building, structure or on the premises owned or operated by the applicant for the permit and provides and maintain workers compensation insurance for its qualified trade's persons. This is not applicable to property management firm or corporation who hires licensed contractors to perform

The issuance of a permit or approval of plans shall not prevent the administrative authority from thereafter requiring the correction of errors in said plans and specifications or from preventing construction operations being carried on thereunder when in violation of this code or of any other ordinance or from revoking any permit approval when issued in error.

15.00.120 Workmanship.

All design, construction and workmanship shall be in conformity with accepted engineering and construction practices and shall be of such character as to secure the results sought to be obtained by this code.

15.00.130 Aircraft noise soundproofing project area.

Any home, constructed after January 1, 1993 or renovated at a cost equal to twenty-five percent or more of the value of the home and located within the 65 CNEL (FAA approved) contour map that is illustrated on the Aircraft Noise Soundproofing Project Area Map, must be insulated to meet standards applied in noise insulation programs supported by the Federal Aviation Administration.

15.00.140 Storm water best management practices.

All work undertaken in conformance with this code shall adhere to best management practices, guidelines or requirements that have been adopted by the city for any activity, operation or facility which may cause or contribute to storm water pollution or contamination, illicit discharges, and/or discharge of non-storm water discharge to the storm water system. Every person undertaking such activity or operation under this code shall comply with such guidelines or requirements as may be identified by the administrative authority.

Architectural features of copper metal roofing, copper granule containing asphalt shingles, copper gutters, copper downspouts, copper flashing and copper architectural ornaments shall not be permitted for use on any residential, commercial or industrial building for which a building permit is required, where the discharge of wastewater to storm drains is generated from the installation, cleaning, treating, and washing of the surface of copper architectural features.

15.00.150 Effect of Code on Past Actions and Obligations.

The adoption of Title 15 of the Daly City Municipal Code does not affect any civil lawsuits instituted or filed, or prosecutions for ordinances violations committed on or prior to the effective date of the said Code and does affect the validity of any bonds or cash deposits posted, filed or deposited pursuant to the requirement of any ordinance.

15.00.160 Spark Arrester Requirement

At the time of re-roofing, all existing operational chimneys as described in Chapter 10 of the California Residential Code shall terminate in a substantially constructed spark arrester either internally or externally mounted. Any spark arrester to be mounted internally shall not be installed until installation plans for such arrestor have been submitted to and approved by the building division.

15.00.170 Technology Fee.

Technology fee as prescribed and established by resolution of the City Council that is collected whenever a permit is issued is a non-refundable fee.

15.00.180 Service Utilities Meters.

Service Utilities as referenced in the California Code of Regulations Title 24 Part 2 and 2.5 limits the number of service utility meters to not more than one (1) for single family residential unit of an R-3 Occupancy including single family residential units with an approved secondary unit.

15.00.190 Factory Built Housing Fee

Allows the City of Daly City to charge for installation of Factory Built Housing other than mobile home parks. The permit fees shall be based on the valuation cost of foundation, and site-built component not part of the factory built housing, electrical connection, plumbing connection, development fees, sewer fee and associated State mandate fees.

SECTION 2. Chapter 15.08 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.08 and Sections 15.08.010 through 15.08.260 are hereby added to Title 15 to read as follows:

EXHIBIT B

CHAPTER 15.08

BUILDING CODE

Sections:

15.08.010 California Building Code—Adoption—Where filed.

There is adopted by the city with modification, for purpose of prescribing regulations for the health and safety of its inhabitants, that certain code known as the "2019 California Building Code, Edition, Part 2 Volume 1 and 2; excluding: Chapter 27 – Electrical, Chapter 28 – Mechanical System, Chapter 29 - Plumbing Systems; Chapter 31B - Public Pools; Chapter 31C - Radiation; Chapter 31D - Food Establishment; Chapter 31 F - Marine Oil Terminal; Chapter 34A Appendix A - Employee Qualification; Appendix B - Board of Appeals; Appendix C; Group U - Agricultural Buildings; Appendix D – Fire Districts, Appendix F - Rodent proofing; Appendix H - Signs; Appendix K - Group R-3 and Group R-3.1 Occupancies Protected by the Facilities of the Central Valley Flood Protection Plan; Appendix L - Earthquake Recording Instrumentation;

Appendix M – Tsunami - Generated Flood Hazard; Appendix N – Replicable Buildings; and the whole hereof, save and except for such portions as are hereinafter set forth, of which code one copy has been and now is filed in the office of the city clerk and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the building code shall be enforceable to the same extent as if contained in the body of the building code.

15.08.020 Section [A]105.1.1 and [A]105.1.2. Annual Permit and Annual Permit record, deleted.

Section 105.1.1 of the California Building Code, 2019 Edition, Annual Permit is deleted.

Section 105.1.2 of the California Building Code, 2019 Edition, Annual Permit Record is deleted.

15.08.030 Section [A]105.3.2. Time Limitation of Application, deleted.

Section 105.3.2 of the California Building Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code section 15.00.030.

15.08.040 Section [A]105.5. Permit Expiration and Extension, deleted.

Section 105.5 of the California Building Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code section 15.00.040.

15.08.050 Section [A]107.2.1.1. General Submittal Documents, amended.

Section 107.2.1.1 of the California Building Code, 2019 Edition, is amended by adding section 107.2.1.1 to read as follows:

107.2.1.1. Construction documents shall be drawn upon a suitable material with a minimum size of 11 inch by 17 inch or larger with a minimum readable font size of 10.

15.08.060 Section [A]107.2.1.2. Site Plan, added.

Section 107.2. of the California Building Code, 2019 Edition, is amended by adding section 107.2.1.2 to read as follows:

107.2.1.2. Site plan or plot plan shall indicate the direction and means of disposal of storm water runoff which shall be diverted to the public way and not to adjacent properties. Site plan or plot plan shall include the following information:

1). Location of utility electrical meter and service disconnect.
2). Location of utility natural gas meter
3). Location of rapid disconnect for new installation of a photovoltaic solar system.
4). Total floor area of:
   - Existing building.
   - Alteration, repair or remodeling
   - Addition

15.08.070 Section [A] 109.5.1. Construction Valuation and Fees Prescribed and Established by Resolution of the City Council, added.

Section 109 of the California Building Code, 2019 Edition, is amended by adding Section [A] 109.5.1 to read as follows:

Section [A] 109.5.1. Daly City Municipal Code General Regulations 15.00.020 are related Fees Prescribed and Established by Resolution of the City Council

15.08.080 Section 113. Board of Appeals, deleted.

Section 113 of the California Building Code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code section 15.00.050.

15.00.090 Section 114.4.1. Violation Penalties Fee, added.

Section [A] 114.4 of the California Building Code, 2019 Edition is amended by adding section 114.4.1 to read:

Section [A] 114.4.1 Violation penalties fee shall be assessed per Daly Municipal Code section 15.00.020.

15.08.100 Section 406.3.4 Additional Residential Gypsum Board Requirements, added.

Section 406.3 of the California Building Code, 2019 Edition is amended by adding Section 406.3.4.and sub Section, to be numbered 406.3.4.1, 406.3.4.2 and 406.3.4.3 to read as follows:

406.3.4. Additional residential gypsum board requirements.

406.3.4.1 For dwellings that do not have fire-resistive separations between the private garage area or a carport and the multi-dwelling unit, fire-resistive retrofit shall be required when habitable space is created by altering or improving existing unimproved space or by adding habitable space by expansion of an existing structure.

406.3.4.2 Fire resistive separations shall be constructed by installing fire taped Type X gypsum board throughout the entire garage area, meaning all walls and ceilings adjoining living areas, where the garage walls are supporting living space above, those supporting walls will be protected by installing a minimum 5/8” fire-taped Type X gypsum board or equivalent fire rated gypsum board.

406.3.4.3 All framing assemblies adjoining living space protected by gypsum board as required by 406.3.4 shall be insulated to R 13 standards in walls and R 19 standards in the ceiling/floor assembly.

15.08.110 Section 460. Requirements for Substantial Damage, Substantial Improvement or Change of Occupancy, added.

Section 460 of the California Building Code, 2019 Edition, is added to provide direction and permitting when Substantial Damage, Substantial Improvement or Change of Occupancy to a higher degree of hazard with the following sub-sections as follows:

Sec. 460. All existing buildings which undergo substantial damage restoration; substantial improvement, including change of occupancy that increase the current degree of public safety, health and general welfare shall conform with all requirements of California Existing Building Code. defined in section 202 of the California Code of Regulation Title 24 Part 1

EXCEPTION:

The appropriate persons involved with buildings of multiple use or mixed use occupancies wherein such improvement work is limited to a particular specific tenant space may apply for and receive permits for work related only to that specific tenant space provided that:

1. Such work conforms to all requirements of the adopted California Building Codes.
2. That tenant space demising wall construction be shall be of not less than one-hour fire-resistive construction unless provided with an approved automatic fire extinguishing system.
3. That if approved automatic fire extinguishing systems are installed that such systems shall not replace other fire resistive protection requirements or materials specified in the California Building Code.
4. Compliance Alternatives per DCMC 15.65.080 – California Existing Building Code Section 506 may use section 3412 of the California Building Code 2013 Edition as an Alternate Means and Methods to evaluate the building subject to the approval of the Building Official for change of occupancy that increase the current degree of public safety, health and general welfare in existing building while permitting the substantial repair, alteration, addition and change of occupancy without requiring full compliance to code currently in effect.

15.08.120 Section 502.1. Address Identification, deleted.

Section 502.1 of the California Building Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code General Regulations Section 15.00.060 Approved Numbers and Addresses.

15.08.130 Reserve.

15.08.140 Section 602.5.1. Exterior Siding Material, added.

Section 602.5. of the California Building Code, 2019 Edition of the California Building Code is amended by adding the following paragraph, to be numbered 602.5.1, to read as follows:

602.5.1. When the exterior wall is within eighteen inches (18") of the property line, and is Type V (A or B) construction, the wall shall be covered with 5/8 inch nominal, naturally durable wood drop siding or similar manufactured materials with comparable life span.

15.08.150 Section 604. Use of Metal Sheets or Plates for External Covering of Roofs or Wall, added.

Section 601 of the California Building Code, 2019 Edition, amended by adding the following section 604.1 and sub-sections to read as follows:

Section 604.1. The use of metal sheets or plates for the external covering of roofs or walls is prohibited, anything in the Code notwithstanding, with the following exceptions:

1. Prefabricated and prefinished module siding approved by and acceptable to the Authorized Representative for specific installations.
2. Gasoline service stations and car wash structures as provided in Section 311 of this Code.
3. Building structures in an industrial zone.
4. Metal factory-manufactured tool sheds.
5. Architectural metal roofs with demonstrated resistance to corrosion, long term durability and cut edge protection acceptable to the authorized representative for specific installations.
6. Architectural features of copper metal roofing, copper granule containing asphalt shingles is prohibited per Daly City Municipal Code 15.00.140 where the discharge of wastewater to storm drains is generated from the installation, cleaning, treating, and washing of the surface of copper roof.

15.08.160 Section 705.4.1. Walls Adjoining Property Line, added.

Section 705.4 of the California Building Code, 2019 Edition, is amended by adding the section 705.4.1 to read as follows:

Sec. 705.4.1. Walls Adjoining Property Lines between buildings built of wood frame construction next to each other or within eighteen nominal inches (18") of the property line, the wall shall be covered with 11/16 inch nominal naturally durable wood drop siding or similar manufactured materials with comparable life span along the full length or width of buildings where any portion of two buildings could meet. Party walls are not permitted. A minimum one-inch separation shall be provided between finished exterior wall surface and property line.

15.08.170 Section 809. Garbage Rooms Interior Finish, added.

Chapter 8- Interior Finishes of the California Building Code, 2019 Edition, is amended by adding section 809 and sub-sections 809.1, 809.2, 809.3 and 809.4 to read as follows:

809. Garbage Rooms Interior Finish.

809.1. Shall be lined on all sides up four feet from the floor with galvanized iron of not less than No. 26 gauge U.S Standard. All seams and joints shall be interlocking and tight. As an alternate to the above, the following materials may be used: Concrete or concrete blocks finished with a smooth trowel stucco or similar materials, or one-inch thick Portland cement on approved backing steel troweled to a smooth finish.

809.2. Shall have floors of concrete or quarry tile or other approved materials - no wood platforms.

809.3. Floor drains and hose bibs shall be required in, or within fifteen feet of, the garbage room in new construction.

809.4. Shall be provided with at least two garbage cans and as many more as may be considered necessary by the enforcement agency. They shall be constructed of at least No. 24 gauge U.S. Standard galvanized iron, all joints and seams riveted and soldered watertight. Each can shall be provided with a tight-fitting metal cover, or any other method acceptable to the Health Department.

15.08.180 Section 903. Automatic Sprinkler System, deleted.

Section 903. of the California Building code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code Section 15.32 and the 2019 California Fire Code. Automatic Fire Sprinkler Systems requirements shall be determined by the North County Fire Authority. Plan review, permits and inspections shall be under the North County Fire Authority.

15.08.190 Section 1030.1. Exception 8 and 9, Emergency Escape and Rescue, added.

Section 1030.1 of the California Building Code, 2019 Edition, is amended by adding the following exceptions, to be numbered exception 8 and 9, to read as follows:

Section 1030.1 exception 8. Emergency escape and rescue windows for Group R2 occupancies three (3) stories or less can open onto a yard that does not provide a direct means of access to the public way provided the yard has a minimum clear depth of 20 feet measured from the exterior wall to the property line and extends to the full width of the parcel. The exterior wall where emergency escape and rescue window is located shall be protected by installing an approved non-combustible siding material or a 7/8" thick cement plaster on the exterior side of the wall. Openings in the protected fire rated wall are not required to be fire rated assemblies.

Section 1030.1 exception 9. Emergency escape and rescue windows for Group R2 occupancies three stories or less can open onto a yard not less than 10 feet in depth measured from the exterior wall to the property line and extends to the full width of the parcel. The yard shall have direct and unobstructed access to an Exit Passageway complying with Section 1024 that leads directly to a public way.

15.08.200 Section 1202.7. Ventilation for Exterior Soffits, Bays, Projections and enclosed section under Exterior Stairs, added.

Section 1202.of the California Building Code, 2019 Edition, is amended by adding section 1202.7., to read as follows:

Sec. 1202.7. Ventilation for Exterior Soffits, Bays, Projections and enclosed sections under stairway. Ventilation shall be provided in an approved manner for all enclosed exterior soffits, bays, projections and and enclosed sections under stairs.

15.08.210 Table 1505.1. Minimum Roof Covering Classifications for Types of Construction, amended.

Table 1505.1 of the California Building Code, 2019 Edition, is amended by to read as follows:

Table 1505.1[a]

Minimum Roof Covering Classification for Types of Construction

IA	IB	IIA	IIB	IIIA	IIIB	IV	VA	VB
B	B	B	B	B	B	B	B	B

a. Unless otherwise required in accordance with chapter 7A within any twelve (12) month period, roof covering alterations which includes replacement or repair exceeding 50% of the projected area of the existing roof, requires the entire existing roof to be replaced with materials and construction as required for new roofs.

15.08.220 Section 1705.3. Concrete Construction Exception 1, amended.

Section 1705.3 Concrete construction of the California Building Code, 2019 Edition is amended to read as follows. The special inspection and test of concrete construction shall be performed by this section and TABLE 1705.3

Exception 1: Isolated spread concrete footings of buildings three stories or less above grade plane that are fully supported on earth or rock, where structural design of footing is based on a specified compressive strength f'c, no greater than 2,500 pounds per square inch (psi).

15.08.230 Section 1807.2.5. Retaining Wall, added.

Section 1807.2 of the California Building Code, 2019 Edition, is amended by adding subsection 1807.2.5 to read as follows:

Section 1807.2.5. Where it is necessary to retain earth to protect structures or adjoining property, a retaining wall must be constructed. Masonry and concrete walls higher than forty-eight inches from bottom of footing to top of wall, and wood walls higher than thirty-six inches (36") from bottom grade to top grade shall be designed by a licensed architect or engineer. Walls constructed of wood may be used to protect adjoining earth but may sustain no other loads.

Exception:

Walls constructed of wood to retaining backfilled clean earth and is mainly use for leveling a landscaping area or a planter box may be used and shall not sustain no other loads such as surcharge and not to exceed 36 inches in height measured from the finished grade to top of wall and shall have a minimum horizontal distance of six feet from any adjacent retaining wall, structures or building is exempted from design by a licensed architect or engineer.

15.08.240 Section 1905.1.7. ACI 318 Section 14.1.4.1 amended.

Section 1905.1.7 ACI 318, Section 14.1.4 of the California Building Code, 2019 Edition, is amended by deleting ACI 318, Section 14.1.4 and replace with the following:

14.1.4 - Plain concrete in structures assigned to Seismic Design Category C, D, E or F.
14.1.4.1- Structures assigned to Seismic Design Category C, D, E or F shall not have elements of structural plain concrete, except as follows:

(a) Isolated footings of plain concrete supporting pedestals or columns are permitted, provided the projection of the footing beyond the face of the supported member does not exceed the footing thickness.

Exception:
In detached one- and two-family dwellings three stories or less in height, the projection of the footing beyond the face of the supported member is permitted to exceed the footing thickness.

(b) Plain concrete footing supporting walls are permitted, provided the footings have at least two continuous longitudinal reinforcing bars. Bars shall not be smaller than No. 4 and shall have a total area of not less than 0.002 times the gross cross-sectional area of the footing. For footings that exceed 8" inches (203 mm) in thickness,
A minimum of one bar shall be provided at the top and bottom of the footing. Continuity of reinforcement shall be provided at corners and intersections.

Exception:
In detached one- and two-family dwellings three stories or less in height and constructed with stud bearing walls, plain concrete footings with at least two continuous longitudinal reinforcing bars not smaller than No. 4 are permitted to have a total area of less than 0.002 times the gross cross–sectional area of the footing.

15.08.250 Chapter 23 - Sections 2306 and 2308 Sheathing Used for Shearwall and Bracing Methods, amended.

Chapter 23 - Section 2306 and 2308 the California Building Code, 2019 where the Type of Material used for Shearwall and Bracing Methods as described in Tables 2306.3(3) and 2308.6.3(1) are deemed to be not an approved materials and methods and are deleted:

Table 2306.3(3) Shearwall

1. Expanded metal or woven wire lath and Portland cement plaster, deleted
2. Gypsum lath, plain or perforated, deleted
3. Gypsum sheathing, deleted
4. Gypsum board, gypsum veneer base or water-resistant gypsum backing board, deleted

Table 2308.6.3(1) Bracing Methods

1. LIB (Let-in-bracing), deleted
2. DWB (Diagonal wood boards), deleted
3. GB (Gypsum board- double sided), deleted
4. PBS (Particle board sheathing), deleted
5. PCP (Portland cement plaster), deleted
6. HPS (Hardboard panel siding), deleted

15.08.260 Section 3114. Trailers, Modular Units, Mobile Home added.

A new section, to be known as Section 3114 and sub-sections 3114.1, 3114.2, 3114.3 and 3114.4 to read as follows is added to Chapter of the California Building Code, 2019 Edition, which shall read as follows:

Section 3114. Trailers, Modular Units, Mobile Home:

3114.1. Trailers, modular units, mobile homes (except those mobile homes as defined in Sec. 15.40.010 B of the Daly City Municipal Code), travel trailers, house trailers, camp cars, campers or any other types of units, whether on wheels or not on wheels, and used for living quarters, shall be prohibited except in mobile home parks.

3114.2. Trailers, modular units, nor any other type unit as described in 3103., whether on wheels or not on wheels, shall not be used for any type of office-building or other business uses except they may be used for temporary offices for construction or sales purposes, formal educational occupancy and special events only, and with the specific approval of the Building Official per section 108 Temporary Structure and uses.

3114.3 Trailers, modular units or any type of unit as described in 3103. which are intended to be used for more than the specified time limitation per section California Building Code section 108 is allowed with one extension for not more than 180 day with specific approval of the Building Official.

3114.4 Trailers, modular units or any type of unit as described in 3103. which is intended to be used as described in 3103.5.2 for more than 360 days will require specific approval of the Building Official and other Officials and Officers.

SECTION 3: Chapter 15.10 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.10 and Sections 15.10.010 through 15.10.200 are hereby added to Title 15, to read as follows:

EXHIBIT C

CHAPTER 15.10

RESIDENTIAL BUILDING CODE

Sections:

15.10.10 California Residential Building Code – Adoption – Where Filed.

There is adopted by the city, for purpose of prescribing regulations for the health and safety of its inhabitants, that certain code known as the "California Residential Building Code, 2019 Edition," and excluding the following Appendices; A - Reserved; B - Reserved; C - Reserved; D - Reserved; E -Reserved; F – Radon Control Methods; G – Reserved; I – Private Sewage Disposal; L – Permit Fees; M – Home Day Care – R-3 Occupancy; N – Reserved;
O – Automatic Vehicular Gates; P – Reserved; R – Light Straw-Clay Construction; S – Strawable Construction; T [RE] – Solar Ready Provisions – Detached One, and Two Family Dwellings and townhouses; U – Reserved; V – Swimming Pool Safety Act; W – Areas Protected By the Facilities of the Central Valley Flood Protection Plan and the whole hereof, save and except for such portions as are hereinafter set forth, of which code one copy has been and now is filed in the office of the city clerk and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the building code shall be enforceable to the same extent as if contained in the body of the residential building code.

15.10.011 Section R101 of the California Residential Code 2019 is adding the term Accessory Dwelling Unit.

"Accessory Dwelling Unit" means an attached or a detached to as part of an existing primary residential dwelling unit which provides complete independent living facilities for one or more persons on the same lot. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family dwelling is situated. An accessory dwelling unit also includes the following: 1) An efficiency unit, as defined in Section 17958.1 of the Health and Safety Code; and 2) a manufactured home, as defined in Section 18007 of the California Health and Safety Code.

15.10.020 Section R105.2. Work Exempt from Permit, Building 1, amended.

Section R105.2 of the California Residential Code, 2019 Edition, Work Exempted from Permit Building - item1 is amended and substituting the following paragraph to read as follows:

Building: Item 1.

One or more single story detached accessory structures used as tool and storage sheds, playhouses and similar uses, provided the sum of the total floor area of these accessory structures does not exceed 120 square feet, with a maximum height of 12 feet above finished ground level.

Location.

Detached accessory structures shall not be located less than five (5) feet from the nearest exterior face of the residential building and not less than twelve (12) inches from a fence and where it will obstruct a bedroom window or door that is designed to be used for emergency escape and rescue per Section R310.

15.10.030 Section R105.3.2. Time Limitation of Application, deleted.

Section R105.3.2 of the California Residential Code 2019 Edition is deleted and substituted by Municipal Code General Regulations 15.00.030.

15.10.040 Section R105.5. Permit Expiration and Extension, deleted.

Section R105.5. of the California Residential Code 2019 Edition is deleted and substituted by Municipal Code General Regulations 15.00.040.

15.10.050 Section R106.1.1. General Submittal Document, added.

Section R106.1 of the California Residential Code, 2019 Edition, is amended by adding subsection R106.1.1 to read as follows:

Section R106.1.1 Construction documents shall be drawn upon a suitable material with a minimum size of 11 inch by 17 inch or larger with a minimum readable font size of 10.

15.10.060 Section R106.2. 1. Additional Site Plan or Plot Plan Information, added.

Section R106.2 of the California Residential Code, 2019 Edition, is amended by adding subsection R106.2.1 to read as follows:

Section R106.2.1 Site plan or plot plan shall indicate the direction and means of disposal of storm water runoff which shall be diverted to the public way and not to adjacent properties Site plan or plot plan shall include the following information:

1). Location of utility electrical meter and service disconnect.
2). Location of utility natural gas meter
3). Location of rapid disconnect for new installation of a photovoltaic solar system.
4). Total floor area of:
- Existing building.
- Alteration, repair or remodeling
- Addition

15.10.070 Section R108.7. Fees Prescribed and Established by Resolution of the City Council Fees, added.

Section R108. of the California Residential Code, 2019 Edition, is amended by adding Section R108.7 to read as follows:

Section 108.7. Daly City Municipal Code General Regulations 15.00.020 are Fees Prescribed and Established by Resolution of the City Council

15.10.080 Section R112. Board of Appeals, deleted.

Section R112 of the California Building Code, 2019 Edition, is deleted and substituted by General Regulations 15.00.050.

15.00.090 Section R113.2.1. Violation Penalties Fee, added.

Section R113.2 of the California Residential Code, 2019 Edition is amended by adding section R113.2.1 to read:

Section R113.2.1 Violation penalties fee shall be assessed per Daly Municipal Code section 15.00.020 Fees.

15.10.100 Section R302.1.2 Minimum Fire Separation Distance Between the Main Dwelling Unit and a Detached Accessory Dwelling Unit, added.

Section R302.1 of the California Building Code 2019 is amended by adding section R302.1.2 to establish a fire rating physical separation between the existing main dwelling unit and accessory dwelling unit by requiring an imaginary property line in between each structure. Setback for each structure from the imaginary property line shall be a minimum 5 feet measured from the nearest exterior wall or roof projection

15.10.110 Section 302.1.3 Fire Resistive Floor/Ceiling and Common Wall Separation Between the Main Unit and Accessory Dwelling, added.

Section R302.1 of the California Building Code 2019 is amended by adding section R302.1.3 requiring a minimum one-hour fire rated floor/ceiling and common wall assembly with a 45 Sound Transmission Control (STC) rating shall be provided between the existing main unit and accessory dwelling unit that is constructed within the existing building shell. A one-hour fire rated floor –ceiling and wall assembly between the Accessory Dwelling Unit and the main unit shall comply in accordance with ASTM E119 or UL 263.

15.10.120 Section R302.1.4 Minimum Fire Separation Distance for Non-Combustible wall for deck and existing stairway, added.

Section R302.1 of the California Building Code 2019 is amended by adding section R302.1.4 to read as follows"

Section R302.1.4. Decks and stairway that are located less than 5 feet but greater than 3 feet from property line shall be provided with a non-combustible siding with 2x P.T. framing at 16" o.c. with non-combustible exterior grade sheathing on each side of the wall.

Exception:

Floor joist of wood decks may project less than 5 feet but greater than 3 feet without protection provided the main structural support of the floor joist are located 5 feet or more from the property line

15.10.130 Section R302.6.1; R302.6.1.1 and R302.6.1.2 Fire Protection Retrofits, added.

Section R302.6 of the California Residential Code, 2019 Edition, is amended by adding Section R302.6.1 with sub Sections R302.6.1.1 and R302.6.1.2 to read as follows:

R302.6.1. Additional residential gypsum board requirements: For homes that do not have fire protection between the Group U garage area or carport and the Group R-3, dwelling, fire-protection retrofit shall be required when new habitable space is created by the alteration of existing unimproved space, or by the expansion of an existing structure as follows:

R302.6.1.1. Fire separations shall be constructed by installing fire-taped 5/8-inch-thick Type "X" gypsum board throughout the entire garage area, including all walls and ceilings adjoining living areas. Where the garage walls are supporting living space above, those supporting walls, including posts and beams, will be protected by installing fire-taped 5/8-inch-thick Type "X" gypsum board.

R302.6.1.2 All framing assemblies adjoining conditioned spaces protected by gypsum board as required by R302.6.1 shall be insulated with properly installed R 13 insulation in walls and R 19 in the ceiling/floor assembly or with other approved materials complying with current California Energy Code.

15.10.140 Section R303.1.1. Court, added.

Section R303.1 of the California Residential Code, 2019 Edition, is amended by adding sub Section R303.1.1 to read as follows:

Section R303.1.1 Court. Requirements of courts as defined in R202 of the California Residential Code shall comply with Section 1206.3 of the California Building Code, 2016 Edition,

15.10.150 Section R304.4 Storage Rooms. Maximum Floor Area within Single Family Dwelling, Duplex and Townhomes, added.

Section R304. of the California Residential Code, 2019 Edition, is amended by adding Section R304.4 with subsections R304.4.1, R304.4.2, R304.4.3, R304.4.4 to read as follows:

Section R304.4. Storage Rooms are defined to be use for storage of combustible and non-combustible household supplies for personal use and not to be use as a room which can be use for sleeping.

Section R304.4.1. Storage rooms shall have a horizontal dimension of 7 feet or more in any direction and with a total floor area of more than 70 square feet maximum. Rooms labeled as storage rooms having a floor area of 70 square feet or more shall be identified as a habitable room.

Section R304.4.2. Storage rooms with a floor area of more than 70 square feet shall enclosed with a two-hour fire rated construction on all Walls and Floor /Ceiling between the storage room and residential occupancy. A two-hour fire rated assembly shall comply with CBC Table 721.1(2), or, a listed assembly from the Fire Resistance Design Manual (Gypsum Association, GA-600).

Section R304.4.3. Door assembly for a storage room as mentioned on section 304.4.2 shall be a listed 1-1/2 hour fire resistive door and frame assembly with a self-closing, self-latching device between the storage room and adjacent habitable rooms or garage areas (Table 716.5).

Section R304.4.4. Storage rooms shall be provided with a dedicated 20 ampere branch circuit and a maximum of one light outlet controlled by a switch and one tamper resistant AFCI receptacle outlet

15.10.160 Section R309.5; R309.6 and R313. Automatic Fire Sprinkler Systems, deleted.

Section R309.5; R309.6 and R313 of the California Residential Code, 2019 Edition, is entirely deleted and all references to Automatic Fire Sprinkler Systems requirements in Section R309.5 and R309.6 and R313 and the entire body of the California Residential Code are replaced by

Daly City Municipal Code 15.32 and the 2019 California Fire Code. Automatic Fire Sprinkler Systems requirements shall be determined by the North County Fire Authority. Plan review permits and inspection shall be under the North County Fire Authority.

15.10.170 Section R310.1. Emergency Escape and Rescue. Exception, amended.

Section R310. Exception of the California Residential Code, 2019 Edition, is amended and substituted by the following paragraph to read as follows:

Section R310.1. Exception. Emergency escape and rescue windows for One- and Two-Family Residential Dwelling including Townhouses may open onto a yard that does not provide a direct means of access to the public way provided the yard has a minimum clear depth of 20 feet measured from the exterior wall to the property line, and that extends to the full width of the parcel. The exterior wall where emergency escape and rescue window is located shall be protected by installing an approved non-combustible siding material or a 7/8" thick cement plaster on the exterior side of the wall. Openings in the protected fire rated wall are not required to be fire rated assemblies.

Exception:

Wood deck or balcony constructed over a bedroom window may extends to a maximum four (4) feet from the exterior wall where the bedroom window is located.

15.10.180 R311.1.1 and R311.1.2 Exit Passageway for Accessory Dwelling Unit , added.

Section R311.1 of the California Residential Code, 2019 Edition, is amended by adding sub Section R311.1.1 and R311.1.2 to read as follows:

Section 311.1.1. Accessory dwelling unit constructed on 25 foot wide lot without access to a public way through an open side yard and rear yard leading to a public way shall provide a one hour fire rated "Exit Passage Way" as defined by the California Building Code which provides a direct unobstructed path of travel to the public way without re-entering any space of the main building except to a protected exit passageway. Exit from an accessory dwelling unit cannot open and travel through a garage.

Section 311.1.2 Exit passageway shall have a clear 36 inch exit minimum width. Doors or gate from the exit passageway shall be readily openable without the use of a special tool such as (i.e.) key or other devices which required requires special knowledge or skills (CRC R311.2).

15.10.190 Section R319. Site Address, deleted.

Section R319 of the California Residential Code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code section 15.08.060

15.10.200 Section R324.7.2.8. Location of Rapid Shutdown for Residential Photovoltaic System, added.

Section R324 of the California Residential Code 2019 Edition is amended by adding section R324.7.2.8 to read as follows:

Section R324.7.2.8. Rapid Shutdown as required by the Article 690.12 of the California Electrical Code 2019 Edition shall be located in a readily accessible location at the exterior of the building for small roof top solar system 10 kilowatts or less.

15.10.210 Section R403.1.2. Seismic Reinforcement Exception, amended.

Section R403.1.2 Exception of the California Residential Code, 2019 Edition is amended by substituting the following paragraph to read as follows:

Section R403.1.2 Seismic Reinforcing for concrete footings located in Seismic Design Categories D0, D1 and D2, as established in Table R301.2(1), shall have minimum reinforcement of at least two continuous longitudinal reinforcing bars, one top and one bottom and not smaller than No. 4 bars. Bottom reinforcement shall be located a minimum of 3 inches (76 mm) clear from the bottom of the footing. Reinforcement shall be installed with support and cover in accordance with Section R403.1.3.5.

15.10.220 Table R602.10.4 Footnote "f" and "g" to, added.

Section R602.10.4 of the California Residential Code, 2019 Edition, is amended by adding Footnote **"f"** to the end of Table 602.10.4 Bracing Method to read as follows:

Footnote "f". In Seismic Design Categories D0, D1, and D2, Method **GB**-(Gypsum wall board), **LIB**-(Let-in-bracing), **DBW**-(Diagonal wood board), **SFB**-(Structural fiberboard sheathing), **PBS**-(Particleboard sheathing), **PCP**-(Portland cement plaster), **HPS**-(hardboard panel siding), are not permitted as Bracing Methods

Footnote "g" In Seismic Design Categories D0, D1, and D2, Material used for Shearwall shall comply with Daly City Municipal Code 15.08.250.

15.10.230 Section R703.13. Exterior Covering, added

Section R703 of the California Residential Code, 2019 Edition, is amended by adding Section R703.13 with sub Sections R703.13.1 and 703.13.2 to read as follows:

Section R703.13 Exterior Wall Covering

Section R703.13.1. When the exterior wall is within eighteen inches (18") of the property line, the exterior wall shall be covered with 11/16" nominal, naturally durable, wood drop siding or similar manufactured materials with comparable life span.

Exception: Exterior walls facing public right of way.

Section R703.13.2. Walls Adjoining Property Lines. On buildings built within eighteen inches (18") of each other or within eighteen inches (18") of the property line, the exterior wall shall be covered with 11/16" nominal naturally durable wood drop siding or similar manufactured materials with comparable life span along the full length or width of buildings where any portion of two buildings could meet. Party walls are not permitted. A minimum one-inch separation shall be provided between the finished exterior wall surface and the property line.

15.10.240 Section R901. General Roof Assemblies, added.

Section R901 of the California Residential Code, 2019 Edition, is amended by adding R901.2 to read as follows:

Sec. R901.2 All new roof covering materials as stated in Section R902.1 for Residential Group R occupancy classifications shall have a fire rating of Class B, or better, which complies Fire-retardant Roofing, when tested in accordance with UL790 or ASTM E 108-07a

Within any twelve (12) month period, roof covering alterations which includes replacement or repair exceeding 50% of the projected area of the existing roof, requires the entire existing roof to be replaced with materials and construction as required for new roofs.

All references referring to the use of a fire-retardant roof covering Class C are hereby deleted.

15.10.250 Section AJ102.2.1 Existing Buildings and Structures. Lateral Movement Strengthening of Existing Basement Wall, added.

Section AJ102.2.1 of the California Residential Code, 2019 Edition, Appendix J is amended by adding AJ102.1.1 to read as follows:

Section AJ102.1.1 Whenever new habitable spaces including legalization of unpermitted improvements to a previously unimproved basement is made, the existing basement walls shall be strengthened by means of wall bracing per section R602.10 or acceptable engineering methodology that is prepared by a registered design professional.

Material for bracing or shearwall shall conform with section 15.10.210

15.10.260 Section AJ102.2.2 Removal or Reduction in length of Existing Interior or Exterior wall, added.

Section AJ102.2.2 of the California Residential Code, 2019 Edition, Appendix J is amended by adding AJ102.1.2 to read as follows:

Section AJ102.2.2 Whenever an existing interior or exterior walls which were originally constructed with the intent to resist horizontal forces are to be altered by means of new opening, reduction in its original length or to be completely removed: The tributary area where the renovation, alteration or reconstruction of the said wall to be altered, is reduced or removed shall be evaluated not to cause the tributary area of the alteration and reconstruction of building to become unstable or adversely affect the horizontal resisting performance of that area or section of the structure.

The proposed changes that cause a reduction to the horizontal resisting performance of the tributary area shall be evaluated and provide an equivalent horizontal resisting system by means of conventional bracing or engineered shearwall.

SECTION 4. Chapter 15.14 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.14 and Sections 15.14.010 through 15.14.070 are hereby added to Title 15, to read as follows:

EXHIBIT D

CHAPTER 15.14

INTERNATIONAL PROPERTY MAINTENANCE CODE

Sections:

15.14.010 International Property Maintenance Code Adopted as Reference.

There is adopted by the city, for the purpose of prescribing regulations for the protection of the public health and safety of its inhabitants, that certain code known as the "International Property Maintenance Code, 2018 Edition," as published by the International Code Council, Inc., and the whole thereof, save and except such portions as are hereinafter deleted, modified or amended, as hereinafter set forth, of which code one copy is on file in the office of the city clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city.

15.14.020 Section [A] 101.1. Terms Explained.

The International Property Maintenance Code 2015 Edition be changed to "ENFORCEMENT OF THE ORDER OF THE BUILDING OFFICIAL OR THE CITY COUNCIL OF THE CITY OF DALY CITY".

15.14.030 Section [A] 102.3 Application of Other Codes, amended.

Section [A] 102.3 of the Enforcement of the Order of the Building Official or the City Council of the City of Daly City is amended by including the 2019 California Existing Building Code and California Residential Code Appendix J – Existing Buildings and Structures as part of other codes.

15.14.040 Section [A] 103. Terms Explained

Section [A]103 of the International Property Maintenance Code 2018 Terms Explained.

The term “Code Official” is the Building Official
The Term “Assistant to Code Official” is the Code Enforcement Officer
The term “Department of Property Maintenance Inspection is changed to “Enforcement of the Order of the Building Official or the City Council of the City of Daly City”

The term “Chief Appointing Authority” is the City Manager.

15.14.050 Section 106.3. Failure to Obey Order, substituted.

Section 106.3 of the international Property Maintenance Code 2018 Edition is amended by substituting the title Prosecution of violation to read “Failure to Obey Order”

15.14.060 Section 106.4. Violations Penalties, deleted

Section 106.4 of the International Property Maintenance Code, 2018 Edition, referencing to “Violation Penalties,” is deleted in their entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code Chapter 15.00.020.

15.14.070 Section 109.4.1. Cost Recovery for Authorized Emergency Abatement of Immediate Life, Health and Safety Hazards, added.

Section 109.4 of the International Property Maintenance Code, 2018 Edition, is amended by adding subsection109.4.1 to read as follows:

Section 109.4.1. Cost Recovery. Expenses incurred for any action taken on such premises by the Enforcement of the Order of the Building Official or the City Council for authorized emergency abatement of Life, Health and Safety Hazards as authorized by the Chief Appointing Authority shall be recovered through reimbursement by the property owner.

In the event that expenses incurred for any action taken on such premises cannot be recovered though reimbursement by the property owner, the real estate upon which the structure is located shall be charge by placing a lien upon such real estate subject to the approval by City Council.

15.14.080 Section 109.6. Hearing, deleted.

Section 109.6 of the International Property Maintenance Code, 2018 Edition is deleted and substituted by Daly City Municipal Code section 15.00.050.

15.14.090 Section 111. Means of Appeal, deleted.

Section 111 of the International Property Maintenance Code, 2018 Edition is deleted and substituted by Daly City Municipal Code section 15.00.050.

SECTION 5: Chapter 15.16 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.16 and Sections 15.16.010 through 15.16.120 are hereby added to Title 15, to read as follows:

EXHIBIT E

CHAPTER 15.16

MECHANICAL CODE

15.16.010 Adopted.

There is adopted by the city for the purpose of prescribing regulations for the protection of the public health and safety, that certain code known as the California Mechanical Code, 2019 Edition, including the appendices thereto, published by the International Association of Plumbing and Mechanical Officials, and the whole thereof, save and except Appendix A - Residential plans examiner review form for HVAC System Design, Appendix B - Procedures to be followed to place gas equipment in operation, Appendix C - Installation and testing of oil (liquid) fuel-fired equipment, Appendix D - Fuel supply: manufactured/mobile home parks and recreational vehicle parks, Appendix E - Sustainable practice, Appendix F - Sizing of venting systems and outdoor combustion and ventilation opening design, Appendix G - Example calculation of outdoor air rate are adopted for reference and such portions as are hereinafter deleted, modified or amended, as set forth in this chapter, of which code one copy has been and now is filed in the office of the city clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the day on which the ordinance is codified, this chapter shall take effect; the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the California Mechanical Code shall be enforceable to the same extent as if contained in the body of the Mechanical Code.

15.16.020 Section 104.3.1.1. Construction Documents, added

Section 104.3.1 of the California Mechanical Code, 2019 Edition, is amended by adding section 104.3.1.1 to read as follows:

104.1.1.1. Construction documents shall be drawn upon a suitable material with a minimum size of 11 inch by 17 inch or larger with a minimum readable font size of 10.

15.16.030 Section 104.3.2.1. Plan Review Established Fee, added

Section 104.3.2 of the California Mechanical Code, 2019 Edition is amended by adding section 104.3.2.1 to read as follows:

Section 104.3.2.1 Plan review for mechanical work shall be determined by Daly City Municipal Code section 15.00.020.

15.16.040 Section 104.3.3. Time Limitation of Application, deleted

Section 104.3.3 of the California Mechanical Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code General Regulations 15.00.030.

15.16.050 Section 104.4.3. Expiration, deleted

Section 104.4.3 of the California Mechanical Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code regulation 15.00.030

15.16.060 Section 104.4.4. Extensions, deleted

Section 104.4.4 of the California Mechanical Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code regulation 15.00.030

15.16.070 Section 104.5. –Fee Schedule Table 104.5 Mechanical Permit Fees. deleted.

Section 104.5 – Fee Schedule Table 104.5 Mechanical Permit Fees of the California Mechanical Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code section 15.00.020.

15.16.080 Section 104.5.2.1. Investigation Fee, added

Section 104.5.2 of the California Mechanical Code, 2019 Edition, is amended by adding section 104.5.2.1 to read as follows:

Section 104.5.2.1 Investigation fee shall be assessed per Daly City Municipal Code section 15.00.020.

15.16.090 Section 104.5.3.4. Fee Refunds, added

Section 104.5. of the California Plumbing Code, 2019 Edition, is amended by adding 104.5.4 to read as follows:

Section 104.5.4 Refunding of fee shall be per Daly City Municipal Code section 15.00.020.

15.16.100 Section 106.3.1. Assessment of Penalties Added

Section 106.3 of the California Mechanical Code, 2019 Edition, , is amended by adding section 106.3.1 to read as follows:

Section 106.3.1 Assessment of penalties shall be per Daly City Municipal Code section 15.00.020

15.16.110 Section 107. Board of Appeals, deleted.

Section 107 of the California Mechanical Code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code section 15.00.050.

15.16.120 Section 311.4.1 Separate Heating System for an Accessory Dwelling Unit, added.

Section 311.4 of the California Mechanical Code 2019 Edition is amended by adding section 311.4.1

Section 311.4.1. A separate heating system is required for an Accessory Dwelling Unit independent from the main unit. Return air from one dwelling unit shall not discharge into another dwelling unit through the heating system.

15.16.130 Section 510.7.1. Grease Duct Enclosure Exception Added.

Section 510.7.1 of the California Mechanical Code 2019 Edition is amended by adding Exception to read as follows:

Exception:

1. Grease duct wall enclosures shall be at least one-hour fire resistive construction in all buildings and shall be two-hour fire resistive construction in Types I and II fire-resistive buildings.

2. An approved Fire Wrap with an Underwriter's Laboratory (U.L.) or International Code Council Evaluation Service (ICCES) certification may be used as In-lieu of a grease duct wall enclosure and shall be installed by a certified fire wrap installer.

15.16.140 Section 802.8.5. Vent Terminals, amended.

Section 802.8.5 of the California Mechanical Code 2019 Edition is amended by adding additional language to read as follows:

Section 802.8.5 Vent systems for category IV appliances that terminates through the outside of a building and discharges flue gases perpendicular to the adjacent wall shall be located not less than 10 feet horizontally from an operable opening including main path of travel - walkways leading from or into the exit doors of the building. Vent opening shall be located 8 feet above finished grade.

SECTION 6. Chapter 15.20 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.20 and Sections 15.20.010 through 15.20.240 are hereby added to Title 15, to read as follows:

EXHIBIT F

CHAPTER 15.20

PLUMBING CODE

Sections:

15.20.010 Adopted.

There is adopted by the city for the purpose of prescribing regulations for the protection of the public health and safety, that certain code known as the California Plumbing Code, 2016 Edition, including the appendices thereto, published by the International Association of Plumbing and Mechanical Officials, and the whole thereof, save and except : Appendix B Explanatory notes on combination waste and vent system, Appendix C Alternate plumbing systems, Appendix E, Manufactured/mobile home park and recreational Vehicle Park, Appendix F Firefighter breathing air replenishment systems, Appendix G Sizing of venting systems, Appendix H, Private Sewage disposal System, Appendix I Installation standard for PEX tubing systems for Hot-and –cold-water distribution, Appendix

J Combination of indoor and outdoor combustion and ventilation opening design, Appendix K Potable rainwater catchment systems, and Appendix L, Sustainable Practice which are adopted by reference and such portions as are hereinafter deleted, modified or amended, as set forth in this chapter, of which code one copy has been and now is filed in the office of the city clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the day on which the ordinance is codified, this chapter shall take effect; the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the California Plumbing Code shall be enforceable to the same extent as if contained in the body of the mechanical code.

15.16.020 Section 104.3.1.1. Construction Documents, added

Section 104.3.1 of the California Plumbing Code, 2019 Edition, is amended by adding section 104.3.1.1 to read as follows:

104.1.1.1. Construction documents shall be drawn upon a suitable material with a minimum size of 11 inch by 17 inch or larger with a minimum readable font size of 10.

15.20.030 Section 104.3.2.1. Plan Review Established Fee, added

Section 104.3.2 of the California Plumbing Code, 2019 Edition is amended by adding section 104.3.2.1 to read as follows:

Section 104.3.2.1 Plan review for plumbing work shall be determined by Daly City Municipal Code section 15.00.020 fees prescribed and established by resolution of the City Council.

15.20.040 Section 104.3.3. Time Limitation of Application, deleted

Section 104.3.3 of the California Plumbing Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code 1500.030.

15.20.050 Section 104.4.3. Expiration, deleted

Section 104.4.3 of the California Plumbing Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code 15.00.030

15.16.060 Section 104.4.4. Extensions, deleted

Section 104.4.4 of the California Plumbing Code, 2019 Edition, is deleted and substituted by Daly City Municipal Code 15.00.030

15.16.070 Section 104.5. –Fee Schedule Table 104.5 Plumbing Permit Fees, deleted.

Section 104.5 – Fee Schedule Table 104.5 Plumbing Permit Fees of the California Plumbing Code, 2016 Edition, is deleted and substituted by Daly City Municipal Code section 15.00.020 Fees Prescribed and Established by Resolution of the City Council.

15.20.080 Section 104.5.2.1. Investigation Fee, added

Section 104.5.2 of the California Plumbing Code, 2019 Edition, is amended by adding section 104.5.2.1 to read as follows:

Section 104.5.2.1 Investigation fee shall be assessed per Daly City Municipal Code section 15.00.020 fees prescribed and established by resolution of the City Council.

15.20.090 Section 104.5.3. Fee Refunds, amended

Section 104.5.3 of the California Plumbing Code, 2019 Edition, is amended by adding 104.5.4 to read as follows:

Section 104.5.4 Refunding of fee shall be per Daly City Municipal Code section 15.00.020 fees prescribed and established by resolution of the City Council.

15.16.100 Section 106.3.1. Assessment of Penalties, added

Section 106.3 of the California Plumbing Code, 2019 Edition, is amended by adding section 106.3.1 to read as follows:

Section 106.3.1 Assessment of penalties shall be per Daly City Municipal Code section 15.00.020 fees prescribed and established by resolution of the City Council.

15.16.110 Section 107. Board of Appeals, deleted.

Section 107 of the California Plumbing Code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code section 15.00.050 Procedure for Appeals.

15.20.120 Section 301.2.6. Minimum Plumbing Standards within a Building Structure, added.

Section 301.2. of the California Plumbing Code, 2016 Edition, is amended by adding Section 301.2.6 to read as follows:

Section 301.2.6. Acrylonitrile-butadiene-styrene (ABS), for drain, waste and vent fittings; Polyvinyl Chloride (PVC), for drain, waste and vent fittings; Cross-linked Polyethylene-Aluminum-Cross-linked Polyethylene (EEX-AL-EEX), Polyethylene-Aluminum-Polyethylene (PE-AL-PE) for water; Polyethylene (PE) for building supply or for natural gas yard piping; Polyethylene (PE), Chlorinated Polyvinyl Chloride (CPVC) and Polyvinyl Chloride (PVC) for water services are not otherwise deemed to be an approved plumbing material for use within a building or structure. All references to ABS, CPVC, PVC, EEX-AL-EEX, PE-AL-PE and PE materials throughout the body of the California Plumbing Code, 2019 Edition, are hereby deleted except as otherwise defined in this chapter.

The use of PEX tubing for domestic water supply is limited to tubing that uses a cross-linking process through “Engel - PEX A, or Silane - PEX B” process and limited to white colored tubing and shall be installed above interior finished grade.

EXCEPTION:

1. When a backflow preventer device is located on the exterior of the building, cold water piping for private irrigation sprinkler system installations may be PE or PVC downstream of the backflow preventer device. When such backflow preventer device is located on the interior of the building, the interior piping shall be of approved metal piping.

2. CPVC approved for Automatic Fire Sprinkler System shall be allowed to be installed within the building above interior finished grade. CPVC approved for Automatic Fire Sprinkler System shall not be used for domestic water distribution.

15.20.130 Section 310.6.1. Prohibited Fittings and Practices, added.

Section 310.6 of the California Plumbing Code, 2019 Edition, is by adding Section 310.6.1

Section 310.6.1 Approved Material Connecting Dissimilar Material.

310.6.1. Except for necessary valves, where mixing of dissimilar metals occur, the point of connection shall be confined to exposed or readily accessible locations and all connections between the two will be made by a brass nipple at least six inches (6") long or other methods approved by the Administrative Authority.

15.20.140 Section 401.3.1. Indoor Water Use Efficiency and Conservation, added.

Section 401.3 of the California Plumbing Code, 2019 Edition, is amended by adding section 401.3.1 to read as follows:

Section 401.3.1 All new construction and applicable remodels shall have, at a minimum, fixtures that comply with the Table 401.3.1 “Indoor Water Use Efficiency Table” for the following California Plumbing Code sections and plumbing fixtures: section 407-Lavatories, section 408-Showers, 411- section Water Closets, section 412 Urinals, section 413 Flushing Device, section 414-Diswashing Machines, section 417-Faucets and Fixture Fittings and section 420-Sinks.

Table 401.3.1 Indoor Water Use Efficiency Table

The following fixtures shall comply with the 2019 California Plumbing Code and California Green Building Standards	
Fixture	Water Consumption
Toilets	≤1.28 gpf,

Urinals - Wall Mounted - Floor Mounted	≤0.125 gpf 0.5 gpf	
Showers	≤1.8 gpm @ 80 psi	
Faucets - Residential - Common & Public	≤1.2 gpm @ 60 psi ≤ 0.5 gpm @ 60 psi	
Kitchen faucets	1.8 gpm @ 60 psi	
Wash Fountains	1.8 gpm @ 60 psi	
Metering Faucets	0.20 gpm per cycle	
Metering Faucets for Wash Fountains	0.20 gpm per cycle	
The following fixtures shall comply with DCMC 15.66		
	Residential	Non-Residential
Clothes washers	≤6.0 Water Factor	≤6.0 Water Factor
Dishwashers	≤6.5 gal/cycle, or Energy Star Qualified	Energy Star Qualified
Cooling towers	≥5 - 10 cycles, or ≥2.5 LSI	≥5 - 10 cycles, or ≥2.5 LSI
Food steamers	—	Boiler less, or Self-contained
Ice machines	—	≤25 gal/100 lbs. ice, or Air-cooled
Pre-rinse spray valves	—	≤1.15 gpm
Automatic vehicle wash facilities	—	≥50% of water that is recycled on site
Commercial refrigeration	—	Closed loop, or air cooled
Meters	Sub meters for RMF, and separate meter for outdoor if landscape >5,000 sq. ft.	Sub meters, and separate meter for outdoor if landscape >5,000 sq. ft.

Definitions:

a. Energy Star qualified" means that a given fixture meets the United States Environmental Protection Agency standard for an energy efficient product.

b. "gal/cycle" means gallons per cycle.

c. "gal/100 lbs ice" means gallons per hundred pounds of ice.

d. "gpf" means gallons per flush.

e. "gpm" means gallons per minute.

15.20.150 Section 507.28. Additional Requirements - Protection of Water Heater from Damage, added.

Section 507.0 of the California Plumbing Code, 2019 Edition, is amended by adding subsection 507.28, sub Sections 507.28.1, 507.28.2 and 507.28.3 to read as follows:

Section 507.28. Additional Requirements for Protection of Water Heater from Damage.

507.28.1. The owner of the property shall be required to conform to Sections 507.13 and, 507.14 in either of the following instances:

507.28.2. Whenever a building permit is issued in connection with said property, and said building permit is issued based on a valuation of $1,000.00 or more for work adding or modifying habitable space.

507.28.3. Prior to sale or transfer of the property.

15.20.160 Section 602.5. Unlawful Connections, added.

Section 602.0 of the California Plumbing Code, 2019 Edition, amended by adding subsection 602.5 to read as follows:

Section 602.5. Other Unlawful Connections.

602.5. No installation of potable water supply piping or part thereof shall be designed in such a manner that the water system will have dead ends, incapable of being circulated, except for domestic fire sprinkler systems when sprinkler system is connected directly to the domestic service piping system. An approved backflow device shall be installed at the point of connection between the domestic piping and the sprinkler piping.

15.20.170 Section 604.10. Plastic Material, deleted.

Section 604.10 including exception of the California Plumbing Code, 2019 Edition, is deleted. Grounding methods shall be referenced to California Electrical Code:

15.20.180 Section 604.14. Material for Water Piping and Fitting, added.

Section 604.0 of the California Plumbing Code, 2019 Edition, is amended by adding subsection 604.14 to read as follows:

Section 604.14. Materials for Water Piping and Fitting.

604.14. Water piping and fittings shall be of brass, copper, cast iron, galvanized malleable iron, galvanized wrought iron, galvanized steel, or other approved materials. Copper water pipe, as defined in Section 903.2, manufactured to recognize standards shall be used for cold water service supply systems outside a building, between the meter and the building.

15.20.190 Section 604.15. Plastic Parts Included with Approved Appliance, added.

Section 604 of the California Plumbing Code, 2019 Edition, is amended by adding subsection 604.14 to read as follows:

Section 604.15. Plastic Plumbing Parts Included with Approved Appliance or Fixture.

604.15 Plastic Plumbing Parts included as part of an approved appliance or plumbing fixture when readily accessible for repair or replacement is deemed to be an approved material as determined by the Administrative Authority.

15.20.200 Section 612.0. Residential Fire Sprinkler Systems, deleted.

Section 612.0 of the California Plumbing Code, 2019 Edition, is deleted in its entirety and substituted by Daly City Municipal Code Section 15.32 and the 2016 California Fire Code. Fire Sprinkler Systems requirements shall be determined by the North County Fire Authority. Plan review, permits and inspections shall be under the North County Fire Authority.

15.20.210 Section 703.1.1. Sizing of Building Drain and Building Sewer Pipe, added.

Section 703 of the California Plumbing Code, 2019 Edition, is amended by adding section 703.1.1 to read as follows:

Section 703.1.1 Size of Building Drain and Building Sewer Pipe

703.1.1. The main building drain and building sewer waste line shall be a minimum of four inches (4") in diameter.

EXCEPTION:

Alternative Engineered Design complying with California Plumbing code section 301.5 and approved sewer pump discharge assemblies.

15.20.220 Section 707.4. Location of Cleanouts, deleted.

Section 707.4 of the California Plumbing Code, 2019 Edition, is deleted and the following paragraph is substituted to read as follows:

Section 707.4 Location of Cleanouts.

707.4 Each horizontal drainage pipe shall be provided with a cleanout at its upper terminal, and each run of piping, which is more than fifty feet (50') in total developed length, shall be provided with a cleanout for each fifty feet (50') or fraction thereof, in length of such piping. An additional cleanout shall be provided in a drainage line for each aggregate horizontal change of direction exceeding 135 degrees. A cleanout shall be installed above the fixture connection fitting, serving each urinal, regardless of the location of the urinal in the building.

Exceptions:

(1) Cleanouts shall be permitted to be omitted on a horizontal drain line less than 5 feet (1524 mm) in length unless such line is serving sinks or urinals.
(2) Cleanouts shall be permitted to be omitted on a horizontal drainage pipe installed on a
slope of 72 degrees or less from the vertical angle (one-fifth bend).
(3) Excepting the building drain, its horizontal branches, I and urinals, r cleanont shall not
be required on a pipe or piping that is above the floor level of the lowest floor of the building.

15.20.230 Section 713.8. Administrative Authority Relating to Building Sewer, added.

Section 713.0 of the California Plumbing Code, 2019 Edition, is amended by adding section 713.8 to read as follows:

Section 713.8. Administrative Authority Relating to Building Sewer.

713.8. The North San Mateo County Sanitation District and the Bayshore Sanitary District is referred to as the Administrative Authority for their requirements as to fees, inspections, types of pipes and fittings, pipe sizes and other requirements, relating to building sewers.

15.20.240 Section 1208.7.5. Gas Meter Location, added.

Section 1208.7.8 of the California Plumbing Code, 2019 Edition, is amended by substituting to read as follows:

Section 1208.7.5. Gas Meter Locations.

1208.7.5. All gas meters shall be located on the exterior and shall be installed in accordance with the State Public Utilities Commission's approved Pacific Gas and Electric Standards. All Utility service meters and related equipment shall be screened from public view by enclosure or other method approved by the Administrative Authority

SECTION 7. Chapter 15.22 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.22 and Sections 15.22.010 through 15.22.050 are hereby added to Title 15, to read as follows:

EXHIBIT G

CHAPTER 15.22

CALIFORNIA GREEN BUILDING STANDARDS CODE

Sections:

15.22.010	California Green Building Standards Code adopted.
15.22.020	Section 4.303.1.4.5. Minimum Indoor Plumbing Fixtures and Fitting Requirements, added by reference.
15.22.030	Section 5.303.5. Minimum Indoor Plumbing Fixtures and Fitting Requirements, added by reference.
15.22.040	Appendix A4. Residential Enhanced Voluntary Measures Division A4.6 -- Tier 1 and Tier 2, deleted.
15.22.050	Appendix A5. Non-Residential Enhanced Voluntary Measures Division A5.6 -- Tier 1 and Tier 2, deleted.

There is adopted by the city, for the purpose of prescribing regulations for the protection of the public health and safety of its inhabitants, that certain code known as the California Green Building Standards Code, 2019 Edition, including the appendices thereto, as published by the International Code Council, and the whole thereof, save and except such portions as are hereinafter deleted, modified or amended, as hereinafter set forth, of which code one copy is on file in the office of the clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the California Green Building Standards Code shall be enforceable to the same extent as if contained in the body of the California Green Building Standards Code.

15.22.020 – Table 4.303.1.5. Indoor Water Use Efficiency Table, added by reference.

Section 4.303.1 of the California Green Building Standards Code, 2019 Edition, is amended by adding Table 4.303.1.5.

All new construction and applicable remodels will have, at a minimum, fixtures that comply with the efficiency standards listed below (the "Indoor Water Use Efficiency Table"):

Table 4.303.1.5 Indoor Water Use Efficiency Table

The following fixtures shall comply with the 2019 California Plumbing Code and California Green Building Standards	
Fixture	Water Consumption
Toilets	≤1.28 gpf,

Urinals - Wall Mounted - Floor Mounted	≤0.125 gpf 0.5 gpf	
Showers	≤1.8 gpm @ 80 psi	
Faucets - Residential - Common & Public	≤1.2 gpm @ 60 psi ≤ 0.5 gpm @ 60 psi	
Kitchen faucets	1.8 gpm @ 60 psi	
Wash Fountains	1.8 gpm @ 60 psi	
Metering Faucets	0.20 gpm per cycle	
Metering Faucets for Wash Fountains	0.20 gpm per cycle	
The following shall comply with DCMC 15.66		
	Residential	Non-Residential
Clothes washers	≤6.0 Water Factor	≤6.0 Water Factor
Dishwashers	≤6.5 gal/cycle, or Energy Star Qualified	Energy Star Qualified
Cooling towers	≥5 - 10 cycles, or ≥2.5 LSI	≥5 - 10 cycles, or ≥2.5 LSI
Food steamers	—	Boiler less, or Self-contained
Ice machines	—	≤25 gal/100 lbs. ice, or Air-cooled
Pre-rinse spray valves	—	≤1.15 gpm
Automatic vehicle wash facilities	—	≥50% of water that is recycled on site
Commercial refrigeration	—	Closed loop, or air cooled
Meters	Sub meters for RMF, and separate meter for outdoor if landscape >5,000 sq. ft.	Sub meters, and separate meter for outdoor if landscape >5,000 sq. ft.

Definitions:

a. Energy Star qualified" means that a given fixture meets the United States Environmental Protection Agency standard for an energy efficient product.

b. "gal/cycle" means gallons per cycle.

c. "gal/100 lbs ice" means gallons per hundred pounds of ice.

d. "gpf" means gallons per flush.

e. "gpm" means gallons per minute.

<u>15.22.030 – Table 5.303.3.4.5.</u> Indoor Water Use Efficiency Table, <u>added by reference.</u>

Section 5.303of the California Green Building Standards Code, 2019 Edition, is amended by adding Table 5.303.3.4.5 to read as follows:

All new construction and applicable remodels will have, at a minimum, fixtures that comply with the efficiency standards listed below (the "Indoor Water Use Efficiency Table"):

Table 5.303.3.4.5 Indoor Water Use Efficiency Table

The following fixtures shall comply with the 2019 California Plumbing Code and California Green Building Standards	
Fixture	Water Consumption
Toilets	≤1.28 gpf,
Urinals - Wall Mounted - Floor Mounted	≤0.125 gpf 0.5 gpf
Showers	≤1.8 gpm @ 80 psi
Faucets - Residential - Common & Public	≤1.2 gpm @ 60 psi ≤ 0.5 gpm @ 60 psi
Kitchen faucets	1.8 gpm @ 60 psi
Wash Fountains	1.8 gpm @ 60 psi
Metering Faucets	0.20 gpm per cycle
Metering Faucets for Wash Fountains	0.20 gpm per cycle

The following shall comply with DCMC 15.66		
	Residential	Non-Residential
Clothes washers	≤6.0 Water Factor	≤6.0 Water Factor
Dishwashers	≤6.5 gal/cycle, or Energy Star Qualified	Energy Star Qualified
Cooling towers	≥5 - 10 cycles, or ≥2.5 LSI	≥5 - 10 cycles, or ≥2.5 LSI
Food steamers	—	Boiler less, or Self-contained
Ice machines	—	≤25 gal/100 lbs. ice, or Air-cooled
Pre-rinse spray valves	—	≤1.15 gpm
Automatic vehicle	—	≥50% of water that is recycled on

wash facilities		site
Commercial refrigeration	—	Closed loop, or air cooled
Meters	Sub meters for RMF, and separate meter for outdoor if landscape >5,000 sq. ft.	Sub meters, and separate meter for outdoor if landscape >5,000 sq. ft.

Definitions:

a. Energy Star qualified" means that a given fixture meets the United States Environmental Protection Agency standard for an energy efficient product.

b. "gal/cycle" means gallons per cycle.

c. "gal/100 lbs ice" means gallons per hundred pounds of ice.

d. "gpf" means gallons per flush.

e. "gpm" means gallons per minute.

15.22.040 – Appendix A4. Residential Enhanced Voluntary Measures Division A4.6 -- Tier 1 and Tier 2 of, deleted.

Appendix chapter A4 Division A4.6 Tier 1 and Tier 2 enhanced residential voluntary measures of the California Green Building Standards Code, 2016 Edition, are deleted. “The measures contained in this appendix are not mandatory unless adopted by a city, county, or city and county as specified in section 101.7.

15.22.050 Appendix A5. Non-Residential Enhanced Voluntary Measures Division A5.6 – Tier 1 and Tier 2, deleted.

Appendix Chapter A5 Division A5.6 of the California Green Building Standards Code 2016 Edition Calgreen Tier 1 and Tier 2 non-residential enhanced voluntary measures deleted. “The measures contained in this appendix are not mandatory unless adopted by a city, county, or city and county as specified in section 101.7.”

SECTION 8. Chapter 15.24 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.24 and Sections 15.24.010 through 15.24.120 are hereby added to Title 15, to read as follows:

EXHIBIT H

CHAPTER 15.24

ELECTRICAL CODE

Section:

15.24.010 California Electrical Code—Adopted.

There is adopted by the city, for the purpose of prescribing regulations for the protection of the public health and safety, that certain electrical code known as the "California Electrical Code, 2019 Edition," as published by the National Fire Protection Association, save and except such portions as are hereinafter deleted, modified or amended as hereinafter set forth, of which code one copy has been and now is on file in the office of the city clerk of the city, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the day on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city.

15.24.020 Article 89.108.4.2.1. Fees Prescribed and Established by Resolution of the City Council Added.

Article 89.108.4.2 of the California Electrical Code, 2019 edition is amended by adding Article 89.108.4.2.1 to read as follows:

Article 89.108.4.2.1. Fees as prescribed to defray cost of enforcing rules and regulations of the Electrical Code is referenced to Daly City Municipal Code section 15.00.020, Fees Prescribed and Established by Resolution of the City Council.

15.24.030 Article 89.108.4.3.2. Plan Review Established Fee, added.

Article 89.108.4.3 of the California Electrical Code, 2019 Edition, is amended by adding section 89.108.4.3.2 to read as follows:

Article 89.108.4.3.2 Plan Review Fee for electrical work shall be determined by Daly City Municipal Code 15.00.020.

15.24.040 Article 89.108.4.3.3 Time Limitation for Application, added.

Article 89.108.4.3 of the California Electrical Code, 2019 Edition is amended by adding section 89.108.4.3.3 to read as follows:

Article 89.108.4.3.3. Time limitation for an application shall conform to Daly City Municipal code 15.00.030.

15.24.050 Article 89.108.4.3.4. Time Limitation of a Permit, added.

Article 89.108.4.3 of the California Electrical Code, 2019 Edition is amended by adding section 89.108.4.3.3 to read as follows:

Article 89.108.4.3.4. Time limitation of a Permit shall conform to Daly City Municipal code 15.00.040.

15.24.060 Article 89.108.8. Appeals Board, deleted.

Article 89.108.8 of the California Electrical Code, 2019 Edition is deleted and substituted by Daly City Municipal Code 15.00.050.

15.24.070 Article 210.11(C) (4). Storage Room Branch Circuit for Residential Dwelling Units Covered under the California Residential Code, Added.

Article 210.11(C) of the California Electrical Code, 2019 Edition is amended by adding Article 210.11(C) (4) to read:

Article 210.11(C)(4) Storage room branch circuit for residential dwelling units covered under the California Electrical Code shall be provided with a maximum of one (1) 20 ampere branch circuit to accommodate one (1) light outlet controlled by one (1) switch and one (1) AFCI receptacle outlet

15.24.080 Article 230-43. Service Entrance Enclosure, Substituted

Article 230.43 of the California Electrical Code, 2019 Edition, Wiring Method for 1000 volts nominal or less, is deleted and substituted to read as follows:

Article 230-43. Wiring Methods for 1000 Volts or Less. Overhead service entrance conductors shall be enclosed in rigid metal conduit or the equivalent factory fabricated metal duct.

15.24.090 Article 230-70(A) (1). Location of Disconnecting Means, substituted

Article 230-70(A)(1) of the California Electrical Code, 2019 Edition, Service Location is deleted and substituted with the following paragraph, to read as follows:

Article 230-70(A) (1). Location.

The main service disconnecting means and meter or meters shall be installed at a readily accessible location on the exterior of the building. All utility service meters and related equipment shall be recessed mounted and screened from public view or painted to match existing building finish, or other method approved by the Authorized Representative.

EXCEPTION:

The service disconnecting means and meter or meters, and related equipment may be installed on the interior of an apartment or commercial building in the event of unusual circumstances, if such case is determined necessary by the Administrative Authority.

15.24.100 Article 310.1(A). Conductor Material, added.

Article 310.1 of the California Electrical Code, 2019 Edition, Conductor Material, is amended by adding Article 310.1(A) to read as follows:

Article 310.1(A) Conductor Material. Conductors in this article shall be copper. All other material requests shall be approved by the Administrative Authority.

15.24.120 Article 690.12.1. Rapid Shutdown for Small Residential Rooftop Solar system10 kilowatts or Less.

Article 690.12 of the California Electrical Code 2019 Edition is amended by adding section Article 690.12.1 to read as follows:

Article 690.12.1. Rapid Shutdown shall be located in a readily accessible location at the exterior of the building for small roof top solar system 10 kilowatts or less.

15.24.130 Article 706.7.(A) Energy Storage Systems (ESS) Disconnecting Means, amended.

Article 706.7 (A) of the California Electrical Code 2019 Edition is amended to read as follows:

Article 706. (A) Disconnecting means shall be provided for all ungrounded conductors derived to and from an ESS. Disconnecting means shall be located in a readily accessible location at the exterior of the building.

SECTION 9. Chapter 15.60 of the Municipal Code is hereby repealed in its entirety and a new Chapter 15.60 and Section 15.60.010 is hereby added to Title 15, to read as follows:

EXHIBIT I

CHAPTER 15.60

ENERGY CODE

15.60.010 California Energy Code adopted.

There is adopted by the city for the purpose of prescribing regulations for the protection of the public health and safety of its inhabitants, that certain code known as the California Energy Code, 2016 Edition, including the appendices thereto, as published by the International Code Council, and the whole thereof, save and except such portions as are hereinafter deleted, modified or amended, as hereinafter set forth, of which code one copy is on file in the office of the clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance is codified, this chapter shall take effect; the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the California Energy Code shall be enforceable to the same extent as if contained in the body of the California Energy Code.

SECTION 10. Title 24 Part 10 Volume 2 of the California Building Code Chapter 15.64 and Section 15.64.010 to 15.64.080 is hereby added to Title 15, to read as follows:

EXHIBIT J

CHAPTER 15.65

CALIFORNIA EXISTING BUILDING CODE

Sections

15.65.010 California Existing Building Code Adopted

There is adopted by the city, for the purpose of prescribing regulations and to provide flexibility to permit the use of alternative approaches to achieve compliance with minimum requirements for the protection of the public health and safety of its inhabitants, and to provide safety to firefighters and emergency responders during emergency operation that certain code known as the "California Existing Building Code 2019 Edition," as published by the International Code Council, Inc., and the adopted sections per Matrix Adoption Table found from the beginning of each chapter with notations under HCD 1 and HCD 2 and part thereof , save and except such portions as are hereinafter deleted, modified or amended, as hereinafter set forth, of which code one copy is on file in the office of the city clerk, and the same is adopted and incorporated as fully as if set out at length in this chapter. From the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city. The requirements of the appendices to the building code shall be enforceable to the same extent as if contained in the body of the building code.

15.65.020 Section 1.8.4.2.1. Fees Prescribed and Established by Resolution of the City Council, added.

Section 1.8.4.2 of the California Existing Building Code, 2019 Edition, is amended by adding Section 1.8.4.2.1 to read as follows:

Section 1.8.4.2.1. Daly City Municipal Code General Regulations 15.00.020 are Fees Prescribed and Established by Resolution of the City Council

15.65.030 Section 1.8.4.3.1. Plan Review and Time Limitation, added.

Section 1.8.4.3 of the California Existing Building Code 2019 Edition is amended by adding Section 1.8.4.3.1 to read as follows:

Section 1.8.4.3.1. Plan Review and Time Limitation shall comply with Municipal Code General Regulations 15.00.040.

15.65.040 Section 1.8.4.3.2. Permit Expiration and Extension, added.

Section 1.8.4.3. of the California Existing Building Code 2019 Edition is amended by adding Section 1.8.4.3.2 to read as follows:

Section 1.8.4.3.2 Permit Expiration and Extension shall comply with Municipal Code General Regulations 15.00.040.

15.65.050 Section 1.8.8. Board of Appeals, deleted.

Section 1.8.8 of the California Existing Building Code, 2019 Edition, is deleted and substituted by General Regulations 15.00.050.

15.65.060 Section 1.8.10. Terms Explained, added

The terms found within the body of the "California Existing Building Code" are explained as follows:

The term "Code Official" is the Building Official
The term "Department of Department of Building Safety" is changed to "Enforcement of the Order of the Building Official or the City Council of the City of Daly City"

The term "Chief Appointing Authority" is the City Manager.

15.65.070 Section 106.2.1.1. General Submittal Documents, added.

Section 106.2.1 of the California Existing Building Code, 2019 Edition, is amended by adding section 106.2.1.1 to read as follows:

106.2.1.1. Construction documents shall be drawn upon a suitable material with a minimum size of 11 inch by 17 inch or larger with a readable font of 10.

15.65.080 Section 302.6 Safety Inspection of Elevated Decks, Walkways and Balconies, Stairway System, Guard rails, Handrails, and parts there off in Weather Exposed Area, added.

Section 302 of the California Existing Building Code, 2019 Edition, is amended by adding section 302.5 to read as follows:

Section 302.5 in conjunction with Senate Bill 721 requires an inspection of exterior elevated elements and associated waterproofing elements for all wood and metal decks, balconies, landings, exit corridors, stairway systems, guard rails, hand rails, fire escapes, or any parts thereof in weather-exposed areas for buildings with 3 or more multifamily dwelling units, hotels, condominiums including any building that is proposed for conversion to condominiums be inspected for general safe condition, in adequate working order, and free from hazardous dry rot, fungus, deterioration, decay, or improper alteration by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses, or private individual certified as a building inspector or building official.

Property owners shall provide proof of compliance with this Section by submitting the compliance affidavit, with verification (if applicable) completed and signed by the licensed professional who inspected the subject building. The inspection shall be completed as prescribed by SB 721. Completed affidavits must be submitted to the Department of Economic and Community Development, Building Division, and recertified every 6 years.

15.65.080 Section 506.5 Compliance Alternatives Method, added.

Section 506 of the California Existing Building Code, 2019 Edition, is amended by adding Section 506.5 to read as follows:

Compliance Alternatives using section 3412 of the California Building Code 2013 Edition can be used to evaluate the change of occupancy that increase the current degree of public safety, health and general welfare in existing building while permitting the substantial repair, alteration, addition and change of occupancy without requiring full code compliance of a new building currently in effect. This method is subject to the approval of the Building Official Alternate Means and Methods.

ATTACHMENT 1

CITY OF DALY CITY
DALY CITY MUNICIPAL CODE
BUILDINGS AND CONSTRUCTION
CHAPTER 15.00, GENERAL REGULATIONS
FINDINGS

The City Council finds and determines for administrative purposes that in order to be consistent with existing established policies and procedures that a new Chapter, Title 15.00, "General Regulations" needs to be added to the Daly City Municipal Code.

The purpose of this Chapter is to establish and set forth in one place definitions and regulations for the following Section set forth in general Regulations:

Scope and Administration

Fees Prescribed and Established by Resolution of the City Council.

Time Limitation of Application

Permit Expiration and Extension

Procedure for Appeals

Approved Numbers and Addresses

Cooperation of Other Officials and Officers

Emergency Access

Reserve

Qualification of Permit

Workmanship

Aircraft Noise Soundproofing Project Area

Storm Water Best Management Practices

Effect of Code on Past Actions and Obligations

Spark Arrester Requirement

Technology Fee

Service Utility Meters.

Factory Built Housing Fee

Further that the Definitions and regulations contained in this Chapter apply to each of the following codes.

California Building Code, 2019 Edition

California Electrical Code, 2019 Edition

California Energy Code, 2019 Edition

California Fire Code, 2019 Edition

California Green Building Standards Code, 2019 Edition

California Mechanical Code, 2019 Edition

California Plumbing Code, 2019 Edition

California Residential Code, 2019 Edition

California Existing Building Code 2019 Edition

International Property Maintenance Code, 2018 Edition

BUILDING CODE
CHAPTER 15.08

FINDINGS OF FACT:

1. Finding of Facts Sections [A] 105.1.1 and [A] 105.1.2

The City Council finds and determines for administrative purposes that Sections [A] 105.1.1 and [A]105.2.1 of the California Building Code 2019 Edition, referencing Annual Permit and Annual Permit Record are not necessary and are deleted in their entirety inasmuch as regulations are not clearly known of its enforceability and monitoring and may not apply consistently in this jurisdiction

2. Finding of Facts Section [A]105.3.2

The City Council finds and determines for administrative purposes, Section [A]105.3.2 of the California Building Code, 2019 Edition, referencing "Time limitation of Application", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth specific time limitation for a Standard Permit application from a Code Enforcement Permit application as set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

3. Finding of Facts Section [A]105.5

The City Council finds and determines for administrative purposes, Section [A]105.5 of the California Building Code, 2019 Edition, referencing "Permit Expiration and Extension", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth specific time limitation for a Standard Permit application from a Code Enforcement Permit application as set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Section [A]107.2.1.1

The City Council finds and determines for administrative purposes Section [A]107.2.1 of the California Building Code 2019 shall be amended by adding subparagraph [A]107.2.1.1 thereto, to set forth further requirements for building permit applications to include "Construction Documents shall be drawn upon a suitable material with a minimum size of 11inch by 17 inch with a minimum readable font of 10 for easier and more efficient permit processing" thus creating consistency on the submittal of construction documents.

5. Finding of Facts Section [A]107.2.1.2

The City Council finds and determines for administrative purposes Section [A]107.2. of the California Building Code 2019 Edition, shall be amended by adding subparagraph [A]107.2.1.2 thereto, to set forth further requirements for building permit applications to include

"Site Plan or Plot Plan shall include location of utility electric and natural gas meter, rapid disconnect for new photovoltaic solar system, existing information of floor area, alteration, repair or remodeling and addition and the direction and means of disposal of storm water runoff for consistency and more efficient permit processing among different departments.

6. Finding of Facts Section [A]109.5.1

The City Council finds and determines for administrative purposes that by adding of Sec. 109.5.1 to section 109.5 to the California Building Code, 2019 Edition, referencing "Fees Prescribed and Established by Resolution of the City Council", is referenced to the established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

7. Finding of Facts Section [A]113

The City Council finds and determines for administrative purposes, Section 113 of the California Building Code, 2019 Edition, referencing "Board of Appeals", is not necessary and shall be deleted in their entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

8. Finding of Facts Section [A]114.4.1.

The City Council finds and determines for administrative purposes, that by adding Section 114.4.1 to Section 114.4 of the California Building Code, 2019 Edition, referencing "Violation Penalties Fee", is to established violation penalties to recover the cost for time spent by staff as set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

9. Finding of Facts Section 406.3.4

The City Council finds and determines because of the City's close proximity to known earthquake faults and the potential for uncontrolled fires due to the dry conditions of exiting exposed framing lumbers that Section 406.3.4. of the California Building Code 2019 Edition shall be amended by adding section 406.3.4 with subsections 406.3.4.1, 406.3.4.2 and 406.3.4.3 thereto to protect the structure and occupants of dwellings and adjacent properties from fire by requiring a fire resistive retrofit work be installed whenever habitable space is created or added to an existing multi family home.

10. Finding of Facts Section 460

The City Council finds and determines because of potential earthquake hazards and due to the fact that there are many older non-conforming, mixed-use buildings and others in the City which undergo Substantial Improvement or Change of Occupancy to a Higher Degree of public safety, health, general welfare and hazardous conditions; Section 460, shall be added to Section to the California Building Code 2019 Edition. Tenant spaces or building that will be undergoing alterations, resulting to a higher degree of public safety, general welfare and hazardous condition shall require to conform with the requirements of a new building. Alternative using section 3412 of the California Building Code 2013 Edition may be use as an alternative evaluation to determine if exemptions can be granted through alternate means and methods.

11. Finding of Facts Section 502.1

The City Council finds and determines the topography of Daly City prevents rapid identification of addresses for emergency services when required, and therefore Section 502.1 of the California Building Code 2019 Edition is deleted in their entirety inasmuch as regulations setting forth equivalent regulations are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

12. Finding of Facts Section 602.5.1

The City Council finds and determines for administrative clarification purposes, Section 602.5 of the California Building Code 2016 Edition is amended by adding 602.5.1 defining what materials are required for exterior property line walls of wood frame construction in close proximity to a property line and to providing and extended protection to the fire rated material without maintenance due to inaccessible location of the wall.

13. Finding of Facts Section 604

The City Council finds and determines that the amendment to the California Building Code 2019 Edition because of Daly City's geographic location in the Bay Area lending itself primarily to residential construction the visual impact of buildings must be regulated in order to provide for more effective control over the type of construction for commercial or industrial buildings and metal buildings, including controlling the installation of metal roof for the safety of fire personnel in the event of fire that metal roof surface can be slippery when wet or could melt the sole of rubber boots due to heat accumulation under such metal roof.

The City Council also finds that architectural copper roofing or flashings materials for exterior installation are not acceptable under storm water best management practices where the discharge of waste water to storm drains causes contamination as a result from washing due to cleaning and treating

14. Finding of Facts Section 705.4.1

The City Council finds and determines for administrative purposes and because of the geographic density of housing stock in Daly City that the amendment to the California Building Code 2016 Edition where additional requirements are necessary to provide separation between buildings, prohibit common party walls and specify materials used when buildings are of wood frame construction with exterior walls in close proximity to property lines. Section 705.4 of the California Building Code 2019 Edition shall be amended by adding subparagraph 705.4.1 thereunder to define requirements of exterior siding material that provides equivalent life span of the building and where access for maintenance is limited.

15. Finding of Facts Section 809

The City Council finds and determines that in order to provide more effective control in garbage rooms, Section 809; with sub sections 809.1, 809.2, 809.3 and 809.4 shall be added to Chapter 8 – Interior Finishes of the California Building Code 2019 Edition.

16. Finding of Facts Section 903

The City Council finds and determines that Sec. 903 of the California Building Code 2019 Edition is deleted and substituted with Daly City Municipal Code 15.32. Where enforcement of Automatic Fire Sprinkler System is reviewed and enforced the North County Fire Authority.

17. Finding of Facts Section 1030.1. Exception 8 and 9

The City Council finds and determines that a regulatory paragraph shall be added to Section 1030.1 of the California Building Code 2019 Edition to be numbered paragraph 1030.1 Exception: 5 and 6. The addition is needed due to the topographical and geographical conditions in Daly City where standard lots were historically divided with a minimum width of twenty five feet and a minimum length of one hundred feet. The City Council further finds that emergency escape and rescue windows may open on to a yard without direct access to a public way by requiring a minimum twenty-foot-deep rear yard extending to the full width of the parcel. In addition, the exterior wall where the bedroom window is located shall be protected by a non-combustible siding material or a 7/8" thick cement plaster on the exterior side of the wall. Openings in the protected fire rated wall are not required to be fire rated assemblies. This meets the intent of providing a safe protected area.

The City Council further finds and determines that for a new building of an R-2 occupancy, three stories or less with a rear yard having less than 10 feet measured from the exterior wall, requires an unobstructed exit passageway from the rear yard that leads to the public way as a means of emergency escape for occupants and access for rescue and exit of emergency personnel's.

18. Finding of Facts Section 1202.7

The City Council finds and determines because of the local climatic conditions, it is necessary to provide additional ventilation requirements and that a regulatory paragraph shall be added to Section 1202 of the California Building Code 2019 Edition to be numbered paragraph 1202.7 thereunder.

19. Finding of Facts Table 1505.1

The City Council finds and determines that Table 1505.1 of the California Building Code 2019 Edition is amended by adding thereto certain requirements, including the requirement of non-combustible roofing materials to lower fire intensity and slow the rate of fire spread due to climatic conditions, specifically winds, the probability of earthquakes, proximity to major earthquake fault zones, and the close proximity of housing stock.

20. Finding of Facts Section 1705.3, exception 1

The City Council finds and determines that Section 1705.3 exception 1 of the California Building Code 2016 Edition is amended to not require a Special Inspection for buildings three stories or less when the concrete compressive strength is no greater than 2,500 psi when substantiated by an engineered structural calculation prepared by a licensed design professional.

Results from studies after the 1994 Northridge earthquake indicated that a lot of the damages were attributed to lack of quality control during construction. The proposed amendment improves quality control during construction and therefore needs to be incorporated into the Code. Revise CBC Section 1705.3 exception No. 1 to allow special inspection not to be required for isolated spread footing where the structural design of the footing is based on a specified compressive strength, f'c, no greater than 2,500 psi. This proposed amendment is a continuation of an amendment adopted during the previous code adoption cycle.

21. Finding of Facts Section 1807.2.5

The City Council finds and determines that the amendment to the California Building Code 2019 Edition in order to provide more effective control in the construction of retaining walls, because of the San Andreas Fault, geological instability and unstable soil conditions encountered in Daly City that further requirements in the form of an additional subparagraph 1807.2.5 shall be added to Section 1807.2 of the California Building Code 2019 Edition.

22. Finding of Facts Section 1905.1.7 ACI 318 Section 14.1.4.1

The amendment is needed to the California Building Code 2019 Edition due to local geological conditions clarifies that plain concrete requires at least two reinforcing bars on the longitudinal direction. The proposed amendment addresses the problem of poor performance of plain or under-reinforced concrete footings during a seismic event. This amendment reflects the recommendations by the Structural Engineers Association of Southern California (SEAOSC) and the Los Angeles City Joint Task Force that investigated the poor performance of plain and under-reinforced concrete footings observed in 1994 Northridge earthquake.

23. Finding of Facts Chapter 23 Section 2306 and 2308

The amendment is needed to the California Building Code 2019 Edition due to local geological conditions that structural grade plywood is the only panel allowed to be used as a minimum for shearwalls or conventional wood framed braced wall panels. The San Francisco Bay region is densely populated and located in an area of high seismic activities as indicated by United States Geological Survey and California Division of Mines and Geology. The proposed amendment addresses the problem of poor performance specially of gypsum wallboard and Portland cement plaster as wall bracing materials in high seismic areas. This amendment reflects the recommendations by the Structural Engineers Association of Southern California (SEAOSC) and the Los Angeles City Joint Task Force that investigated the poor performance of these bracing materials that were observed in 1994 Northridge earthquake.

24. Finding of Facts Section 3114

The City Council finds and determines that the amendment to the California Building Code 2019 Edition in order to provide for proper regulation and control of trailers, mobile homes, travel trailers, etc. within the City of Daly City, that new Section 3114, subsections 3112.1, 3112.2, 3112.3 and 3112.4 thereunder shall be added to the California Building Code 2019 Edition and that such regulations provide a better control and enforcement of unpermitted use and occupancy of trailers in locations other than an approved trailer park or mobile home park .

RESIDENTIAL BUILDING CODE
CHAPTER 15.10

FINDINGS OF FACT:

1. Finding of Facts Section R101

The City Council finds and determines for administrative clarification purposes to the California Residential Code 2019 Edition that identifying the term Accessory Dwelling Unit is either a detached, attached or constructed within an existing single-family dwelling unit that is a separate independent living facility and not identified as a duplex.

2. Finding of Facts Section R105.2

The City Council finds and determines for administrative clarification purposes to the California Residential Code 2019 Edition as the city is densely developed, that in order to effectively control the number of exempted one story detached structures used as tool and storage sheds, playhouses and similar uses; one or more detached one story structure with a maximum height of 12 feet can be permitted to be constructed on site provided the sum of the total floor area of these detached structure shall not exceed 120 square feet of floor area.

Location.

The City Council further finds that requiring specific distance an accessory structure from the existing residential building will provide a fire separation setback which is consistent with the California Residential Code and prevents the obstruction of a bedroom window or door that is designed to be used for emergency escape and rescue

3. Finding of Facts Section R105.3.2

The City Council finds and determines for administrative purposes, Section R105.3.2 of the California Residential Code, 2019 Edition, referencing "Time limitation of Application", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Section R105.5

The City Council finds and determines for administrative purposes, Section R105.5 of the California Residential Code, 2019 Edition, referencing "Permit Expiration and Extension", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

5. Finding of Facts Section R106.1.1

The City Council finds and determines for administrative purposes Section R106.1 of the California Residential Code, 2019 Edition shall be amended by adding subparagraph R106.1.1 thereto, to set forth further requirements for building permit applications to include "Construction Documents shall be drawn upon a suitable material with a minimum size of 11inch by 17 inch for better clarify of documents with the least amount of paper and more efficient permit processing.

6. Finding of Facts Section R106.2.1

The City Council finds and determines for administrative purposes Section R106.2. of the California Residential Code, 2019 Edition, shall be amended by adding subparagraph R106.2.1 thereto, to set forth further requirements for building permit applications to include "Site Plan or Plot Plan shall include the direction and means of disposal of storm water runoff, location of utility meters and rapid disconnect for new installation of photo voltaic panels for consistency and more efficient permit processing among different departments.

7. Finding of Facts Section R108.7

The City Council finds and determines for administrative purposes that by adding of Sec. R108.7 of the California Residential Code, 2019 Edition, referencing "Fees Prescribed and Established by Resolution of the City Council", is referenced to the established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

8. Finding of Facts Section R112

The City Council finds and determines for administrative purposes, Section R112 of the California Residential Code, 2019 Edition, referencing "Board of Appeals", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

9. Finding of Facts Section R113.2.1

The City Council finds and determines for administrative purposes, that by adding Section R113.2.1 to Section R113.2 of the California Residential Code, 2019 Edition, referencing "Violation Penalties Fee", is to established violation penalties to recover the cost for time spent by staff as set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

10. Finding of Facts Section R302.1.2

The City Council finds and determines that a regulatory section shall be added to Section R302.1 of the California Residential Code, 2019 Edition to be numbered paragraph R302.1.2. The addition is needed due to the topographical and geographical conditions in Daly City where existing housing stock exterior walls are deemed to be non-fire rated wall. Establishing a minimum 10 feet fire separation distance between the existing non-fire rated wall of the main building and a detached Accessory Dwelling Unit creates a reasonable distance to prevent the spread of fire from unprotected wall and wall openings. This meets the intent of providing a safe protected area complying with California Residential Code Table R302.1(1).

11. Finding of Facts Section R302.1.3

The City Council finds and determines that a regulatory section shall be added to Section R302.1 of the California Residential Code, 2019 Edition to be numbered paragraph R302.1.3 establishing a floor/ceiling and common wall fire resistive separation between separate independent living units in a single family residential unit which will prevent the quick spread of fire from one independent living unit to the other and establishing a minimum sound proofing level.

12. Finding of Facts Section R302.1.4

The City Council finds and determines that a regulatory section shall be added to Section R302.1 of the California Residential Code, 2019 Edition to be numbered paragraph R302.1.4 that due geographical and topographical condition and the limited side setbacks of residential buildings from each other, a regulatory section is establish to prevent the quick spread of fire to a wood deck by regulating requiring the construction of non-combustible walls located less than 5 feet but greater than 3 feet from the property line or requiring the main supports to be located where fire resistive construction is not required.

13. Finding of Facts Section R302.6.1; R302.6.1.1 and R302.6.1.2

The City Council finds and determines because of the City's close proximity to known earthquake faults and the potential for uncontrolled fires due to the dry conditions of exiting exposed framing lumbers that Section R302.6 of the California Residential Code 2019 Edition shall be amended by adding section 302.6.1 with subsections 302.6.1.1 and 302.6.1.2 hereto to protect the structure and occupants of dwellings and adjacent properties from fire by requiring a fire resistive retrofit work be installed whenever habitable space is created or added to an existing home.

14. Finding of Facts Section 303.1.1

The City Council finds and determines for administrative purposes, Section R303.1.1 of the California Residential Code, 2019 Edition, referencing "Court" for purposes of determining and enforcing the required width and depth of a light or exit court shall be referred to Section 1206.3 of the California Building Code 2019 Edition.

15 Finding of Facts Section 304.4

The City Council finds and determines that a regulatory section shall be added to Section R304 of the California Residential Code, 2019 Edition to be numbered paragraph R304.4 and with subsections R304.4.1, R304.4.2, R304.4.3, R304.4.4 that a regulatory section is establish to limit the size of storage rooms constructed within the building shell of a single family dwelling unit, duplex and townhomes to prevent the quick conversion of a storage room to a room which can be used for unpermitted habitation. This practice has been observed in previous code enforcement violation abatement processes. Any proposed storage room greater than 70 square feet will be required to conform with the requirements of a habitable space or fire rating requirement of a storage occupancy.

16. Finding of Facts Section R309; R309.6 and R313

The City Council finds and determines that Sec. R309, R309.6 and R313 of the California Residential Code 2019 Edition is deleted and substituted with Daly City Municipal Code 15.32. where enforcement of Automatic Fire Sprinkler System is reviewed and enforced the North County Fire Authority.

17. Finding of Facts Section R310.1. Exception

The City Council finds and determines that a regulatory paragraph shall be added to Section R310.1 of the California Residential Code, 2019 Edition to be numbered paragraph R310.1 Exception. The addition is needed due to the topographical and geographical conditions in Daly City where standard lots were historically divided with a minimum width of twenty-five feet and a minimum length of one hundred feet. The City Council further finds that emergency escape and rescue windows may open on to a yard without direct access to a public way by requiring a minimum twenty-foot-deep rear yard extending to the full width of the parcel. In addition, the exterior wall where the bedroom window is located shall be protected by installing 5/8-inch-thick an approved non-combustible siding material on the interior side of the wall or a 7/8” thick cement plaster on the exterior side of the wall. Openings in the protected fire rated wall are not required to be fire rated assemblies. This meets the intent of providing a safe protected area.

18. Finding of Facts Section R311.1.1 and R311.1.2

The City Council finds and determines that a regulatory paragraph shall be added to Section R311.1 of the California Residential Code, 2019 Edition to be numbered subparagraph paragraph R311.1.1 and R311.1.2 adding the term Exit Passageway. The addition is needed due to the topographical and geographical conditions in Daly City where in most cases standard lots are historically twenty-five width for an existing and including new building structures can cover the entire width of the lot. When an attached or detached Accessory Dwelling Unit is proposed on a twenty-five-foot-wide lot, the regulation will be to require that a protected exit passageway be provided for the occupants of the accessory dwelling unit that leads directly to the public way without re-entering the building.

The state regulation defines passageway to be a pathway unobstructed clear to the sky and extend from a street to one entrance of the accessory unit. This definition is a property with an ample side yard passageway for exiting.

19 Finding of Facts Section R319

The City Council finds and determines for administrative purposes, Section R319 of the California Residential Code, 2019 Edition, referencing "Site Address", is not necessary and shall be deleted in their entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

20 Finding of Facts Section R324.7.2.8

The City Council finds and determines that a regulatory section shall be added to Section R324 of the California Residential Code 2019 Edition to be numbered Section R324.7.2.8. The addition regulation is needed due to the topographical, geographical and climatic conditions in Daly City where for the safety of first responders have the ability to shut down the photovoltaic system in a readily accessible location in addition to the main electrical service in the event of a fire or other emergencies where all electrical power source have to be shut down.

21. Finding of Facts Section R403.1.2

The City Council finds and determines the proposed amendment to the California Residential Code 2019 Edition CRC R403.1.2 is made to be consistent that modifies the plain concrete provisions in CBC Section 1905.1.8 and ACI 318 Section 22.10.1.
This proposed amendment addresses the problem of poor performance of plain or under-reinforced concrete footings during a seismic event. This amendment reflects the recommendations by the Structural Engineers Association of Southern California (SEAOSC) and the Los Angeles City Joint Task Force that investigated the poor performance of plain and under-reinforced concrete footings observed in 1994 Northridge earthquake".

22. Finding of Facts Section R602.10.4. Footnote “f” and “g’

The amendment the California Residential Code 2019 Edition is needed due to local geological conditions that structural grade plywood is the only panel allowed to be used as a minimum for shearwalls or conventional wood framed braced wall panels and to be consistent with Daly City Municipal Code 15.08.250. The San Francisco Bay region is densely populated and located in an area of high seismic activities as indicated by United States Geological Survey and California Division of Mines and Geology. The proposed amendment addresses the problem of poor performance specially of gypsum wallboard and Portland cement plaster as wall bracing materials in high seismic areas. This amendment reflects the recommendations by the Structural Engineers Association of Southern California (SEAOSC) and the Los Angeles City Joint Task Force that investigated the poor performance of these bracing materials that were observed in 1994 Northridge earthquake.

23. Finding of Facts Section R703.13.

The City Council finds and determines for administrative clarification purposes, Section R703 of the California Residential Code 2019 Edition is amended by adding section R703.13 with subsections:

R703.13.1 Defining what materials are required for exterior property line walls of wood frame construction for longevity in close proximity to a property line where access for maintenance is limited, with the exception of exterior walls facing the public right of way.

R703.13.2. Additional requirements are necessary to provide separation between buildings, prohibit common party walls and specify materials used when buildings are of wood frame construction for longevity with exterior walls in close proximity to property lines where access for maintenance is limited.

24. Finding of Facts Section R901.

The City Council finds and determines that R901.2 of the California Residential Code 2019 Edition is amended by adding thereto certain requirements, including the requirement of non-combustible roofing materials to lower fire intensity and slow the rate of fire spread due to climatic conditions, specifically winds, the probability of earthquakes, proximity to major earthquake fault zones, and the close proximity of housing stock.

25. Finding of Facts Section AJ102.2.1of Appendix J – Existing Buildings and Structures

The City Council finds that the amendment to the California Residential Code 2019 Edition Appendix J by adding Section AJ102.2.1 is needed due to local geological conditions that Daly City is densely populated and developed and is located in an area of high seismic activities as indicated by United States Geological Survey and California Division of Mines and Geology, that basement wall framing of existing housing stock will require strengthening by means of convention wall bracing or engineering methodology whenever habitable space is made through alteration, remodeling or addition. Basement of existing housing stock that were constructed prior to January 1, 2001 were not finished for human occupancy and due to housing crisis, basements are being converted for human occupancy where improvements causes the removal existing diagonal or let-in bracings built in place to resist horizontal loads. Exterior walls as a result from alterations, renovation or improvement results in creating new openings and additional weight to the building due to additional wall finishing materials such as gypsum boards which reduces the horizontal load resisting strength of the basement walls. The purpose of this regulation is to strengthening some previous existing weak construction methodology that lacks horizontal force resisting strength of an interior and exterior walls. A bracing policy was prepared by staff and can be use as guidelines for basement wall strengthening.

26. Finding of Facts Section AJ102.2.2 of Appendix J – Existing Buildings and Structures

The City Council finds that the amendment the California Residential Code 2019 Edition Appendix J by adding Section AJ102.2.2 is needed due to local geological conditions where Daly City is densely populated and developed and is located in an area of high seismic activities as indicated by United States Geological Survey and California Division of Mines and Geology. It has been determined that all interior wall framing of existing housing stock constructed before January 1, 2001 are identified to be wall that are constructed to resist horizontal loads. Removal or reduction of interior walls will alter the existing lateral load resisting strength of a braced wall line. The purpose of this regulation is to control the removal or reduction of the original length of interior wall. If reduction or removal of interior is made, it is required that strengthening of the braced wall line to restored to compensate for the reduction in strength of a braced wall line or tributary. Strengthening can be of wall bracing or approved engineering methodology. A bracing policy was prepared by staff and can be use as guidelines for strengthening a reduced interior wall.

INTERNATIONAL PROPERTY MAINTENANCE CODE
CHAPTER 15.14

FINDINGS OF FACT

1. Finding of Facts Section 101.1

The City Council finds and determines for administrative purposes that the title of Section of the International Property Maintenance Code 2018 Edition, be changed to "ENFORCEMENT OF THE ORDER OF THE BUILDING OFFICIAL OR THE CITY COUNCIL OF THE CITY OF DALY CITY" to conform with the manner in which the City regulates appeals.

2. Finding of Facts Section 103

The City Council finds and determines for administrative purposes that the references to “Terms Explained” under the general definition and anywhere used in the International Property Maintenance Code 2018 Edition, identifies the position.

3. Finding of Facts Section 106.3

The City Council finds and determines the title of Section 106 3 of the International Property Maintenance Code 2018 Edition, should be substituted to provide for compliance with any order of the Building Official or City Council of the City of Daly City.

4. Finding of Facts Section 106.4

The City Council finds and determines for administrative purposes Section 106.4of the International Property Maintenance Code 2018 Edition, referencing to " Violation Penalties", is not necessary and is deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the City Municipal Code, Chapter 15.00, Titled "General Regulations".

5. Finding of Facts Section 109.4.1

The City Council finds and determines for administrative purposes inasmuch as Authorized Emergency work to abate or temporarily fix an unsafe condition of a building that is of a “Life, Health and Safety Hazard” of the International Property Maintenance Code, 2018 Edition, should be added to recover the cost spent authorized emergency work.

6. Finding of Facts Section 109.6

The City Council finds and determines that for administrative purposes Section 109.6 of the International Property Maintenance Code 2018 Edition, referencing “Hearing” is not necessary and is deleted in its entirety inasmuch as regulation setting forth equivalent regulations are now set forth in the City Municipal Code, Chapter 15.00, Titled "General Regulations".

7. Finding of Facts Section 111

The City Council finds and determines that for administrative purposes Section 111 of the International Property Maintenance Code 2018 Edition, referencing “Means of Appeals” is not necessary and is deleted in its entirety from the International Property Maintenance Code 2018 Edition inasmuch as regulation setting forth equivalent regulations are now set forth in the City Municipal Code, Chapter 15.00, Titled "General Regulations".

MECHANICAL CODE
CHAPTER 15.16

FINDINGS OF FACT

1. Finding of Facts Section 104.3.1.1.

The City Council finds and determines for administrative purposes Section 104.3.1 of the California Mechanical Code, 2018 Edition shall be amended by adding subsection 104.3.1.1 thereto, to set forth further requirements for building permit applications to include "Construction Documents shall be drawn upon a suitable material with a minimum size of 11inch by 17 inch for easier better clarify of documents with the least amount of paper and more efficient permit processing.

2. Finding of Facts Section 104.3.2.1

The City Council finds and determines that Section 114.3 "Plan Review Fees" of the California Mechanical Code, 2019 Edition, is not necessary and is therefore deleted in its entirety inasmuch as equivalent regulations are now set forth in the Daly City Municipal Code, Chapter 15.00 titled "General Regulations.

3. Finding of Facts Section 104.3.3

The City Council finds and determines for administrative purposes, Section 104.3.3 of the California Mechanical Code, 2019 Edition, referencing "Time limitation of Application", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Section 104.4.3

The City Council finds and determines for administrative purposes, Section 104.4.3 of the California Mechanical Code, 2019 Edition, referencing "Expiration", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

5. Finding of Facts Section 104.4.4

The City Council finds and determines for administrative purposes, Section 104.4.4 of the California Mechanical Code, 2019 Edition, referencing "Extensions", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

6. Finding of Facts Section 104.5.

The City Council finds and determines for administrative purposes that by amending Section 104.5 of the California Mechanical Code, 2019 Edition, referencing “Fees”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

7. <u>Finding of Facts Section 104.5.2.1</u>

The City Council finds and determines for administrative purposes that by adding Section 104.5.2.1 to Section 104.5.2 of the California Mechanical Code, 2019 Edition, referencing “Investigation Fees”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

8. <u>Finding of Facts Section 104.5.3.4</u>

The City Council finds and determines for administrative purposes that by adding Section 104.5.3.4 to Section 104.5of the California Mechanical Code, 2019 Edition, referencing “Fee Refunds”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

9. <u>Finding of Facts Section 106.3.1</u>

The City Council finds and determines for administrative purposes that by adding Section 106.3.1 to Section 106.3 the California Mechanical Code, 2019 Edition, referencing “Assessment of Penalties”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

10. <u>Finding of Facts Section 107</u>

The City Council finds and determines that for administrative purposes Section 107 Board of Appeals of the California Mechanical Code, 2019 Edition, is not necessary and is deleted in its entirety from the California Mechanical Code inasmuch as regulations setting forth equivalent regulations are now set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

11. Finding of Facts Section 311.4.1

The City Council finds and determines that adding Section 311.4.1 the California Mechanical Code 2019 Edition requiring a separate heating system for an accessory dwelling unit. This prevents the spread of germs or air contaminants from one unit to another by having each unit a separate return air recirculating unit system.

12. <u>Finding of Facts Section 510.7.1</u>

The City Council finds and determines that by adding an exception to Section 510.7.1 of the California Mechanical Code 2019 Edition, for existing commercial buildings which has lesser fire rating compared to newer buildings which undergoes an improvement that will require the installation of a commercial kitchen hood is required to install a fire rated shaft enclosure or an approved Fire Wrap to the grease duct that is installed in an enclosed location preventing the spread of fire in conformance with the type of construction for which the building was constructed.

13. Finding of Facts Section 802.8.5.

The City Council finds and determines that by adding additional language to Section 802.8.5 of the California Mechanical Code 2019 Edition, that due to geographical location and close proximity of residential building side setbacks that direct vent or power vent termination from fuel burning appliances shall not be not located less than 10 feet from windows, exit doors and main path of travel walkways leafing into or from the building as it could cause nuisance and inconvenience from adjacent property owners due to moisture and heat exhausting from such vents.

PLUMBING CODE
CHAPTER 15.20

FINDINGS OF FACT:

1. Finding of Facts Section 104.3.1.1.

The City Council finds and determines for administrative purposes Section 104.3.1 of the California Plumbing Code, 2019 Edition shall be amended by adding subsection 104.3.1.1 thereto, to set forth further requirements for building permit applications to include "Construction Documents shall be drawn upon a suitable material with a minimum size of 11inch by 17 inch for easier better clarify of documents with the least amount of paper and more efficient permit processing.

2. Finding of Facts Section 104.3.2.1

The City Council finds and determines that Section 114.3 "Plan Review Fees" of the California Plumbing Code, 2019 Edition, is not necessary and is therefore deleted in its entirety inasmuch as equivalent regulations are now set forth in the Daly City Municipal Code, Chapter 15.00 titled "General Regulations.

3. Finding of Facts Section 104.3.3

The City Council finds and determines for administrative purposes, Section 104.3.3 of the California Plumbing Code, 2019 Edition, referencing "Time limitation of Application", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Section 104.4.3

The City Council finds and determines for administrative purposes, Section 104.4.3 of the California Plumbing Code, 2019 Edition, referencing "Expiration", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

5. Finding of Facts Section 104.4.4

The City Council finds and determines for administrative purposes, Section 104.4.4 of the California Plumbing Code, 2019 Edition, referencing "Extensions", is not necessary and shall be deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

6. Finding of Facts Section 104.5

The City Council finds and determines for administrative purposes that by amending Section 104.5 of the California Plumbing Code, 2019 Edition, referencing “Fees”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

7. Finding of Facts Section 104.5.2.1

The City Council finds and determines for administrative purposes that by adding Section 104.5.2.1 to Section 104.5.2 of the California Plumbing Code, 2019 Edition, referencing “Investigation Fees”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

8. Finding of Facts Section 104.5.3.

The City Council finds and determines for administrative purposes that by adding Section 104.5.3. to Section 104.5of the California Plumbing Code, 2019 Edition, referencing “Fee Refunds”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

9. Finding of Facts Section 106.3.1

The City Council finds and determines for administrative purposes that by adding Section 106.3.1 to Section 106.3 the California Plumbing Code, 2019 Edition, referencing “Assessment of Penalties”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

10. Finding of Facts Section 107

The City Council finds and determines that for administrative purposes Section 107 Board of Appeals of the California Plumbing Code, 2019 Edition, is not necessary and is deleted in its entirety from the California Mechanical Code inasmuch as regulations setting forth equivalent regulations are now set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

11. Finding of Facts Section 301.2.6

The City Council finds and determines because of the proximity to known earthquake faults with risk of fractured piping and local soil conditions leading to severe electrolysis damaging underground water supply piping, it is necessary to assure a healthy safe potable water system. Section 301.2. of the California Plumbing Code 2019 Edition is amended by addition of subsection 301.2.6 to define allowable materials. The City Council further finds than the reference to PEX A and PEX B are methods of processing these plumbing material and not as referring to a registered brand name. The use of PEX A and PEX B is limited to white colored PEX material to limit the leaching of a chemicals called Methyl-tert-Butyl Ether (MTBE) and Methyl-propanol 2 when using red or blue color PEX. The City Council further finds that the use of CPVC approved for Automatic Fire Sprinkler System can be used under the discretion of the Fire Marshal and installed by a trained fire sprinkler installed.

12. <u>Finding of Facts Section 310.6.1</u>

The City Council finds and determines that a high incidence of electrolysis has been found where plumbing installations are altered, repaired for renovated and wherein dissimilar metals are joined particularly in water systems and therefore, it is necessary that Section. 310.6., of the California Plumbing Code 2019 Edition, thereof be amended and that a new subsection 311.6.1 thereof be added to set forth electrolytic protection.

13. <u>Finding of Facts Section 401.3.1</u>

The City Council finds and determines adding Section 401.3.1 provides current indoor water use efficiency table referring to subsections 407 -lavatories, 408 - showers, 410 – bidets, 411 – water closets, 412 – urinals, 414 - dishwashing, 417 – faucet and fixture fittings, and 420 - sinks of the California Plumbing Code 2019 Edition, with references to water to conserving fixtures and fittings is substituted from Daly City Municipal Code 15.66.040 Minimum Indoor Fixture Requirement. The City council further finds the adoption and enforcement of this ordinance is necessary to manage the City of Daly City's potable water supply in the short and long term and to avoid or minimize the effect of drought and shortage within the City of Daly City. This ordinance is essential to ensure a reliable and sustainable minimum supply of water for public health, safety and welfare

14. <u>Finding of Facts Section 507.28</u>

The City Council finds and determines that a significant history of fires caused by water heaters demonstrates the need to add Section 507.28 of the California Plumbing Code, 2019 Edition, including subsections 507.28.1, 507.28.2, 507.28.3 thereto, to protect existing properties and prevent fires by requiring that existing water heaters be raised when a building permit is issued based on a valuation of $1,000 or more for work to be performed or prior to sale or transfer of the property.

15. <u>Finding of Facts Section 602.5</u>

The City Council finds and determines for administrative purposes, in order to assure a healthy, safe potable water system, that subsection 602.5 shall be added to Sec. 602.0 of the

California Plumbing Code, 2019 Edition, setting forth regulations for the connection of residential fire sprinkler systems to the domestic water supply piping.

16. Finding of Facts Section 604.10

The City Council finds and determines for administrative purposes, in order to assure a proper electrical grounding system, that subsection 604.10 be deleted from the California Plumbing Code, 2019 Edition, setting forth where plastic pipe for conveying domestic water is not allowed, and all grounding systems are referred to the California Electrical Code.

17. Finding of Facts Section 604.14

The City Council finds and determines for administrative purposes, in order to assure a healthy, safe potable water system, that subsection 604.14 be added to 604.0 of the California Plumbing Code, 2019 Edition, setting forth approved materials clearly defined.

18. Finding of Facts Section 604.15

The City Council finds and determines for administrative purposes, that subsection 604.15 be added to section 604 of the California Plumbing Code 2019 Edition, in order to assure a healthy, safe potable water system and proper operation of approved appliances or fixtures with Plastic Parts included with the approved listing of such appliances and fixtures when readily accessible for repair or replacement is acceptable as determined by the Administrative Authority.

19. Finding of Facts Section 612.

The City Council finds and determines that Section 612 of the California Plumbing Code 2019 Edition is deleted and substituted with Daly City Municipal Code 15.32. where enforcement of Automatic Fire Sprinkler System is reviewed and enforced the North County Fire Authority.

20. Finding of Facts Section 703.1.1

The City Council finds and determines due to the geographic location of Daly City in the Bay Area and the need for additional housing that minimum size lots have been created upon which multi-story construction is allowed. Alterations frequently occur later resulting in added fixture units, which result in the need for replacement of small diameter sewer laterals. To prevent unnecessary damage both to street paving and expense to property owners a minimum size sewer lateral is required, and that Section 703.1.1 of Chapter 7 of the California Plumbing Code, 2019 Edition, is amended to define said minimum size.

21. Finding of Facts Section 707.4

The City Council finds and determines due to the topographical nature of the vacant hillside lots available for new construction in the City including water conservation fixture mandates where waste is not fully drained through the total run of the waste line and may cause frequent stoppage of the waste line, that subsection 707.4 be added to Section 707.0 of the California Plumbing Code 2019 Edition, to provide requirements for the locations of readily accessible waste line cleanouts without removal of a plumbing fixture for access.

22. Finding of Facts Section 713.8

The City Council finds and determines for administrative purposes Section 713.0 of the California Plumbing Code 2019 Edition is amended by addition of subsection 713.8 thereto, referencing the North San Mateo County Sanitation District and the Bayshore Sanitary District for further requirements.

23. Finding of Facts Section 1208.7.5

The City Council finds and determines that Section 1208.0 of the California Plumbing Code, 2019 Edition, shall be amended to add subparagraph 1208.7.5 thereto regarding gas meter locations, due to the geographic location of Daly City in the Bay Area and State regulations that gas meters are required to be placed on the exterior of the building. Further that gas meters are unsightly and there is a need for regulations providing that gas meters be screened from public view.

CALIFORNIA GREEN BUILDING STANDARDS CODE
CHAPTER 15.22

FINDINGS OF FACT:

1. Finding of Facts Section Table 4.303.3

The City Council finds and determines Table 4.303.3 Indoor Water Use Efficiency Table is added to the California Green Building Code Standards 2019 Edition, with references to Plumbing Fixtures and Fittings, Water Use Baseline for residential building. The City council further finds the adoption and enforcement of this ordinance is necessary to manage the City of Daly City's potable water supply in the short and long term and to avoid or minimize the effect of drought and shortage within the City of Daly City. This ordinance is essential to ensure a reliable and sustainable minimum supply of water for public health, safety and welfare

2. Finding of Facts Section 5.303.3.

The City Council finds and determines section 5.303.3 water conserving plumbing fixtures and fittings is referred to Indoor Water Use Efficiency Table 4.303.3 of the California Green Building Code Standards 2019 Edition, with references to Plumbing Fixtures and Fittings, Water Use Baseline for residential building Water Use Baseline for non-residential building. The City council further finds the adoption and enforcement of this ordinance is necessary to manage the City of Daly City's potable water supply in the short and long term and to avoid or minimize the effect of drought and shortage within the City of Daly City. This ordinance is essential to ensure a reliable and sustainable minimum supply of water for public health, safety and welfare

3. Finding of Facts Appendix A4.

The City Council finds and determines for administrative purposes Appendix A4 of the California Green Building Standards Code 2019 Edition Tier 1 and Tier 2 enhanced residential voluntary Measures deleted and not mandatory under this code.

4. Finding of Facts Appendix A5.

The City Council finds and determines for administrative purposes Appendix A5 of the California Green Building Standards Code 2019 Edition Calgreen Tier 1 and Tier 2 enhanced non-residential voluntary measures deleted and not mandatory under this edition of the code.

ELECTRICAL CODE
CHAPTER 15.24

FINDINGS OF FACT

FINDINGS OF FACT:

1. Finding of Facts Article 89.108.4.2.1

The City Council finds and determines for administrative purposes that Article 89.108 4.2.1 of the California Electrical Code, 2019 Edition, referencing "Fees" is not necessary and is deleted in its entirety inasmuch as regulations setting forth equivalent regulations are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

2. Finding of Facts Article 89.108.4.2.2

The City Council finds and determines for administrative purposes that adding Article 89.108.4.2.2 of the California Electrical Code, 2019 Edition, to establish "Plan Review Fee ", is necessary inasmuch as regulations setting forth regulations for cost recovery as set forth in the City Municipal Code, Chapter 15.00.020 titled " Fees Prescribed and Established by Resolution of the City Council.".

3. Finding of Facts Article 89.108.4.3.3

The City Council finds and determines for administrative purposes that Article 89.108.4.3.3 of the California Electrical Code 2019 Edition, referencing "Time Limitation for an Application", is setting forth equivalent regulations are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Article 89.108.4.3.4

The City Council finds and determines for administrative purposes that Article 89.108.4.3.4 of the California Electrical Code 2019 Edition, referencing "Time Limitation for a Permit", is setting forth equivalent regulations are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

5. Finding of Facts Article 89.108.8

The City Council finds and determines for administrative purposes, Article 89.108.8 of the California Building Code, 2019 Edition, referencing " Appeals Board ", is not necessary and shall be deleted in their entirety inasmuch as regulations setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

6. Finding of Facts Article 210.11(C) (4)

The City Council finds and determines for administrative purposes, Article 210.11(C) (4) of the California Building Code, 2019 Edition, is added to provide limitation on the number of electrical outlets, switch and light outlet and preventing the conversion of storage rooms to habitable spaces and not complying with the health and safety regulations of California Code of Regulations Title 24.

7. Finding of Facts Article 230-43

The City Council finds and determines that Article 230-43 of the California Electrical Code, 2019 Edition, be amended because of Daly City's proximity to the ocean and resultant climatic salt and fog conditions require overhead service conduits to have a degree of resistance to rust and deterioration beyond the minimum standards of the California Electrical Code.

8. Finding of Facts Article 230-70(A) (1)

The City Council finds and determines because of Daly City's geographic location in the Bay Area and resultant dense construction that Article 230-70(A)(1) of the California Electrical Code, 2019 Edition, be amended to provide readily accessible means of disconnecting the electricity to a building, if necessary, by the Fire Department for safer and faster firefighting operations.

9. Finding of Facts Article 310.1 (A)

The City Council finds and determines that Article 310.1 (A) of the California Electrical Code, 2013 Edition, shall be amended to require the use of copper conductor material because of the corrosive fog and salt atmosphere encountered in Daly City.

10. Finding of Facts Article 690.12.1

The City Council finds and determines that Article 690.12.1 is added to the California Electrical Code, 2019 Edition Article 690.12 to provide consistency with the requirements of the Daly City Municipal Code 15.10.160 Rapid Shutdown for Small Residential Rooftop Solar System 10 kilowatts or less.

11. Finding of Facts Article 706.7.(A).

The City Council finds and determines that amending Article 706.7.(A) to the California Electrical Code, 2019 Edition requiring a readily accessible disconnecting means outside of the building for all ungrounded conductors derived from an Electric Storage System will be consistent with the requirements of the Daly City Municipal Code 15.10.160 “Rapid Shutdown for Small Residential Rooftop Solar System 10 kilowatts or less.

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CALIFORNIA EXISTING BUILDING CODE
CHAPTER 15.65

FINDINGS OF FACT

1. Finding of Facts Section 1.8.4.2.1.

The City Council finds and determines for administrative purposes that by adding Section 1.8.4.2.1 of the California Existing Building Code, 2019 Edition, referencing “Fees”, is setting forth established fees that are set forth in the City Municipal Code, Chapter 15.00, titled "General Regulations".

2. Finding of Facts Section 1.8.4.3.1.

The City Council finds and determines for administrative purposes, that by adding Section 1.8.4.3.1 to the California Existing Building Code, 2019 Edition, referencing "Plan Review and Time limitation ", is necessary setting forth requirements in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

3. Finding of Facts Section 1.8.4.3.2.

The City Council finds and determines for administrative purposes, that by adding Section 1.8.4.3.2 to the California Existing Building Code, 2019 Edition, referencing "Permit Expiration and Extension", is necessary setting forth equivalent regulations are set forth in the Daly City Municipal Code, Chapter 15.00, titled "General Regulations".

4. Finding of Facts Section 1.8.8

The City Council finds and determines that Section 1.8.8 “Appeals Board” of the California Existing Building Code, 2019 Edition, is not necessary and is therefore deleted in its entirety inasmuch as equivalent regulations are now set forth in the Daly City Municipal Code, Chapter 15.00 titled "General Regulations.

5. Finding of Facts Section 1.8.10

The City Council finds and determines for administrative purposes that the references to “Terms Explained” under the general definition and anywhere used in the California Existing Building Code 2019 Edition, identifies the position.

6. Finding of Facts Section 106.2.1.1.

The City Council finds and determines for administrative purposes Section 106.2.1 of the California Existing Building Code, 2019 Edition shall be amended by adding subsection 106.2.1.1 thereto, to set forth further requirements for building permit applications to include

“Construction Documents shall be drawn upon a suitable material with a minimum size of 11inch by 17 inch for easier better clarify of documents with the least amount of paper and more efficient permit processing.

7. Finding of Facts Section 302.6

The City Council finds and determines in conjunction with Senate Bill 721 the need for an inspection of exterior elevated elements and associated waterproofing elements for buildings with 3 or more multifamily dwelling units by a licensed architect, licensed civil or structural engineer, a building contractor holding specified licenses, structural pest control licensee and shall complete and submit an affidavit to the building division certifying structural safety of exterior elevated elements. The inspection shall be completed as specified on SB 721 and recertification shall be every 5 years.

8. Finding of Facts Section 506.5

The City Council finds and determines because of potential earthquake hazards and due to the fact that there are many older non-conforming, mixed-use buildings and others in the City which undergo Substantial Improvement or Change of Occupancy to a Higher Degree of public safety, health, general welfare and hazardous conditions Section 506.5, shall be added to Section to the California Existing Building Code 2019 Edition to provide an alternative means of determining necessary upgrades to conform or be exempted with the requirements of a new building.

City Council Agenda Report

Item #____

Meeting Date: October 28th, 2019

Subject: INTRODUCTION OF THE ORDINANCE TO REVISE AND ADOPT THE 2019 EDITION OF THE CALIFORNIA FIRE CODE

Recommended Action

Conduct a Public Hearing and introduce Ordinance adopting the 2019 edition of the California Fire Code.

Background

The State of California adopted the International Model Code with State amendments, reflecting new code changes in the areas of technology, fire safety techniques and building construction.

The 2019 California Code of Regulations Title 24, Part 9, will become effective January 1, 2019, pursuant to Health and Safety Code Section 19938(b). By adopting the 2019 California Code of Regulations Title 24, Part 9, which is the California Fire Code, the City of Daly City will be enforcing codes that are consistent with State regulations.

Discussion

California Health and Safety Code Sections 17922 and 17958 provide local jurisdictions the opportunity to modify the State of California Building Standards Code. The City of Daly City Municipal Code, Chapter 15.32 has been revised to adopt the most recent editions of the California Fire Code. Staff has evaluated the specific City of Daly City amendments to these codes to assure the amendments are up to date, germane, and enforceable.

The following are the additional Daly City amendments to the 2019 California Fire Code in the City of Daly City Municipal Code to account for the local conditions and to conform to the numbering system of the 2019 California Fire Code.

1. In D.C.M.C. 15.32.010. Title 24, Part 9, the 2019 California Fire Code and the 2018 International Fire Code, editions thereof and the whole thereof, including Appendices B, C, D, and L, save and except such portions as are hereinafter deleted, modified or amended by this chapter, is adopted replacing the current code.

2. In D.C.M.C. 15.32.040 amends Section 109 of the 2018 International Fire Code to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

3. In D.C.M.C. 15.32.050 amends Section 105 of the 2018 International Fire Code to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

4. In D.C.M.C. 15.32.060 amends Section 106 of the 2018 International Fire Code to conform existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

5. In D.C.M.C. 15.32.090 amends Section 914 to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

6. In D.C.M.C. 15.32.100 amends Section 903 to clarify the application of existing code language.

7. In D.C.M.C. 15.32.120 amends Section 914 to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

8. In D.C.M.C. 15.32.150 amends Section 509 to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

9. In D.C.M.C. 15.32.260 amends Section 903 to align existing municipal code language with the new California Fire Code and International Model Fire Code adoption.

All other adopted additions and amendments in D.C.M.C. 15.32 remain unchanged from previous adoptions.

A copy of the revised City of Daly City municipal code, incorporating the recommended modifications and the corresponding findings of fact are attached.

Fiscal Impact

No Fiscal Impact.

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

Respectfully submitted,

Barry Biermann
Deputy Fire Chief/Fire Marshal

Ron D. Myers
Fire Chief

Attachment

EXHIBIT A
FIRE CODE
CHAPTER 15.32

FINDING OF FACTS

FINDING OF FACTS

The Council of the City of Daly City finds the following:

A. Pursuant to Section 17958.5 and 18941.5 of the California Health and Safety Code, the report contained herein is submitted as the "Findings of Fact" with regard to the adoption of the Daly City Municipal Code, Chapter 15.32 which would adopt the California Fire Code 2019 Edition and amendments. Under this adopting ordinance, specific amendments have been established which are more restrictive in nature than those adopted by the State of California and State Fire Marshal.

B. These local amendments to the California Fire Code, 2019 Edition, have been evaluated and recognized by the City of Daly City as tools for addressing the fire problem, concerns and future direction by which the city will establish and maintain an environment which will afford a high level of fire and life safety to all those who work and live within the city's boundaries.

C. Those local amendments are based upon the following climatic, geographical, and topographical conditions:

1. Climatic: Daly City receives an annual average rainfall of approximately 12.1 inches between October and April. During the summer months from June through September, the city experiences a great deal of fog and wind. Winds generally prevail from the west at velocities ranging from approximately 15 to 20 mph. Temperatures range from approximately 32 to 90 degrees F.

In summary, due to these climatic conditions, driving is extremely hazardous and visibility is very poor. Therefore, arriving on scene at an emergency may require long response times. Strong gusty winds can force fires back into the building and can create a blowtorch effect, in addition to preventing "natural" ventilation and cross ventilation efforts. These conditions make fires burning in the densely built structures of Daly City extremely dangerous and difficult to control.

2. Geographical: Daly City resides on the San Andreas Fault and is subject to seismic activity. An earthquake can happen at any time and cause severe stress on the department's ability to provide emergency response, i.e. water mains may rupture, and traffic congestion will cause increased delay. Parts of the city are built upon portions which contain dense shrub-type vegetation (gorse), grasses and trees or are on sloped terrain. The city responds to wildland fires on San Bruno Mt. on an annual basis. The city is surrounded by San Francisco on the north, Brisbane and Colma on the east and southeast, and South San Francisco on the south. To the west and southwest are the Pacific Ocean and the City of Pacifica.

3. Topographical: Daly City is essentially built on steep slopes and hillsides.

Many streets are narrow and winding with congested vehicle parking. New construction is inevitably built on steep slopes, where access is difficult. Narrow roads make response times longer and makes it difficult to place fire apparatus and equipment close to a fire scene. Additionally, many areas have structures built on zero lot lines, adding to the difficulty in preventing a structure fire from spreading to adjoining buildings. Delays in response may also be attributed to traffic patterns where major thoroughfares are often congested with traffic.

In order to mitigate the inevitable delays in arriving at a fire caused by the difficult topography upon which Daly City was developed, built-in automatic fire-extinguishing systems, standpipe systems or fire alarm systems are required over and above code requirements. The requirement and installation of such fire protection structures and systems will improve the speed at which building occupants are notified to evacuate in the event of a fire and reduce the fire spread until firefighters arrive. of fire apparatus. Additional standpipe outlets will allow firefighters access to a water supply once inside a structure.

Finding of Facts (15.32.010) – Adoption
Every three years the International Code Council publishes a new edition of the International Fire Code. The City of Daly City is presently using the 2016 California Fire Code. Title 24 of the California Code of Regulations contains all of the Building Standards of the State of California and is divided into ten parts. Part 9, California Fire Code, references the International Fire Code. To maintain consistent current practices in the field of fire safety and building technology, changes in materials, processes, and construction, we recommend adopting the 2019 edition of the California Fire Code and appendices as amended.

Finding of Facts (15.32.020)
Establishment of local fire prevention division, no deviation from adopted fire code.

Finding of Facts (15.32.030)
Provides a committee to review when new materials, processes or occupancies not otherwise covered under the code would require permits. This is administrative only and does not require a finding of facts.

Finding of facts (15.32.040)
This provision outlines the appeals process for persons who are aggrieved by a decision of the fire chief or fire marshal. This is administrative only and does not require a finding of facts.

Finding of facts (15.32.050)
These changes are directly related to administrative and permit processes only, and are unchanged from prior ordinance amendments to the fire code, except for the section number. These changes confirm permits, appeals processes, imposition of costs and fees,

Finding of Facts (15.32.060)
These changes are directly related to administrative and permit processes only, and are unchanged from prior ordinance amendments to the fire code, except as to the section number. These changes confirm permits, appeals processes, imposition of costs and fees, and right of entry to other established municipal code procedures in the City of Daly City, and are administrative rather than technical in nature.

Finding of Facts (15.32.070)
Section 505.1 is amended to include additional addresses locations and the identification hazards under

the NFPA 704 system. This section will assist in faster response for emergency response personnel due to climatic conditions (fog) which inhibit visibility. Previously adopted in the fire code. Duplicate language already in the fire code was deleted from this amendment.

Finding of Facts (15.32.080)
These changes relate to required locations for fire hydrants for newly constructed buildings, and are unchanged from prior ordinance amendments to the fire code except for language to conform to code. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for locations of fire hydrants within the City of Daly City than those standards set in the International Fire Code.

Finding of Facts (15.32.090)
This section remains unchanged, from the prior code adopted by the City except the name of the system was changed to conform with other of the Building codes and the section number. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for high-rise building safety in the City of Daly City than those standards as set forth in the California Fire Code, 2019 Edition. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on built-in protection systems to assist in firefighting operations and firefighter safety.

Finding of Facts (15.32.100)
This section remains unchanged, from the prior code adopted by the City, except as to the addition of the stipulation that building alterations, renovations, additions or repairs will be calculated based upon a five (5) year period. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for automatic fire extinguishing systems in the City of Daly City than those standards as set forth in the California Fire Code, 2019 Edition. In particular,

Topography: The remaining area of Daly City to be built on is largely limited to steep slopes and hillsides. Many streets are narrow and winding with congested parking. This makes it difficult to place fire apparatus and equipment close to a fire scene. Slopes also make it difficult to place ladders for rescue and to advance those hose lines. Response time is increased due to steep grades, narrow streets, and congested traffic.

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resuling in multiple fires through our community. With on limited fire apparatus available after an earthquake, we must rely on built-in protection to contain a large number of incipient fires.

Access: the majority of buildings are built with zero lot lines and no direct access to rear yards. Initial fire attack is from the front of the building only. The time it may take for firefighters to reach the seat of a fire is greatly increased. The opportunity for occupants to safely exit the building is reduced. The time delay decreases the survival chances of victims in the building and increases property damage. Fire spread between buildings is more probable. An automatic fire sprinkler system will either extinguish the fire or control it until firefighters can arrive and extinguish it. Automatic fire sprinkler systems are proven to be the most effective method of saving lives and property.

Finding of Facts (15.32.110
This section remains unchanged, except as to section title from the prior code adopted by the City. The

above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire alarm systems in the City of Daly City than those standards as set forth in the International Fire Code. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on built-in protection systems to assist in firefighting operations, occupant evacuation, and firefighter safety.

Finding of Facts (15.32.120)
This section remains unchanged from the prior code adopted by the City, except as to the section number. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire alarm systems in the City of Daly City than those standards as set forth in the International Fire Code. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on built-in protection systems to assist in firefighting operations, occupant evacuation, and firefighter safety.

Finding of Facts (15.32.130)
This section remains unchanged from the prior code adopted by the City. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire alarm systems in the City of Daly City than those standards as set forth in the International Fire Code. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on built-in protection systems to assist in firefighting operations, occupant evacuation, and firefighter safety.

Finding of Facts (15.32.140)
This section remains unchanged, except as to section number, from the prior code adopted by the City. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire alarm systems in the City of Daly City than those standards as set forth in the International Fire Code. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on built-in protection systems to assist in firefighting operations, occupant evacuation, and firefighter safety.

Findings of Facts (15.32.150)
This section remains unchanged, except as to section number, from the prior code adopted by the City. The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for marking of building utilities in the City of Daly City than those standards as set forth in the International Fire Code. In particular,

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple building collapses and fires through our community. With limited fire apparatus available after an earthquake, we must rely on prompt identification of utility shut-off locations to assist in firefighting operations, occupant evacuation, and firefighter safety.

Finding of Facts (15.32.160)
These sections remain unchanged, except for the section number, from City Council action addressing fireworks in the City of Daly City. The more particular ordinance, found within Chapter 8.24 of the Municipal Code, take precedent and these amendments are made to make the International Code consistent with the Municipal Code.

Finding of Facts (15.32.170)
These sections remain unchanged, except for the section number, from City Council action addressing the use, storage and hand ling of explosives and fireworks in the City of Daly City. The more particular ordinance, found within Chapter 8.24 of the Municipal Code, take precedent and these amendments are made to make the California Fire Code, 2019 Edition, and the 2018 International Fire Code consistent with the Municipal Code.

Finding of Facts (15.32.180 and 15.32.190)
Government Code Section 50022.4 provides that when a code is adopted by reference, penalty clauses are not deemed adopted by reference but may be enacted only if set forth in full in the adopting ordinance. Such is the action taken with these two sections, and such is the intent of the City Council.

Finding of Facts (15.32.200)
The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire apparatus access roads in the City of Daly City than those standards as set forth in the International Code. In particular,

Topography: The remaining area of Daly City to be built on is largely limited to steep slopes and hillsides with heavy vegetation. Many streets are narrow and winding with congested parking. This makes it difficult to place fire apparatus and equipment close to a fire scene. Response time is increased due to steep grades, narrow streets and congested traffic.

Finding of Facts (15.32.210 through 15.32.250)
The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for fire apparatus access roads in the City of Daly City than those standards as set forth in the California Fire Code, 2019 Edition, and the 2018 International Fire Code. In particular,

Topography: The remaining area of Daly City to be built on is largely limited to steep slopes and hillsides with heavy vegetation. Many streets are narrow and winding with congested parking. This makes it difficult to place fire apparatus and equipment close to a fire scene. Response time is increased due to steep grades, narrow streets and congested traffic.

Finding of Facts (15.32.260)
The above stated climatic, geographical, and topographical conditions warrant more stringent requirements for automatic fire extinguishing systems in the City of Daly City than those standards as set forth in the California Fire Code, 2019 Edition, and the 2018 International Fire Code. In particular,

Topography: The remaining area of Daly City to be built on is largely limited to steep slopes and hillsides. Many streets are narrow and winding with congested parking. This makes it difficult to place fire apparatus and equipment close to a fire scene. Slopes also make it difficult to place ladders for rescue and to advance those hose lines. Response time is increased due to steep grades, narrow streets, and congested traffic.

Geology: Daly City sits over 2-3 miles of the San Andreas Fault. This fault can create major ground shaking resulting in multiple fires through our community. With on limited fire apparatus available after an earthquake, we must rely on built-in protection to contain a large number of incipient fires.

Access: the majority of buildings are built with zero lot lines and no direct access to rear yards. Initial fire attack is from the front of the building only. The time it may take for firefighters to reach the seat of a fire is greatly increased. The opportunity for occupants to safely exit the building is reduced. The time delay decreases the survival chances of victims in the building and increases property damage. Fire spread between buildings is more probable. An automatic fire sprinkler system will either extinguish the fire or control it until firefighters can arrive and extinguish it. Automatic fire sprinkler systems are proven to be the most effective method of saving lives and property.

Finding of Facts (15.32.270)
The above stated climatic, geographical, and topographical conditions warrant more stringent requirements in the City of Daly City than those standards as set forth in the California Fire Code, 2019 Edition, and the 2018 International Fire Code. In particular,

Topography: The remaining area of Daly City to be built on is largely limited to steep slopes and hillsides with heavy vegetation. Many streets are narrow and winding with congested parking. This makes it difficult to place fire apparatus and equipment close to a fire scene. Response time is increased due to steep grades, narrow streets, and congested traffic.

ORDINANCE NO. ________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY REPEALING AND REPLACING CHAPTER 15.32 OF THE MUNICIPAL CODE RE: ADOPTION OF THE 2019 CALIFORNIA FIRE CODE BASED ON THE 2018 EDITION OF THE INTERNATIONAL FIRE CODE WITH CHANGES, ADDITIONS, AMENDMENTS AND DELETIONS

WHEREAS, pursuant to California Government Code Section 50022.1 et seq., the City Council of the City of Daly City ("City") may adopt by reference the 2016 California Fire Code based on the International Fire Code , 2015 Edition, with errata, published by the International Code Council, as adopted by the State of California pursuant to Title 24, Part 9 of the California Code of Regulations ("2019 California Fire Code"); and

WHEREAS, California Health & Safety Code Section 17958.5 and 18941.5 authorize cities to adopt the 2019 California Fire Code, with changes and modifications determined to be reasonably necessary because of local climatic, topographic or geologic conditions; and

WHEREAS, the City desires to adopt the 20196 California Fire Code, based on the International Fire Code, 2015 Edition, with errata, published by International Code Council, with necessary amendments to assure the 2019 California Fire Code is tailored to the particular fire protection needs of the City as required by local climatic, topographic and geologic conditions and assure the maximum level of fire protection is provided to residents, businesses and other occupants; and

WHEREAS, any and all other legal prerequisites relating to the adoption of this ordinance have occurred.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN as follows:

The City Council of the City of Daly City, DOES ORDAIN as follows:

SECTION 1. Findings. The Findings of Fact are contained in Exhibit "A", attached and herein incorporated to this ordinance by reference.

SECTION 2. Chapter 15.32 of the Municipal Code is hereby repealed.

SECTION 3. Chapter 15.32 of the Municipal Code is hereafter added to read as follows:

CHAPTER 15.32

FIRE CODE

Sections:

15.32.010 2019 California Fire Code, Title 24, Part 9, 2018 and International Fire Code Adopted—Amended

15.32.010 **<u>2019 California Fire Code, Title 24, Part 9 and 2018 International Fire Code adopted.</u>**

There is hereby adopted by the City of Daly City, for the purpose of prescribing regulations governing conditions hazardous to the life and property and for protection from fire or explosion, those non-building standards contained within the International Fire Code and Building Standards contained within the California Fire Code, 2019 Edition [California Code of Regulations, Title 24, Part 9], published by the International Code Council, amended by the State of California and as adopted and/or amended by the Office of the State Fire Marshal, and the whole thereof, including Appendix B ("Fire-Flow Requirements for Buildings"), Appendix C ("Fire Hydrant Locations and Distributions") Appendix D (Fire Apparatus Access Roads"), Appendix F ("Hazard Ranking"), and Appendix L ("Requirements for Fire Fighter Air Replenishment Systems save and except such portions as are hereinafter deleted, modified or amended by this chapter, of which code and standards not less than one copy has been and is now filed in the office of the city clerk of the city and the same is adopted and incorporated as fully set out at length in this chapter, and from the date on which the ordinance codified in this chapter shall take effect, the provisions thereof shall be controlling within the limits of the city.

15.32.020 Bureau of fire prevention—Established—Enforcement duties

A. This code shall be enforced by the fire prevention serviced bureau in the fire department which is established, and which shall be operated under the supervision of the chief of the fire department.

B. The fire marshal in charge of the fire prevention services bureau shall be appointed by the city manager on the basis of examination to determine his/her qualifications.

15.32.030 New materials, processes, or occupancies which may require permits

The city manager, or designated representative, the chief and the fire marshal of the fire prevention services bureau, shall act as a committee to determine and specify, after giving affected persons the opportunity to be heard, any new materials, processes, or occupancies which shall require permits, in addition to those now encumbered in the code. The fire marshal of the Fire Prevention Services Bureau shall post such list in a conspicuous place in his/her office, and distribute copies thereof to interested persons.

15.32.040 Section 109--Amended

Section 109 of this code is deleted in its entirety and replaced by the following sections to read as follows:

Section 109 Appeals

A. If a person is aggrieved by the decision of the fire chief or fire marshal, he/she shall have the right to appeal said decision to the city council

B. Said appeal shall be in writing and shall be submitted to the city council within ten days of the decision of the fire chief or fire marshal. The city council shall, thereafter, at the next regular meeting of the city council after receipt of notice of appeal, set a time for hearing on said appeal, which time shall be not less than fourteen nor more than forty-five days from the date of the regular meeting.

C. A copy of the notice of hearing shall be mailed to the appellant not less than ten days before the date of hearing by the city clerk.

D. The time of hearing may be continued at the request of the party aggrieved at any time, which continuance shall not exceed a maximum of sixty days from the date originally set for hearing.

E. Said right of continuance shall be subject to approval by the city council and the decision of the city council shall be final.

F. Notice of the decision of the city council shall be delivered to appellant personally, or sent by certified mail, return receipt requested.

G. The effective date of such decision shall be the date of mailing of such notice of the decision, or the date the same is personally delivered to the appellant.

H. Failure of any person to file an appeal in accordance with the provisions of this code shall constitute a waiver of his/her right to an administrative hearing an adjudication of the notice and order, or to any portion thereof.

15.32.050 <u>Section 105—Amended</u>

Section 105 of this code is amended by adding the following required permits:

105.6.50 Required operational permits. The fire code official is authorized to issue operational permits for the operations set forth in Sections 105.6.1 through 105.6.55.

105.6.52 Christmas Tree Lot. To operate a Christmas tree lot for the seasonal sale of Christmas trees.

105.6.53 Fire Alarm. To operate a manually or automatically actuated fire alarm in any building. Exception: smoke detectors in one and two-family dwellings.

105.6.54 Institutions and day care. To operate any and all occupancies that are set forth under Group I Occupancies, and Group E Occupancy of Title 24 of the California Code of Regulations, each accommodating more than six people.

105.6.55 Residential care facility. To operate a residential care/assisted living facility as set forth under Group R, Division 4 Occupancies.

15.32.060 <u>Section 106.1--Amended</u>

Section 106.1 is amended by adding the following paragraph at the end of the section:

The city council of the city of Daly City may if it so desires, establish by resolution permit fees in connection with any permit required or authorized to be issued by the fire chief or any other authorized representative of the fire department.

15.32.070 <u>Section 505.1—Amended</u>

Section 505.1 is amended by adding the following at the end of the section:

Said numbers shall be internally or externally illuminated in all new construction, or when alterations or repairs of existing construction occur.

The size and location of address numbers for multi-family dwellings and all other occupancies shall be as designated by the fire marshal.

Buildings shall be placarded in accordance with NFPA 704. The locations and size of placards shall be as required by the fire marshal.

15.32.080 Section 507.5.1--Amended

Section 507.5.1 of this code is amended to read as follows:

Section 507.5.1 Where a portion of the facility or building hereafter constructed or moved into or within the jurisdiction is more than 150 feet from a hydrant on a fire apparatus access road, as measured by an approved route around the exterior of the facility or building, on-site fire hydrants and mains shall be provided where required by the fire code official.

Exceptions: For group R-3 and U occupancies, the distance requirements shall be 250 feet.

15.32.090 Section 914.3.8—Added

Section 914.3.8 is added to this code and shall read as follows:

Section 914.3.8 Multistoried. High-rise Safety Requirements.

All Group B and Group R occupancies, each having floors used for human occupancy located more than seventy-five feet (75') above the lowest level of fire department vehicular access, shall be equipped with an approved Firefighter Breathing Air Replenishment System.as outlined in Appendix L Such a system shall provide an adequate pressurized fresh air supply through a permanent piping system for the replenishment of portable life sustaining air equipment carried by fire department. rescue, and other personnel in the performance of their duties. Location and specifications of access stations to, and the installation of, such air replenishment systems shall be made in accordance with the requirements of the fire chief.

15.32.100 Section 903.2

Section 903.2 of this code is deleted in its entirety and is replaced with the following:

Section 903.2 Where Required.

A fire extinguishing system shall be installed in all occupancies and locations as set forth in this section.

A. All Occupancies. All occupancies shall be protected throughout by an automatic fire sprinkler system installed in accordance with NFPA 13.

Exceptions: Detached garages less than 400 square feet in size. Detached carports and greenhouses. Sheds and auxiliary structures under 200 square feet in size and not used for human habitation.

B. Existing Occupancies. When an existing building undergoes any alteration, renovation, addition, or repair which exceeds 50% of the building's original gross area within any five (5) year period, the entire building shall be protected by an automatic fire sprinkler system. Gross area shall be the area included within surrounding exterior walls.

Exceptions: Work involving exterior surfaces only, such as the replacement of roofing or siding, or the addition or replacement of windows or doors, or the addition of a porch or deck.

C. For purposes of this section, an, addition, alteration or repair is defined as any change to a building that requires a permit other than only a mechanical, electrical or plumbing permit.

E. Other Areas. An automatic fire sprinkler system shall be installed in all garbage compartments, rubbish and linen chutes, linen rooms, incinerator compartments, dumb waiter shafts, and storage rooms when located in all occupancies except Group R, Division 3. An accessible indicating shut off valve shall be installed.

F Condominium Conversions. An automatic fire sprinkler system shall be installed for all condominium conversions.

15.32.110 Section 903.4.2 Sprinkler System Supervision and Alarms

Section 903.4.2 is amended by added the following to the end of the paragraph:

In addition to the audible device(s) required by this section, an approved strobe light shall be located on the exterior of the building in an approved location.

15.32.120 Section 904.12.6 – Added

Section 904.12.6 Floor Markings

The location(s) of all cooking appliances that are protected by an approved automatic fire extinguishing system shall be permanently identified either by a wall mounted “approved” appliance floor plan or marked on the floor in a manner approved by the Fire Marshal.

15.32.130 Section 907.7.3

Section 907.7.3 of this code is amended by adding the following paragraph:

Each fire alarm system shall have posted at the main control panel instructions for silencing and resetting the system, the day and night phone numbers of the person responsible for the property, and the company or individual providing maintenance services for the alarm system.

15.32.140 Section 907.8.5

Section 907.8.5 of this code is amended by adding the following paragraph:

Each operator of a fire alarm system is required to have a maintenance/inspection contract with a company or individual licensed by the California Department of Consumer Affairs to perform work on a fire alarm system. Individuals performing maintenance or inspection services must be appropriately licensed or directly employed by an appropriately licensed contractor. A current copy of the maintenance/inspection contract shall be submitted to the fire department each year before the issuance of an annual fire alarm permit. This contract shall provide for inspections and service in accordance with NFPA 72.

15.32.150 Section 509.1.2

Section 509.1.2 is added to this code to read as follows:

Section 509.1.2 Multi-Family tenant buildings. All gas and electric utility services in multi-family tenant buildings shall be visibly and legibly marked with the unit identification.

15.32.160 Section 5608.1

Section 5608.1 of this code is amended by adding the following paragraph:

The sale and discharge of fireworks is permitted only as provided in Title 8, Chapter 8.24 et seq., of the Daly City Municipal Code.

15.32.170 Section 5608

Section 5608 of this code is amended by adding Section 5608.1.2 as follows:

Section 5608.1.2. The foregoing provisions of Chapter 33 shall be subject to the provisions of Title 8, Chapter 8.24 of the Daly City Municipal Code whenever same are in conflict therewith.

15.32.180 Violation—Penalty

Any person who shall violate any provision of this code adopted by this chapter, or fail to comply therewith, or who shall build in violation of any detailed statement of specifications or plans submitted and approved hereunder, and from which no appeal has been taken, or shall fail to comply with such and order as affirmed or modified by the city council or by a court of competent jurisdiction, within the time fixed therein, shall severally for each and every such violation and non compliance respectively, be guilty of a misdemeanor, punishable as set forth in section 1.12.010 of the Daly City Municipal Code. The imposition of one penalty for any violation shall not excuse the violation or permit it to continue; and all such persons shall be required to correct or remedy such violations or defects within a reasonable time; and when not otherwise specified, each ten days that prohibited conditions are maintained shall constitute a separate offense.

15.32.190 Authority to Cite

The fire chief and/or fire marshal may, pursuant to section 836.5 of the Penal Code, and subject to the provisions thereof, cite a person whenever he/she has reasonable cause to believe that the person to be cited has committed a misdemeanor in his/her presence which is a violation of the International/California Fire Code adopted by the city and any amendments thereto, which the fire chief and/or fire marshal have duty to enforce.

15.32.200 Appendix D – Fire Apparatus Access Roads

Appendix D is amended by deleting figure D103.1 Dead-End Fire Apparatus Access Road Turnaround and replacing it with a new Amended Figure D103.1 Dead-End Fire Apparatus Access Road Turnaround, Attached at the end of the Ordinance.

15.32.210 Appendix D – Fire Apparatus Access Roads

Amendment Appendix D Section D102

Section D102.2 is added to read as follows:

Section D102.2 - Fire department access shall extend to within 50 feet (15 m) of at least one exterior door that can be opened from the outside and that provides access to the interior of the building.

Exception: one- or two-family dwellings or townhouses protected with 13D or 13R may be permitted to be increased to 150 ft (46 m)

15.32.220 Amendment Appendix D Section D102

Section D102.3 is added to read as follows:

Large Buildings - Fire department access roads shall be provided such that any portion of the facility or any portion of an exterior wall of the first story of the building is located not more than 150 ft. (46 m) from fire department access roads as measured by an approved route around the exterior of the building or facility.

15.32.230 Amendment Appendix D Section D102

Section D102.4 is added to read as follows:

Fire department access roads shall have an unobstructed vertical clearance of not less than 13 ft 6 in. (4.1 m)

15.32.240 Amendment Appendix D Section D102

An Exception is added to Appendix D is added to read as follows:

Exception: When a fire department access roads cannot be installed due to location on the property, topography, waterways, non-negotiable grades, or other similar conditions the AHJ shall be authorized to require fire protection features in addition to those already required.

15.32.250 Amendment Appendix D Section D101

Section D101.2 is added to read as follows:

D101.2 – Definition - Fire Apparatus Access Road. A road that provides fire apparatus access from a fire station to at facility, building or portion thereof. This is a general term inclusive of all other terms such as fire lane, public street, private street, parking lot lane, access road way and drive way.

15.32.260 Automatic Sprinkler Systems

Add Sections 903.2.21

Purpose: To establish requirements for sprinkler protection of car stackers not specifically addressed in NFPA 13.

Parking garage areas containing car stackers shall be protected by an automatic wet-pipe sprinkler system designed to Extra Hazard Group 1. In addition, non-extended coverage standard sidewall sprinklers listed for Ordinary Hazard shall be provided under each parking level, including the bottom level if the stacker is provided with a pit. Each sidewall sprinkler shall cover an area of 80 sq. ft or less.

The area of application may be reduced from the required 2500 sq. ft. to as low as 1500 sq. ft. if:

1. 1-hour fire rated walls are provided to separate the car stacker areas from the standard parking stalls,
2. The car stacker areas are divided up into 1500 sq. ft. areas via 1-hour fire rated walls, and
3. One-hour fire rated walls are provided to separate the car stacker areas from any other areas in the garage.

One-hour fired rated walls are not required in the driveway areas. For the hydraulic calculation, flow from all sprinklers, upright or pendent sprinklers at ceiling and all sidewall sprinklers at all levels, located in the area of application shall be included in the calculation.

15.32.270 <u>Vegetation Management Program for the Southern Hills Area</u>

<u>Part I – Purpose and Applicability.</u>

A. <u>Purpose and Intent.</u> The purpose and intent of these regulations is to identify areas which present a fire hazard due to the accumulation of gorse plants near residential areas so that public officials are able to identify measures that will retard the rate of spread and reduce the potential intensity of uncontrolled fires that threaten to destroy resources, life, or property.

B. <u>Designation of vegetation management program areas.</u> Areas identified by the fire chief shall be deemed a fire hazard and it is the duty and responsibility of property owners within such area(s) to maintain such designated property in accordance with this section.

C. <u>Authority to designate and designation of vegetation management program areas.</u>

a. The Daly City fire chief is authorized to designate area(s) within the boundaries of the city, as area(s) meeting the criteria governed section B.

b. The Daly City fire chief has designated the following area as an area meeting the criteria governed by section B:

i. Southern Hills: located in the northeast portion of Daly City north and east of Crocker Avenue including but not limited to South Hill Boulevard, Alta Vista Way, Oakridge Street and surrounding areas abutting San Bruno Mountain County Park which lies to the south. An exact area is delineated upon a map attached to the ordinance codified in this section as Appendix 1. An original map of the area is located within the administrative offices of the Daly City fire department.

D. General Requirements as to Dwellings or Structures In, Upon or Adjoining Specified Areas or Lands Within an Area(s) Meeting Criteria Governed by section B – Maintenance.

a. Any person who owns, leases, controls, operates, or maintains any land within an area meeting criteria governed by Section B and designated by the fire chief pursuant to this section shall at all times do all of the following:

i. All properties shall be entirely cleared of all flammable vegetation including but not limited to gorse, grass, weeds, and brush. This subdivision does not apply to single specimens of trees, ornamental shrubbery, or similar plants that are used as groundcover, if they do not form a means of rapidly transmitting fire from native growth to any dwelling or structure; grass and other vegetation less than twelve inches in height above the ground may be maintained to stabilize the soil and prevent erosion;

ii. Remove that portion of any trees that extend within ten feet of the outlet of any chimney or stovepipe;

iii. Provide and maintain at all times a screen over the outlet of every chimney or stovepipe that is attached to any fireplace, stove, or other device that burns any solid or liquid fuel. The screen shall be constructed of nonflammable material with openings of not more than one-half inch in size;

iv. Maintain any tree adjacent to or overhanging any building free of dead or dying wood; and

v. Maintain the roof of any structure free of leaves, needles, or other dead vegetative growth.

b. A person is not required under this section to maintain a clearing on any land if that person does not the have legal right to maintain the clearing, nor is any person required to enter upon or damage property that is owned by any other person without the consent of the owner of the property.

E. Application of maintenance standards to specified land or water areas.

a. This section shall not apply to any land or water area acquired or managed for one or more of the following purposes or uses:

i. Habitat for endangered or threatened species, or any species that is a candidate for listing as an endangered or threatened species by the state or federal government;

ii. Lands kept in a predominately natural state as habitat for wildlife, plant or animal communities; and

iii. Open space lands that are environmentally sensitive parklands.

b. This exemption applies whether the land or water area is held in fee title or any lesser interest. This exemption applies to any public agency, any private entity that had dedicated the land or water areas to one or more of those purposes or uses, or any combination of public agencies, and private entities making that decision.

F. Enforcement

a. The provisions for Section 1507 and any subsequent subsections or local amendments to Section 1507 (roof coverings) of the latest edition of the California (International) Building Code as adopted by the city, shall apply in all areas so designated in the city. The building official shall enforce the provisions of Section 1507 in all areas so designated by the fire chief and as locally amended.

b. The Daly City fire department shall have authority to enforce all requirements in this section as well as the enabling statutes. Violations of this section, or of the enabling state statutes may be prosecuted under Sections 51185 through 51187 of the Government Code, or alternatively under the general penalty provisions of Chapter 1.12 of this code, or under this section as specified below.

i. Notification of violation. Whenever the fire department determines that any property within the city is being maintained contrary to one or more of the provisions of this section, (s)he shall give written notice to the owners and/or tenant of the property stating the sections being violated.

ii. Referral to City Attorney. In the event an owner shall fail, neglect, or refuse to comply with the notice to correct a violation, the fire department may refer the violation to the city attorney for legal action, including the institution of a civil or criminal proceeding to achieve compliance, as an alternative to the administrative appeal committee process set out in the sections below.

iii. Referral to Administrative Appeal Committee. In the event an owner shall fail, neglect or refuse to comply with the notification, the fire department may seek compliance through the administrative appeal committee process as set forth in Part II of this section, in addition to, or as an alternative to any other remedy allowed by law or by this section.

iv. Referral to City Council for abatement. In the event an owner shall fail, neglect, or refuse to comply with this notification, the fire department may seek compliance through abatement or physical security of the property as set forth in Part III of this section in addition to, or as an alternative to any other remedy allowed by law or by this section.

Part II – Administrative Appeals, Hearings, Orders, Penalties, and Costs.

A. Applicability of administrative appeal process.

a. This subsection provides for administrative remedies, which are in addition to all other legal remedies, criminal or civil, which may be pursued by the city to address any violation of this section.

b. Use of this subsection shall be at the sole discretion of the city in general, and of the fire department in particular.

B. Purpose of administrative appeal process.

a. The administrative appeal process serves to provide the full opportunity of a person subject to a notification of violation to object to the determination that a violation has occurred and/or that the violation has continued to exist. The failure of any person subject to a notification of violation, pursuant to this section, to appear at the hearing shall constitute a failure to exhaust administrative remedies.

b. In the absence of an appeal, the administrative appeal process is provided to review the facts of any issued notification of violation, where necessary, and upon review of such facts the administrative appeal board may:

i. Discharge the notification of violation
ii. Re-issue the notification of violation; or
iii. Without further hearing, declare such property to be a violation, and order abatement, issue administrative orders, impose administrative penalties, and recover administrative costs pursuant to the provisions of this section.

c. In appropriate cases, the administrative appeals board may decide or order the direct abatement of the subject property, subject to the property owner's right to timely appeal that decision to the Daly City Council.

C. Administrative Appeal Committee.

a. The administrative appeal committee shall be the body designated to conduct an administrative hearing to ascertain whether the violation exists, the abatement of which is appropriate under the police powers of the city.

b. The membership of the administrative appeal committee shall consist of one or more city employees appointed by the city manager or his or her designated representative, with sufficient supervisory, professional or practical experience to review the matters brought before the administrative appeals committee.

D. Notices.

a. Notice of administrative appeal committee hearing, or other actions shall be served upon the owner in accordance with the provisions of this section, and shall be served upon the property owner not less than fourteen days before the time fixed for the hearing.

b. Notice shall be given by delivering a written notice personally to the owner(s) of the property upon which the violation is located, or by depositing such notice in the United States mail, postage prepaid, and addressed to the owner(s) thereof at his or her last known address as the same appears on the last equalized assessment roll of the county. In the event a notice is given to the person(s) in apparent possession or control of the property, such notice shall be given in either manner specified in this section and may be addressed to "occupant" or "to whom it may concern", if the name of such person(s) is unknown.

c. Notice of hearing before the administrative appeal committee or notice of an action by the administrative appeal committee shall substantially contain the information as set forth below:

i. The date and location of the violation;
ii. The section of this code, the adopted International codes, state law or regulations or other such statutes violated and a description of the violation;
iii. The actions required to correct the violation;
iv. The time period after which administrative penalties will begin to accrue if compliance with the notification has not been achieved;
v. Either a copy of this section or an explanation of the consequences of noncompliance with this section and a description of the hearing procedure and appeals process, or

vi. The fact that this matter will be sent to the city attorney's office to seek compliance if the matter poses an immediate threat or danger.

d. The failure of any owner or other person to receive such notice shall not affect in any manner the validity of any proceedings taken under this section of this section.

E. Hearing – Findings and Order.

a. At the place and time set forth in the notice set out above, the administrative appeal board shall conduct a hearing on the notification of violation issued pursuant to this section.

b. The board shall consider any written or oral evidence consistent with its rules and procedures regarding the violation and compliance by the violator or by the real property owner.

c. Within a reasonable time following the conclusion of the hearing, the board shall make findings and issue its determination regarding:

i. The existence of the violation;

ii. The failure of the violator/owner to take required corrective action within the required time period.

d. The board shall issue written findings. The findings shall be supported by evidence received at the hearing.

e. If the board finds by a preponderance of the evidence that a violation has occurred and that the violation was not corrected within the time period specified in the notification of violation, the board shall issue an administrative order. Such administrative order may direct abatement by the City.

f. If the board finds that no violation has occurred or that the violation was corrected within the time period specified in the notification of violation, the board shall issue a finding of those facts.

F. Administrative Order. If the administrative appeal board determines that a violation occurred which was not corrected within the time period specified in the notification of violation, 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 where appropriate;
b. An order to abate, by city forces or contract, with allowance for timely appeal to the city council, and cost recovery for the costs of abatement;
c. Administrative penalties provided below;
d. Administrative costs as provided below;

G. Administrative penalties.

a. The administrative appeal board may impose administrative penalties for the violation of any provision of this code in an amount not to exceed a maximum of two thousand five-hundred dollars per day for each ongoing violation, except that the total administrative penalty shall not exceed ten thousand dollars exclusive of administrative costs, interest and restitution for compliance inspections, for any related series of violations.

b. In determining the amount of the administrative penalty, the board may take any and all of the following factors into consideration:

i. The duration of the violation;

ii. The good-faith efforts of the violator to come into compliance;

iii. The economic impact of the penalty on the violator;

iv. The impact of the violation on the community;
v. Such other factors as justice may require.

c. Administrative penalties imposed by the board shall accrue from the date specified in the notification of violation and shall cease to accrue on the date the violation is corrected as determined by the fire department or the board.

d. The board, in its discretion, may suspend the imposition of applicable penalties for any period of time during which the violator had made good-faith efforts to achieve compliance.

e. Administrative penalties assessed by the board shall be due by the date specified in the administrative order.

f. Administrative penalties assessed by the board are a debt owed to the city, and, in addition to all other means of enforcement, may be enforced by means of a lien against the real property on which the violation occurred.

g. If the violation is not corrected as specified in the board's administrative order, administrative penalties shall continue to accrue on a daily basis until the violation is corrected, subject to the maximum amount set forth.

h. If the violator gives written notice to the fire department that the violation has been corrected and if the fire department finds that compliance has been achieved, the city shall deem the date the written notice was postmarked or personally delivered to the fire department or the date of the city's site inspection, whichever first occurred, to be the date the violation was corrected. If no written notice is provided, the violation will be deemed corrected on the date of the city's site inspection.

H. Administrative Costs.

a. The administrative appeal board may assess administrative costs against the violator when it finds that a violation has occurred, and that compliance has not been achieved within the time specified in the notification of violation.

b. The administrative costs may include any and all costs incurred by the city in connection with the matter before the administrative appeal board, including but not limited to costs of investigation, staffing costs incurred in the preparation for the hearing and for the hearing itself, and costs for all re-inspections necessary to enforce the notification of violation.

I. Failure to comply with administrative compliance order. Failure to pay the assessed administrative penalties and administrative costs specified in the administrative order of the administrative appeals board may be enforced as;

a. A personal obligation of the violator, and/or

b. A lien upon the real property. The lien shall remain in effect until all of the administrative penalties, interest and administrative costs are paid in full.

J. Right to city council review. Any person aggrieved by an administrative order or determination following a hearing by the administrative appeal board on a compliance dispute, may obtain review of the administrative order with the Daly City council as set out below.

K. Recovery of abatement costs and/or administrative civil penalties. The City may collect abatement costs and/or the assessed administrative penalties and administrative costs by use of all available means, including recordation of a lien.

L. Compliance dispute.

a. If a violator believes that compliance has been achieved but not agreed to or accepted as complete by the fire department, he or she may request a compliance hearing before the administrative appeal board by filing a request for a hearing with the fire department.

b. The hearing shall be noticed and conducted in the same manner as a hearing on a notification of violation as provided in earlier subsections of the section. The board shall determine if compliance has been achieved and, if so, when it was achieved.

Part III – Appeals to City Council and Abatement

A. Appeals Procedure – Hearing by City Council.

a. The owner receiving an abatement order, administrative order, or an order of the administrative appeal board following a compliance hearing, may request a hearing before the city council ("council") by filing its request with the city clerk within ten calendar days of the date of service of the administrative order or an order of the administrative appeal board following a compliance hearing. The request shall contain:

i. A specific identification of the subject property;
ii. The names and addresses of all legal parties requesting the hearing;
iii. A statement of the parties legal interest in the subject property;
iv. A statement in ordinary and concise language of the specific order or action protested and the grounds for the hearing, together with all material facts in support thereof;
v. The date and signatures of all requesting parties;
vi. The verification of at least one party as to the truth of the matters stated in the request.

b. As soon as practical after receiving the request, the city clerk shall set a date for the council to hear the matter which date shall not be less than ten calendar days nor more than thirty calendar days from the date the appeal was filed. The city clerk shall give each party written notice of the time and place of the hearing, either by causing a copy of such notice to be delivered to the party personally or by mailing a copy thereof, postage prepaid, addressed to the appellant at his or her address shown on the request. Continuances of the hearing may be granted by the council on the council's own motion.

c. For each appeal to the city council, there shall be assessed a fee at the time of the filing of the appeal of one hundred dollars, which fee will be refunded should the person prevail in the appeal.

d. Property owners who have not availed themselves of the administrative appeal process of the previous section of this ordinance shall not have right to appeal to the council the issues concerning the notification of violation, any administrative orders, administrative penalties, administrative costs, compliance matters or other issues provided for in the previous section of this section.

B. Decision by City Council. Upon conclusion of the hearing, the council shall determine whether the property or any part thereof, as maintained, constitutes a violation. If the council so finds, the council shall adopt a resolution declaring such property to be in violation, setting forth its findings and ordering or confirming the abatement of the violation. The decision and order of the council shall be final.

C. Service of order to abate. A copy of the resolution of the council shall be served upon the owner(s) of the property in accordance with the provisions of this section. Upon abatement or compliance in full by the owner, the proceedings hereunder shall terminate.

D. Abatement by the City.

a. If such violation is not abated as ordered by the administrative appeals board or by the city council, the fire chief, or his/her designee shall cause the same to be abated by city employees or private contract. The city manager or his/her designee is expressly authorized to enter upon the property for such purposes. The cost, including incidental expenses, of abating the violation shall be billed to the owner and shall become due and payable thirty days thereafter. The term "incidental expenses" shall include, but not be limited to, personnel costs incurred in documenting the violation, the actual expenses and cost of the city in preparation of notices, specifications and contracts, and in inspecting the work, and the costs of printing and mailing required hereunder.

b. A person shall not obstruct, impede or interfere with the fire chief, or his/her designee, or his/her representative, or with any person who owns, or holds any interest or estate in, any property in the performance of any necessary act, preliminary to or incidental to, carrying out an abatement order issued pursuant to this section.

E. Filing of judicial action. Any action appealing the council's decision and order shall be commenced within thirty calendar days of the date of service of the decision.

F. Recording cost of abatement. The fire chief or his/her designee shall keep an account of the cost, including incidental expenses, of abating such violation on such private lot or parcel of land where the work of abatement is done by the city or under private contract, and shall render an itemized statement showing the cost of abatement. The cost accounting of abatement, including expenses, shall be provided to any person liable to be assessed for the cost of abatement.

G. Protests and objection to cost report. Any person liable to be assessed for the cost of an abatement action may file written protest or objection to the fire chief's statement with the city clerk within fourteen days following mailing of such cost to the assessee. The city clerk shall endorse each protest or objection received and shall present such protest or objections to the city council at the time set forth for the hearing upon the imposition of a lien, in accordance with the lien and cost recovery procedures of Part IV of this section. No other protests or objections shall be considered.

Part IV – Liens and Cost Recovery

A. Lien Procedure.

a. Whenever:

i. The amount of any administrative penalty and/or administrative cost is imposed by the administrative appeal board pursuant to this section in connection with real property has not been satisfied in full within ninety days and/or has not been successfully challenged by a timely appeal to the city council; or

ii. Any cost of abatement and/or costs imposed by means of the administrative appeals board or the city council as a result of the abatement proceedings have not been satisfied in full within ninety days of issuance of a cost report by the city clerk for such abatement proceedings; then these obligations may constitute a lien against the real property on which the violation occurred.

b. The lien provided herein shall have no force and effect until recorded with the county recorder. Once recorded, the administrative order or abatement cost report shall have the force and effect and priority of a judgment lien governed by the provisions of Section 697.340 of the Code of Civil Procedure and may be extended as provided in Sections 683.110 and 683.220, inclusive, of the Code of Civil Procedure.

c. Interest shall accrue on the principle amount of the judgment remaining unsatisfied pursuant to law.

d. Prior to recording any such lien, city staff shall prepare and file with the city clerk, a report stating the amounts due and owing.

e. The city clerk shall fix a time, date and place for hearing the cost report and any protests or objections thereto by the city council.

f. The fire chief or his/her designee shall cause the written notice to be served on the property owner not less than ten days prior to the time set for the hearing.

B. <u>Public hearing and protests.</u>

a. Any person whose real property is subject to a lien pursuant to this section may file a written protest with the city clerk and/or may protest orally with the city clerk and/or may protest orally at the city council meeting.

b. Each written protest or objection must contain a description of the property in which the protesting party is interested and the grounds for such protest or objection.

c. The City Council, after the hearing, shall adopt a resolution confirming, discharging, or modifying the amount of the lien.

C. <u>Recording of lien.</u> Thirty days following the adoption of a resolution or other determination imposing a lien, the city clerk shall file the same as a judgment lien in the office of the county recorder of San Mateo County, California. The lien may carry such additional administrative charges as set forth herein.

D. <u>Satisfaction of lien.</u> Once payment in full is received by the city for outstanding penalties and costs the city shall either record a notice of satisfaction or provide the property owner or financial institution with the notice of satisfaction so they may record this notice with the office of the county recorder. Such notice of satisfaction shall cancel the city's lien.

E. <u>Abatement proceedings costs – collections.</u> All costs associated with abatement proceedings or as a result of the administrative appeal process either before the administrative appeals board or the city council which are not satisfied through the procedures of the above sections shall be collected on behalf of the city by the city attorney using the appropriate legal remedies.

<u>Part V – Criminal Enforcement</u>

A. <u>Alternative actions available.</u>

a. Nothing in this section shall be deemed to prevent the administrative appeals board or the city council from ordering the commencement of alternative civil or criminal proceedings to abate or otherwise address a violation in conjunction with the proceedings set forth in this section.

B. Violation and penalties.

a. Violation of this section shall constitute a misdemeanor; however, any city official with citation authority may prosecute such violations as infractions wherein each infraction may be punishable by a fine not exceeding one hundred dollars for a first violation, two hundred and fifty dollars for a second violation within one year and five hundred dollars for each additional violation within one year.

b. Every day that any such violation continues shall constitute a separate offense.

c. Each violation shall be re-inspected until compliance with this section is completed. A cost of not less than one hundred dollars may be assessed for each inspection of the property beginning with the third inspection.

C. Criminal enforcement authority.

a. The City Council authorizes the fire department to issue citations (notice to appear) for any violation of:

i. This ordinance of the City of Daly City;

ii. The adopted and amended fire code(s), and/or any appendices or standards of such code(s).

b. This ordinance may be enforced by the sworn personnel of the Daly City Police Department.

c. The Daly City city manager may further designate any Daly City employee with the full or limited authority to issue criminal citations for any violations of this section.

d. The Daly City city attorney's office is authorized to criminally prosecute and/or civilly enforce any violations of this section.

D. Liability for Damage. The expenses for fighting fires which result from a violation of this section shall be a charge against the person whose violation caused and/or contributed to the fire. Damages caused by such fires shall constitute a debt of such person and are collectable by the city in the same manner as in the case of an obligation under contract, expressed or implied.

SECTION 4. Severability. If any section, subsection, sentence, clause, or portion of this ordinance or any part thereof is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Daly City hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions be declared invalid or unconstitutional.

SECTION 5. Environmental Determination. The City Council finds pursuant to Title 14 of the California Code of Regulations, Section 15378, that this ordinance is categorically and statutorily exempt from the requirements of the California Environmental Quality Act (CEQA) in that:

A. 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, California Code of Regulations, Section 15378(a);

B. In that it is further exempt under the definition of Project in Section 15378(b)(3) in that it concerns general policy and procedure making;

C. In that it can be seen with certainty that there is no possibility that the activity may have a significant effect upon the environment pursuant to Title 14, California Code of Regulations, Section 15061(b)(3); and

D. In that the action taken is an action by a regulatory agency that will both enhance and protect the environment and therefore is categorically exempt pursuant to Title 14, California Code of Regulations, Section 15308.

SECTION 6. Compliance.

Compliance with the requirements set forth in this ordinance will commence with the initial inspections conducted by the Daly City Fire Department. Thereafter all properties shall be maintained free of all flammable vegetation or other combustible growth as spelled out in this ordinance. Inspections and verification of compliance will be undertaken by the Daly City Fire Department of such other agency as the Fire Chief may so indicate.

SECTION 7. Publication/Summary.

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 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 Council members voting for and against this ordinance or otherwise voting. This ordinance shall become effective thirty (30) days from and after its adoption.

Introduced this ______ day of _____________, 2019

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 _____________, 2019 by the following votes:

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: October 28, 2019

Subject: INTRODUCTION OF ORDINANCE – REGULATION OF COMMERCIAL CANNABIS OPERATIONS

Recommended Action

Staff recommends that the City Council conduct a Public Hearing and introduce the attached Ordinance allowing for the establishment of commercial cannabis business operations in the City of Daly City and adopting a comprehensive process for permitting and regulating commercial cannabis business operations.

Background

On November 8, 2016, the voters of the State of California passed Proposition 64, or the Control, Regulate, and Tax Adult Use of Marijuana Act ("AUMA"). The AUMA took effect on November 9, 2016 and the State of California will begin issuing licenses on January 1, 2018. The City adopted a temporary moratorium on the establishment and operation of all commercial cannabis land uses, business operations, and all commercial cannabis cultivation.

At the November 2018 election, the voters approved a ballot measure adopting a business tax for all commercial cannabis operations within the City.

The City Council held several meetings to consider the implementation of Proposition 64, and the regulation of commercial cannabis operations within the City. The City Council directed to staff to prepare a draft ordinance which authorizes commercial cannabis activities and establishes the process for permitting and regulating commercial cannabis activities.

The key elements of the draft ordinance are set forth below.

- **Commercial Cannabis Business License**

The Ordinance will require a Commercial Cannabis Business License in order to operate any commercial cannabis business operations in the City of Daly City. In addition, the operator is required to have a State License. The Permit would be reviewed by the Chief of Police and would include a background check, Live Scan fingerprinting, security plan, and ensure compliance with the State Licensing Procedures.

The Commercial Cannabis Business License will be valid for one year, and the renewal process will the same for the initial application. In accordance with Chapter 5.102, there is a separate business tax to be levied on all commercial cannabis operations within the City.

- **Overlay District Zoning**

This Ordinance will allow Staff to develop and to present to the City Council for adoption an overlay district in which commercial cannabis operations would be allowed to operate. The overlay district would establish buffer zones and create a map in which commercial operations would either be allowed as consistent with the zoning or prohibited under the Zoning ordinance. Staff will develop an overlay district for the placement of commercial cannabis operations and will provide a comprehensive City-wide map which creates zones in which commercial cannabis operations will be allowed to operate.

Staff is in the process of creating the overlay district and will present the overlay district to the Planning Commission and City Council for adoption at a later date.

Commercial Cannabis Business Licenses shall not be issued until after the Planning Division has issued a Zoning Clearance and has approved the proposed location of the Cannabis Operation.

- **<u>Oversight Compliance and Enforcement</u>**

The draft ordinance creates a comprehensive over sight compliance and enforcement program. The program would provide the Police Department, the Finance Department, the Planning Division and the City Attorney's Office enforcement powers and administrative and legal remedies for non-compliance. It is necessary to have a comprehensive and coordinated enforcement program in order to ensure compliance with City's regulatory program and to protect the public safety.

<u>Summary/Conclusion</u>

Staff recommends that the City Council introduce the attached Ordinance allowing for the establishment of commercial cannabis business operations in the City and adopting a process for permitting and regulating commercial cannabis business operations.

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

Respectfully submitted,

Rose Zimmerman
City Attorney

Attachment: Draft Ordinance

ORDINANCE NO.________

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY
ADDING CHAPTER 5.104 TO THE DALY CITY MUNICIPAL CODE RE:
COMMERCIAL CANNABIS REGULATIONS

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN AS FOLLOWS:

SECTION 1: Chapter 5.104 of Title 5 of the Daly City Municipal Code is hereafter added to read as follows:

Chapter 5.104
COMMERCIAL CANNABIS REGULATIONS

5.104.00 Findings.

The City Council finds:

A. Since 1996, Cannabis for personal medicinal purposes, when recommended by a physician, has been legal in the State of California; and

B. In 2016, California voters enacted Proposition 64, intended to create a comprehensive system to legalize, control, and regulate the cultivation, processing, manufacture, distribution, testing, and sale of non-medical cannabis, including cannabis products, for use by adults twenty-one (21) years and older, and to tax the cultivation and retail sale of cannabis for non-medical use; and

C. In 2017, the Governor signed a bill to combine the regulation of both medical and non-medical cannabis under one (1) umbrella licensing and regulatory system, entitled the "Medical and Adult-Use Cannabis Regulation and Safety Act" (MAUCRSA or Act); and

D. The Act does not limit the authority of a local governing body to adopt and enforce local ordinances regulating businesses licensed under the Act or to completely prohibit such businesses within the local jurisdiction to the full extent authorized to a local agency by the Act; and

E. The use, cultivation, distribution, production, possession and transportation of Cannabis or cannabis remains illegal under Federal law, and Cannabis remains classified as a "controlled substance" by both California and Federal law; and

F. The city council intends to regulate the use, acquisition, cultivation, production, and distribution of commercial cannabis activity in a manner that is consistent with the California Constitution and the Act. The regulations are intended to apply to all commercial cannabis operations in the city by any cannabis business licensed under the state law. Commercial cannabis activity can have an impact on health, safety, and community resources, and this chapter is intended to license commercial cannabis businesses where it will have a minimal impact; and

G. To the extent that commercial cannabis businesses are registered and authorized by the State of California to operate in the corporate limits of the city, the city council desires to provide for their licensing and regulation to protect the public health, safety and general welfare of the citizens of the city; and

H. This chapter is to be construed to protect the public over commercial cannabis business interests. Operation of a commercial cannabis business is a revocable privilege and not a right in the city. There is no property right for an individual or business to have a commercial cannabis business in the city; and

I. Commercial cannabis is a heavily regulated industry in the city, and the city has a zero-tolerance policy for violations of this chapter.

5.104.10 Purpose and Intent.

It is the purpose and intent of this chapter to provide for the orderly regulation of the commercial cannabis industry within the City of Daly City with the intent of encouraging economic growth and job creation while protecting the public health, safety and welfare of the residents and patients of the city. The city council may adopt by resolution any regulations or policies that will further the purpose of this chapter, and that do not conflict with the provisions herein.

All definitions, authority, scope, responsibilities, requirements, standards, conditions, exemptions, procedures and penalties described within state law are adopted and incorporated.

The City Manager or her/his designee shall administer and enforce the provisions of this Chapter, applicable state law, and the rules and regulations promulgated by the City Council and any applicable state departments. This Chapter and the regulations contained herein apply to the entire city.

5.104.20 Definitions.

A. “Applicant” shall mean a person or entity that submits an Application or an Application for Renewal of a Commercial Cannabis Business Cannabis License.

B. “Application for Renewal” shall mean an application for a renewed Cannabis Commercial Cannabis Business License, which application may be submitted by a Licensee.

C. “Cannabis” shall have the meaning set forth in Business and Professions Code section 26001(f) and Business and Professions Code section 19300.5(f).

D. “Cannabis accessories” has the same meaning as in Health and Safety Code section 11018.2

E. “Cannabis concentrate” means cannabis that has undergone a process to concentrate one or more active cannabinoids, thereby increasing the product’s potency. Resin from granular trichomes from a cannabis plant is a concentrate for purposes of this division. A cannabis concentrate is not considered food, as defined by Section 109935 of the Health and Safety Code, or a drug, as defined by Section 109925 of the Health and Safety Code.

F. “Cannabis Operation” shall mean any Commercial Cannabis Activity permitted under this Article.

G. "Cannabis products" has the same meaning as in Section 11018.1 of the Health and Safety Code.

H. “Commercial Cannabis Activity” shall have the meaning set forth in Business and Professions Code section 26001(k).

I. “Cultivation” shall mean any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis.

J. “Delivery" means the commercial transfer of cannabis or cannabis products to a customer. "Delivery" also includes the use by a retailer of any technology platform.

K. “Distribution" means the procurement, sale, and transport of cannabis and cannabis products between entities licensed pursuant to state regulations.

L. “Licensee” shall mean the Cannabis Operation owner identified to the City as such, and to whom a City Commercial Cannabis Business License has been issued.

M. “Gross Receipts” shall have the meaning set forth in municipal code section 5.04.010(D).

N. "Manufacturer" means a licensee that conducts the production, preparation, propagation, or compounding of cannabis or cannabis products either directly or indirectly or by extraction methods, or independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis at a fixed location that packages or repackages cannabis or cannabis products or labels or relabels its container.

O. “Processing" means any method used to prepare cannabis or its byproducts for commercial sale, including but not limited to: drying, cleaning, curing, packaging, and extraction of active ingredients to create cannabis related products and concentrates.

P. "Retailer" means a facility where cannabis, cannabis products, or devices for the use of cannabis or cannabis products are offered, either individually or in any combination, for retail sale, including an establishment that delivers, pursuant to express authorization by local ordinance, cannabis and cannabis products as part of a retail sale.

Q. "Testing laboratory" means a laboratory, facility, or entity in the state that offers or performs tests of cannabis or cannabis products and that is both of the following:

1. Accredited by an accrediting body that is independent from all other persons involved in the medical cannabis industry in the state.
2. Licensed by the Bureau of Cannabis Control within the Department of Consumer Affairs.

R. "Operator" shall mean any person or entity responsible for management of the Cannabis Operation, any person listed on the Cannabis Operation's Articles of Incorporation or Articles of Organization, any person or entity owning an interest in the Cannabis Operation, and any person that supervises another employee of the Cannabis Operation.

S. "Owner" shall mean the person or entity in whom is vested interest and title to the Cannabis Operation.

T. "State Cannabis Laws" shall include the Compassionate Use Act, the Medical Cannabis Program Act, the Medical Cannabis Regulation and Safety Act, and the Adult Use of Cannabis Act, and all other State laws regulating Cannabis and Cannabis Products, as they may be amended.

U. "State License" shall mean a license from the State issued pursuant to sections 26050 et seq. of the California Business and Professions Code.

5.104.30 Commercial Cannabis Business License and State License Required.

A. It is unlawful for any person conducting, operating, owning, or in control of any premises to sell cannabis or cannabis products, whether medical (medicinal) or adult use (recreational), within the city of Daly City unless such person holds a valid cannabis retailer license therefor, pursuant to the provisions of this chapter. All retail sales of any type, including online and delivery service sales, are included in this requirement and are unlawful without the required cannabis retailer license. A separate cannabis retailer license is required for each location.

B. Operation of a Cannabis Operation shall not commence until a Licensee has obtained a valid State License. Licensees shall maintain a valid State License at all times during operation of a Cannabis Operation and shall comply with any applicable State licensing requirements.

C. A copy of the Cannabis Business Licenses hall be displayed at all times in a place visible to the public.

D. A Cannabis Business License shall be valid for one year or until September 30th each year, unless sooner revoked. No permit granted herein shall confer any vested right to any person or for more than the above-referenced period.

E. A Cannabis Business License shall be issued to the specific person or persons listed on the Business License application

F. A Cannabis Business License is not transferable and does not run with the land or with the business. Any change to the business location, organizational structure, or ownership requires a new application with associated fees.

5.104.40 Commercial Cannabis Business License Fees.

A. Every application for a Commercial Cannabis Business License or renewal of such license shall be accompanied by a non-refundable license application fee in an amount set forth by separate resolution of the City Council, which amount is calculated to recover the City's full cost of reviewing, issuing and administering said license. The adoption of such fees shall not prevent the city from recovering enforcement costs not specified in such resolution.

B. A fee for renewal of a Commercial Cannabis Business License will be due annually.

5.104.50 Conditions of Operation.

A. Security Plan.

A Licensee shall provide adequate security on the premises of the Cannabis Operation. The following minimum-security standards shall be maintained at all times:

B. Surveillance system.

1. Each Cannabis Operation shall be monitored at all times by closed-circuit television surveillance system. The camera and video recording surveillance system must be capable of providing surveillance of both interior and exterior areas of the Cannabis Operation and must be of adequate quality, color rendition and resolution to allow the ready identification of an individual on or adjacent to the Property. The video surveillance system must have the capability to document each retail sale and shipping/receiving transactions and all storage and processing areas. The recordings shall be maintained at the Cannabis Operation for a period of not less than thirty (30) days and shall be provided to the City Police Department within twenty-four (24) hours of a written request from the Police Department for any recordings. Each Licensee shall notify the Chief of Police immediately after discovering any of the following: diversion, theft, loss, or any criminal activity involving the Cannabis Operation; significant discrepancies identified during inventory; or any other breach of security.

2. A sign shall be posted inside and at the entrances to the establishment indicating that the premises are under camera/video surveillance.

3. Windows and window coverings. Store fronts (front façade of the Cannabis Operation) shall be primarily glass with glass occupying at least 45% of the entire store front and 60% of the horizontal length of the store. Window and door areas shall not be covered, tinted, or made opaque in any way, or obscured in any way by landscaping, floor displays, equipment, or the like.

C. Loitering Adjacent to a Cannabis Operation.

Licensees shall take reasonable measures to reduce loitering by Cannabis Operation patrons, guests and invitees in public areas, sidewalks, alleys and areas surrounding the Property and adjacent premises during the business hours of the Cannabis Operation.

D. Nuisances Prohibited.

A Licensee shall take reasonable steps to correct objectionable conditions that constitute a nuisance on any public sidewalk or public space abutting the Cannabis Operation premises.

1. For purposes of this section, “objectionable conditions that constitute a nuisance” means public consumption of cannabis products, disturbance of the peace, drug trafficking, disposing of litter or trash, or excessive loud noise.

2. For purposes of this section, “reasonable steps" means all of the following:

a. Calling the local law enforcement agency. Timely calls to the local law enforcement agency that are placed by the licensee, or his or her agents or employees, shall not be construed as evidence of objectionable conditions that constitute a nuisance.

b. Requesting those persons engaging in activities causing objectionable conditions to cease those activities, unless the licensee, or his or her agents or employees, feel that their personal safety would be threatened in making that request.

c. Making good faith efforts to remove items that facilitate loitering, such as furniture, except those structures approved or permitted by the City. The licensee shall be liable for the removal of those items that facilitate loitering.

E. Licensee shall comply with all security requirements as established by state law and regulations, as they may be updated from time to time.

5.104.60 Commercial Cannabis Business License – General Provisions.

A. Application Procedures

1. Commercial Cannabis Business Licenses shall not be issued until after the Planning Division has issued a Zoning Clearance and has approved the proposed location of the Cannabis Operation.

2. Application Fee. The non-refundable application fee to apply for a Commercial Cannabis Business shall be set by resolution of the city council and shall be calculated so as not to exceed that amount which would recover the total costs of both license administration and license enforcement.

3. Application Filing Requirements. A complete Commercial Cannabis Business License Application or Application for Renewal along with all required fees and materials required by this Article, shall be submitted in order for a person, entity, and/or business to be considered for a Commercial Cannabis Business License. All Commercial Cannabis Business License applications or Applications for Renewal shall be filed using forms and authorizations provided by the City.

4. Commercial Cannabis Business License Applications and Applications for Renewal shall include:

a. For each Licensee, Owner, Operator and employee of the Cannabis Operation, a fully legible copy of one valid government-issued form of photo identification, such as a state driver’s license or identification card. Acceptable forms of government-issued identification include, but are not limited to, driver’s license or photo identity cards issued by the state Department of Motor Vehicles (or equivalent) that meet REAL ID benchmarks, a passport issued by the United

States or by a foreign government, U.S. Military ID cards (active duty or retired military and their dependents) or a Permanent Resident card.

b. If the Cannabis Operation is a corporation, a certified copy of the Corporation Secretary of State Articles of Incorporation, Certificate(s) of Amendment, Statement(s) of Information.

c. If the Cannabis Operation is a partnership, a copy of the articles of or partnership.

e. The name, address, electronic mail address and mobile phone number of the Applicant's or Licensee's current designated Agent for Service of Process.

f. Emergency Contact. The name, electronic mail address, and mobile phone number, of an Owner, Operator, or manager to act as an on-site community relations staff person to whom the City may provide notice of any operating problems associated with the Cannabis Operation.

g. A statement dated and signed by each Applicant, under penalty of perjury, that the Applicant has personal knowledge of the information contained in the Application, that the information contained therein is true and correct.

3. In addition to a completed Commercial Cannabis Business License Application or Application for Renewal, Applicants or Licensees shall provide and submit the following information to the City:

a. The Applicant and each Owner, Operator and employee shall consent to fingerprinting and a criminal background investigation and shall undergo fingerprinting and a criminal background investigation.

b. Security Plans. Applicants shall provide a plan to provide adequate security on the premises of the Cannabis Operation. The Plan shall include standards showing the Cannabis Operation's ability to comply with the conditions of Section 5.104.50 of this Chapter.

B. Ongoing Filing Requirements. Where a Cannabis Operation or Licensee replaces, hires, appoints or employees new Operators and/or employees to its Cannabis Operation, all such Operators and employees shall be required to submit to fingerprinting and a criminal background investigation pursuant to Section 4-16.04(b)(3)(i) of this Article.

5.104.70 Commercial Cannabis Business License– Approval and Denial.

A. The City Council may set by resolution additional rules and regulations regarding the approval and of Commercial Cannabis Business Applications and selection of Commercial Cannabis Business Operators. In addition to any such criteria established by Resolution, the following minimum criteria for issuance shall be met:

1. The Planning Division has issued a Zoning Clearance and approved the proposed location of the commercial cannabis operations.

2. The Applicant and each Owner, Operator and employee of the Cannabis Operation have authorized and completed fingerprinting.

3. The Applicant and each Owner, Operator and employee of the Cannabis Operation have authorized the use of their fingerprinting results to run a State and nationwide criminal background check.

4. The results of the criminal background checks establish that the Applicant, Owner(s), Operator(s), and employees have not been convicted of an offense that is substantially related to the qualifications, functions, or duties of a Cannabis Operation. The following offenses are substantially related to the qualifications, functions, or duties of a Cannabis Operation:

a. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.

b. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.

c. A felony conviction involving fraud, deceit, or embezzlement.

d. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

e. A felony conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8.

f. Conviction for any controlled substance felony subsequent to licensure shall be grounds for revocation of a license or denial of the renewal of a license.

5. The Applicant has not been convicted, cited, fined, or penalized by the State or any city, county, or city and county, or enjoined by any court of law, in the five years immediately preceding the application for a Commercial Cannabis Business License or Commercial Cannabis Business Renewal License, for any unauthorized cannabis activities.

6. The Applicant has not been convicted, cited, fined, or penalized by the State or any city, county, or city and county, or enjoined by any court of law, in the five years immediately preceding the application for a Commercial Cannabis Business License or Commercial Cannabis Business Renewal License, for cultivation or production of a controlled substance on public or private lands.

7. Security Plan. The Applicant or Licensee has provided a Security Plan providing the minimum standards set forth in Section 5.104.50 of this Chapter.

B. Criteria for Denial.

Commercial Cannabis Business Licenses shall not be issued or renewed where the City confirms that one or more of the criterions set forth in Chapter have not been met. If the City denies the Commercial Cannabis Business License Application or Application for Renewal, the City Manager or his or her designee specify in writing the reasons for the denial of the Application or Application for Renewal and notify the Applicant that the decision shall become final unless the Applicant seeks an appeal pursuant this Section.

C. Appeal from City Determination.

An Applicant who disagrees with the City's decision to issue or deny a Commercial Cannabis Business License may appeal the City's decision to the City Council. All appeals must be in writing, submitted to the City Clerk within ten (10) days following the City's determination. Upon receipt of a timely filed appeal, the City shall schedule a public hearing to consider the appeal no less than 90 days from the date of the appeal.

5.104.80 Expiration and Renewal of Commercial Cannabis Business Licenses.

A. Commercial Cannabis Business Licenses shall expire one year after their issuance.

B. Commercial Cannabis Business Licenses must be renewed on an annual basis prior to expiration by filing with the City a Cannabis Commercial Business License Application for Renewal and a renewal fee in an amount set forth by separate resolution of the City Council, which amount is calculated to recover the City's full cost of reviewing, issuing and administering said license.

C. The Application for Renewal and the renewal fee shall be filed at least 30 days, but not more than 60 days, prior to the expiration of the Commercial Cannabis Business License. If a timely renewal application is filed, the Cannabis Operation's Commercial Cannabis Business License shall not expire until the date that the City approves or denies the Commercial Cannabis Business License Application for Renewal.

D. An Application for Renewal shall be subject to all filing requirements set forth in Section 5.104.60 of this Chapter.

E. The City shall issue or deny an Application for Renewal in accordance with the provisions of Section 5.104.80 of this Chapter.

5.104.90 Suspension and Revocation by City.

A. A Commercial Cannabis Business License issued under the terms of this Chapter shall be suspended or revoked by the City if he or she concludes any of the following:

1. The Cannabis Operation has violated any of the requirements of this Chapter.

2. The Cannabis Operation is being operated in a manner which violates the Security Plan required by this Chapter.

3. The Cannabis Operation is being operated in a manner which constitutes a nuisance.

4. The Cannabis Operation has failed to comply with the conditions of operation set forth in Chapter.

   a. The Cannabis Operation will be given a reasonable amount of time to resolve violations issued pursuant to this Chapter or other city code violations.

5. The Cannabis Operation has ceased to operate for thirty (30) days or more.

6. Results of a criminal background check establish that the Licensee, Owner(s), Operator(s), and/or employees have been convicted of an offense that is substantially related to the qualifications, functions, or duties of a Cannabis Operation. The following offenses are substantially related to the qualifications, functions, or duties of a Cannabis Operation:

a. A violent felony conviction, as specified in subdivision (c) of Section 667.5 of the Penal Code.

b. A serious felony conviction, as specified in subdivision (c) of Section 1192.7 of the Penal Code.

c. A felony conviction involving fraud, deceit, or embezzlement.

d. A felony conviction for hiring, employing, or using a minor in transporting, carrying, selling, giving away, preparing for sale, or peddling, any controlled substance to a minor; or selling, offering to sell, furnishing, offering to furnish, administering, or giving any controlled substance to a minor.

e. A felony conviction for drug trafficking with enhancements pursuant to Section 11370.4 or 11379.8.

f. Conviction for any controlled substance felony subsequent to licensure shall be grounds for revocation of a license or denial of the renewal of a license.

g. Conviction for cultivation or production of a controlled substance on public or private lands pursuant to Section 12025 or 12025.1 of the Fish and Game Code.

h. Conviction for unauthorized commercial cannabis activities in any city, county or city and county in the five years immediately preceding the issuance of a Commercial Cannabis Business License or Commercial Cannabis Business Renewal License.

7. The Applicant has been convicted, cited, fined, or penalized by the State or any city, county, or city and county, or enjoined by any court of law, in the five years immediately preceding the application for a Commercial Cannabis Business License or Commercial Cannabis Business Renewal License, for any unauthorized cannabis activities.

8. The Applicant has been convicted, cited, fined, or penalized by the State or any city, county, or city and county, or enjoined by any court of law, in the five years immediately preceding the application for a Commercial Cannabis Business License or Commercial Cannabis Business License, for cultivation or production of a controlled substance on public or private lands.

9. The Cannabis Operation is being operated in a manner which conflicts with or violates State Cannabis Laws.

10. A Licensee has attempted to transfer or has transferred a Commercial Cannabis Business License to another person or entity.

11. A Licensee's State License has been suspended, terminated, or revoked.

a. Expiration. Any Commercial Cannabis Business License revoked pursuant to this subsection shall be deemed to be expired and shall no longer entitle the Licensee to any privileges authorized by the Commercial Cannabis Business License.

b. Appeal from City Determination.

B. A licensee who disagrees with the City's decision to suspend or revoke a Commercial Cannabis Business License may appeal the City's decision to the City Council. All appeals must be in writing, submitted to the City Clerk within ten (10) days following the City's determination. Upon receipt of a timely filed appeal, the City shall schedule a public hearing to consider the appeal no less than 90 days from the date of the appeal.

5.104.100 Inspection of Operations.

A. City officials may enter and inspect a Cannabis Operation at any time during normal business hours without notice, and to ensure compliance and enforcement of the provisions of this Chapter.

B. No Licensee or any other person shall refuse, impede, obstruct, or interfere with an inspection pursuant to this Article.

5.104.110 License Non-Transferable

A. Licenses issued pursuant to this Article shall be non-transferable to a different person or entity. Any attempt to transfer or any transfer of ownership or control of a Cannabis Operation shall be grounds for revocation of the Commercial Cannabis Business License by the City.

5.104.120 Indemnification, Insurance, Limitation of City's Liability.

A. To the fullest extent permitted by law, the City of Daly City shall not assume any liability whatsoever with respect to having issued a commercial cannabis permit pursuant to this Chapter or otherwise approving the operation of any commercial cannabis business pursuant to this Chapter. As a condition of approval of any commercial cannabis permit issued pursuant to this Chapter, the person to which a commercial cannabis permit issued shall be required to meet all of the following conditions:

1. Execute an agreement indemnifying, defending(at its sole cost and expense), and holding the City of Daly City and its officers, employees, representatives, and agents harmless from any and all claims, losses, damages, injuries or liabilities associated with the permitting or approving the operation of a commercial cannabis activity or the operation thereof or associated with the commercial cannabis business or its members' violation of any federal, state or local laws.

2. Maintain insurance at coverage limits and with conditions thereon determined necessary by the City Attorney.

3. Reimburse the City of Daly City for any and all costs and expenses, including attorney fees and costs and court costs that the City of Daly City may be required to pay as a result of any legal challenge related to the City's approval of a commercial cannabis permit pursuant to this Chapter or the City of Daly City's approval of the operation of a commercial cannabis activity. The City of Daly City may, at its sole discretion, participate at its own expense in the defense of any such action, but such participation shall not relieve the obligations imposed under this section.

5.104.130 Outdoor Commercial Cannabis Cultivations and Activities Prohibited.

A. Outdoor commercial cannabis cultivation, including, but not limited to, cultivation in greenhouses, hoop structures, and by mixed light (part daylight/part artificial light), is prohibited and unlawful. This section prohibits all outdoor commercial cannabis cultivation, including cultivation for profit or not for profit cultivation, and including commercial cultivation for adult recreational use or medicinal purposes. Outdoor storage, harvesting, drying, processing, or manufacturing of commercial cannabis or cannabis products is prohibited and unlawful.

SECTION 2. Severability. If any provision of this Ordinance is held by any court or by any Federal or State agency of competent jurisdiction, to be invalid as conflicting with any Federal or State law, rule or regulation now or hereafter in effect, or is held by such court or agency to be modified in any way in order to conform to the requirements of any such law, rule or regulation, such provision shall be considered a separate, distinct, and independent part of this Ordinance, and such holding shall not affect the validity and enforceability of all other provisions hereof. In the event that such law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed, so that the provision thereof which had previously been held invalid or modified is no longer in conflict with such law, rule or regulation, said provision shall thereupon return to full force and effect and shall thereafter be binding.

SECTION 3: Environmental Determination. The City Council of the City of Daly City finds and determines that the implementation of measures described in this Chapter is in furtherance police powers of the City of Daly City, and that these purposes are exempt from the provisions of the California Environmental Quality Act (CEQA); Chapter 3 (commencing with Section 21100) of Division 13 of the Public Resources Code, as provided in categorical exemption within CEQA's categorical exemption for activities involving regulation of activities.

SECTION 4: Publication/Summary 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 Council members voting for and against this ordinance or otherwise voting. This ordinance shall become effective upon April 1,2020.

Introduced this _________day of _______________________2019.

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 _______________________2019, 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: October 28, 2019

Subject: PUBLIC HEARING – URGENCY ORDINANCE TO IMMEDIATELY IMPLEMENT THE TENANT PROTECTION ACT OF 2019 (AB 1482) UNTIL DECEMBER 31, 2019

Recommended Action

Conduct a public hearing for City Council consideration to adopt an Urgency Ordinance to immediately implement the Tenant Protection Act of 2019 (Assembly Bill 1482) to provide just cause eviction protections in the City of Daly City until December 31, 2019.

Background

On October 8, 2019, the Governor signed into law the Tenant Protection Act of 2019 (Assembly Bill 1482). AB 1482 limits rent increases across the state to 5 percent plus cost of living inflation, or 10 percent, whichever is lower. The law also prohibits an owner from terminating a tenancy without just cause. but the prohibitions on eviction without just cause will not go into effect until January 1, 2020.

Discussion

Since the passage of AB 1482, the City has received numerous inquiries from landlords, tenants and property managers regarding the impact of AB 1482 to the City. The Legal Aid Society of San Mateo County reported that a more than 200% increase in the number of "no-cause" notices of termination have been received by Daly City tenants in the 30 days since the passage of the Tenant Protection Act of 2019. On October 14, 2019, the City Council heard testimony from numerous Daly City residents regarding the receipt of notices of termination. Additional reports for "no-cause" eviction notices have been made to community organizers Faith in Action.

According to the Daly City Peninsula Partnership, Daly City residents have been severely impacted by pending evictions. The statistics provided by DC Partnership, of the 283 North County residents seeking legal assistance for eviction, 246 are Daly City residents. The statistics demonstrate the Daly City tenants have seen severely impacted by the housing crisis, with an increase of over 133 tenants seeking rental assistance during the past three months from the Daly City Community Service Center. In addition, during this three-month period, 196 people were assessed for Emergency Shelter placement, and an additional 211 Daly City residents were reported at eminent risk of becoming homeless. The City of Daly City does not currently regulate the reasons for evictions from residential housing.

Although AB 1482 will go into effect on January 1, 2020, after hearing public testimony at an open meeting and reports from community-based organizations that address displaced Daly City residents and evictions, the City Council desires to prohibit evictions without just cause sooner than January 1, 2020. In accordance with Council direction, staff has prepared an ordinance consistent with AB 1482 to prohibit eviction without just cause and the ordinance would be effective through

December 31, 2019. This would help prevent displacement of tenants and decrease the risk of tenants becoming homeless.

In order to address the concerns of tenants who have received eviction notices, the following language may be added to the urgency ordinance and is set forth below for the City Council's consideration:

> *From the effective date of this urgency ordinance and continuing until such time as the Tenant Protection Act of 2019 becomes effective, no landlord shall be entitled to recover possession of a rental unit covered by the terms of this ordinance unless said landlord has served a prior notice stating "just cause," and proven the existence of "just cause" as defined below (section 3), while this urgency is in effect.*

The proposed language above provides greater protection than expressly stated in AB 1482 during the urgency period.

The City Council finds that immediately implementing the Tenant Protection Act of 2019 is necessary to preserve the public peace, safety and health. The attached Ordinance will immediately implement the Tenant Protection Act of 2019, in the interim period and provide just cause eviction protections to the residents of the City of Daly City. The draft Ordinance would implement in Daly City a "just cause" eviction requirement similar to the requirements established in AB 1482. Implementation of the interim measure could provide new protections to Daly City two months before the effective date of AB 1482. Upon the effective date of the Tennant Protection Act of 2019, this Ordinance shall automatically be repealed.

An urgency ordinance must be passed by a four-fifths vote of the City Council and takes effect immediately. Findings for the urgency need to be made for the immediate preservation of the public peace, health, or safety, and such findings are incorporated in the ordinance.

<u>Summary/Conclusion</u>

The City Council consider by a four-fifths vote, adoption of the attached Urgency Ordinance to immediately implement the Tenant Protection Act of 2019 to provide just cause evictions protections to the residents of the City of Daly City until December 31, 2019.

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

Respectfully submitted,

Rose Zimmerman
City Attorney

Attachment: Draft Urgency Ordinance

ORDINANCE NO.________

AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF DALY CITY ADOPTING AN UNCODIFIED ORDINANCE TO IMMEDIATELY IMPLEMENT THE TENANT PROTECTION ACT OF 2019 (AB 1482) TO PROVIDE JUST CAUSE EVICTION PROTECTIONS IN THE CITY OF DALY CITY UNTIL DECEMBER 31, 2019

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES ORDAIN AS FOLLOWS:

WHEREAS, housing instability threatens the public peace, health, and safety as eviction from one's home can lead to prolonged homelessness; increased residential mobility; loss of community; strain on household finances due to the necessity of paying rental application fees and security deposits; stress and anxiety experienced by those displaced; increased commute times and traffic impacts if displaced workers cannot find affordable housing within the city in which they work; and interruption of the education of children in the home; and

WHEREAS, eviction creates particular hardships for individuals and households of limited means, given the shortage of affordable housing within the City of Daly City and the region generally; and

WHEREAS, the "Tenant Protection Act of 2019" (Assembly Bill 1482) was approved by the Legislature on September 11, 2019 and signed by the Governor on October 8, 2019;

WHEREAS, effective January 1, 2020 the "Tenant Protection Act of 2019" will provide limits on rent increases and eviction protections to approximately 8 million tenants in the State of California, thousands of whom live in the City of Daly City; and

WHEREAS, the City of Daly City currently does not regulate the reasons for evictions from residential rental housing; and

WHEREAS, Legal Aid Society of San Mateo County (LASSMC), a nonprofit agency funded by the City of Daly City to provide counseling and advocacy to low-income tenants, routinely collects and reports data to City staff regarding eviction activity in the City; and

WHEREAS, LASSMC has reported a more than 200% increase in the number of "no cause" notices of termination reported to the agency by Daly City tenants in the 30 days since the September 11, 2019 passage of the Tenant Protection Act of 2019; at least 15 Daly City tenant households have reported to LASSMC receipt of a 60-day notice of termination without cause, in contrast to the typical average rate of 4.9 households per month; and

WHEREAS, increased reports of at least 10 "no cause" eviction notices have been made to community organizers with Faith In Action; and

WHEREAS, the notices of termination without cause served upon these tenants are of the type that would be impermissible in many instances under the just cause for eviction protections of the Tenant Protection Act of 2019, but the notices are due to expire prior to the January 1, 2020 effective date of the new protections; and

WHEREAS, data collected by LASSMC from eviction activity reported to the agency by tenants in Daly City show that families with children are disproportionately represented in the population of tenants who are served with no cause terminations of tenancy; in the past 20 months, 43 out of 100 such termination notices were served to households with children (43%), but only 28.6% of households in Daly City are families with children, according to the 2010 Census; and

WHEREAS, extensive research studies on the impacts of eviction have demonstrated tenants facing eviction are more likely to report poor health, high blood pressure, depression, anxiety, and psychological distress; in particular, children who experience displacement from their home are likely to suffer academic setbacks, mental health issues, and emotional problems; and

WHEREAS, certain aspects of public peace, health, and safety are not adequately protected due to the current lack of regulation of the reason for evictions from residential rental housing in the City of Daly City; and

WHEREAS, in light of the numerous concerns noted herein, including, but not limited to, the current and immediate threat to the public peace, health, and safety of the City's residents and the adverse impacts that would result from no cause evictions within the City and displacement of City residents, the City Council declares this urgency measure is necessary to preserve the public peace, health, and safety of the community by adopting this urgency ordinance in order to prevent further evictions of tenants without cause prior to the effective date of the Tenant Protection Act of 2019; and

WHEREAS, there is a risk that landlords could seek to evict tenants on rent increases would apply to all rent increases on or after March 15, 2019, but the prohibitions on evictions without just cause would not into effect until January 1, 2020; and

WHEREAS, there is a risk that landlords could seek to evict tenants without just cause during the period before AB 1482 goes into effect in order to implement rent increases that would not otherwise be possible, and the City desires to prohibit such eviction without just cause during such period; and

WHEREAS, the City Council finds and determines that regulating the relations between residential landlords and tenants will increase certainty and fairness within the residential rental market in the City and thereby serve the public peace, health and safety; and

WHEREAS, staff discussions, testimony, and documentary evidence presented in a public forum support the basis of the findings and actions set forth in this ordinance; and

WHEREAS, for reasons set forth above, this ordinance is declared by the City Council to be necessary for immediate preservation of the public peace, health, and safety, and the recitals above taken together constitute the City Council's statements of the reasons constituting such necessity and urgency; and

WHEREAS, adoption of this ordinance is exempt from review under the California Environmental Quality Act (CEQA) pursuant to the following, each a separate and independent basis: CEQA Guideline Section 15183 (Action Consistent with the General Plan and Zoning); Section 15378; and Section 15061(b)(3) (No Significant Environmental Impact);

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF DALY CITY DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby incorporates them into this ordinance.

SECTION 2. Without the imposition of this Urgency Ordinance, evictions without just cause may result in the displacement of residential tenants who would be forced to find new housing in a rapidly expensive housing market before a non-urgency ordinance or AB 1482 would become effective and would significantly increase the risk of residential tenants becoming homeless.

SECTION 3. There is a current and immediate threat to public peace, health and safety of the City and its community due in part to the adoption of AB 1482 which increases the risk of evictions without just cause prior to the effective date of such bill, thereby necessitating the immediate enactment of this Urgency Ordinance in order to ensure that tenants are not turned out of their homes without just cause.

SECTION 4. Urgent Need - Based on the foregoing recitals and findings, all of which are deemed true and correct, this ordinance is urgently needed for the immediate preservation of the public peace, health, and safety. This Urgency Ordinance shall take effect immediately upon adoption in accordance with the provisions set forth in Government Code Section 36937.

SECTION 5. Notwithstanding any other law, after a tenant has continuously and lawfully occupied a residential real property for 12 months, the owner of the residential real property shall not terminate the tenancy without just cause, which shall be stated in the written notice to terminate tenancy. If any additional adult tenants are added to the lease before an existing tenant has continuously and lawfully occupied the residential real property for 24 months, then this subdivision shall only apply if either of the following are satisfied:

1) All of the tenants have continuously and lawfully occupied the residential real property for 12 months or more.
2) One or more tenants have continuously and lawfully occupied the residential real property for 24 months or more.
    a. For purposes of this section, "just cause" includes either of the following:

        i. At-fault just cause, which is any of the following:

            1. Default in the payment of rent.
            2. A breach of a material term of the lease, as described in paragraph (3) of Section 1161 of the Code of Civil Procedure, including, but not limited to, violation of a provision of the lease after being issued a written notice to correct the violation.

3. Maintaining, committing, or permitting the maintenance or commission of a nuisance as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
4. Committing waste as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
5. The tenant had a written lease that terminated on or after January 1, 2020, and after a written request or demand from the owner, the tenant has refused to execute a written extension or renewal of the lease for an additional term of similar duration with similar provisions, provided that those terms do not violate this section or any other provision of law.
6. Criminal activity by the tenant on the residential real property, including any common areas, or any criminal activity or criminal threat, as defined in subdivision (a) of Section 422 of the Penal Code, on or off the residential real property, that is directed at any owner or agent of the owner of the residential real property.
7. Assigning or subletting the premises in violation of the tenant's lease, as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
8. The tenant's refusal to allow the owner to enter the residential real property as authorized by Sections 1101.5 and 1954 of this code, and Sections 13113.7 and 17926.1 of the Health and Safety Code.
9. Using the premises for an unlawful purpose as described in paragraph (4) of Section 1161 of the Code of Civil Procedure.
10. The employee, agent, or licensee's failure to vacate after their termination as an employee, agent, or a licensee as described in paragraph (1) of Section 1161 of the Code of Civil Procedure.
11. When the tenant fails to deliver possession of the residential real property after providing the owner written notice as provided in Section 1946 of the tenant's intention to terminate the hiring of the real property, or makes a written offer to surrender that is accepted in writing by the landlord, but fails to deliver possession at the time specified in that written notice as described in paragraph (5) of Section 1161 of the Code of Civil Procedure.

ii. No-fault just cause, which includes any of the following:

1. Intent to occupy the residential real property by the owner or their spouse, domestic partner, children, grandchildren, parents, or grandparents.

2. For leases entered into on or after July 1, 2020, clause (i) shall apply only if the tenant agrees, in writing, to the termination, or if a provision of the lease allows the owner to terminate the lease if the owner, or their spouse, domestic partner, children, grandchildren,

parents, or grandparents, unilaterally decides to occupy the residential real property. Addition of a provision allowing the owner to terminate the lease as described in this clause to a new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1).

3. Withdrawal of the residential real property from the rental market.

4. The owner complying with any of the following:

    a. An order issued by a government agency or court relating to habitability that necessitates vacating the residential real property.
    b. An order issued by a government agency or court to vacate the residential real property.
    c. A local ordinance that necessitates vacating the residential real property.
    d. If it is determined by any government agency or court that the tenant is at fault for the condition or conditions triggering the order or need to vacate under clause (i), the tenant shall not be entitled to relocation assistance as outlined in paragraph (3) of subdivision (d).
5. Intent to demolish or to substantially remodel the residential real property.
    a. For purposes of this subparagraph, "substantially remodel" means the replacement or substantial modification of any structural, electrical, plumbing, or mechanical system that requires a permit from a governmental agency, or the abatement of hazardous materials, including lead-based paint, mold, or asbestos, in accordance with applicable federal, state, and local laws, that cannot be reasonably accomplished in a safe manner with the tenant in place and that requires the tenant to vacate the residential real property for at least 30 days. Cosmetic improvements alone, including painting, decorating, and minor repairs, or other work that can be performed safely without having the residential real property vacated, do not qualify as substantial rehabilitation.
    b. Before an owner of residential real property issues a notice to terminate a tenancy for just cause that is a curable lease violation, the owner shall first give notice of the violation to the tenant with an opportunity to cure the violation pursuant to paragraph (3) of Section 1161 of the Code of Civil Procedure. If the violation is not cured within the time period set forth in the notice, a three-day notice to quit

without an opportunity to cure may thereafter be served to terminate the tenancy.

iii. For a tenancy for which just cause is required to terminate the tenancy under subdivision (a), if an owner of residential real property issues a termination notice based on a no-fault just cause described in paragraph (2) of subdivision (b), the owner shall, regardless of the tenant's income, at the owner's option, do one of the following:

1. Assist the tenant to relocate by providing a direct payment to the tenant as described in paragraph (iii).
2. Waive in writing the payment of rent for the final month of the tenancy, prior to the rent becoming due.
3. If an owner issues a notice to terminate a tenancy for no-fault just cause, the owner shall notify the tenant of the tenant's right to relocation assistance or rent waiver pursuant to this section. If the owner elects to waive the rent for the final month of the tenancy as provided in subparagraph (B) of paragraph (1), the notice shall state the amount of rent waived and that no rent is due for the final month of the tenancy.

iv. The amount of relocation assistance or rent waiver shall be equal to one month of the tenant's rent that was in effect when the owner issued the notice to terminate the tenancy. Any relocation assistance shall be provided within 15 calendar days of service of the notice.

b. If a tenant fails to vacate after the expiration of the notice to terminate the tenancy, the actual amount of any relocation assistance or rent waiver provided pursuant to this subdivision shall be recoverable as damages in an action to recover possession.
c. The relocation assistance or rent waiver required by this subdivision shall be credited against any other relocation assistance required by any other law.
d. An owner's failure to strictly comply with this subdivision shall render the notice of termination void.
e. This section shall not apply to the following types of residential real properties or residential circumstances:
    i. Transient and tourist hotel occupancy as defined in subdivision (b) of Section 1940 of the California Civil Code.
    ii. Housing accommodations in a nonprofit hospital, religious facility, extended care facility, licensed residential care facility for the elderly, as defined in Civil Code Section 1569.2 of the Health and Safety Code, or an adult residential facility, as defined in Chapter 6 of Division 6 of Title 22 of the Manual of Policies and Procedures published by the State Department of Social Services.

iii. Dormitories owned and operated by an institution of higher education or a kindergarten and grades 1 to 12, inclusive, school.
iv. Housing accommodations in which the tenant shares bathroom or kitchen facilities with the owner who maintains their principal residence at the residential real property.
v. Single-family owner-occupied residences, including a residence in which the owner-occupant rents or leases no more than two units or bedrooms, including, but not limited to, an accessory dwelling unit or a junior accessory dwelling unit.
vi. A duplex in which the owner occupied one of the units as the owner's principal place of residence at the beginning of the tenancy, so long as the owner continues in occupancy.
vii. Housing that has been issued a certificate of occupancy within the previous 15 years.
viii. Residential real property that is alienable separate from the title to any other dwelling unit, provided that both of the following apply:
ix. The owner is not any of the following:
    1. A real estate investment trust, as defined in Section 856 of the Internal Revenue Code.
    2. A corporation.
    3. A limited liability company in which at least one member is a corporation

f. The tenants have been provided written notice that the residential property is exempt from this section using the following statement: "This property is not subject to the rent limits imposed by Section 1947.12 of the Civil Code and is not subject to the just cause requirements of Section 1946.2 of the Civil Code. This property meets the requirements of Sections 1947.12 (d)(5) and 1946.2 (e)(8) of the Civil Code and the owner is not any of the following: (1) a real estate investment trust, as defined by Section 856 of the Internal Revenue Code; (2) a corporation; or (3) a limited liability company in which at least one member is a corporation."

i. For a tenancy existing before October 28, 2019, the notice required under clause may, but is not required to, be provided in the rental agreement.

ii. For any tenancy commenced or renewed on or after July 1, 2020, the notice required under clause (i) must be provided in the rental agreement.

iii. Addition of a provision containing the notice required under clause (i) to any new or renewed rental agreement or fixed-term lease constitutes a similar provision for the purposes of subparagraph (E) of paragraph (1) of subdivision (b).

g. Housing restricted by deed, regulatory restriction contained in an agreement with a government agency, or other recorded document as affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code, or subject to an agreement that provides housing subsidies for affordable housing for persons and families of very low, low, or moderate income, as defined in Section 50093 of the Health and Safety Code or comparable federal statutes.

h. An owner of residential real property subject to this section shall provide notice to the tenant as follows:
    i. For any tenancy commenced or renewed on or after July 1, 2020, as an addendum to the lease or rental agreement, or as a written notice signed by the tenant, with a copy provided to the tenant.
    ii. For a tenancy existing prior to July 1, 2020, by written notice to the tenant no later than August 1, 2020, or as an addendum to the lease or rental agreement.
    iii. The notification or lease provision shall be in no less than 12-point type, and shall include the following:

        "California law limits the amount your rent can be increased. See Section 1947.12 of the Civil Code for more information. California law also provides that after all of the tenants have continuously and lawfully occupied the property for 12 months or more or at least one of the tenants has continuously and lawfully occupied the property for 24 months or more, a landlord must provide a statement of cause in any notice to terminate a tenancy. See Section 1946.2 of the Civil Code for more information."

        The provision of the notice shall be subject to Civil Code Section 1632. "From effective date of this urgency ordinance and continuing until such time as the Tenant Protection Act of 2019 becomes effective, no landlord shall be entitled to recover possession of a rental unit covered by the terms of this ordinance unless said landlord has served a prior notice stating "just cause," and proven the existence of "just cause" as defined below (section 3), while this urgency is in effect.

SECTION 6. **Effective Date.** This Ordinance is hereby declared to be an urgency Ordinance and is adopted under the provisions of the Government Code of the State of California, Section 36937, subsection (b) thereof, and is to take effect immediately. This Ordinance shall remain in effect until Civil Code Section 1946.2, as enacted by AB 1482 becomes effective. On the day that Civil Code Section 1946.2 becomes effective, this Ordinance shall be repealed and shall be of no further force and effect.

<u>SECTION 7</u>. <u>Severability</u>. If any section, subsection, sentence, clause, phrase or portion of this Ordinance is for any reason held to be invalid or unconstitutional by the decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Counci1 of the City of Daly City declares that it would have adopted each section, subsection, sentence, clause, phrase or portion thereof, irrespective of the fact that any one or more sections, subsections, clauses, phrases or portions be declared invalid or unconstitutional.

<u>SECTION 8</u>. <u>Environmental Assessment.</u> The City Council of the City of Daly City finds and determines that the implementation of measures described in this Chapter is in furtherance police powers of the City of Daly City, and that these purposes are exempt from the provisions of the California Environmental Quality Act (CEQA); Chapter 3 (commencing with Section 21100) of Division 13 of the Public Resources Code, as provided in categorical exemption Classes 1, 4, 5, 7, 8, 9, and or 21 of the CEQA Guidelines (Title 14, *California Code of Regulations*, Sections 15301-15329).

<u>SECTION 8</u>. <u>Publication</u>. The Mayor shall sign this ordinance and the City Clerk shall attest and certify to the passage and adoption of it, and within fifteen (15) days, publish once in a newspaper of general circulation circulated within the City of Daly City. The City Clerk shall post at City Hall a copy of the full text of this Ordinance in accordance with Government Code Section 65858 and 75090.

The foregoing urgency ordinance was introduced and duly adopted by a four-fifths vote of the City Council of the City of Daly City at a special meeting of the City Council, held on the ______ ______day of

__________________________, 2019, 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: October 28, 2019

Subject: Approval of Written Response to 2017/2018 San Mateo County Civil Grand Jury Follow Up Report: "Soaring City Pension Costs"

Recommended Action

It is recommended that the City Council review and approve the attached draft written response to the San Mateo Civil Grand Jury report titled, "Soaring City Pension Costs – Follow-Up on Grand Jury Report of 2017-2018" and authorize the City Manager to transmit the approved correspondence to the Presiding Judge of the Superior Court as requested.

Background

The San Mateo County Civil Grand Jury ("Grand Jury") issued a report in June 2018 entitled, "Soaring City Pension Costs – Time for Hard Choices."[1] In July 2019, the Grand Jury issued a follow-up report ("follow-up report").[2] This report includes updated financial data for each city in San Mateo County related to pension costs for the period of Fiscal Year (FY) 2014-15 through FY 2017-18. The Presiding Judge, Honorable Donald J. Ayoob requested a written response to the report.

Discussion

Following a public presentation and review of the attached draft response to the report, the City Council should provide final direction of the draft response. 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

The follow-up report contained two recommendations:

First, that each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Second, each City include a report include in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a. The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten years, assuming CalPERS' actuarial assumptions are met.
b. The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the following ten years, assuming CalPERS' actuarial assumptions are met.

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1 www.sanmateocourt.org/documents/grand_jury/2017/city_pension.pdf
2 http://www.sanmateocourt.org/documents/grand_jury/2018/pension_report.pdf

c. The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the following ten years, assuming CalPERS' actuarial assumptions are met.
d. The percentage of the City's general fund expenditures, and percentages of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

Fiscal Impact

There is no projected fiscal cost to provide the projected information. The City's new fiscal modeling tool presented to City Council in August 2019 has the capability to forecast ten years into the future.

Summary/Conclusion

It is recommended that the City Council review, provide final input and direction on the draft response and authorize the City Manager to submit to the Presiding Judge the approved response to the San Mateo County Civil Grand Jury Report.

City staff recognize that significant pension costs continue to be an area of worthwhile concern for members of our community. Staff also recognizes the value of transparency in this – and all – public financial matters. Staff will continue to identify funding strategies and the sharing of information concerning pension liabilities. The next biennial budget – currently under development for FY 2020-21 and FY 2021-22 – is expected to include the information recommended by the San Mateo County Civil Grand Jury.

Staff is available to answer to any questions.

Respectfully submitted,

Todd High
Director of Finance and Administrative Services

Shawnna Maltbie
City Manager

Attachment A: Pension Obligations Summary for the City of Daly City

(all numbers in thousands)

	FY 2017	FY 2018	FY 2019
Total Pension Contributions	$11,631	$13,132	$15,003
Total Unfunded Liabilities	$139,861	$164,352	$154,618
Total Funded Percentage	75.7%	74.1%	76.0%
General Fund Expenditures	$77,139	$77,663	$80,923
Pension Contributions as a Percent of General Fund Expenditures	15.1%	16.9%	18.5%
Covered Payroll	$43,398	$42,809	$43,418
Pension Contributions as a Percent of Covered Payroll	26.8%	30.7%	34.6%
	Actual		*Projected*

SOARING CITY PENSION COSTS – FOLLOW-UP ON GRAND JURY REPORT OF 2017-2018

Table of Contents | Issue | Summary | Background | Discussion | Findings | Recommendations
Requests for Responses | Methodology | Appendixes | Bibliography | Responses

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ISSUE

One year after the Grand Jury's 2017-2018 report on soaring pension costs, what are San Mateo County's cities doing to manage them and to make better information available to the public about the impact of pension costs on long-term financial plans?

SUMMARY

The 2017-18 San Mateo County Civil Grand Jury issued a report in June 2018 entitled "*Soaring City Pension Costs – Time for Hard Choices*." It can be viewed at: www.sanmateocourt.org/documents/grand_jury/2017/city_pension.pdf .

In the current report, the 2018-19 Grand Jury updates financial data on pensions for each city in San Mateo County, including the data in Appendix A relating to their pension costs during the four-year period from FY 2014-15 through FY 2017-18. The Grand Jury also reports on the steps, if any, currently being taken by each city to reduce, otherwise better manage, and/or plan for their long-term pension costs. It identifies whether the cities have implemented the Grand Jury's recommendation in the prior report that they develop long-term financial plans to address their pension liabilities and publish readily-accessible information on their websites about future pension costs and their long-term financial plans.

The 2018-19 Grand Jury finds that while projected pension cost information can now be found on the websites of almost all of the 20 cities, only a few include that information in their annual budgets. As a result, members of the public who may be interested in these data are forced to hunt for them through manual searches of those cities' numerous online city council meeting agenda packages looking for references to pensions. While the Grand Jury finds it commendable that almost half of the 20 cities now publish ten-year instead of five-year financial forecasts (and some of these cities only started generating ten-year forecasts this year), a minority of these cities still choose not to include these forecasts in their annual budgets. As a result, persons wishing to understand those cities' long-term pension situations must search through online city council agenda packages to find forecasts. Some cities with five-year forecasts also do not include them in their annual budgets. (For specifics on city financial forecasts, see Appendix B.)

The Grand Jury is persuaded that, in the interests of transparency, all of the cities should make it easy for their residents to see what their city's projected pension costs are over at least a ten year period, together with a ten-year general fund financial forecast so that the public can compare these rising pension costs against their city's overall financial situation. In order to make that information readily-accessible to the public, the Grand Jury recommends that this information be set forth in the cities' annual budgets, making it unnecessary for the public to search through council meeting agendas looking for it.

BACKGROUND

The 2017-18 San Mateo County Civil Grand Jury issued a report in June 2018 entitled "*Soaring City Pension Costs – Time for Hard Choices*." The report received substantial press coverage,[1] and the 2018-19 Grand Jury decided to update the financial data in the report and conduct a follow-up investigation to identify what progress has been made to address the issues raised in the prior report.

The 2017-18 report provided a detailed analysis of the local government employee pension system and the factors affecting its financial health. It provided key statistics on the recent (FY 2014-15 through FY 2016-17) and projected future pension costs of each city in San Mateo County (each referred to here as a "City" and collectively as the "Cities"). The report found that most Cities' pension costs would likely double within the next seven to ten years, posing a serious threat to their ability to continue to deliver public services at current levels. The report outlined the alternatives available to meet these costs and recommended that the Cities develop long-term financial plans for how to address the coming crisis of pension payments. Analyses in the 2017-18 report are not repeated in this new report and the reader is encouraged to read the prior report first, in order to fully understand this update. A brief summary of the report's key findings follows.

Each City provides its employees with a defined-benefit pension plan[2] administered by the California Public Employees Retirement System ("CalPERS"). These plans are funded by Normal Cost[3] contributions[4] to CalPERS from both the Cities and the employees themselves. CalPERS, in turn, invests these contributions in a portfolio of assets. CalPERS relies on a Return on Investment[5] (ROI) from this portfolio for about 61 percent of the funds needed to pay the pension benefits promised to retired City employees. CalPERS' current ROI expectation over the long-term is an annual return of seven percent.[6]

In the event that the projected cost of benefits increases unexpectedly, or CalPERS' ROI falls short of projections, the pension plans will have Unfunded Liabilities.[7] The Cities, rather than CalPERS, are responsible for paying off Unfunded Liabilities through payments to CalPERS of their Amortization Cost[8] of principal and interest on the Unfunded Liabilities. Both Normal Cost and Amortization Cost contributions are legal obligations that the Cities have to CalPERS and are not discretionary spending.

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[1] Bradshaw, Kate, "Grand jury urges county cities to prepare for crushing pension costs," The Almanac, July 31, 2018. Walsh, Austin, "Study: Cost of pensions dangerous," San Mateo Daily Journal, July 18, 2018. Climate Magazine, "Wiping Out on the California Pension Wave" March 2019.

[2] Defined pension benefit plans are described on page 4 of the prior report.

[3] "Normal Cost" is defined on page 3 of the prior report.

[4] The terms "contributions" and "pension contribution costs" as used in this report and in the prior report refer to payments to CalPERS of pension costs, including both Normal Costs and Amortization Costs.

[5] All capitalized terms used in this report that are not defined have the definitions given to them in the prior report.

[6] SFGate, "CalPERS lowers projected return on investment," December 22, 2016.

[7] "Unfunded Liability" is defined on page 4 of the prior report.

[8] "Amortization Cost" is defined on page 2 of the prior report.

Due in large part to unduly optimistic assumptions CalPERS made in the past about long-term rates of return it could achieve, almost all of the Cities have large Unfunded Liabilities, with an average Funded Percentage[9] of just 70.5 percent in FY 2016-17, well below the 80 percent "at risk" threshold.[10] Further, average annual pension payments by the Cities were projected to increase by 92.6 percent between FY 2017-18 and FY 2024-25. According to some financial experts, CalPERS' assumptions about ROI appear to remain optimistic, implying that future pension liabilities may be even larger than currently projected.[11]

The 2017-18 Grand Jury recommended that Cities develop long-term financial plans to address their pension liabilities and publish readily-accessible information on their websites about future pension costs and their long-term financial plans. The Grand Jury did not recommend what specific actions the Cities should take to plan for meeting their pension obligations but did outline a number of alternatives. Broadly, these fall into three categories: (1) *reducing* future pension payments to CalPERS by paying down the Unfunded Liabilities early, thereby saving interest costs; (2) *managing* future pension payments to CalPERS by methods such as contributions to a reserve, negotiating cost-sharing arrangements with employees, and keeping employee salary increases within the rate assumed by CalPERS; and (3) *adapting* to future pension payment increases by reducing municipal operating costs and/or seeking revenue enhancements.

DISCUSSION

Updated Pension Data from Cities' FY 2017-18 Financial Reports

Appendix A to this report is an updated version of the Appendix A attached to the prior report. The updated Appendix A incorporates pension cost data from each City for FY 2017-18, the most recent year for which annual financial reports (usually referred to in this report as "CAFRs" for "Comprehensive Annual Financial Report")[12] from the Cities are available. This updated Appendix A provides data from each of the 20 Cities for the four-year period from FY 2014-15 through FY 2017-18.

Data for FY 2017-18 in Appendix A show continued increases in (i) the Cities' pension contribution costs, averaging an increase of 15.2 percent over FY 2016-17, and (ii) the amount of the Cities' Unfunded Liabilities, averaging an increase of 14.2 percent over FY 2016-17. These increases are generally consistent with projections described in the prior report.

[9] "Funded Percentage" is defined on page 3 of the prior report.
[10] See discussion in prior report of "at risk" threshold (page 16).
[11] See discussion of expert concerns that CalPERS' return on investment projections may be too optimistic at pages 8-9 of the prior report.
[12] The term "CAFR" is used in this report to refer, not only to "Comprehensive Annual Financial Reports," but also to "Basic Financial Statements" and "Annual Financial Reports." The audited annual financial reports for the Towns of Atherton, Colma, Portola Valley, and Woodside are referred to by them as either "Basic Financial Statements" or "Annual Financial Reports."

The 2018-19 Grand Jury hopes that the data in this updated Appendix A can serve as a reference for members of the public who wish to understand the pension costs being paid by their City, without having to sift through financial reports, operating budgets and city council agenda packages online to find and assemble the data themselves. It also serves as a helpful basis for comparing each City's pension cost situation against other Cities.

Reports on Steps Taken by Each City to Address Pension Costs and Enhance the Availability of Public Information About Pension Costs

Set forth below as to each City is (1) additional information summarizing its projected, future pension costs (see, "Pension Contribution Costs"), (2) a brief overview of its financial condition (see, "Financial Overview"), (3) a summary of its available general fund reserves that might in the future help to absorb fiscal strains from rising costs or slowing revenue growth (see, "General Fund Reserves"), (4) specific actions that it might consider in order to better meet its future pension obligations (see, "Additional Payments to CalPERS," "Pension Reserve Fund," "Employee Contribution to City's Normal Cost," "Revenue Enhancement," and "Pension Obligation Bonds"), and (5) the extent to which the City has and makes accessible to the public information about its projected pension costs ("Pension Contribution Costs") and projected financial forecasts ("Long-Term Financial Forecast"). Some of this information is also summarized in Appendix B to this report in order to facilitate a side-by-side comparison of the Cities.

The reports on individual Cities show that seven Cities[13] are making, or plan to make, additional payments to CalPERS beyond their Annual Required Contribution[14] in order to reduce their total pension payments. Cities taking steps to better manage rising pension costs include (1) fourteen Cities that have established, or are currently planning to establish and fund, special funds/reserves to help buffer the impact of future increases in pension obligations and/or shortfalls in projected revenues, whether as a result of a recession, natural disaster, or otherwise,[15] (2) eleven Cities have reduced, or are planning to reduce, the pension costs they would otherwise owe through cost-sharing agreements with their employees under which those employees pay a portion of the Cities' pension costs,[16] nine Cities have since 2016 have sought and obtained voter approval for ballot

[13] The Cities are Belmont, Colma, Foster City, Menlo Park, Redwood City, San Carlos, and San Mateo. (See, discussions of those specific Cities in sections for each of them below entitled "Additional Payments to CalPERS" and also Appendix B.)

[14] Annual Required Contribution (ARC) means the sum of a municipality's share of Normal Cost and, if any, the Amortization Cost. ARC is the amount an agency is legally required to pay to the plan administrator in order to fund a pension plan. See, Brainard, Keith and Brown, Alex, *The Annual Required Contribution Experience of State Retirement Plans, FY01 to FY13*, National Association of State Retirement Administrators, March 2015, p. 2, <https://www.nasra.org/files/JointPublications/NASRA_ARC_Spotlight.pdf>.

[15] The Cities are Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside. (See, discussions of those specific Cities in sections for each of them below entitled "Pension Reserve Fund" and also Appendix B.)

[16] The Cities are Atherton, Belmont, Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco. (See, discussions of those specific Cities in sections for each of them below entitled "Employee Contribution to City's Normal Cost" and also Appendix B.)

measures intended to increase revenues,[17] and four Cities are concurrently considering seeking approval of their voters for revenue enhancement measures in the near term.[18]

Two Cities have not yet put in place either (a) a plan to make additional payments to CalPERS beyond their Annual Required Contribution in the near term in order to reduce their long-term pension costs, (b) a plan to set aside money in a separate fund/reserve to help pay future pension costs, or (c) long-term general fund financial forecasts to help in budget planning.[19] One additional City also does not currently make long-term general fund financial forecasts.[20]

Of the seventeen[21] Cities that prepare long-term general fund financial forecasts of at least five years, six[22] do not publish those forecasts in their readily-accessible annual budgets or annual financial statements, requiring members of the public who are looking for long-term forecasts to manually search through City Council meeting agendas online looking for reports that contain such data, and eight[23] only prepare five-year forecasts rather than the ten-year forecasts recommended by the Grand Jury.

While all but three[24] of the Cities have either generated, or retained consultants to generate for them, long-term projections of their future pension costs, only five of them[25] publish those forecasted pension costs in their readily-accessible annual budget or financial reports, requiring members of the public who are looking for such projections to manually search through City Council meeting agendas online looking for reports that contain such data.

[17] The Cities are Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City, and South San Francisco. (See, discussions of those specific Cities in sections for each of them below entitled "Revenue Enhancement" and also Appendix B.)
[18] The Cities are Half Moon Bay, Pacifica, Redwood City and San Bruno. (See, discussions of those specific Cities in sections for each of them below entitled "Revenue Enhancement" and also Appendix B.)
[19] The Cities are East Palo Alto and Millbrae. (See, discussions of those specific Cities in sections for each of them below entitled "Additional Payments to CalPERS," "Pension Reserve Fund," "Long-Term Financial Forecast" and also Appendix B.) However, East Palo Alto's City Council has instructed staff to prepare a long-term, general fund operating plan going out to the end of FY 2025-26 and staff is in the process of preparing such a plan. Staff's objective is to complete such a plan by October 2019. (See, section on East Palo Alto's "Long-Term Financial Forecast" below.) Millbrae also reports that it is in the process of developing a ten-year general fund financial forecast and expects to have one sometime in FY 2019-20. (See, section on Millbrae's "Long-Term Financial Forecast" below.)
[20] This City is Portola Valley. (See, section on Portola Valley's "Long-Term Financial Forecast" below.)
[21] The Cities are Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Redwood City, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside. (See, sections on these Cities' "Long-Term Financial Forecast" below.)
[22] The Cities are Atherton, Brisbane, Burlingame, Daly City, Pacifica, and South San Francisco. (See, sections on these Cities' "Long-Term Financial Forecast" below.)
[23] These Cities are Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos. (See, sections on these Cities' "Long-Term Financial Forecast" below.)
[24] These Cities are Atherton, Brisbane, and Portola Valley. (See, sections on these Cities' "Pension Contribution Costs" below.)
[25] These Cities are Colma, Daly City, Foster City, Hillsborough, and Redwood City. (See, sections on these Cities' "Pension Contribution Costs" below.)

Finally, the Grand Jury commends the following Cities for the actions to increase transparency and/or reduce long-term pension contribution costs described below:

- Colma, Daly City, Foster City, Hillsborough for their decisions to incorporate pension contribution cost projections in their most recent annual budgets. They had not included such projections in their prior budgets.[26]

- Redwood City and Woodside for their decisions to extend their general fund forecast periods from five years to ten years.[27]

- Redwood City for recently adding a "Fiscal Update" page to its public website (www.redwoodcity.org/fiscalupdate) that the Grand Jury finds to quite helpful to access key information about Redwood City's most recent budget.[28]

- Foster City for the unusual depth of information and analysis provided in the five-year general fund operating forecast contained in its most recent FY 2019-20 budget.[29]

- Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo, for having made, or currently having specific plans to make, additional pension contribution payments to CalPERS beyond their Annual Required Contribution, thus actually reducing their long-term pension contribution costs.[30]

Atherton

Pension Contribution Costs - Atherton

Atherton's pension contribution costs in FY 2017-18 were $1.29 million (up from $1.16 million in FY 2016-17).[31] The Town's FY 2017-18 pension contribution costs represented 27.7 percent of that year's covered payroll[32] (up from 26.7 percent the preceding year) and 10.7 percent of its total general fund spending (up from 10.1 percent the preceding year).[33]

The Town projects its pension contribution costs will increase above FY 2017-18 by $1.86 million (144.1 percent) to $3.15 million by FY 2023-24.[34] The Town does not have any projections beyond FY 2023-24.[35]

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26 See, sections on these Cities' "Pension Contribution Costs" and Appendix B below.
27 See, sections on these Cities' "Long-Term Financial Forecast" and Appendix B below.
28 See, sections on Redwood City's "Long-Term Financial Forecast" and Appendix B below.
29 Foster City, Preliminary Budget for Fiscal Year 2019-2020, pp. 55-94.
30 See, sections on these Cities' "Additional Payments to CalPERS" and Appendix B below.
31 Appendix A.
32 "Covered payroll" refers to pay received by those employees who participate in a City's CalPERS pension plan.
33 Appendix A.
34 Email from Atherton, dated June 20, 2019.
35 Grand Jury interview.

Financial Overview – Atherton

Atherton describes its fiscal condition as "positive."[36] It had general fund surpluses of $3.87 million and $4.58 million in each of FY 2016-17 and FY 2017-18, respectively.[37] It projects that it will accrue another $22.93 million in surpluses during the six year period from FY 2018-19 through FY 2023-24,[38] which represents an annual average surplus of $3.82 million.

Per its reserve policies, Atherton maintains general fund reserves equal to 15 percent of its general fund expenditures for emergency contingencies and additional 20 percent of expenditures for budget stabilization.[39]

Through the end of FY 2017-18, Atherton accumulated an unassigned general fund balance of $14.86 million,[40] which the Town projects will grow to $18.49 million by the end of FY 2019-20.[41] Atherton plans to invest this unassigned balance on a new Civic Center.[42]

Additional Payments to CalPERS - Atherton

Atherton does not currently have plans to make additional payments to CalPERS beyond its Annual Required Contribution. It re-evaluates this option each year when it reviews its annual June 30 CalPERS actuarial valuation reports.[43]

Pension Reserve Fund - Atherton

Atherton approved setting up a Section 115 Trust for future pension costs in November 2018 but has not funded the trust. The Town has no plan to fund the trust in FY 2019-20. It expects to re-evaluate its decision not to fund the trust each year when it reviews its annual June 30 CalPERS actuarial valuation reports.[44]

Employee Contribution to City's Normal Cost - Atherton

Prior to FY 2012-13, Atherton paid 100 percent of its employees' pension contribution costs. That year, in order to reduce expenses, it negotiated a change with employees under which the Town stopped funding any portion of its employees' pension costs.[45]

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[36] Atherton, Staff Report for City Council Meeting on June 5, 2019 re: Review of the FY 2019/20 Town Budget, p. 2.
[37] Atherton, Basic Financial Statements for the Year Ended June 30, 2017, p. 26. Atherton, Basic Financial Statements for the Year Ended June 30, 2018, p. 26.
[38] Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, pp. 4-6.
[39] See, section below entitled "General Fund Reserves – Atherton."
[40] Atherton, Basic Financial Statements for the Year Ended June 30, 2018, p. 58.
[41] Atherton, Staff Report for City Council Meeting on June 5, 2019 re: Review of the FY 2019/20 Town Budget, General Fund 101 Revenue & Expenditures Summary, p. 20.
[42] Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, p. 7.
[43] Grand Jury interview.
[44] Ibid.
[45] Ibid.

In FY 2018-19, Atherton entered into an agreement with employees under which employees agreed to pay a portion of the Town's pension contribution costs (one percent of salary for employees under Miscellaneous plans and three percent of salary for employees under Safety plans).[46]

Revenue Enhancement - Atherton

Since 2016 Atherton has not put any ballot initiatives before its voters for the purpose of revenue enhancement and it does not currently have plans to do so in the future.[47]

Pension Obligation Bonds - Atherton

Atherton does not have any outstanding pension obligation bonds.[48]

General Fund Reserves - Atherton

Atherton's unassigned general fund balance at the end of FY 2017-18 was $14.86 million, representing 123.1 percent of general fund expenditures of $12.07 million that year,[49] far in excess of its policy minimum of 20 percent of such expenditures.[50] The Town projects that its unassigned general fund balance will grow to $15.58 million in FY 2018-19[51] (representing 110.6 percent of general fund expenditures of $14.09 million)[52] and to $18.49 million in FY 2019-20 (representing 126.7 percent of general fund expenditures).[53] The Town expects to spend its unallocated general fund balance on a capital improvement project for a new Civic Center,[54] which it describes as its "biggest capital project in recent memory."[55]

In addition to its unassigned general fund balance, Atherton's policy is to set aside another 15 percent of total general fund operating expenses for emergency contingencies.[56] At the end of FY 2017-18, the Town had committed $1.81 million to this reserve[57] (representing 15 percent of its $12.07 million in expenditures[58]). Per the 15 percent policy, this

[46] Ibid.
[47] Ibid.
[48] Ibid.
[49] Atherton, Basic Financial Statements for the Year Ended June 30, 2018, pp. 22 & 26.
[50] Ibid., p. 58.
[51] Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, p. 2.
[52] Atherton, Fiscal Year 2018/19 Operating & Capital Improvement Budget, General Fund 101 Revenue & Expenditures Summary, p. 35.
[53] Atherton, Staff Report for City Council Meeting on June 5, 2019 re: Review of the FY 2019/20 Town Budget, General Fund 101 Revenue & Expenditures Summary, p. 20.
[54] Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, p. 7.
[55] Atherton, Basic Financial Statements for the Year Ended June 30, 2018, p. 15.
[56] Ibid., p. 58.
[57] Ibid., p. 58.
[58] Ibid., p. 26.

emergency contingency reserve is projected to increase to $2.11 million at the end of FY 2018-19[59] and to $2.19 million at the end of FY 2019-20.[60]

Atherton has also established a policy to have a "budget stabilization reserve" equal to 20 percent of general fund expenditures. This too is in addition to the unassigned general fund budget. Per this 20 percent policy, the budget stabilization reserve is projected to hold $2.82 million at the end of FY 2018-19[61] and $2.92 million at the end of FY 2019-20.[62]

Long-Term Financial Forecast – Atherton

Atherton has a long-term general fund financial forecast covering the five years from FY 2019-20 through FY 2023-24.[63] The forecast is not included in the Town's FY 2017-18 CAFR or its FY 2018-19 budget[64] In order to find Atherton's long-term financial forecast online, it is necessary to manually search online City Council agendas at www.ci.atherton.ca.us/Archive.aspx?AMID=41 (last accessed on May 29, 2019). That search will eventually lead to the agenda for the City Council's meeting on March 6, 2019[65] which includes a link entitled "2. FY 2019/20 Budget Kick-Off and Overview." That link leads to a staff report for the March 6, 2019 meeting that includes the Town's five-year long-term financial forecast.[66]

Belmont

Pension Contribution Costs – Belmont

Belmont's pension contribution costs in FY 2017-18 were $3.93 million, up $0.345 million (9.6 percent) from $3.58 million in FY 2016-17.[67] The City's FY 2017-18 pension contribution costs represented 24.9 percent of that year's covered payroll (up from 23.6 percent the preceding year) and 20.2 percent of its total general fund spending (up from 19.5 percent the preceding year).[68]

The City's actuarial consultant – GovInvest - projects that Belmont's pension contribution costs will increase above FY 2017-18 costs by $1.43 million (36.4 percent) to $5.36

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59 Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, p. 2.

60 Atherton, Staff Report for City Council Meeting on June 5, 2019 re: Review of the FY 2019/20 Town Budget, p. 20.

61 Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, p. 2.

62 Atherton, Staff Report for City Council Meeting on June 5, 2019 re: Review of the FY 2019/20 Town Budget, p. 20.

63 Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, pp. 4-6.

64 Atherton, Basic Financial Statements for the Year Ended June 30, 2018. Atherton, Fiscal Year 2018/19 Operating & Capital Improvement Budget.

65 The March 6, 2019 City Council meeting agenda may be found at www.ci.atherton.ca.us/Archive.aspx?ADID=3112 (Last accessed May 29, 2019.)

66 Atherton, Staff Report for City Council Meeting on March 6, 2019 re: FY 2019/20 Budget Kick-Off and Overview, pp. 4-6.

67 Appendix A.

68 Ibid.

million by FY 2023-24 and by an additional $0.643 million (12 percent) to $6 million by FY 2027-28.[69]

Belmont's projected, annual pension contribution costs are not included in its published FY 2018-19 budget, or its FY 2019-20 budget.[70] In order to find these projected costs online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: https://www.belmont.gov/our-city/city-government/meetings-agendas-minutes. (Last accessed on May 11, 2019.) That search would eventually lead to the June 12, 2018 agenda for a meeting of the Belmont City Council[71] which refers to a discussion of "CalPERS Unfunded Accrued Liability (UAL) Funding Options" and provides a link to a June 12, 2018 GovInvest presentation, which includes a graph showing contribution projections through FY 2048-49 on page 5.[72]

Financial Overview – Belmont

Belmont reports that it was in a financial "survival mode" following the 2008 recession, but that its finances have now "steadied … at least in the near-term."[73] In addition to "massive exposure from deferring infrastructure improvements,"[74] the City states that its financial health is currently subject to two additional pressures. The first is rising CalPERS pension costs and the second is "the high likelihood of experiencing a mild recession in the mid-term."[75] The City's primary budget focus at present is funding the repair of its infrastructure.[76]

Additional Payments to CalPERS – Belmont

Over the six-year period from FY 2017-18 through FY 2022-23, Belmont plans to make additional payments to CalPERS beyond the Annual Required Contribution for a total of $3.65 million (approximately $0.609 million per year). The City estimates that these additional payments will result in long-term net savings of $4.67 million.[77]

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[69] Belmont, GovInvest, City of Belmont Pension Funding Analysis dated June 12, 2018, p. 5. GovInvest's contribution projections run through 2049.
[70] Belmont FY 2019 Budget. Belmont FY 2020 Budget. Note, however, that at page 15 of the Budget Brief section of the FY 2020 Budget, the City does (1) show projected increases in the CalPERS contribution "rates" (i.e., the percentages of covered payroll represented by CalPERS pension contribution costs) and (2) state that Safety Plan and Miscellaneous Plan contribution cost increases from FY 2020 to FY 2024 were projected to be $0.034 million and $0.148 million, respectively.
[71] Belmont's June 12, 2018 City Council meeting agenda may be found at- https://ca.granicus.com/GeneratedAgendaViewer.php?view_id=2&event_id=563 (Last accessed on May 11, 2019.)
[72] Belmont, GovInvest, City of Belmont Pension Funding Analysis dated June 12, 2018.
[73] Belmont, FY 2019 Budget, p. 1 of FY 2019 Budget Brief.
[74] Ibid, p. 1 of FY 2019 Budget Brief.
[75] Ibid, p. 1 of FY 2019 Budget Brief.
[76] Ibid, pp. 2 & 4-5 of FY 2019 Budget Brief.
[77] Grand Jury interview. Belmont, GovInvest, City of Belmont Pension Funding Analysis dated November 27, 2018, p. 8. Net savings are the result of subtracting total additional payments of $3.65 million from total (not net) savings of $8.32 million.

Pension Reserve Fund – Belmont

Belmont does not currently have plans to establish an internal pension reserve fund, nor a Section 115 Trust.[78] Instead, it has decided to make additional payments to CalPERS beyond its Annual Required Contribution (as described above in section entitled "Additional Payments to CalPERS – Belmont", because doing so actually reduced overall pension costs while merely setting aside funds for future payment obligations does not.[79]

Employee Contribution to City's Normal Cost – Belmont

Belmont has cost-sharing agreements in place with employees in Miscellaneous Plans[80] and Safety Plans[81] under which those employees pay a portion of the City's pension costs.[82]

Revenue Enhancement – Belmont

Belmont residents approved a one-half cent sales tax in November 2016 (Measure I), which was projected to generate approximately $1.3 million per year initially.[83] Measure I revenues are all allocated to infrastructure projects.[84] In November, 2018 Belmont residents approved Measure KK, which increased the City's transient occupancy tax ("Hotel tax") rate from ten percent to twelve percent. Measure KK is projected to bring in an additional $0.560 million in unrestricted general fund revenues annually. The City Council has adopted "Top Priorities" as part of its FY 2020 Strategic Planning effort, which include, in part, the following: "Secure on-going funding for Sewer, Storm, Streets, Facilities and Parks to address deferred maintenance and future capital needs along with a plan to support critical public services …"[85]

Pension Obligation Bonds - Belmont

Belmont does not have any outstanding pension obligation bonds.[86]

General Fund Reserves – Belmont

Belmont's general fund unrestricted reserve as of the end of FY 2017-18 was $10.68 million, representing 54.9 percent of its $19.5 million in general fund operating expenditures that year.[87] Belmont's policy is to maintain a minimum reserve balance of $5

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78 Section 115 Trusts are irrevocable trusts where funds are deposited for the purpose of meeting future pension obligations. They are described on page 30 of the prior report.
79 Grand Jury interview.
80 "Miscellaneous Plans" are pension plans for public service employees who do not provide safety services such as police and fire protection. Miscellaneous Plans are generally less expensive to maintain than Safety Plans. (Prior report, Glossary, p. 3.)
81 "Safety Plans" are plans for public service employees who provide safety services such as police and fire protection. (Prior report, Glossary, p. 3.)
82 Grand Jury interview.
83 Ballotpedia, Local Ballot Measures, Belmont, California, Sales Tax Measure I (November 2016).
84 Grand Jury interview.
85 Email from Belmont, dated June 7, 2019.
86 Ibid.
87 Belmont, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 25 & 27.

million and it targets maintaining a balance equal to 33 percent of general fund operating expenditures.[88] The City projects that the general fund unrestricted reserve will remain well above this 33 percent target throughout the FY 2019-20 through FY 2023-24 period.[89]

Long-Term Financial Forecast – Belmont

Belmont's long-term financial forecast is based on a five-year forecast period.[90] The City incorporated its long-term financial forecast into its FY 2019 and FY 2020 budgets,[91] which are readily-accessible on the finance department home page of the City's website.[92]

Brisbane

Pension Contribution Costs - Brisbane

Brisbane's pension contribution costs in FY 2017-18 were $1.91 million, up $0.193 million (11.3 percent) from $1.71 million in FY 2016-17.[93] The City's FY 2017-18 pension contribution costs represented 23.5 percent of that year's covered payroll (up from 21.6 percent the preceding year) and 10.9 percent of its total general fund spending (down from 11.0 percent the preceding year).[94]

Brisbane projects its pension contribution costs will increase from FY 2017-18 by $1.63 million (85.5 percent) to $3.54 million by FY 2023-24.[95] The City has not made any pension cost projections beyond FY 2023-24.[96]

In addition to its contribution payments made to CalPERS, Brisbane also makes annual, installment payments on its 2006 pension obligation bonds (originally issued in the amount of $4.75 million) and on a 2013 Pension Side Fund Bank Loan (in the original principal amount of $1.61 million).[97] Brisbane paid a combined total of $0.794 million on the bonds and loan in FY 2017-18. These payments will decrease to $0.364 million in FY 2018-19. From FY 2018-19 through FY 2022-23 when the bonds and loan are fully paid off, the City will make average annual payments on the bonds and loan of approximately $0.389 million.[98] Taking bond and loan payments into account, the City's total payments on account of its pensions (CalPERS, bond and loan payments combined) were $2.7 million in

[88] Belmont, FY 2019 Budget, p. 6 of FY 2019 Budget Brief and p. 3 of Appendix.
[89] Email from Belmont, dated June 7, 2019. Belmont, FY 2020 Budget, p. 21 of Budget Brief; General Fund and Subsidized Funds Trends & Projections FY 2018 – FY 2024.
[90] Ibid, pp. 19-21 of Budget Brief; General Fund and Subsidized Funds Trends & Projections FY 2017 – FY 2023.
[91] Belmont FY 2019 Budget, pp. 19-21. Belmont, FY 2020 Budget, pp. 19-21 & 24.
[92] The finance department's home page on the Belmont website may be found at https://www.belmont.gov/departments/administrative-services/finance/budget. (Last accessed on May 9, 2019.)
[93] Appendix A.
[94] Ibid.
[95] Email from Brisbane dated May 21, 2019. Brisbane, CalPERS 2017 Public Agency Actuarial Valuation Reports for Miscellaneous First Tier, Miscellaneous Second Tier, PEPRA Miscellaneous, PEPRA Safety Fire, PEPRA Safety Police, Safety.
[96] Email from Brisbane, dated June 13, 2019.
[97] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, pp. 53-54.
[98] Ibid, pp. 53-54.

FY 2017-18 (representing 33.3 percent of that year's covered payroll of $8.11 million and 15.4 percent of that year's total general fund spending of $17.54 million.[99]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its budget for FY 2018-19 & 2019-20. The Grand Jury's review of Brisbane's City Council agenda packages from January 1, 2018 through June 1, 2019 yielded no documents that set forth the City's future, annual pension contribution costs over its five-year forecasting period. The Grand Jury obtained data on these annual costs through a direct document request made to the City.

Financial Overview – Brisbane

Brisbane notes that it has robust and growing revenues from its business base and staff is confident that projected revenues will be adequate to pay rising pension costs.[100]

Additional Payments to CalPERS - Brisbane

Brisbane does not currently have plans to make additional payments to CalPERS beyond its Annual Required Contribution. The City's Unfunded Liability is currently projected to be fully paid off within 20 years.[101] The City Council has determined that it would like to have this Unfunded Liability paid off sooner, if possible. Accordingly, staff suggested in April 2019 that the City's Administrative and Financial Policy Committee develop a policy related to the quicker funding of these liabilities over the next year.[102]

Pension Reserve Fund - Brisbane

Brisbane has established a Section 115 Trust to help pay for any unexpected increases in its pension payment obligations. The City initially contributed $0.12 million to the trust. By the end of FY 2018-19, the City plans to have contributed an additional $0.8 million to the trust, bringing total contributions to $0.92 million.[103] The City's policy is to contribute 50 percent of any unanticipated general fund surpluses to this trust.[104] Staff is bringing to the City Council a proposal to fund the trust with sufficient funds to cover two years of unfunded liability amortization costs (approximately $5 million) within the next four years and to set aside up to $1 million per year for this purpose.[105]

Employee Contribution to City's Normal Cost - Brisbane

Brisbane's employees do not pay any portion of the City's pension costs.[106]

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[99] Appendix A.
[100] Grand Jury interview.
[101] Email from Brisbane, dated June 13, 2019.
[102] Brisbane, City Council Agenda Report for City Council Meeting on April 18, 2019 re: Mid-Year Budget Report, p. 2.
[103] Grand Jury interview.
[104] Email from Brisbane, dated June 13, 2019. Brisbane, City Council Agenda Report for City Council Meeting on April 18, 2019 re: Mid-Year Budget Report, p. 2.
[105] Email from Brisbane, dated June 13, 2019.
[106] Grand Jury interview.

Revenue Enhancement - Brisbane

Brisbane voters approved two business license tax revenue enhancement measures in November 2017 (Measures D and E). As of FY 2017-18, Measure D was projected to yield annual revenues of $0.2 million and Measure E $4 million.[107] Brisbane is not currently planning on proposing any revenue enhancement ballot measures to its voters.[108]

Pension Obligation Bonds and Loan - Brisbane

Brisbane issued $4.75 million in pension obligation bonds in 2006 and took a $1.61 million Pension Side Fund Bank Loan in 2013.[109] As of the end of FY 2017-18, the remaining outstanding principal on the bonds and loan, combined, was $1.73 million.[110] The bonds mature in FY 2020-21 and the loan is due to be fully paid off in FY 2022-23. From FY 2018-19 through FY 2022-23 when the bonds and loan are fully paid off, the City will make average annual payments on them of approximately $0.389 million.[111]

General Fund Reserves - Brisbane

At the end of FY 2017-18, Brisbane's general fund balance was $11.45 million, of which $8.63 million (49.2 percent of general fund expenditures for that year) represented unassigned reserves.[112] The City projects that the FY 2018-19 ending general fund balance will be $10.8 million[113] from which $3.5 million will be set aside in an "Emergency Reserve" for any sudden unanticipated expense, $3.2 million will be put in a "Recession Reserve" so that City services do not need to be "immediately reduced in case of recession," and $2 million will be in an "Annual Reserve" for use in the event of any budget discrepancies.[114]

Long-Term Financial Forecast – Brisbane

Brisbane's long-term general fund financial forecast is based on a five-year period. It reports that it has "taken great strides in long-term financial planning" and that "[s]taff continuously works on a five-year forecast" which "provides Council and the community greater information on projects and issues that will be affecting the community in the near future."[115] However, the Grand Jury's review of the City's Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, its budget for FY 2018-19 and FY 2019-20, as well as all agenda packages that the City posted on its website from

[107] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. vii of letter of transmittal.
[108] Email from Brisbane, dated June 13, 2019.
[109] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 55-56.
[110] Ibid., p. 54.
[111] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, pp. 53-54.
[112] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 20 & 22.
[113] Brisbane, City Council Agenda Report for City Council Meeting on April 18, 2019 re: Mid-Year Budget Report, p. 2.
[114] Ibid., pp. 2 & 4.
[115] Brisbane, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, December 7, 2018 letter of transmittal, p. viii.

January 1, 2018 through the Grand Jury's final check on June 14, 2019[116] yielded no long-term financial forecast for the City.

Burlingame

<u>Pension Contribution Costs - Burlingame</u>

Burlingame's pension contribution costs in FY 2017-18 were $5.72 million, up $0.424 million (8.0 percent) from $5.29 million in FY 2016-17.[117] The City's FY 2017-18 pension contribution costs represented 27.8 percent of that year's covered payroll (up from 26.8 percent the preceding year) and 10.7 percent of its total general fund spending (flat from the 10.7 percent the preceding year).[118]

In addition to its contribution payments made to CalPERS, the City also makes annual installment payments on its 2006 pension obligation bonds (originally issued in the amount of $33 million).[119] It paid $3.85 million on the bonds in FY 2017-18[120] and will pay $0.957 million in FY 2018-19.[121] From FY 2019-20 through FY 2035-36 when the bonds are fully paid off, the City will have made total payments on the bonds of $12.6 million, with an annual average of approximately $0.741 million.[122] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) were $9.56 million in FY 2017-18 (representing 46.4 percent of that year's covered payroll of $20.6 million and 17.8 percent of total general fund spending of $53.6 million), up $0.535 million (5.9 percent) from $9.03 million in FY 2016-17.[123] It should be noted, however, that the City's annual bond payment amount dropped by almost $3 million in FY 2018-19.[124]

Burlingame projects that its pension contribution costs will increase from FY 2017-18 by $5.03 million (87.9 percent) to $10.74 million by FY 2023-24 and by an additional $2.57 million (23.9 percent) to $13.32 million by FY 2027-28.[125] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) will increase from FY 2017-18 by $2.25 million (23.5 percent) to $11.81

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[116] Brisbane City Council meeting agenda packages can be accessed at https://brisbaneca.org/city-government/meetings?field_meeting_type_value=cc (Last accessed on June 14, 2019.)
[117] Appendix A.
[118] Ibid.
[119] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 69.
[120] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015, p. 81.
[121] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 69.
[122] Ibid.
[123] Ibid. Burlingame's pension obligation bond repayment amount in FY 2016-17 was $3.73 million. (Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015, p. 81.)
[124] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 69.
[125] Appendix A. Burlingame, Staff Report for City Council Meeting on March 13, 2019 re: Adoption of Resolution Amending the FY 2018-19 Operating and Capital Budgets to Reflect the Recommended Mid-Year Adjustments, p. 32. This report provides pension cost projections from FY 2018-19 through FY 2023-24. Bartel Associates, LLC report to City of Burlingame, January 22, 2019, pp. 28 & 46. This report provides pension cost projections from FY 2018-19 through FY 2029-30.

million by FY 2023-24 and by an additional $2.06 million (17.4 percent) to $13.87 million by FY 2027-28.[126]

Burlingame's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[127] In order to find the City's projected costs online, the Grand Jury ran a search for the word "pension" on the "Search Archives" feature of the City Council Meeting Documents & Minutes website page.[128] That search would eventually lead to the agenda for a City Council Study Session on January 22, 2019[129] which refers to a review of pension liabilities by the actuarial consulting firm Bartel Associates, LLC and includes a link to Bartel's presentation materials. However, as of the Grand Jury's last search on June 9, 2019, the Bartel presentation slides could not be accessed through that link. Instead, the Grand Jury obtained a copy of the Bartel presentation slides through a direct document request to the City. Since then, the City has made the Bartel presentation materials available through its finance page on its website at https://www.burlingame.org/Pension%20Funding%20Presentation%20-%2001-22-19.pdf (last accessed on June 9, 2019). The presentation can most easily be found using the City's "Search" feature on the home page of its website (https://www.burlingame.org/) (last accessed on June 9, 2019) by typing in the word "Bartel." Going further back, the search results would also point to a City Council meeting on July 3, 2017, which links to a Staff Report for that meeting which includes contribution cost projections through FY 2027-28.[130]

Financial Overview – Burlingame

Burlingame's financial condition appears to be strong. According to the City "In the bond markets, the Burlingame name is recognized as a high-credit municipal entity given both the City's financial strength and solid financial management."[131] Burlingame had a general fund surplus of approximately $3.5 million in FY 2018-19 (after transferring approximately $3 million to its Capital Investment Reserve). [132] Looking forward to FY 2019-20, the City projects the general fund surplus will drop to approximately $0.361 million, primarily as a result of the City Council's May 8, 2019 decision to transfer approximately $6.5 million to its Capital Investment Reserve.[133] From FY 2018-19 through FY 2023-24 the City projects

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[126] Ibid. Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 69. Email from Burlingame, dated June 5, 2019.
[127] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. Burlingame, Fiscal Year 2018-19 Adopted Budget.
[128] This search feature may be found at https://www.burlingame.org/government/city_council/city_council_meeting_documents_and_minutes.php. (Last accessed on May 31, 2019.)
[129] Burlingame, Agenda for City Council Meeting held on January 22, 2019.
[130] Burlingame, Staff Report for City Council Meeting on July 3, 2017 re: Review of Options Available for Pre-Funding Pension Obligations, pp. 4 - 5.
[131] Burlingame, Fiscal Year 2018-19 Adopted Budget, p. v of June 18, 2018 City Manager's Transmittal Letter.
[132] Burlingame, Staff Report for City Council Meeting on May 8, 2019 re: Study Session: Fiscal Year 2019-20 Budget, p. 22.
[133] Emails from Burlingame, dated June 5 and June 7, 2019.

annual general fund revenue growth of 2.3 percent and an annual increase in its general fund balance (excluding amounts set aside for its Section 115 pension trust (described below)) of 1.5 percent.[134]

Additional Payments to CalPERS - Burlingame

Burlingame is not currently planning on making additional payments to CalPERS beyond its Annual Required Contribution.[135]

Pension Reserve Fund - Burlingame

In FY 2017-18, Burlingame established a Section 115 Trust which could be drawn upon when required pension contribution rates exceed the City's threshold rates.[136] The trust was funded with approximately $4.8 million in FY 2017-18.[137] The City intends to transfer another $3.4 million to the trust in FY 2018-19,[138] bringing total contributions to the trust to $8.15 million.[139] This amount represents approximately 15 months of the City's $6.69 million in pension costs in FY 2018-19.[140] The City plans to continue making annual contributions to the Section 115 trust until its required contribution rates for each plan exceed the threshold rate, at which point the City will begin drawing down on the trust. The City currently projects that will happen in approximately FY 2025-26. As of the end of FY 2023-24 the City projects that it will have transferred an aggregate total of $16.78 million to the trust (including the $8.15 million deposited in the trust through FY 2018-19).[141] This amount (less an $0.80 million contribution budgeted to be made in FY 2019-20 with respect to the City's payment obligations to the Central County Fire Department) would represent approximately 148.8 percent of its $10.74 million in projected pension costs in FY 2023-24.[142]

Employee Contribution to City's Normal Cost - Burlingame

Burlingame employees have entered into cost-sharing agreements with the City under which they pay for a portion of the pension costs that would otherwise have to be paid by the City. Under these cost-sharing agreements (a) miscellaneous plan "classic"[143]

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[134] Five-year general fund forecast received from Burlingame via email dated May 3, 2019. Email from Burlingame, dated June 5, 2019.
[135] Grand Jury interview.
[136] Burlingame, Fiscal Year 2018-19 Adopted Budget, pp. v & xviii of June 18, 2018 City Manager's Transmittal Letter. Email from Burlingame, dated June 5, 2019.
[137] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 23.
[138] Burlingame, Fiscal Year 2018-19 Adopted Budget, p. v of June 18, 2018 City Manager's Transmittal Letter.
[139] Email from Burlingame, dated June 5, 2019.
[140] Staff Report for City Council Meeting on March 13, 2019 re: Adoption of Resolution Amending the FY 2018-19 Operating and Capital Budgets to Reflect the Recommended Mid-Year Adjustments, p. 32.
[141] Five-year forecast received from Burlingame via email dated May 29, 2019. Email from Burlingame, dated June 5, 2019.
[142] Email from Burlingame, dated June 5, 2019.
[143] "Classic" plan employees are those who joined the CalPERS pension system before January 1, 2013 and who have not had a break in service of more than six months. (CalPERS, Public Employees' Pension Reform Act. (https://www.calpers.ca.gov/page/about/laws-legislation-regulations/public-employees-pension-reform-act) (Last accessed on May 31, 2019.)

employees pay a portion of the City's pension costs equal to 1.5 percent of their covered payroll, and (b) safety plan "classic" employees pay a portion of the City's pension costs equal to 4 percent of their covered payroll.[144]

Revenue Enhancement - Burlingame

In November 2017, residents of Burlingame approved Measure I, a one-quarter cent sales tax increase.[145] The measure was projected by the City to yield additional annual revenues of approximately $2 million.[146] The City is not currently planning on bringing another revenue enhancement ballot measure before its voters.[147]

Pension Obligation Bonds - Burlingame

Burlingame issued $33 million in pension obligation bonds in 2006. As of the end of FY 2017-18, the remaining outstanding principal on the bonds was $9 million. The bonds mature on June 1, 2036. From FY 2018-19 through FY 2035-36 when the bonds are fully paid off, the City will make average annual payments on the bonds of approximately $0.8 million.[148]

General Fund Reserves - Burlingame

As of the end of FY 2018-19, Burlingame projects that it will have a general fund balance of $39.92 million[149] (up from $36.37 million at the end of FY 2017-18[150]), of which – as a result of the City's General Fund Balance Reserve Policy adopted in FY 2014-15 establishing appropriate levels of reserves using a risk-based analysis of City's long-term financial condition[151] - $18.84 million are assigned to the Economic Stability Reserve, $2 million to the Catastrophic Reserve, $0.5 million to the Contingency Reserve, $7 million to a Section 115 Trust[152] and $11.6 million are unassigned.[153] Burlingame's FY 2018-19 general fund balance represents a healthy 68 percent of its $58.67 million of general fund operating expenditures for the year.[154]

By FY 2023-24, Burlingame projects that the general fund balance will increase to $48.93 million (a 22.6 percent increase from FY 2018-19's $39.92 million) of which $21.01

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[144] Burlingame, Staff Report for City Council Meeting on October 15, 2018 re: Update on Long-Term Unfunded Post-Employment Liabilities and Options, p. 2.
[145] Ballotpedia, Local Ballot Measures, Burlingame, California, Sales Tax Measure I (November 2017).
[146] Burlingame, Staff Report for City Council Meeting on June 19, 2017 re: Public Hearing and Introduction of an Ordinance to Place a Revenue Measure to Enact a Quarter Cent Local Sales Tax on the November 2017 Ballot to Maintain Quality of Life Programs, p. 4.
[147] Email from Burlingame, dated June 5, 2019.
[148] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 69.
[149] Five-year forecast received from Burlingame via email dated May 29, 2019.
[150] Burlingame, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 32.
[151] Email from Burlingame, dated June 5, 2019.
[152] Note: As noted in the section above, entitled "Pension Reserve Fund – Burlingame," the Section 115 Trust will have a total of $8.15 million in contributed funds as of the end of FY 2018-19; the $7 million is just the portion attributable to the general fund.
[153] Five-year forecast received from Burlingame via email dated May 29, 2019.
[154] Ibid. Email from Burlingame, dated June 5, 2019.

million will be assigned to the Economic Stability Reserve, $2 million to the Catastrophic Reserve, $0.5 million to the Contingency Reserve, $13.5 million to the Section 115 pension trust and $11.92 million will be unassigned. The City's FY 2023-24 general fund balance will represent 67.8 percent of its projected $72.16 million of general fund expenditures for the year.[155]

Long-Term Financial Forecast – Burlingame

Burlingame publishes a long-term general fund operating budget forecast with a period of 5 years.[156] The City did not present this forecast in its FY 2018-19 Adopted Budget.[157] In order to find the forecast online, the Grand Jury used the "Search Archives" feature on the City Council Meeting Documents and Minutes page[158] and searched for "five-year forecast." This yielded a reference to the March 13, 2019 council meeting agenda package, [159] which includes the forecast in a staff report for the meeting.[160]

Colma

Pension Contribution Costs - Colma

Colma's pension contribution costs in FY 2017-18 were $1.26 million, up $0.216 million (20.6 percent) from $1.05 million in FY 2016-17.[161] The Town's FY 2017-18 pension contribution costs represented 29.1 percent of that year's covered payroll (up from 26 percent the preceding year) and 8.6 percent of its total general fund spending (up from 7.9 percent the preceding year).[162]

The Town projects its pension contribution costs will increase from FY 2017-18 by $0.46 million (36.1 percent) to $1.72 million by FY 2023-24 and by an additional $0.106 million (6.2 percent) to $1.83 million by FY 2027-28.[163] The Town notes that "rising pension cost continues to be the Town's largest challenge."[164]

The Town's projected pension contribution costs were not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[165] However, in a change from prior budgets, Colma's

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[155] Five-year general fund forecast received from Burlingame via email dated May 3, 2019.
[156] Burlingame, Staff Report for City Council Meeting on March 13, 2019 re: Adoption of Resolution Amending the FY 2018-10 Operating and Capital Budgets to Reflect the Recommended Mid-Year Adjustments, p. 52.
[157] Burlingame, Fiscal Year 2018-19 Adopted Budget.
[158] https://www.burlingame.org/government/city_council/city_council_meeting_documents_and_minutes.php (Last accessed May 9, 2019.)
[159] burlingameca.legistar1.com/burlingameca/meetings/2019/3/1452_A_City_Council_19-03-13_Meeting_Agenda.pdf (Last accessed May 9, 2019.)
[160] Burlingame, Staff Report for City Council Meeting on March 13, 2019 re: Adoption of Resolution Amending the FY 2018-10 Operating and Capital Budgets to Reflect the Recommended Mid-Year Adjustments, p. 52.
[161] Appendix A.
[162] Ibid.
[163] Colma, Staff Report for City Council Meeting on September 26, 2018 re: Unfunded Liabilities Study, Attachment B. This report contains pension cost projections through FY 2043-44.
[164] Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 11.
[165] Colma, FY 2018-19 Adopted Budget.

FY 2019-20 budget does include a graph showing annual pension cost projections. They run through FY 2035-36.[166]

Financial Overview – Colma

Colma noted in its FY 2017-18 budget that "[r]ising costs of health care and pension rates are placing extraordinary pressure on the fiscal health of most California municipalities, including the Town of Colma" and, among other responses to this pressure, has elected to terminate its retiree health premium payments programs for all new employees hired after January 1, 2017.[167] In its FY 2019-20 budget, the Town states that "rising pension cost continues to be the Town's largest challenge."[168] Colma's recent ten-year general fund forecast projects that, absent new revenue increases and/or expense reductions, current spending plans will turn the $4.06 million general fund operating surplus in FY 2017-18[169] into an operating deficit of $5.48 million by FY 2029-30,[170] and that general fund reserves will drop from $24.46 million in FY 2017-18[171] to $15.23 million in FY 2023-24, to zero during FY 2027-28.[172]

The ten-year forecast shows that, in order to fund all currently projected general fund expenses through FY 2029-30, the Town would need to secure an additional $14.09 million in new funding.[173]

The Town's latest forecast in the FY 2019-20 budget is immediately followed by a section entitled "Potential Options to Mitigate Insolvency." The Town notes that "[d]ue to the projections above, the Town should consider cost containment/reduction strategies to remain financially healthy in the next ten years. To aggressively address the projected depletion of the Town's reserve, the following cost containment/reduction and new revenue measures can be considered."[174]

One of the potential options for cost containment/reduction identified in the budget is the adoption of a "pay as you go" policy under which the Town would stop making further contributions to the trusts it had established to set aside funds out of current budget

[166] Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 20.
[167] Colma, FY 2017-18 Adopted Budget, p. 8.
[168] Colma, FY 2019-20 Operating and Capital Budget, p. 11.
[169] Ibid., p. 184.
[170] Ibid., p. 180. Note: Colma provides two different versions of its ten-year general fund forecast. The first (at page 180), entitled "Status Quo," uses the assumption that there will be an economic "slowdown" but not a "recession" (Email from Colma, dated June 14, 2019), while the second (at page 181) uses the assumption that there will be a recession beginning in FY 2020-21 with a three-year recovery period. Colma believes that the "Status Quo" projections at page 180 more closely track economists' current sentiments than the recession projection at page 181. (Email from Colma, dated June 14, 2019.) Therefore, the Grand Jury is reporting numbers relying on the "Status Quo" projection. However, even if the recession forecast was used, the financial numbers are only slightly worse and, for purposes of this report, do not change the overall picture.
[171] Colma, FY 2019-20 Operating and Capital Budget, p. 184.
[172] Ibid., pp. 180.
[173] Ibid., p. 180. This $14.09 million amount would be $15.61 million if one used the recession version of this forecast.
[174] Ibid., p. 182.

surpluses to help pay future pension costs (see section below entitled "Pension Reserve Fund – Colma") and future OPEB ("other post-employment benefits") costs.[175],[176] The Town notes that this measure "will handicap the Town in meeting its future unfunded liabilities."[177]

Additional Payments to CalPERS - Colma

On October 24, 2018, Colma decided to make an additional payment to CalPERS of $1.05 million more than its Annual Required Contribution.[178] This amount was paid to CalPERS in February 2019[179] and represented an additional 68.6 percent payment on top of the Annual Required Contribution of $1.53 million for FY 2018-19.[180]

Pension Reserve Fund - Colma

On October 24, 2018, Colma also decided to transfer $1 million into its Section 115 Trust for pensions in FY 2018-19 and, from FY 2019-20 through at least FY 2042-43, to make annual contributions to the trust of the additional dollar amounts that Colma would be required to pay if CalPERS discount rate was set at 6 percent (or 6.5 percent if the City Council determined that the payment tied to 6 percent was not feasible) rather than the current 7 percent discount rate.[181] As explained in the prior report at pages 6-8, higher discount rates result in lower payment obligations to CalPERS and lower discount rates result in higher payment obligations.

175 Ibid., p. 182. As of June 30, 2018, the Town had an unfunded liability under its OPEB plan of $14.04 million (substantially larger than its unfunded pension liability of $10.2 million). (Staff Report for City Council Meeting on October 10, 2018 re: Unfunded Liabilities Study and Strategic Plan, p. 1.) The Town contributed $1.7 million to its OPEB trust in FY 2018-19 and has budgeted contributing another $1.61 million to the trust in FY 2019-20. (FY 2019-20 Operating and Capital Budget, p. 18.) The Town's plan has been to continue making annual contributions to its OPEB trust through FY 2040-41, with the goal of reaching an 80 percent funded level for the OPEB plan. (Staff Report for City Council Meeting on October 10, 2018 re: Unfunded Liabilities Study and Strategic Plan, p. 3.) At present, the OPEB plan's funded percentage is only 14 percent. (FY 2019-20 Operating and Capital Budget, p. 18.)

176 In the OPEB context "pay as you go" means paying only the minimum amount required to pay benefits that come due each year to current retirees "and funds necessary for future liability are not accumulated. That is, contributions made are for current retirees only, causing the majority of retiree health benefits liability to be considered unfunded." (GASBhelp website at https://gasb45help.com/(S(owachimsfyshowi4vph02112))/term.aspx?t=94.) The phrase has essentially the same meaning in the pension plan context. (See, e.g., Heinen, Winfried. Why Time is Running Out for Pay As You Go-Based Pension Systems, http://www.genre.com/knowledge/blog/why-time-is-running-out-for-pay-as-you-go-based-pension-systems-en.html. (Last accessed June 11, 2019.))

177 FY 2019-20 Operating and Capital Budget, p. 182.

178 Grand Jury interview. Colma, Staff Report for City Council Meeting on October 24, 2018 re: Unfunded Liabilities Funding Strategy, p. 1.

179 Colma, Fiscal Year 2019-20 Operating and Capital Budget., p. 12.

180 Colma, Staff Report for City Council Meeting on September 26, 2018 re: Unfunded Liabilities Study, Attachment B.

181 Grand Jury interview. Colma, Unfunded Liabilities Funding Strategy, October 24, 2018, pp. 3-4.

Colma transferred the initial $1.0 million to the Section 115 Trust for pensions in March 2019[182] and its FY 2019-20 budget calls for it to transfer an additional $0.344 to the trust based on the 6 percent discount rate.[183]

As noted above in the section entitled "Financial Overview – Colma," one of the potential cost containment/reduction options staff has identified to the City Council to help mitigate insolvency is adoption of a "pay as you go" policy for pensions, which would mean that these annual contributions to the Section 115 trust would stop, at least for a period of time.

Employee Contribution to City's Normal Cost - Colma

Colma does not have any cost-sharing agreements in place with its employees under which employees agree to pay a portion of the Town's contribution obligations.[184]

Revenue Enhancement - Colma

In November 2018, residents of Colma approved Measure PP, which put in place a transient occupancy tax (i.e., "hotel tax") of 12 percent.[185] The Town estimates that, if a hotel is built in Colma, this tax would yield annual revenues of approximately $0.319 million.[186]

Colma's staff has stated that it "intends to review …new revenue measures as part of the 2020-22 Strategic Plan and future study sessions with the City Council."[187]

Pension Obligation Bonds - Colma

Colma does not have any outstanding pension obligation bonds.[188]

General Fund Reserves - Colma

At the end of FY 2017-18, Colma had a total general fund balance of $24.46 million (representing 166.6 percent of its $14.68 million of general fund expenditures that year),[189] of which $15.54 million (105.8 percent of expenditures) were committed, $7.96 million (54.2 percent of expenditures) were unassigned and $0.95 million (6.5 percent of expenditures) were assigned.[190] The Town's policy is to have general fund assigned reserves consisting of (a) 100 percent of the operating budget, (b) two years of debt service payments (which were $0.299 million in FY 2017-18), (c) a $0.1 million litigation reserve,

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182 Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 12.
183 Colma, Staff Report for City Council Meeting on May 8, 2019 re: FY 2019-20 Budget Study Session, p. 7. Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 18.
184 Grand Jury interview.
185 Ballotpedia, Local Ballot Measures, Colma, California, Measure PP, Colma Hotel Tax (November 2018)
186 Voters Edge Library, Measure PP.
187 Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 182.
188 Email from Colma, dated June 11, 2019.
189 Colma, Basic Financial Statements as of June 30, 2018, p. 14. Colma, Fiscal Year 2019-20 Operating and Capital Budget, p. 184.
190 Colma, Basic Financial Statements as of June 30, 2018, p. 13.

(d) a $0.1 million insurance loss reserve, and (e) a $0.75 million disaster response / recovery reserve. All other general fund reserves are classified as “unassigned.”[191]

Colma projects that its general fund reserves will drop from $23.78 million in FY 2017-18[192] to $12.67 million in FY 2023-24, and to zero during FY 2027-28.[193,194] In addition, “as a result of increasing expenditure [sic] budget”[195] unassigned reserves will be completely drawn down during this period (dropping from $7.96 million in FY 2017-18[196] to zero in FY 2023-24.[197]

Long-Term Financial Forecast – Colma

Colma published a long-term general fund operating budget forecast with a period of 5 years, which was incorporated into its readily-accessible FY 2018-19 budget.[198] In its FY 2019-20 budget, the Town has extended the forecast period to ten years.[199]

Daly City

Pension Contribution Costs – Daly City

Daly City’s pension contribution costs in FY 2017-18 were $13.13 million, up $1.5 million (12.9 percent) from $11.63 million in FY 2016-17.[200] The City’s FY 2017-18 pension contribution costs represented 30.4 percent of that year’s covered payroll (up from 26.8 percent the preceding year) and 16.9 percent of its total general fund spending (up from 15.1 percent the preceding year).[201] In addition to its contribution payments made to CalPERS, the City also makes annual, installment payments of over $3.5M on its pension obligation bonds.[202] Taking these bond payments into account, the City’s total payments on account of its pensions (CalPERS and bond payments combined) were $16.8 million in FY 2017-18 (representing 38.9 percent of that year’s covered payroll and 22.6 percent of total general fund spending), up $1.63 million (10.8 percent) from $15.17 million in FY 2017.[203]

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[191] Colma, FY 2018-19 Adopted Budget, pp. 151 & 155.
[192] Ibid., p. 155.
[193] Colma, FY 2019-20 Operating and Capital Budget, pp. 180 & 181.
[194] Colma notes that its general fund reserves were dramatically reduced in FY 2015-16 and FY 2016-17 by the transfer of approximately $12.9 million from the reserves to fund the renovation of its Town Hall. (Colma, FY 2019-20 Operating and Capital Budget, p. 178.)
[195] Colma, FY 2018-19 Adopted Budget, p. 151.
[196] Colma, Basic Financial Statements as of June 30, 2018, p. 13.
[197] Colma, FY 2018-19 Adopted Budget, p. 151.
[198] Ibid., pp. 149-155.
[199] Colma, Fiscal Year 2019-20 Operating and Capital Budget, pp. 179-181.
[200] Appendix A.
[201] Appendix A.
[202] Daly City’s payments on the pension obligation bonds were $3.54 million, $3.67 million and $3.81 million in fiscal years 2016-17, 2017-18 and 2018-19, respectively. The City’s bond repayment obligations continue through FY 2023-24. Daly City, City Council Meeting presentation slides re: FYs 2019/2020 Comprehensive Biennial Operating and Capital Budget, April 12, 2018, p. 11.
[203] Bartel Associates, LLC report to City of Daly City, March 27, 2017, pp. 24 & 44. Daly City POB payments in FY 2016-17 were $3.54 million and in FY 2017-18 were $3.67 million. (Daly City, City Council Meeting presentation slides re: FYs 2019/2020 Comprehensive Biennial Operating and Capital Budget, April 12, 2018, p. 11)

Daly City's pension contribution costs are projected to increase from FY 2017-18 by $14.64 million (111.5 percent) to $27.78 million by FY 2023-24 and by an additional $4.63 million (16.7 percent) to $32.4 million by FY 2027-28.[204] The City's total pension costs (CalPERS and bond repayments combined) are projected to increase over FY 2017-18 costs by $15.55 million (78.7 percent) to $32.36 million by FY 2023-24. Total costs in FY 2024-25 drop because the bonds will be fully paid off by the end of FY 2023-24. From FY 2024-25 to FY 2027-28, annual pension contribution costs to CalPERS rise by $2.92 million (9.9 percent) to $32.4 million (up from $29.48 million in FY 2024-25.[205]

The City's projected pension contribution costs were not included in its FY 2017 and 2018 budget[206] but are set forth in its readily-accessible FY 2019-20 budget.[207] They are also set forth in greater detail in the report of its actuarial consultant – Bartel Associates, LLC.[208] However, in order to find the Bartel Associates projections online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: www.dalycity.org/City_Hall/Meeting_Agendas_and_Minutes/City_Council.htm (last accessed on May 23, 2019). That search would eventually lead to the agenda package for the City Council meeting on March 27, 2017[209], which includes the report from Bartel Associates, LLC dated March 27, 2017.[210]

Financial Overview – Daly City

Daly City describes itself as being in a "precarious financial situation" and that it "has balanced recent budgets through major workforce and service reductions."[211] The City reports that, out of the ten largest cities in San Mateo County, it has the lowest median household income, per capita income and median home value, the highest unemployment rate and second highest poverty rate.[212] Absent significant changes to revenues and/or expenses, the City forecasts that it will experience general fund deficits beginning in FY 2018-19 with a $4.4 million deficit that rises to $12.9 million in FY 2023-24. The forecast projects a cumulative deficit of $98 million over the ten years FY 2017-18 through FY 2027-28, with the City's unassigned general fund reserves dropping to zero in FY 2021-22.[213] The foregoing forecast numbers do not factor in a recession between the present and

[204] Appendix A. CalPERS Actuarial Valuation – June 30, 2017 Miscellaneous Plan of the City of Daly City, p. 4. CalPERS Actuarial Valuation – June 30, 2017 Safety Plan of the City of Daly City, p. 4. Bartel Associates, LLC report to City of Daly City, March 27, 2017, pp. 24 & 44. The annual pension cost projection numbers are given through FY 2027-28.
[205] Bartel Associates, LLC report to City of Daly City, March 27, 2017, pp. 24 & 44. Daly City, City Council Meeting presentation slides re: FYs 2019/2020 Comprehensive Biennial Operating and Capital Budget, April 12, 2018, p. 11
[206] Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2017 and 2018.
[207] Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020, pp. 19-20. These pension cost projections go through FY 2027-28.
[208] Bartel Associates, LLC report to City of Daly City, March 27, 2017, pp. 24 & 44.
[209] Daly City, Agenda for City Council Meeting on March 27, 2017.
[210] Bartel Associates, LLC report to City of Daly City, March 27, 2017, pp. 24 & 44.
[211] Daly City Budget Forecast Model & Long-Term Financial Planning, PFM Consulting LLC, June 25, 2018, p. 29. Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020, p. 17.
[212] Daly City Budget Forecast Model & Long-Term Financial Planning, PFM Consulting LLC, June 25, 2018, pp. 6 – 8.
[213] Ibid., pp. 14 & 15.

FY 2027-28. When a hypothetical recession is modelled into the City's forecast beginning in FY 2019-20, the FY 2023-24 deficit rises from $12.9 million to $15.2 million and the cumulative deficit rises from $98 million to $117.6 million for the FY 2017-18 through FY 2027-28 period.[214]

Additional Payments to CalPERS – Daly City

At present, Daly City does not plan to make any supplemental payments to CalPERS beyond its Annual Required Contribution.[215]

Pension Reserve Fund – Daly City

In May, 2017 Daly City approved putting in place a Section 115 Trust to help it manage payment of future pension costs.[216] Daly City transferred $1 million into the trust in FY 2016-17 and an additional $2 million in FY 2017-18. The City expects to transfer another $1 million to the trust in 2019 bringing the total to approximately $4 million.[217]

Employee Contribution to City's Normal Cost

Daly City does not have cost-sharing agreements in place with employees under which its employees pay for any part of the City's pension contribution costs.[218]

Revenue Enhancement – Daly City

In November 2018 the residents of Daly City approved two revenue enhancements.[219] They were a transient occupancy tax (a "hotel tax") increase from 10 percent to 13 percent that was expected to yield increased revenue of between $0.203 million to $0.459 million year during FY 2018-19 and FY 2019-20 and $0.306 million to $0.689 million per year thereafter[220] and business license tax increase of 10 percent that is expected to yield increased revenues of approximately $0.42 million per year.[221] The City is not currently planning on bringing any new revenue enhancement ballot measures before its voters.[222]

Pension Obligation Bonds – Daly City

In 2004 Daly City issued $36.24 million in pension obligation bonds.[223] Daly City's payments on these bonds were $3.54 million, $3.67 million and $3.81 million in FYs 2016-

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[214] Ibid., p. 23**.**
[215] Grand Jury interview.
[216] Daly City, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 44.
[217] Grand Jury interview.
[218] Email from Daly City, dated June 18, 2019.
[219] Ibid.
[220] Daly City, 6-25-18 Agenda Report re Consideration to Place a Measure Relating to the Transient Occupancy Tax on the November 6, 20918 General Election, pp. 1 & 4.
[221] Daly City, 6-25-18 Agenda Report re Consideration to Place a Measure Relating to the Business License Tax on the November 6, 20918 General Election, pp. 1 & 4.
[222] Email from Daly City, dated June 18, 2019.
[223] Daly City, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 56.

17, 2017-18 and 2018-19, respectively. The City's bond repayment obligations continue through FY 2023-24.[224]

General Fund Reserves – Daly City

Daly City's goal is to maintain general fund unassigned reserves of at least 15 percent of general fund expenditures.[225] In June 2018 the City had projected that it would have to apply approximately $6.1 million of these reserves in FY 2019-20 to close its expected operating budget deficit.[226] However, the City's most recent estimate is that the FY 2019-20 deficit may be less than $6.1 million.[227] If FY 2019-20's deficit is $6.1 million, then the City's unassigned general fund reserves would be projected to drop from $22.59 million in FY 2017-18 (29.1 percent of general fund expenditures),[228] to $16.7 million (18.5 percent of general fund expenditures) in FY 2019-20.[229]

Long-Term Financial Forecast – Daly City

Daly City uses a ten-year financial forecasting model as part of its long-term financial planning process.[230] This forecast is not included in the FY 2019-20 budget.[231] A manual search through City Council meeting agenda packages, which can be accessed at the following website: www.dalycity.org/City_Hall/Meeting_Agendas_and_Minutes/City_Council.htm (last accessed on May 27, 2019,) would eventually lead to the June 25, 2018 agenda for a meeting of the City Council[232] which refers to "Update of Long-Term Financial Plan" and a link to a staff report stating that a presentation on the City's long-term financial forecast would be made at the meeting.[233] Unfortunately, however, the slides for that presentation are not included in the June 25, 2018 agenda package available online. The Grand Jury was only able to obtain Daly City's long-term financial plan through a document request made to the City.

[224] Daly City, City Council Meeting presentation slides re: FYs 2019/2020 Comprehensive Biennial Operating and Capital Budget, April 12, 2018, p. 11.
[225] Daly City Budget Forecast Model & Long-Term Financial Planning, PFM Consulting LLC, June 25, 2018, slide 15. Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020, p. 11.
[226] Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020, p. 7. This document is dated June 2018 and, at that time, the City also projected having to use $4.8 million in reserves to close a budget deficit in FY 2018-19. (Ibid.) However, the City now believes that it will not have a budget deficit in FY 2018-19 as a result of stronger-than-projected revenues during the year. (Email from Daly City, dated June 18, 2019.)
[227] Email from Daly City, dated June 18, 2019.
[228] Daly City, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 22 & 24.
[229] Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020, pp. 7 & 11.
[230] Grand Jury interview. Daly City Budget Forecast Model & Long-Term Financial Planning, PFM Consulting LLC, June 25, 2018, slides 12-20.
[231] Daly City, Comprehensive Biennial Operating and Capital Budget for Fiscal Years 2019 and 2020.
[232] Daly City, Agenda for City Council Meeting on June 25, 2018.
[233] Daly City, Agenda Report for City Council Meeting on June 25, 2018 re: Update of Long-Term Financial Plan.

East Palo Alto

Pension Contribution Costs – East Palo Alto

East Palo Alto's pension contribution costs in FY 2017-18 were $1.64 million, up $0.149 million (10 percent) from $1.49 million in FY 2016-17.[234] The City's FY 2017-18 pension contribution costs represented 17.7 percent of that year's covered payroll (up from 17.6 percent the preceding year) and 8.3 percent of its total general fund spending (up from 8.2 percent the preceding year).[235]

East Palo Alto's actuarial consultant projects that the City's pension contribution costs will increase from FY 2017-18 by $1.18 million (71.7 percent) to $2.82 million by FY 2023-24 and by an additional $0.429 million (15.2 percent) to $3.25 million by FY 2027-28.[236]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19, or FY 2019-20 budgets.[237,238] In order to find these projected costs online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: www.ci.east-palo-alto.ca.us/AgendaCenter (last accessed on May 23, 2019). That search would eventually lead to the agenda package for the City Council meeting on May 15, 2018.[239] The agenda package includes a report by Bartel Associates, LLC that contains annual pension cost projections.[240]

Financial Overview – East Palo Alto

East Palo Alto has experienced substantial revenue growth in recent years[241] and describes itself as being "in a stable financial condition."[242] The City notes that its opportunities include "a robust economy" and "an excellent location in Silicon Valley with 60 acres of vacant or underutilized land." However, the City also notes fiscal revenue challenges including "the lack of material increases in General Fund revenues for the near to medium term future," and continued organizational challenges such as "fewer staff than comparable cities," "ongoing retention and recruitment challenges," "unfunded CalPERS liabilities," and "an astronomical gap in deferred infrastructure and services created before the City's incorporation."[243]

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234 Appendix A.
235 Ibid.
236 Bartel Associates, LLC report to the City of East Palo Alto, March 8, 2017, Updated May 15, 2018, pp. 15 & 21. The report contains annual pension cost projections through FY 2027-28.
237 East Palo Alto, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. East Palo Alto, Adopted Budget Fiscal Year 2018-2019. East Palo Alto, Proposed Operating Budget for Fiscal Year 2019-20.
238 By way of clarification, however, East Palo Alto "notes that the actuarial projections contained in the Bartel study are utilized in graphical presentations to Council regarding FY 18-19 to FY 2025-26 forecasts of General Fund revenues and expenditures – including increased CalPERS costs to provide context for the City's need to contain program cost expansion." (Email from East Palo Alto, dated June 7, 2019.)
239 East Palo Alto, Agenda for City Council meeting on May 15, 2018.
240 Bartel Associates, LLC report to the City of East Palo Alto, March 8, 2017, Updated May 15, 2018, pp. 15 & 21.
241 East Palo Alto, Adopted Budget Fiscal Year 2018-2019, p. CM-2.
242 Ibid., p. CM-5. East Palo Alto, Proposed Operating Budget for Fiscal Year 2019-20, p. CM-2.
243 Ibid., pp. CM-3 & CM-5.

The City also notes that its "compensation and benefits package is generally below market. Over the past four years, the City has experienced a high volume of turnover due to various organizational issues, including retirements and non-competitive salaries and benefits. The high turnover rate results in 'short term' General Fund savings and increased reserves, but ultimately strains staff capacity and is also a contributing cause of the high cycle of turnover. The high rate of turnover and vacancy also ultimately has tamped down the City's pension costs during the past four years."[244]

Additional Payments to CalPERS – East Palo Alto

East Palo Alto is in the initial stages of evaluating additional payments to CalPERS beyond its Annual Required Contribution. At present, however, the City Council's expressed interest is in pre-funding the City's unfunded pension liability with current uncommitted reserves.[245]

Pension Reserve Fund – East Palo Alto

East Palo Alto has not established a reserve fund for the specific purpose of helping to meet rising future pension costs. However, it does have an unassigned reserve that is projected to hold $9.5 million at the end of FY 2019 that is available for risk mitigation, including pre-funding CalPERS obligations.[246]

The City does not yet have comprehensive general fund reserve policies in place to address financial risks. Developing such an overall reserves plan is now a city council priority. At its March 5, 2019 meeting, the council approved hiring the Government Finance Officers' Association ("GFOA") and PSD Research Consulting Software to prepare analyses of financial risks to the City, which is a necessary precursor to the City developing an overall financial reserves policy.[247] As part of developing overall reserves policies, the City will evaluate reserves needs to meet rising, future pension funding obligations.[248] The City plans to complete the risk studies by January 2020.[249]

Employee Contribution to City's Normal Cost – East Palo Alto

East Palo Alto does not have cost-sharing agreements in place with its employees under which the employees pay a portion of the City's pension contribution costs.[250]

Revenue Enhancement – East Palo Alto

East Palo Alto's residents approved Measure HH in November 2018, which is projected to provide the City with approximately $1.67 million of additional revenues to help pay for

[244] Email from East Palo Alto, dated June 7, 2019.
[245] Grand Jury interview. Email from East Palo Alto, dated June 7, 2019.
[246] East Palo Alto, Staff Report for March 5, 2019 City Council Meeting, p. 5. Email from East Palo Alto, dated June 7, 2019.
[247] Grand Jury interview. East Palo Alto, Staff Report for March 5, 2019 City Council Meeting.
[248] Grand Jury interview.
[249] Ibid. East Palo Alto email, dated June 7, 2019.
[250] Ibid.

housing and job training.[251] In November 2016, residents of East Palo Alto also approved Measures O and P.[252] Measure O increased the City's business license tax for landlords with five or more residential units and was expected to increase City revenues by approximately $0.6M annually.[253] Measure P increased the City's sales tax by a half-cent and was expected to increase City revenues by approximately $1.8M annually.[254] The City's planned revenue enhancements are targeted toward an expanded and improved Master Fee Schedule (Fall 2019) and assessment or special district taxes related to the City's stormwater and storm-drain systems. If approved, the assessment fees/taxes will ultimately relieve General Fund operating transfers of between $0.20 million and $0.50 million per year.[255]

<u>Pension Obligation Bonds – East Palo Alto</u>

East Palo Alto does not have any outstanding pension obligation bonds.[256]

<u>General Fund Reserves – East Palo Alto</u>

East Palo Alto's general fund unassigned reserve as of end of FY 2017-18 was $16.2 million[257] which represented a healthy 82.3 percent of the $19.67 million in general fund expenditures for the year.[258] However, as of the FY 2018-19 Mid-year report, budgeted general fund expenditures increased by 29.1 percent over FY 2017-18 (from $19.67 million in FY 2017-18 to $25.4 million in FY 2018-19).[259] At that time, the City had approved approximately $5.8 million in additional spending initiatives primarily related to major capital project improvements; of which $4.2 million is budgeted from general fund reserves.[260]

<u>Long-Term Financial Forecast – East Palo Alto</u>

East Palo Alto's city council has instructed staff to prepare a long-term, general fund operating plan going out to the end of FY 2025-26 and staff is in the process of preparing such a plan.[261] Staff's objective is to complete such a plan by October 2019.[262]

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[251] The Stanford Daily, East Palo Alto Passes Measure to Tax Large Companies. Ballotpedia, Local Ballot Measures, East Palo Alto, California, Measure HH, Commercial Office Space Parcel Tax. East Palo Alto website at www.ci.east-palo-alto.ca.us/index.aspx?NID=627.

[252] Ballotpedia, Local Ballot Measures, East Palo Alto, California, Measure O, Landlord Tax (November 2016). Ballotpedia, Local Ballot Measures, East Palo Alto, California, Measure P, Sales Tax (November 2016).

[253] East Palo Alto, Staff Report for July 19, 2016 City Council Meeting re: increasing business license tax, p. 3. East Palo Alto, Staff Report for February 19, 2019 City Council Meeting, p.4.

[254] East Palo Alto, Staff Report for July 19, 2016, p. 4. East Palo Alto, Staff Report for February 19, 2019 City Council Meeting, p. 4.

[255] East Palo Alto email, dated June 7, 2019.

[256] Ibid.

[257] East Palo Alto, Staff Report for March 5, 2019 City Council Meeting, p. 4.

[258] East Palo Alto, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 34.

[259] East Palo Alto, Presentation slides re: Fiscal Year 2018-2019 Midyear Budget Amendment, p. 24. East Palo Alto email, dated June 7, 2019.

[260] Ibid.

[261] Grand Jury interview.

[262] East Palo Alto, Proposed Operating Budget for Fiscal Year 2019-20, p. DB-55.

Foster City

Pension Contribution Costs – Foster City

Foster City's pension contribution costs in FY 2017-18 were $6.51 million, down $0.703 million (-9.7 percent) from $7.21 million in FY 2016-17.[263] The City's FY 2017-18 pension contribution costs represented 31.2 percent of that year's covered payroll (down from 36.3 percent the preceding year) and 17.2 percent of its total general fund spending (down from 19.8 percent the preceding year).[264]

The City projects its pension contribution costs will increase by $4.81 million (73.9 percent) to approximately $11.32 million by FY 2024[265] and then drop by $0.366 million (-3.2 percent) to $10.95 million by FY 2028.[266]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[267] Annual projected pension contribution costs for the five year period from FY 2019-20 through FY 2023-24 are, however, included in the City's readily accessible preliminary budget for FY 2019-20.[268] In order to find the City's projected pension costs beyond FY 2023-24, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: https://www.fostercity.org/agendasandminutes. (Last accessed on May 29, 2019.) That search would eventually lead to the agenda for the City Council meeting on January 22, 2019[269] which has an agenda item entitled "Consideration of an Update on Unfunded Pension Liabilities" and a link to a "Staff Report" on the subject and a separate link to "Attachment 2 – Amortization Schedules – Current, Projected 15-year, Projected Leveled."[270] Clicking on this link to Attachment 2 leads to graphs showing Foster City's annual, projected pension costs through FY 2028-29.[271]

Financial Overview – Foster City

While Foster City describes its pension liability as a "significant cause of concern,"[272] it also notes that its financial health is "strong."[273] While the City is facing structural general fund budget deficits during the five-year period ending with FY 2022-23, these deficits are

263 Foster City FY 2017-18 CAFR, pp. 86-87.
264 Appendix A.
265 Foster City, Preliminary Budget for Fiscal Year 2019-2020, p. 44.
266 Attachment 2 to Foster City staff report re Pension Liability Subcommittee Updated dated January 22, 2019. This document sets forth pension cost projections through FY 2048-49.
267 Foster City Final Budget for Fiscal Year 2018-19.
268 Foster City, Preliminary Budget for Fiscal Year 2019-2020, p. 44.
269 Foster City, Agenda for City Council meeting on January 22, 2019.
270 The agenda for Foster City's Council meeting on January 22, 2019 may be found at https://fostercityca.civicclerk.com/Web/Player.aspx?id=772&key=-1&mod=-1&mk=-1&nov=0. (Last accessed on May 29, 2019.)
271 Attachment 2 to Foster City Staff Report for City Council Meeting on January 22, 2019 re: Pension Liability Subcommittee Update.
272 Foster City staff report for March 26, 2018 City Council Meeting re: Pension Liability, p. 269.
273 Foster City Final Budget for Fiscal Year 2018-19, p. 9.

modest in comparison to available general fund reserves of $40.77 million as of the end of FY 2019.[274]

Additional Payments to CalPERS – Foster City

Foster City plans to make an extra $3.43 million payment to CalPERS beyond its Annual Required Contribution by the end of FY 2018-19.[275] The City Council has not yet established a policy about making additional payments to CalPERS beyond its Annual Required Contribution in future years.[276] The City Council's Pension Subcommittee plans to meet in the fall of 2019 to discuss long-term plans to improve funding for the City's pension.[277]

Pension Reserve Fund – Foster City

In 2018, Foster City approved creating a $2 million Discretionary Pension Liability Stabilization Fund.[278] However, the City's primary focus is on accelerating payments to CalPERS in order to reduce long-term CalPERS costs, not on building a stabilization fund. Accordingly, the City has decided to apply the $2 million in this stabilization fund as part of an estimated $3.43 million additional payment to CalPERS being made before the end of FY 2019.[279]

In late 2018, Foster City established a Pension Liability Subcommittee of the City Council to discuss strategies towards addressing the City's long-term pension obligations.[280]

Employee Contribution to City's Normal Cost – Foster City

Foster City has stated that it will seek pension cost-sharing agreements from employees in its next round of labor negotiations.[281] The City's existing agreements with three of its represented groups of employees expire on June 30, 2019 and labor negotiations began in early 2019.[282]

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[274] The projected deficits are $850,000, $84,000, $159,000, $68,000 and $26,000. Foster City Final Budget for Fiscal Year 2018-19, p. 43.

[275] Grand Jury interview; Foster City, Staff Report for April 15, 2019 City Council Meeting re: Use and Transfer Out of FY 207-2018 General Fund Rollover Surplus, pp. 1-2. Foster City, Preliminary Budget for Fiscal Year 2019-2020, p. 44.

[276] Grand Jury interview. Email from Foster City, dated June 18, 2019.

[277] Email from Foster City, dated June 18, 2019.

[278] Foster City, Staff Report for June 4, 2018 City Council Meeting re: Public Hearing for FY 2018-2019 Preliminary Budget, p. 136. Grand Jury interview.

[279] Grand Jury interview. Foster City, Staff Report for April 15, 2019 City Council Meeting re: Use and Transfer Out of FY 207-2018 General Fund Rollover Surplus, pp. 1-2.

[280] Foster City, Staff Report for November 19, 2018 City Council Meeting re: Establishing a Pension Liability Subcommittee.

[281] Foster City, Staff Report for March 26, 2018 City Council Meeting re: Pension Liability, p. 269. Grand Jury interview.

[282] Foster City, Staff Report for City Council Meeting on February 11, 2019 re: Policy Direction Regarding Preparation of the FY 2019-2020 Annual Budget and Five-Year Financial Plan, p. 6.

Revenue Enhancement – Foster City

Foster City residents approved Measure TT in November 2018.[283] This was an increase in the City's transient occupancy tax ("TOT" or "hotel tax") from 9.5 percent to 12 percent. The City forecasts that this tax increase will yield revenue of $0.272 million, $0.924 million, $0.943 million, $0.962 million and $0.981 million in the 5 years from FY 2018-19 through FY 2022-23.[284] Foster City is not currently planning on bringing any new revenue enhancement ballot measures before its voters.[285]

Pension Obligation Bonds – Foster City

Foster City does not have any outstanding pension obligation bonds.[286]

General Fund Reserves – Foster City

Foster City's general fund reserve balance is projected to be $40.77 million at the end of FY 2018-19, representing a very healthy 91.1 percent of the general fund budget for the year.[287] The City's five-year forecast projects that this reserve balance percentage will drop down to 82.5 percent by the end of FY 2022-23. This remains well above the City's Reserve Policy percentage of 33.3 percent to 50 percent of the general fund budget.[288]

Long-Term Financial Forecast – Foster City

Foster City's long-term general fund financial forecast is based on a five-year projection. The most current five-year financial forecast published by the City is for the period ending on June 30, 2024 and can be found in the City's FY 2019-20 preliminary budget .[289]

Half Moon Bay

Pension Contribution Costs – Half Moon Bay

Half Moon Bay's pension contribution costs in FY 2017-18 were $0.881 million, up $0.287 million (48.3 percent) from $0.594 million in FY 2016-17.[290] The City's FY 2017-18 pension contribution costs represented 28.2 percent of that year's covered payroll (up from 24.5 percent the preceding year) and 7.2 percent of total general fund spending (up from 5.7 percent the preceding year).[291]

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283 Ballotpedia, Local Ballot Measures, Foster City, California, Measure TT, Hotel Tax Increase (November 2018).
284 Foster City Final Budget for Fiscal Year 2018-19, pp. 47-48.
285 Email from Foster City, dated June 18, 2019.
286 Ibid.
287 Ibid., p. 54.
288 Ibid., p. 54.
289 Foster City, Preliminary Budget for Fiscal Year 2019-2020, pp. 55-94. The city also published a five-year financial forecast in its Final Budget for Fiscal Year 2018-19, pp. 52-90.
290 Appendix A.
291 Ibid.

The City's actuarial consultant projects that the City's pension contribution costs will increase by $0.665 million (75.6 percent) to $1.55 million by FY 2023-24 and by an additional $0.345 million (22.3 percent) to $1.89 million by FY 2028-29.[292]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, its FY 2018-19 budget, or its FY 2018-19 budget[293] nor was the Grand Jury able to find them in any City Council meeting agenda packages for the period from January 1, 2018 through June 1, 2019. The only pension cost projections for Half Moon Bay that the Grand Jury obtained came from a written document request made to the City. That request yielded a detailed study of the City's current and projected annual pension costs through FY 2028-29 prepared by Bartel Associates, LLC and dated October 8, 2018.[294] As of the Grand Jury's March 21, 2019 interview, staff reported that neither the Bartel report, nor any other data showing the City's rising pension costs in the future, had been presented by staff to the City Council and that staff saw no reason to provide such information to the City Council because pensions are not an area of financial concern for Half Moon Bay.[295]

Financial Overview – Half Moon Bay

Half Moon Bay states that it is in a "strong position" financially "following 10 years of economic growth"[296] Nevertheless, the City states in its FY 2019-20 recommended budget that "rising pension costs will pose significant budgetary and service-level challenges in coming fiscal years."[297] Notwithstanding the concern, staff reports that it is confident that the City will be able to meet this challenge.[298] The City projects that its general fund balance (or surplus) will decrease from $10.1 million at the end of FY 2017-18 (representing 56.8 percent of $17.77 million in general fund expenses) down to $4.14 million at the end of FY 2023-24 (representing 20.9 percent of $19.79 million in general fund expenses). This is due, in part, to the City's projections that it will make approximately $12 million of investments into capital improvement projects from FY 2017-18 through FY 2023-24 (spending an average of $1.73 million per year on improvements during that period).[299]

Additional Payments to CalPERS – Half Moon Bay

Half Moon Bay has no current plans to make any additional payments to CalPERS beyond its Annual Required Contribution.[300] In its FY 2018-19 budget, the City stated that "Staff is currently working on an independent actuarial valuation of the City's pension plans and

[292] Bartel Associates, LLC report to City of Half Moon Bay, October 8, 2018, pp. 20 & 30. This report includes pension cost projections through FY 2028-29.
[293] Half Moon Bay FY 2017-18 Comprehensive Annual Financial Report. Half Moon Bay Adopted Operating Budget FY 2018-19. Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget.
[294] Bartel Associates, LLC report to City of Half Moon Bay, October 8, 2018, pp. 20 & 30.
[295] Grand Jury interview.
[296] Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget, p. 19.
[297] Ibid., p. 16.
[298] Grand Jury interview.
[299] Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget, p. 82.
[300] Grand Jury interview.

will be bringing a pension funding policy recommendation to Council at the beginning of the new fiscal year."[301] As noted above, the City's actuarial valuation firm (Bartel Associates, LLC) delivered that valuation report to the City on October 8, 2018.[302] However, as of March 21, 2019, staff had not presented the Bartel report to the City Council and reported that there were no plans to develop a pension funding policy recommendation for council's consideration.[303]

Pension Reserve Fund – Half Moon Bay

Half Moon Bay has $1.15 million in a "Retirement Stabilization Fund"[304] and plans to add another $0.1 million to that fund by June 30, 2019.[305] This amount would represent approximately 17 months of pension contribution cost (based on FY 2017-18 payments). The City has made no decision yet as to whether to add further to this fund in FY 2019-20 or thereafter.[306]

Employee Contribution to City's Normal Cost – Half Moon Bay

Half Moon Bay has no cost-sharing agreements in place with employees under which the employees pay a portion of the City's pension contribution costs.[307]

Revenue Enhancement – Half Moon Bay

At present, Half Moon Bay is not engaged in a process of actively preparing to bring any revenue enhancement ballot measures before its voters.[308] However, staff notes that it regularly considers whether a ballot measure seeking revenue enhancement is appropriate for the City and it is certainly possible that the City could decide to begin such a process in the future with an eye to submitting such a ballot measure to its voters in November 2020.[309]

Pension Obligation Bonds – Half Moon Bay

Half Moon Bay does not have any outstanding pension obligation bonds.[310]

General Fund Reserves – Half Moon Bay

Half Moon Bay projects that its general fund balance (or surplus) will decrease from $10.1 million at the end of FY 2017-18 (representing 56.8 percent of its $17.77 million in general fund expenses) down to $4.14 million at the end of FY 2023-24 (representing 20.9 percent of its $19.79 million in general fund expenses).[311] As noted above in the section entitled

[301] Half Moon Bay Adopted Operating Budget FY 2018-19, p. 57.
[302] Bartel Associates, LLC report to City of Half Moon Bay, October 8, 2018.
[303] Grand Jury interview.
[304] Half Moon Bay Adopted Operating Budget FY 2018-19, p. 208.
[305] Grand Jury interview. Half Moon Bay Adopted Operating Budget FY 2018-19, p. 57.
[306] Grand Jury interview.
[307] Ibid.
[308] Ibid.
[309] Ibid.
[310] Ibid.
[311] Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget, p. 82.

"Financial Overview – Half Moon Bay," this projected draw down of the general fund balance would be due, in part, to the City's decision to make approximately $12 million of investments into capital improvement projects from FY 2017-18 through FY 2023-24 (spending an average of $1.73 million per year on improvements during that period).[312]

Notwithstanding the draw-down of the general fund balance, Half Moon Bay expects to continue to maintain an operating contingency reserve of at least 30 percent of operating general fund expenses each year[313] and the City has also established an economic uncertainty reserve with the goal of holding an amount in that reserve equal to at least 20 percent of general fund operating expenses. The City projects that at the end of FY 2019-20, the contingency reserve will equal $5.04 million (30 percent of general fund operating expenses of $16.79 million) and the new economic uncertainty reserve will equal $2.61 million (15.6 percent of general fund operating expenses).[314]

The City also notes that in FY 2019-20, it plans to make a one-time payment of $11 million to pay off (ahead of schedule) its outstanding judgement obligation bonds, which will leave the City largely debt free, except for repayment over the next ten years, on an interest-free basis, of $6 million that San Mateo County advanced to the City to help build the City's new library.[315]

Long-Term Financial Forecast – Half Moon Bay

Half Moon Bay included a five-year general fund financial forecast in its readily-accessible FY 2018-19 budget[316] and in its FY 2019-20 recommended budget.[317]

Hillsborough

Pension Contribution Costs - Hillsborough

Hillsborough's pension contribution costs in FY 2017-18 were $2.41 million, up $0.254 million (11.8 percent) from $2.16 million in FY 2016-17.[318] The Town's FY 2017-18 pension contribution costs represented 23.6 percent of that year's covered payroll (down from 24.9 percent the preceding year) and 10.8 percent of its total general fund spending (up from 10.2 percent the preceding year).[319]

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312 Ibid., p. 82.
313 Staff note that this 30 percent compares favorably with the recommendation of the Government Finance Officers Association (GFAO) that municipalities maintain unrestricted reserves (which would include contingency reserves) equal to at least two months (17 percent) of general fund revenues or expenses. GFAO website (https://www.gfoa.org/fund-balance-guidelines-general-fund). Grand Jury interview.
314 Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget, p. 73. Grand Jury interview.
315 Grand Jury interview.
316 Half Moon Bay Adopted Operating Budget FY 2018-19, p. 94.
317 Half Moon Bay, Fiscal Year 2019-20 Recommended Operating Budget, p. 82.
318 Appendix A.
319 Ibid.

Hillsborough's actuarial consultant projects the Town's pension contribution costs will increase from FY 2017-18 by $2.05 million (84.6 percent) to $4.47 million by FY 2023-24 and by an additional $0.926 million (20.7 percent) to $5.4 by FY 2027-28.[320]

Hillsborough's projected pension contribution costs were not included in its FY 2018-19 budget[321] but are set forth in its readily-accessible FY 2019-20 proposed budget.[322]

Financial Overview – Hillsborough

Hillsborough's financial position appears to be strong. It had a large general fund balance of $22.5 million at the end of FY 2017-18 (representing 101.1 percent of general fund expenditures for the year)[323] and, over the course of the following ten years through FY 2027-27, projects that this balance will remain at an average of approximately $24.4 million, representing an average of 77 percent of general fund expenditures, still well above the Town's minimum of 30 percent and goal of 50 percent.[324]

Additional Payments to CalPERS - Hillsborough

Hillsborough's staff recommended to the Town Council on September 11, 2018 that an analysis be prepared for the FY 2019-20 budget to fund a $0.25 million additional payment to CalPERS beyond its Annual Required Contribution for each of the next five years in order to accelerate amortization of the Town's Unfunded Liability and thus reduce long-term interest costs.[325] This recommendation was made in the context of an overall recommendation that the Town budget a total of $3.25 million for pension mitigation over the next five years ($1.25 million in additional payments and $2 million into a Section 115 trust).[326] After weighing all aspects of pension mitigation strategies over the course of several discussions, the Town council elected not to proceed with additional payments to CalPERS at that time, but (as described in "Pension Reserve Fund – Hillsborough" below) also decided to increase the proposed contribution to the Section 115 trust from the recommended $2 million to $4.8 million over the next two years. Staff reports that the Town will review its pension mitigation strategy during the next annual budget process.[327]

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[320] Bartel Associates, LLC report to Town of Hillsborough, February 19, 2018, pp. 12 & 26. This report includes pension cost projections through FY 2028-29.
[321] Hillsborough, Adopted Budget for Fiscal Year 2018-19, with Preliminary Budgets for Fiscal Years 2019-20 and 2020-21.
[322] Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 105.
[323] Hillsborough, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 24.
[324] Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 107.
[325] Hillsborough, Memorandum from Jan Cooke to Financial Advisory Committee Working Group dated August 3, 2018 re: Pension Liability Mitigation Strategies, p. 63.
[326] Hillsborough, Memorandum from Jan Cooke to Financial Advisory Committee Working Group dated August 3, 2018 re: Pension Liability Mitigation Strategies, p. 63.
[327] Grand Jury interview. Email from Hillsborough, dated June 5, 2019.

Pension Reserve Fund - Hillsborough

Hillsborough has established a Section 115 Trust for the purpose of helping meet future pension expenses and, in January 2019 approved funding the trust with an initial $2.4 million. The Town's FY 2019-20 proposed budget calls for an additional $2.4 million to be transferred to the trust. If this additional amount is deposited in the trust, the total as of FY 2019-20 will be $4.8 million[328] which would represent 18 months of Hillsborough's projected annual pension costs as of FY 2019-20.[329] The Town is not currently planning to contribute any amounts beyond $4.8 million to this trust, but will review funding changes in the future if circumstances warrant.[330]

Employee Contribution to City's Normal Cost - Hillsborough

Hillsborough has cost sharing agreements with employees who participate in its "Classic" plans under which they pay a portion of the Town's pension costs equal to one percent of their compensation.[331]

Revenue Enhancement - Hillsborough

Hillsborough is not currently in the process of planning to seek voter approval of any revenue enhancement measures, but it does periodically review its funding sources to fund needs such as capital improvements.[332]

Pension Obligation Bonds – Hillsborough

Hillsborough does not have any outstanding pension obligation bonds.[333]

General Fund Reserves - Hillsborough

Hillsborough projects having a general fund balance of $23.42 million at the end of FY 2018-19. The Town projects that it will have small annual general fund surpluses through FY 2024-25, at which time the balance will be $25.6 million. In FY 2025-26, the Town projects running a general fund deficit of $0.441 million, and annual deficits of $1.32 and $1.66 million in FY 2027-28 and FY 2028-29, respectively, at which time the general fund balance is projected to be $21.34 million.[334] Included in these annual general fund balance numbers is $4.8 million in the Section 115 Trust.

Hillsborough's general fund reserve policy is to maintain a general fund balance equal to a 50 percent, with a minimum of 30 percent, of general fund expenditures. In FY 2017-18,

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[328] Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 27.
[329] Appendix A.
[330] Grand Jury interview. Email from Hillsborough, dated June 5, 2019.
[331] Grand Jury interview.
[332] Ibid. Email from Hillsborough, dated June 5, 2019.
[333] Grand Jury interview.
[334] Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 107.

the general fund balance equaled 101.1 percent of general fund expenditures for the year.[335] That percentage is projected to drop to 85.2 percent by the end of FY 2018-19, 81.3 percent at the end of FY 2023-24 and down to 63.3 percent at the ed of FY 2027-28, still well above the Town's goal of 50 percent.[336] If Hillsborough's general fund expenditures were calculated to include transfers of funds out to other funds, however, then the expenditures numbers would increase and the percentages of expenditures represented by the general fund balances would change to 92.5 percent at the end of FY 2017-18, 85.7 percent at the end of FY 2018-19, 81.1 percent at the end of FY 2023-24 and 57 percent at the end of FY 2027-28.[337]

Long-Term Financial Forecast – Hillsborough

Hillsborough's long-term general fund financial forecasting is based on a ten-year period. This forecast is included in the Town's readily-accessible FY 2018-19 budget and its FY 2019-20 proposed budget.[338]

Menlo Park

Pension Contribution Costs – Menlo Park

Menlo Park's pension contribution costs in FY 2017-18 were $5.56 million, down $0.01 million (-0.2 percent) from FY 2016-17.[339] The City's FY 2017-18 pension contribution costs represented 23.8 percent of that year's covered payroll (down from 24.1 percent the preceding year) and 11.8 percent of its total general fund spending (unchanged from 11.8 percent the preceding year).[340]

Menlo Park's actuarial consultant projects the City's pension contribution costs (net of employee cost sharing under which employees pay a portion of the City's pension obligations) will increase over FY 2017-18 costs by $4.84 million (87.1 percent) to $10.39 million by FY 2023-24 and by an additional $1.64 million (15.8 percent) to $12.03 million over FY 2023-24 costs by FY 2027-28.[341]

Menlo Park's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[342] In order to find these projected costs online, it is

[335] Hillsborough, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 24.
[336] Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 107.
[337] Email from Hillsborough, dated June 5, 2019.
[338] Hillsborough, Adopted Budget for Fiscal Year 2018-19, with Preliminary Budgets for Fiscal Years 2019-20 and 2020-21, p. 98. Hillsborough, Proposed Budget for Fiscal Year 2019-20 with Preliminary Budgets for Fiscal Years 2020-21 & 2021-22, p. 107.
[339] Appendix A.
[340] Ibid. See "Note" regarding Menlo Park's "Contribution Cost as % of General Fund Spending" for alternative calculation of these percentages.
[341] Bartel Associates, LLC report to City of Menlo Park, November 13, 2018, pp.28 & 46.
[342] Menlo Park. Fiscal Year 2018-19 Adopted Budget. Menlo Park's FY 2018-19 budget (at page 38) does set forth the City's pension costs through FY 2028-29, but only to the extent paid out of the general fund. Therefore, the budget does not show the City's total pension costs.

necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: https://menlopark.org/AgendaCenter/City-Council-14. (Last accessed on June 2, 2019.) That search would eventually lead to the agenda for the November 13, 2018 City Council meeting,[343] which refers to an "Employee pension obligations" study session and includes a link to a staff report on this topic dated November 13, 2019,[344] attached to which is a detailed review of the City's projected pension costs from its actuarial consulting firm (Bartel Associates, LLC).[345]

Financial Overview – Menlo Park

Menlo Park describes its financial outlook "currently quite strong" and notes that the outlook for growing property tax revenues, the City's largest revenue source, remains "strong."[346] The City notes, however, that the "strong economy has resulted in near zero unemployment for the region and the City is in fierce competition for talented staff."[347]

As of the end of FY 2017-18, Menlo Park had a total general fund balance of $37.12 million.[348] Notwithstanding rising pension costs and a tight labor market, the City projects that it will continue to accrue substantial increases in its general fund balance. From FY 2018-19 through FY 2023-24, it projects aggregating additional general fund balance amounts totaling $16.3 million and, from FY 2024-25 through FY 2027-28, it projects aggregating an additional $12.1 million in general fund balance amounts, bringing total additional amounts accrued in the general fund balance for the period from FY 2018-19 through FY 2027-28 to $28.4 million.[349] These projections take into account an assumption that "an economic downturn [is] nearly certain to occur within the time frame of the [long-term] forecast"[350] making the projections more conservative than those of Cities that do not model a likely recession into their long-term financial planning.

Staff notes, however, that a portion of these projected general fund surpluses may be used to offset a portion of future funding needs for planned capital improvements. The City points out that capital improvement projects are budgeted for a total of $73.5 million over five years and that the "funds that support those projects … are expected to have a funding requirement of $44.64 million through the five-year plan. As the City realizes surpluses in the General Fund, those funds may be used to offset a portion of the future funding need."[351]

343 Menlo Park. Agenda for City Council meeting on November 13, 2018.
344 Menlo Park. Staff Report for City Council Meeting on November 13, 2018 re: Study Session: Employee pension obligations.
345 Bartel Associates, LLC report to City of Menlo Park, November 13, 2018, pp.28 & 46.
346 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. iii - iv of December 21, 2018 transmittal letter.
347 Menlo Park. Fiscal Year 2018-19 Adopted Budget, p. ii of City Manager's Transmittal Letter.
348 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 36.
349 Menlo Park. Fiscal Year 2018-19 Adopted Budget, pp. 36-37.
350 Ibid., p. 37.
351 Ibid., p. viii of City Manager's Transmittal Letter. Email from Menlo Park, dated June 6, 2019.

Additional Payments to CalPERS – Menlo Park

Menlo Park's staff has recommended to the council that the City make supplemental payments to CalPERS in excess of its Annual Required Contribution in amounts that mimic the effect of amortizing unfunded liabilities on a ten year schedule for its Miscellaneous Plans and a fifteen year schedule for its Tier 1 Safety Plan.[352] If adopted by the City Council for FY 2019-20 and included in budgets for each subsequent year (which requires affirmative City Council action each new year), this recommendation would, by the end of FY 2027-28 result in the City making aggregate supplemental payments to CalPERS of approximately $12.68 million in addition to its Annual Required Contribution.[353] After FY 2027-28, the City projects that these additional payments will yield net, annual decreases in payments to CalPERS for an aggregate savings – net of the $12.68 million of additional payments - of approximately $18.1 million by FY 2033-34.[354]

Pension Reserve Fund – Menlo Park

Menlo Park has established a "Strategic Pension Funding" reserve which, as of June 30, 2018, had a balance of $4.3 million[355], up from $3.3 million the year before.[356] Menlo Park's policy is to assign 25 percent of any general fund surpluses to this pension reserve.[357] Based on projected surpluses set forth in the City's FY 2018-19 budget of approximately $0.6 million in FY 2018-19, $4.24 million in FY 2019-20, $3.67 million in FY 2020-21, $2.57 million in FY 2021-22, $2.79 million in FY 2022-23 and $2.4 million in FY 2023-24[358] this policy would, if the City continued to implement it, add another $4.1 million to the reserve through FY 2023-24 for an aggregate total Strategic Pension Funding Reserve of $8.4 million.[359] If Menlo Park continued to apply this 25 percent policy through FY 2027-28, based on projections in the City's FY 2018-19 budget a further $3 million would be added to the reserve.[360] This would result in a Strategic Pension Funding reserve balance of $11.4 million at the end of FY 2027-28, which would equal almost a full year of projected FY 2027-28 pension costs.[361] Menlo Park notes that the foregoing projections from its FY 2018-19 budget have been updated since the budget was prepared in 2018,[362] however the new projections have not been published yet and so the Grand Jury relied on the FY 2018-19 budget numbers.

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352 Menlo Park, Staff Report for City Council Meeting on March 5, 2019 re: Planned budget strategy for unfunded pension liability, pp. 9-10 & 11.

353 Email from Menlo Park, dated June 6, 2019.

354 Ibid.

355 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 74.

356 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, p. 14.

357 Menlo Park. Fiscal Year 2018-19 Adopted Budget, p. 38.

358 Ibid., p. 36.

359 The City has indicated that it will continue to implement this policy until otherwise affirmatively decided by the City Council. Grand Jury interview.

360 Menlo Park. Fiscal Year 2018-19 Adopted Budget, p. 37.

361 Bartel Associates, LLC report to City of Menlo Park, November 13, 2018, pp. 28 & 46.

362 Email from Menlo Park, dated June 6, 2019.

Employee Contribution to City's Normal Cost – Menlo Park

Menlo Park employees have entered into cost-sharing agreements with the City under which they pay for a portion of the pension costs that would otherwise have to be paid by the City. Under these cost-sharing agreements (a) Miscellaneous plan employees will pay an additional amount equal to 50 percent of the City's future pension cost increases above set percentage contribution rates for the City,[363] (b) with sworn Safety plan Tier 1 and Tier 2 employees under which they will pay a portion of the City's pension costs equal to 3 percent of covered payroll, and (c) with PEPRA Safety plan employees under which they pay the greater of one-half of the City's pension contribution costs for them, or an amount equal to 12 percent of their covered payroll.[364] Menlo Park estimates the net present value of the savings it could achieve under these employee cost-sharing agreements to be $11.88 million.[365]

Revenue Enhancement – Menlo Park

Menlo Park is not currently planning to put any revenue enhancement ballot measures before its voters.[366]

Pension Obligation Bonds – Menlo Park

Menlo Park does not have any outstanding pension obligation bonds.[367]

General Fund Reserves – Menlo Park

As of June 30, 2018, Menlo Park's unrestricted[368] general fund balance was $35.71 million[369] representing 53.1 percent of the general fund's $67.26 million in budgeted general fund expenditures for FY 2018-19.[370] Included within the FY 2018-19 general fund unrestricted balance was $9.3 million emergency contingencies reserve, a $12 million reserve to mitigate the effects of major economic uncertainties, and $4.3 million for strategic pension funding.[371] The City's goal is to maintain the unrestricted general fund balance at between 43 and 55 percent of general fund expenditures.[372]

363 For Miscellaneous plan employees in the SEIU unit, this percentage is 14.597 percent and for other Miscellaneous plan employees it is 15.85 percent. (Email from Menlo Park, dated June 6, 2019.)

364 Grand Jury interview. See also, Menlo Park. Fiscal Year 2018-19 Adopted Budget, p. 38.

365 Menlo Park, Staff Report for City Council Meeting on March 5, 2019 re: Planned budget strategy for unfunded pension liability, pp. 6-7.

366 Email from Menlo Park, dated June 6, 2019.

367 Ibid.

368 "Unrestricted" assets are those which are not "invested in capital assets net of related debt" or that the City is otherwise restricted from spending by external creditors, grantors, contributors or applicable laws or regulations. Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 52.

369 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. vi of December 21, 2018 transmittal letter & pp. 14 & 32.

370 Ibid., p. vi of December 21, 2018 transmittal letter. Menlo Park. Fiscal Year 2018-19 Adopted Budget, pp. 36-37.

371 Menlo Park, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 74.

372 Ibid., p. 14.

As of the end of FY 2017-18, Menlo Park had a total general fund balance of $37.12 million.[373] As noted above, over the ten-year period from FY 2018-19 through FY 2027-28, Menlo Park projects it will aggregate further general fund surpluses totaling $28.4 million.[374]

Over that same ten-year period, the unassigned general fund balance is projected to increase from $4.41 million to $11.55 million.[375]

Long-Term Financial Forecast – Menlo Park

Menlo Park publishes a long-term general fund operating budget forecast with a period of ten years.[376] The long-term general fund operating budget forecast can be found in the City's FY 2018-19 budget,[377] which can easily be accessed online at the landing page for the Menlo Park finance department at https://menlopark.org/367/Finance. (Last accessed on May 11, 2019.)

Millbrae

Pension Contribution Costs - Millbrae

Millbrae's pension contribution costs in FY 2017-18 were $3.31 million, up $0.978 million (41.9 percent) from $2.34 million in FY 2016-17.[378] The City's FY 2017-18 pension contribution costs represented 45 percent of that year's covered payroll (up from 37.9 percent the preceding year) and 11.7 percent of its total general fund spending (up from 9.2 percent the preceding year).[379],[380]

In addition to its contribution payments made to CalPERS, Millbrae also makes annual, installment payments on its 2004 pension obligation bonds (originally issued in the amount of $11.5 million).[381] The City paid $1.07 million on the bonds in FY 2017-18 and will pay $1.11 million in FY 2018-19.[382,383] Taking bond payments into account, Millbrae's total payments on account of its pensions (CalPERS and bond payments combined) were $4.39

373 Ibid., p. 32.
374 Menlo Park. Fiscal Year 2018-19 Adopted Budget, pp. 36-37.
375 Email from Menlo Park, dated May 11, 2019. Menlo Park. Fiscal Year 2018-19 Adopted Budget, p. 39.
376 Menlo Park. Fiscal Year 2018-19 Adopted Budget, pp. 36-37.
377 Ibid., pp. 36-37. A ten-year forecast was also included in the City's Fiscal Year 2017-18 Adopted Budget, pp. 46-47.
378 Appendix A.
379 Ibid.
380 Millbrae notes that its pension payments as a percentage of covered payroll are artificially high because the City has pension liability for public safety employees (police and fire) but the City currently contracts for services and has no employees in those categories. While the City has no police and fire staff, the City is responsible for unfunded liability pension costs associated with former police and fire agencies and is also responsible for pension costs associated with employees in police and fire contracts. Pension spending for Miscellaneous plan employees in FY 2017-18 represented only 29.5% of covered payroll. (Email from Millbrae, dated June 12, 2019.)
381 Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 19 & 68.
382 Millbrae, Slide presentation for November 13, 2018 City Council meeting re: Post-Employment Benefit Review, slide 30.
383 Email from Millbrae, dated June 12, 2019.

million in FY 2017-18 (representing 59.6 percent of that year's covered payroll and 15.5 percent of total general fund spending of $28.2 million[384]), up $1.02 million (30.3 percent) from $3.37 million in FY 2016-17.[385]

Millbrae projects its pension contribution costs will increase from FY 2017-18 by $2.93 million (88.3 percent) to $6.24 million by FY 2023-24 and by an additional $0.0.377 million (6 percent) to $6.62 million by FY 2027-28.[386] From FY 2018-19 through FY 2027-28, the City will pay a total of $13.57 million on its pension obligation bonds, which represents an annual average of approximately $1.36 million.[387] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) will increase from FY 2017-18 by $3.24 million (73.9 percent) to $7.62 million by FY 2023-24 and by an additional $0.602 (7.9 percent) to $8.23 million by FY 2027-28.[388]

Millbrae's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 & 2019-20 budget.[389] The most detailed information about the City's projected pension costs is found in the January 19, 2018 report by the City's actuarial consultant (Bartel Associates, LLC).[390] Unfortunately, this report is not made available by Millbrae on its website. The Grand Jury obtained a copy through a direct request to the City.[391] Other pension cost projection information can be found on the City's website by manually searching through City Council meeting agenda packages, which can be accessed at the following website: https://www.ci.millbrae.ca.us/departments-services/city-clerk/city-council-meetings-agendas/-toggle-allpast. (Last accessed on June 2, 2019.) That search would eventually lead to the agenda for the November 13, 2018 City Council meeting,[392] which references a discussion of "Post Employment Benefit Costs" and has a link next to it entitled "PowerPoint presentation." Clicking on that link leads to presentation slides that include, on slide 30, projected pension costs and annual pension obligation bond debt service amounts.[393]

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384 Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 34. Note: If general fund "transfers out" were included as part of general fund expenditures for FY 2017-18, then total expenditures would be $33.64 million and the $4.39 million of total, combined payments on account of pensions would represent 13 percent of general fund expenditures.

385 Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, p. 34. Millbrae, Slide presentation for November 13, 2018 City Council meeting re: Post-Employment Benefit Review, slide 30. Email from Millbrae, dated June 12, 2019.

386 Ibid.

387 Ibid.

388 Ibid.

389 Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. Millbrae, Operating and Capital Budget for the 2018-2019 Fiscal Year and 2019-2020 Fiscal Year.

390 Bartel Associates, LLC report to City of Millbrae, January 19, 2018.

391 The Grand Jury also received updated annual pension contribution cost and pension obligation bond debt service cost information for FY 2018-19 through FY2028-29 via an email from Millbrae, dated June 12, 2019.

392 Millbrae, Agenda for City Council meeting on November 13, 2018.

393 Millbrae, Slide presentation for November 13, 2018 City Council meeting re: Post-Employment Benefit Review, slide 30.

Financial Overview – Millbrae

Millbrae reports that its overall financial position is "sound" and that key revenues are anticipated to continue to grow. The City notes, however, that there is concern about the effects of a future recession, which appears to be overdue as the length of the current recovery from the 2008 recession has lasted twice as long as the average of 5 years between recessions.[394]

The City notes that, for its prior 2-year budget cycle from FY 2015-16 through FY 2017-18, it planned to drawn down a total of $12.5 million in general fund reserves "to fund a robust capital improvement program." The City states that it was able to reduce that planned draw down of reserves to $8.5 million, but $1.8 million of that use of reserves was in order to close a budget deficit for operating expenses. In FY 2018-19, the City states that it had to take "significant action to assure a balanced operating budget."[395] Millbrae notes that on June 11, 2019, it presented an update to the FY 2019-20 budget that brings the operating budget into balance.[396]

Additional Payments to CalPERS - Millbrae

Millbrae reports that it has no current plans to make any additional payments to CalPERS beyond its Annual Required Contribution but, at the City Council's direction staff is investigating options which will be presented at a future date to be considered in line with the City's additional strategic priorities.[397]

Pension Reserve Fund - Millbrae

Millbrae has not established any reserves for the purpose of helping to meet rising pension costs in the future.[398]

Employee Contribution to City's Normal Cost - Millbrae

Millbrae has entered into cost-sharing agreements with Miscellaneous plan "classic" employees under which those employees agree to pay a portion of the City's pension contribution costs equal to 5 percent of their salary.[399] Those employee contributions are projected to average $0.257 million per year from FY 2017-18 through FY 2027-28.[400]

Revenue Enhancement - Millbrae

Millbrae has no current plans to put any revenue enhancement ballot measures before its voters.[401]

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394 Millbrae, Operating and Capital Budget for the 2018-2019 Fiscal Year and 2019-2020 Fiscal Year, p. 7.
395 Ibid., p. 16.
396 Email from Millbrae, dated June 12, 2019.
397 Ibid.
398 Ibid.
399 Millbrae, City Council Agenda Report for City Council Meeting on November 13, 2018 re: Receive informational report on City of Millbrae Post-Employment Benefit Costs, p. 3
400 Bartel Associates, LLC report to City of Millbrae, January 19, 2018, p. 26.
401 Email from Millbrae, dated June 12, 2019.

Pension Obligation Bonds - Millbrae

In 2004, Millbrae issued pension obligation bonds in the amount of $11.5 million.[402] A total of $10.54 million in payments on the bonds will be due from Millbrae during the years from FY 2019-20 through FY 2026-27, which represents an annual average of approximately $1.32 million.[403] The bonds will be paid off in FY 2033-34.[404]

General Fund Reserves - Millbrae

At the end of FY 2017-18, Millbrae had an unrestricted general fund balance of $19.3 million. This amount was 68 percent of the $28.2 million of general fund expenditures for that year.[405] The FY 2017-18 balance represented a decrease of $3.81 million (16.5 percent) from FY 2016-17, when the City's unrestricted general fund balance was $23.07 million and equaled 90.5 percent of general fund expenditures of $25.49 million for the year.[406]

The City informed the Grand Jury in April 2018 that it was unable to predict what its general fund balance will be at the end of FY 2018-19 or FY 2019-20 as staff was continuing to evaluate opportunities to increase revenues and improve efficiencies.[407] Based on the current adopted budget and proposed amendments at the mid-cycle update, assuming all revenues and expenses as originally forecast, staff now estimates an ending general fund balance of $12.7 million in FY 2018-19 and $6.05 in FY2019-20 with a reserve fund policy level of 15 percent.[408]

Long-Term Financial Forecast – Millbrae

Millbrae does not currently have a long-term general fund financial forecast. The City is in the process of developing a ten-year general fund financial forecast and expects to have one sometime in FY 2019-20.[409]

Pacifica

Pension Contribution Costs - Pacifica

Pacifica's pension contribution costs in FY 2017-18 were $4.09 million, up $0.351 million (9.4 percent) from $3.74 million in FY 2016-17.[410] The City's FY 2017-18 pension contribution costs represented 24.8 percent of that year's covered payroll (up from 22.9 percent the preceding year) and 13.6 percent of its total general fund spending (up from 13 percent the preceding year).[411]

[402] Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, pp. 19 & 68.
[403] Millbrae, Slide presentation re: Post-Employment Benefit Review, slide 30.
[404] Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 68.
[405] Ibid., pp. 5, 32, 34 & 74.
[406] Millbrae, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, pp. 32, 34 & 74.
[407] Grand Jury interview.
[408] Email from Millbrae, dated June 12, 2019.
[409] Grand Jury interview.
[410] Appendix A.
[411] Ibid.

In addition to its contribution payments made to CalPERS, the City also makes annual, installment payments on its 2010 pension obligation bonds (originally issued in the amount of $20.5 million).[412] It paid $1.69 million on the bonds in FY 2017-18[413] and will pay $1.75 million in FY 2018-19.[414] From FY 2019-20 through FY 2029-30 when the bonds are fully paid off, the City will make bond payments totaling $13.26 million, for an average annual payment on the bonds of approximately $1.25 million.[415] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) were $5.78 million in FY 2017-18 (representing 35.1 percent of that year's covered payroll and 19.3 percent of total general fund spending),[416] down $0.528 million (8.4 percent) from $6.31 million in FY 2016-17.[417]

Pacifica's actuarial consultant projects that the City's pension contribution costs will increase from FY 2017-18 by $3.42 million (83.6 percent) to $7.51 million by FY 2023-24 and by an additional $1.59 million (20.6 percent) to $9.06 by FY 2027-28.[418] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) will increase from FY 2017-18 by $2.91 million (50.3 percent) to $8.69 million by FY 2023-24 and by an additional $1.72 million (19.8 percent) to $10.41 million by FY 2027-28.[419]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its budget for FY 2018-19.[420] In order to find these projected costs online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website:
https://pacificacityca.iqm2.com/Citizens/Calendar.aspx?From=1/1/2019&To=12/31/2019. (Last accessed on May 20, 2019.) That search would eventually lead to the agenda for a City Council meeting on November 26, 2018.[421] That agenda includes a heading entitled "2018 Presentation of Pension Costs" under which is a link entitled "Attachment 1 – Bartel Associates – CalPERS Actuarial Issues – 6/30/17 Valuation" which contains the City's pension cost projections.[422]

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412 Pacifica, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. 64.
413 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016, pp. 64 & 66.
414 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017, pp. 64 & 66.
415 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, pp. 64 & 66.
416 Appendix A. Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017, pp. 64 & 66.
417 Appendix A. Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2016, pp. 64 & 66.
418 Bartel Associates, LLC report to City of Pacifica, November 13, 2018, pp. 12, 21, 30. This report provides projected pension cost data through FY 2029-30.
419 Ibid., pp. 12, 21, 30. Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2017, pp. 64 & 66. Email from Pacifica, dated May 22, 2019.
420 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018. Pacifica, Annual Operating Budget 2018-2019, Adopted June 25, 2018.
421 Pacifica, Agenda for City Council Meeting on November 26, 2019.
422 Bartel Associates, LLC report to City of Pacifica, November 13, 2018, pp. 30, 34, 52, 56, 74, 78 & 82.

Financial Overview – Pacifica

While Pacifica has been able to maintain balanced general fund budgets over the years, it notes that "the slow [revenues] growth rate in Pacifica is not keeping pace with inflationary cost increases…"[423] The City highlights two sources of rising cost pressures that are driving long-term general fund budget deficit projections; rising salary and benefits costs in order to compete with other cities for quality employees and rising pension and health care costs.[424]

If the City does not make substantial expenditure reductions or develop additional revenues, its long-term general fund financial forecast projects that its general fund expenses will exceed revenues by a total of approximately $18 million over the nine years from FY 2019-20 through FY 2027-28. Annual deficits are projected to rise from $1.1 million in FY 2019-20 to $3.55 million in FY 2027-28.[425]

Pacifica states that, while it is committed to keeping future general fund budgets balanced, "[t]he increasing [budget] gap projected beyond FY 2019-20 is anticipated to be extremely challenging to balance."[426]

Additional Payments to CalPERS - Pacifica

Pacifica does not currently have any plans to make additional payments to CalPERS beyond its Annual Required Contribution.[427]

Pension Reserve Fund - Pacifica

Staff has recommended that the City Council consider establishing a Section 115 Trust and begin funding the trust with one-time revenue sources.[428] The City expects to include a transfer of $0.2 million into a Section 115 Trust in the FY 2019-20 budget. It has not put in place a plan for the amounts of any future transfers to the trust in subsequent years but expects that it would consider further contributions if general fund surpluses were available.[429]

Employee Contribution to City's Normal Cost – Pacifica

Pacifica has cost-sharing agreements in place with its employees pursuant to which employees pay a portion of the City's pension contribution costs equal a percentage of their compensation ranging from 2.5 percent up to 5 percent.[430]

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[423] Pacifica, Council Agenda Summary Report for April 25, 2019 meeting re: FY 2019-20 Narrative Budget Report, pp. 2-3.

[424] Ibid., pp. 2-3 & 5.

[425] Pacifica, Council Agenda Summary Report for February 25, 2019 meeting re: Long Term Financial Plan Update 2018-2028, Attachment 1 (Long Term Financial Plan 2018-28).

[426] Pacifica, Council Agenda Summary Report for April 25, 2019 meeting re: FY 2019-20 Narrative Budget Report, p. 5.

[427] Email from Pacifica, dated June 10, 2019.

[428] Pacifica, Council Agenda Summary Report for April 25, 2019 meeting re: FY 2019-20 Narrative Budget Report, p. 9.

[429] Grand Jury interview.

[430] Ibid. Email from Pacifica, dated May 22, 2019.

Revenue Enhancement - Pacifica

Pacifica is currently focusing on future economic development, especially the building of new hotels and residences, to help increase revenues and bring down projected future deficits. The City may also consider putting an increase in its 12 percent transient occupancy tax ("hotel tax") before its voters.[431]

Pension Obligation Bonds - Pacifica

In 2010, Pacifica issued $20.5 million in pension obligation bonds.[432] As of the end of FY 2017-18, Pacifica's remaining payment obligations on the bonds through maturity in FY2029-30 totaled $15 million.[433]

General Fund Reserves - Pacifica

Pacifica's general fund balance as of the end of FY 2017-18 was $12.55 million, of which $8.55 million (representing 28.5 percent of general fund expenditures for the year[434]) was spendable;[435] consisting of $1.41 million that is assigned,[436] and $7.14 million that is unassigned.[437] The City expects that it will need to draw down some of these reserves to close general fund budget deficits in future years.[438]

Long-Term Financial Forecast – Pacifica

Pacifica has a long-term general fund forecast covering the period from FY 2017-18 through FY 2027-28, which it made available online in connection with its February 25, 2019 City Council meeting regarding a long-term financial plan.[439] The City has not included any long-term general fund operating forecast in its FY 2018-19 budget.[440] In order to find its long-term general fund forecast online, it is necessary to manually search through agendas for City Council meetings that are available at https://pacificacityca.iqm2.com/Citizens/Calendar.aspx. (Last accessed on May 20, 2019.) That search will eventually lead to the agenda for a meeting held on February 25, 2019, which references a discussion

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431 Grand Jury interview.

432 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, p. 64.

433 Ibid., pp. 64 & 66.

434 Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, p. 34.

435 Nonspendable funds 'include amounts that cannot be spend because they are no in spendable form, or legally or contractually required to be maintained intact. The 'not in spendable form' criterion includes items that are not expected to be converted to cash." Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, p. 90.

436 "Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In the General Fund, assigned amounts represent intended uses established by City Council or a City official delegated that authority by City ordinance (City Manager)." Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, p. 91.

437 "Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications." Ibid., p. 91. Pacifica, Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2018, p. 30.

438 Grand Jury interview.

439 Pacifica, Council Agenda Summary Report for February 25, 2019 meeting re: Long Term Financial Plan Update 2018-2028.

440 Pacifica, Annual Operating Budget 2018-2019, Adopted June 25, 2018.

entitled "Long Term Financial Plan Update."[441] Clicking on the link below that heading entitled 'Attachment 1: LTFP 2018-2028" leads to the long-term plan.

Portola Valley

Pension Contribution Costs – Portola Valley

Portola Valley's pension contribution costs in FY 2017-18 were $0.141 million, up $0.025 million (21.7 percent) from $0.116 million in FY 2016-17. The City's FY 2017-18 pension contribution costs represented 9.3 percent of that year's covered payroll (up from 8.1 percent the preceding year) and 2.7 percent of its total general fund spending (flat from 2.7 percent the preceding year).[442]

CalPERS projects that Portola Valley's pension contribution costs will increase by $0.117 million (83.3 percent) to $0.258 million by FY 2023-24.[443]

Portola Valley does not prepare any projections for future pension contribution costs and none are included in its FY 2017-18 financial report,[444] its FY 2018-19 operating budget,[445] or its FY 2019-20 proposed operating budget.[446] In order to develop the projected cost numbers through FY 2023-24 reported above, the Grand Jury reviewed CalPERS' actuarial reports to Portola Valley,[447] together with supplemental information received directly from the Town via email[448] and combined the two data sources to generate the projection.

Financial Overview – Portola Valley

Portola Valley reports that its "fiscal condition remains strong."[449] The Town reported very robust general fund balances of $4.77 million at the end of FY 2016-17 (representing 109.4 percent of general fund expenses of $4.36 million for the year), rising to $4.92 million at the end of FY 2017-18 (representing 93 percent of general fund expenses of $5.29 million for the year). Unassigned reserves were reported to be $2.68 million in FY 2016-17 (representing 61.5 percent of general fund expenses for the year) and $2.83 million in FY 2017-18 (representing 53.5 percent of general fund expenses for the year).[450] In addition, the Town projects that it will have an unfunded pension liability reserve funded with a

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[441] The February 25, 2019 City Council meeting agenda can be found at https://pacificacityca.iqm2.com/Citizens/Detail_Meeting.aspx?ID=1259 . (Last accessed on May 20, 2019.)

[442] Appendix A.

[443] CalPERS Actuarial Valuation – June 30, 2017 Miscellaneous Plan of the Town of Portola Valley, p. 5. CalPERS Actuarial Valuation – June 30, 2017 PEPRA Miscellaneous Plan of the Town of Portola Valley, p. 5. Email correspondence from Portola Valley dated June 18, 2019.

[444] Portola Valley, Basic Financial Statements for the Year Ended June 30, 2018.

[445] Portola Valley, Adopted Operating & Capital Budgets Fiscal Year 2018-19.

[446] Portola Valley, Proposed Operating & Capital Budgets, Fiscal Year 2019-20.

[447] CalPERS Actuarial Valuation – June 30, 2017 Miscellaneous Plan of the Town of Portola Valley, p. 5. CalPERS Actuarial Valuation – June 30, 2017 PEPRA Miscellaneous Plan of the Town of Portola Valley, p. 5.

[448] Email correspondence from Portola Valley dated June 18, 2019.

[449] Portola Valley, Adopted Operating & Capital Budgets Fiscal Year 2018-19, Town Managers transmittal letter to the Town Council, p. 1.

[450] Portola Valley, Basic Financial Statements for the Year Ended June 30, 2017, pp. 18 & 22. Portola Valley, Basic Financial Statements for the Year Ended June 30, 2018, pp. 20 & 24.

balance of $0.712 million in FY 2019-20.[451] Per the Town's unfunded pension liability reserve policy, this reserved amount will equal the Town's total unfunded pension liability for FY 2017-18[452] and represent approximately 38 months of its projected pension contribution costs of $0.220 million as of FY 2019-20.[453]

Additional Payments to CalPERS – Portola Valley

In FY 2014-15, Portola Valley paid CalPERS $0.907 million in order to retire its entire unfunded pension liability at that time.[454] Since then, as a result of returns on CalPERS' investments being lower than projected by CalPERS, the Town's has accrued a new unfunded pension liability totaling $0.712 million as of the end of FY 2017-18.[455] Over the course of three to four study sessions beginning in September of 2019, Portola Valley plans to discuss, among other things, how to manage its rising pension costs going forward. While staff has not yet analyzed the possibility of again making additional payments to CalPERS to retire this latest unfunded pension liability, this may be one of the options discussed in those study sessions.[456]

Pension Reserve Fund – Portola Valley

As noted above in the section entitled "Financial Overview – Portola Valley," the Town's policy is to maintain a reserve for its unfunded pension liability that equals its total unfunded pension liability amount.[457] The reserve balance was $0.524 million as of the end of FY 2018-19[458] (equaling the total unfunded pension liability as of the end of FY 2016-17)[459] and will be increased to $0.712 million in FY 2019-20 (equaling the total unfunded pension liability as of the end of FY 2017-18).[460]

During its study sessions scheduled to begin in September 2019, the Town will consider, among other options, whether to move these reserves into a Section 115 pension trust or other outside investment vehicle.[461]

Employee Contribution to City's Normal Cost – Portola Valley

Portola Valley does not have any cost-sharing agreements in place with its employees under which employees agree to pay a portion of the Town's pension contribution costs.[462]

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451 Grand Jury interview.
452 Ibid.
453 CalPERS Actuarial Valuation – June 30, 2017 Miscellaneous Plan of the Town of Portola Valley, p. 4. .CalPERS Actuarial Valuation – June 30, 2017 PEPRA Miscellaneous Plan of the Town of Portola Valley, p. 4.
454 Portola Valley, Basic Financial Statements for the Year Ended June 30, 2015, p. 49. Grand Jury interview.
455 Appendix A.
456 Grand Jury interview.
457 Ibid.
458 Portola Valley, Adopted Operating & Capital Budgets Fiscal Year 2018-19, 2018-19 Fund Activity Summary.
459 Appendix A.
460 Grand Jury interview. Portola Valley, Proposed Operating & Capital Budget, Fiscal Year 2019-20, 2019-20 Fund Activity Summary.
461 Grand Jury interview.
462 Ibid.

Revenue Enhancement – Portola Valley

Since 2016, Portola Valley has not sought voter approval of any revenue enhancement ballot measures and it does not currently have any plans for doing so in the next two years. Staff notes, however, that the Town may evaluate putting ballot measures before its voters for funding of road improvements and/or wildfire risk mitigation in the near future.[463]

Pension Obligation Bonds – Portola Valley

Portola Valley does not have any outstanding pension obligation bonds.[464]

General Fund Reserves – Portola Valley

AS noted above in the section entitled "Financial Overview - Portola Valley," the Town reported very robust general fund balances of $4.77 million at the end of FY 2016-17 (representing 109.4 percent of general fund expenses of $4.36 million for the year), rising to $4.92 million at the end of FY 2017-18 (representing 93 percent of general fund expenses of $5.29 million for the year). Unassigned reserves were reported to be $2.68 million in FY 2016-17 (representing 61.5 percent of general fund expenses for the year) and $2.83 million in FY 2017-18 (representing 53.5 percent of general fund expenses for the year).[465] Unassigned reserves are projected to drop to $1.06 million by the end of FY 2019-20,[466] but staff notes this is largely due to planned investments in two pedestrian safety enhancements and setting aside funds to meet unfunded retiree medical costs.[467]

Long-Term Financial Forecast – Portola Valley

To date, Portola Valley has not prepared long-term general fund operating budget forecasts. However, staff expects that in the study sessions beginning in September 2019, the possibility of developing five-year general fund forecasts will be discussed. Staff has not yet considered whether or not any such forecast would, once developed, be included in the Town's published annual budget.[468]

Redwood City

Pension Contribution Costs – Redwood City

Redwood City's pension contribution costs in FY 2017-18 were $18.41million, up $0.687 million (3.9 percent) from $17.72 million in FY 2016-17. The City's FY 2017-18 pension contribution costs represented 30.3 percent of that year's covered payroll (up from 28.5 percent the preceding year) and 14.6 percent of its total general fund spending (down from 15.8 percent the preceding year).[469]

463 Ibid.
464 Ibid.
465 Portola Valley, Basic Financial Statements for the Year Ended June 30, 2017, pp. 18 & 22. Portola Valley, Basic Financial Statements for the Year Ended June 30, 2018, pp. 20 & 24.
466 Grand Jury interview. Portola Valley, Proposed Operating & Capital Budget, Fiscal Year 2019-20, 2019-20 Fund Activity Summary.
467 Grand Jury interview.
468 Ibid.
469 Appendix A.

The City projects its pension contribution costs will increase by a $19.5 million (106 percent) to $37.9 million by FY 2023-24 and by an additional $3.71 million (9.8 percent) to $41.63 million by FY 2027-28.[470]

Redwood City's projected pension contribution costs are included in its readily accessible FY 2018-19 budget and FY 2019-20 recommended budget.[471]

Financial Overview – Redwood City

Redwood City faces significant fiscal challenges beginning in FY 2021-22 as substantial projected general fund surpluses in FY 2018-19, FY 2019-20 and FY 2020-21 are projected to turn into large and growing deficits (with an annual deficit of $0.945 million in FY 2022-23 rising to an annual deficit of $17.85 million in FY 2027-28) if significant expense reductions and/or revenue increases are not made.[472] A major component of these looming deficits is rising pension costs.[473]

As part of its FY 2017-18 budget, the City adopted a "Financial Sustainability Plan" or "FSP" which includes reducing operating expenses and increasing revenue over the following five years.[474] Under the FSP, the City had included in its FY 2018-19 budget approximately $3.8 million in operating cost reductions. The City also obtained voter approval for new revenue enhancement measures in 2018 (described in the section entitled "Revenue Enhancement – Redwood City" below). Partly as a result of passage of these measures, the City restored $2.7 million of the planned $3.8 million in planned cost reductions, which included restoration of police department staffing and library hours.[475]

Redwood City notes that, during FY 2019-20, "the City Council Finance/Audit Subcommittee will be discussing opportunities for the City to increase revenue, among other financial strategies" and that "[m]aintaining the City's long-term fiscal stability requires meaningful action and a proactive approach to addressing the City's projected deficit and long-term liabilities through both revenue increases and expenditure reductions over time."[476]

Additional Payments to CalPERS – Redwood City

Redwood City has been evaluating the option of making additional annual payments to CalPERS beyond its Annual Required Contribution in order to reduce long-term pension

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470 Redwood City, Recommended Budget Fiscal Year 2019-2020, pp. 26, 29 & 175. The graphs on pages 26 and 175 of this budget include contribution cost projections through FY 2038-39. A table on page 29 of the budget projects pension contribution costs through FY 2045-46.
471 Redwood City, Fiscal Year 2018-2019 Adopted Budget, p. 173. Redwood City, Recommended Budget Fiscal Year 2019-2020, pp. 26 & 175.
472 Ibid., pp. 166 &176.
473 Grand Jury interview.
474 Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 16.
475 Ibid.
476 Ibid., p. 17.

costs.[477] Staff has estimated that, by paying CalPERS an extra $1.6 million per year over the next 18 years, the City would receive net savings of approximately $6 to $27 million.[478] If the City made additional annual payments averaging $5.56 million over 15 years, the City's estimated net savings would be approximately $100 million.[479]

At its June 10, 2019 meeting, the City Council approved making an additional payment of $0.6 million to CalPERS beyond the City's Annual Required Contribution out of the FY 2018-19 operating balance.[480] In addition, staff's ten-year general fund forecast included in the new FY2019-20 budget includes additional payments of CalPERS of $0.5 million per year through FY 2028-29.[481]

Staff's recommendation to the City Council in June 2019 is that, on a going forward basis, the City apply 80 percent of all general fund surpluses to pension funding (a combination of additional payments to CalPERS and transfers to the Section 115 Trust) as long as surpluses last.[482] Surpluses of $5.23 million and $3.93 million are projected for FY 2019-20 and FY 2020-21.[483] Putting 80 percent of those into pension funding would result in an additional $4.19 million for pensions in FY 2019-20 and another $3.15 million in FY 2020-21. These general fund surpluses are projected to turn into a deficit of $0.945 million in FY 2021-22 and thereafter to grow each year through FY 2028-29[484] if new revenues are not found, expense reductions made, or a combination of the two. Accordingly, staff considers FY 2019-20 and FY 2020-21 to be the City's best window for making substantial progress toward funding future pension cost increases.[485]

Pension Reserve Fund – Redwood City

In January 2018, Redwood City transferred $10.5 million into a Section 115 pension trust in order to pre-fund future pension payment obligations.[486] In late calendar 2018 the City decided to put another $0.55 million into the Section 115 trust in FY 2018-19.[487] At its June 10, 2019 meeting, the City Council approved contributing an additional $3 million to the Section 115 pension trust out of the FY 2018-19 general fund operating balance, which would bring total contributions to date approximately $14.05 million.[488]

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[477] Grand Jury interview. Redwood City, Staff Memorandum, March 21, 2019, re: Discussion Topics and Staff Recommendations for Meeting on March 25, 2019, pp. 2-5. Redwood City, Recommended Budget Fiscal Year 2019-2020, pp. 27-28.
[478] Ibid., p. 27.
[479] Redwood City, Staff Memorandum, March 21, 2019, re: Discussion Topics and Staff Recommendations for Meeting on March 25, 2019, pp. 4-5.
[480] Email from Redwood City, dated June 18, 2019.
[481] Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 26.
[482] Grand Jury interview.
[483] Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 176.
[484] Ibid.
[485] Grand Jury interview.
[486] Redwood City, Fiscal Year 2018-2019 Adopted Budget, p. 15.
[487] Grand Jury interview.
[488] Emails from Redwood City, dated June 18 and June 19, 2019.

In addition, the City's ten-year general fund budget forecast included in the FY 2019-20 budget contemplates the contribution of an additional $1.1 million per year to the Section 115 pension trust through the ten-year period from FY 2019-20 through FY 2028-29.[489] If made through FY 2028-29, total aggregate contributions to the trust would equal $25.05 million. However, it is possible that the City may begin drawing down some of the Section 115 pension trust balance in the out years of the ten-year forecast to mitigate the impact of rising pension costs, in which case annual contributions of $1.1 million might not continue.[490]

Employee Contribution to City's Normal Cost – Redwood City

Redwood City has negotiated cost-sharing agreements with certain employees bargaining units under which those employees pay a portion of the City's Normal Costs equal to between 2 percent and 9 percent of their salary.[491] The Grand Jury notes that Redwood City has also made a policy decision not to allow compensation increases to exceed CalPERS' assumption on cost-of-living increases, thus ensuring that pension costs will not rise faster than projected based on employee pay raises.[492]

Revenue Enhancement – Redwood City

In November 2018 Redwood City residents approved a half-cent sales tax increase which is expected to generate approximately $8.7 million per year.[493] Notwithstanding this increase, the City will need to find further substantial revenue enhancements to close the projected its projected general fund budget gap that opens up in FY 2021-22. To the extent it does not, major expense cuts through staffing reductions will have to be made.[494]

Pension Obligation Bonds – Redwood City

Redwood City does not have any outstanding pension obligation bonds.[495]

General Fund Reserves – Redwood City

Redwood City's ten-year general fund forecast projects that general fund reserves will increase from $21.4 million at the end of FY 2017-18 (representing 14.7 percent of general fund revenues) to $29.88 million at the end of FY 2019-20 (representing 19 percent of general fund revenues); thereafter dropping by $1.04 million, $4.36 million, $4.67 million, $7.6 million, and $9.31 million during the years from FY 2020-21 through FY 2024-25, at which point reserves will be down to $2.9 million (representing 1.7 percent of general fund

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489 Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 176.
490 Grand Jury interview.
491 Redwood City, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018, p. 66.
492 Grand Jury interview.
493 Redwood City, Staff Report for City Council Meeting on February 25, 2019 re: FY 2018-19 Mid-Year Budget Update and Proposed Process for Development of the FY 2019-20 Budget, p. 3. Email from Redwood City, dated June 7, 2019.
494 Grand Jury interview.
495 Email from Redwood City, dated June 7, 2019.

revenues).[496] The City's policies require that general fund reserves not drop below 15 percent of general fund revenues,[497] which is projected to occur by the end of FY 2022-23, unless revenues are increased or expenses reduced.[498]

Long-Term Financial Forecast – Redwood City

Prior to FY 2018-19, Redwood City's long-term general fund financial forecasting was based on a five-year period.[499] In FY 2018-19, however, the City changed this to a ten-year period.[500] This extension of the forecast period enabled the City Council and public to better understand the longer-term the general fund budget challenges facing the City.[501]

Redwood City included its long-term (five-year) general fund financial forecast in its FY 2018-19 budget[502] and its new ten-year general fund financial forecast is included in the City's FY 2019-20 budget.[503] Redwood has also added a "Fiscal Update" page to its public website (www.redwoodcity.org/fiscalupdate) (last accessed on June 16, 2019) that the Grand Jury finds to be quite helpful to access key information about Redwood City's most recent budget.

San Bruno

Pension Contribution Costs – San Bruno

San Bruno's pension contribution costs in FY 2017-18 were $7.18 million, up $0.832 million (13.1 percent) from $6.34 million in FY 2016-17. The City's FY 2017-18 pension contribution costs represented 32.2 percent of that year's covered payroll (up from 28.2 percent the preceding year) and 16.5 percent of its total general fund spending (up from 14.7 percent the preceding year).[504]

In addition to its contribution payments made to CalPERS, the City also makes annual, installment payments on its 2013 pension obligation bonds (originally issued in the principal amount of $13.18 million), which mature in FY 2026-27.[505] It paid $1.18 million on the bonds in FY 2017-18[506] and will pay approximately the same amount in FY 2018-

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496 Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 176.
497 Redwood City, Comprehensive Annual Financial Report Fiscal Year Ended June 30, 2018, p. vi of December 10, 2018 transmittal letter included in the report.
498 Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 176.
499 Redwood City, Staff Report for City Council Meeting on February 26, 2018 re: FY 2017-18 Mid-Year Budget Study Session and Proposed Process for Development of the FY 2018-19 Budget, p. 16.
500 Redwood City, Staff Report for City Council Meeting on February 25, 2019 re: FY 2018-19 Mid-Year Budget Update and Proposed Process for Development of the FY 2019-20 Budget, Attachment 2.
501 Grand Jury interview.
502 Redwood City, Fiscal Year 2018-2019 Adopted Budget, p. 174.
503 Redwood City, Recommended Budget Fiscal Year 2019-2020, p. 176.
504 Appendix A.
505 San Bruno, Adopted 2018-19 Operating and Capital Budget, p. 436.
506 San Bruno, Adopted Operating Budget for Fiscal Year 2017-18 and Adopted Capital Improvement Program for Fiscal Years 2017-18 Through 2021-22, p. 194.

19.[507] From FY 2019-20 through FY 2026-27 when the bonds are fully paid off, the City will make average annual payments on the bonds of approximately $0.883 million.[508] Taking bond payments into account, the City's total payments on account of its pensions (CalPERS and bond payments combined) were $8.35 million in FY 2017-18 (representing 37.5 percent of that year's covered payroll and 19.3 percent of total general fund spending), up $0.83 million (11 percent) from $7.52 million in FY 2016-17.[509]

The City projects its pension contribution costs will increase from FY 2017-18 by $6.27 million (87.4 percent) to $13.45 million by FY 2023-24.[510] The City does not have pension cost projections for any subsequent years.[511] The City projects its total pension costs (CalPERS and bond payments combined) will increase over FY 2017-18 costs by $6.27 million (75.1 percent) to $14.62 million by FY 2023-24.

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[512] However, the City has now included them in its new FY 2019-20 budget.[513]

Financial Overview – San Bruno

San Bruno describes its overall fiscal condition as "[s]table but not sustainable."[514] The City notes that it has "[h]ealthy general fund Reserves" but also "[s]ignificant unmet needs" including [f]ailing infrastructure" and "[r]ising pension and other employee costs."[515]

The City goes on to explain that "[t]hrough the proposed budget, the City will be able to maintain core service levels as well as make modest enhancements in a few notable areas …. However, the proposed budget reflects tough choices to not enhance needed services due to financial constraints in both the operating and capital budgets. There [are] remaining millions of dollars' worth of deferred capital improvements and maintenance, and the City is not able to meet the needs and service priorities of the community in several areas – most notably annual roadway rehabilitation and pothole repairs." "The backlog of deferred maintenance to public infrastructure and future growth in employee costs (both direct

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507 The amount San Bruno paid in FY 2017-18 was $1,177,481 and the amount it will pay on the bonds in FY 2018-19 is $1,179,931. San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018, p. 64.

508 San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018, p. 64.

509 FY 2016-17 debt service payments on the pension obligation bonds totaled $1.18 million (San Bruno, Adopted Fiscal Year 2016-17 Operating and Capital Budget, p. K-5.) FY 2016-17 pension contribution costs are in Appendix A.

510 Emails from San Bruno dated April 22, 2019 and May 6, 2019. These emails contain pension cost projections through FY 2024-25.

511 Email from San Bruno dated May 6, 2019.

512 San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018. San Bruno, Adopted 2018-19 Operating and Capital Budget.

513 San Bruno, Proposed FY 2019-20 Operating and Capital Budget, p. A10. The budget contains projected pension cost numbers through FY 2024-25.

514 San Bruno, Proposed FY 2019-20 Operating and Capital Budget, p. A2.

515 San Bruno, Presentation Slides for City Council Meeting on November 27, 2018 re: Fiscal Sustainability Study Session – Presentation on the Scope of Work for a Comprehensive Fiscal Sustainability Project, Slide 9.

compensation and long-term post-employment liabilities) will continue to significantly impact the health of the City's General Fund. In addition, funding the needed and State-mandates improvements to the City's stormwater system cannot be accomplished within existing resources and remains a significant financial challenge."[516]

Not surprisingly, San Bruno emphasizes that it has a "[n]eed for new revenues." "As discussed above, the Proposed Operating Budget includes viable strategies to balance revenues and expenditures and to assure continuation of all necessary programs and service delivery in the coming year. However, current projections indicated that the practice of using prior year fund balance to supplement annual revenues to cover operating expenditures is not sustainable long-term. Continuing cost increases to support necessary services creates a situation where there is insufficient revenue available to support existing service levels 2 to 3 years into the future."[517]

Additional Payments to CalPERS – San Bruno

San Bruno is not currently considering making additional payments to CalPERS beyond its Annual Required Contribution.[518] However, staff is developing a set of options for managing rising pension costs that the City Council can discuss.[519]

Pension Reserve Fund – San Bruno

San Bruno has not established any reserves specific to meeting rising pension costs in the future. However, as noted above, staff is developing a set of options for managing rising pension costs that the City Council can discuss.[520]

Employee Contribution to City's Normal Cost – San Bruno

San Bruno does not have any cost sharing agreements in place with its employees under which employees pay any portion of the City's pension costs.[521]

Revenue Enhancement – San Bruno

San Bruno recognizes that revenue enhancement is a necessary component for its long-term fiscal sustainability.[522] As part of that process, the City is working to maximize existing revenue streams, by among other things, auditing payments to the City of transient occupancy taxes, property taxes and business license fees to ensure that all amounts due are, in fact, being paid. The City is also tightening up water and waste utility billing

[516] San Bruno, Proposed FY 2019-20 Operating and Capital Budget, p. A2.
[517] Ibid., p. A12.
[518] Grand Jury interview.
[519] Ibid.
[520] Ibid.
[521] Email from San Bruno dated April 22, 2019.
[522] Grand Jury interview. San Bruno, Presentation Slides for City Council Meeting on February 19, 2019 re: Revenue Enhancements City Council Study Session.

processes and significantly expanding the scope of business development impact fees it assesses.[523]

San Bruno is also currently engaged in a process to identify potential revenue enhancement ballot measures, including a 2 percent increase in its transient occupancy tax (commonly referred to as a "hotel tax") that could yield annual additional revenues of approximately $0.55 million and an increase of a quarter-cent or half-cent to its sales tax that could yield annual additional revenues of approximately $2 million at the quarter-cent rate and $4 million at the half-cent rate. The City has to option of putting these two possible measures on the ballot in either November 2019 or 2020.[524]

Pension Obligation Bonds – San Bruno

In January 2013, San Bruno issued pension obligation bonds in the principal amount of $13.18 million[525] which mature in FY 2026-27.[526] The City paid $1.18 million on the bonds in FY 2017-18[527] and will pay approximately the same amount in FY 2018-19.[528] From FY 2019-20 through FY 2026-27 when the bonds are fully paid off, the City will make average annual payments on the bonds of approximately $0.883 million.[529]

General Fund Reserves – San Bruno

As of June 30, 2018, San Bruno had a general fund reserve of $11.25 million.[530] The City projects that this reserve will increase to $12.09 million as of June 30, 2019,[531] and to $12.77 million as of June 30, 2020.[532] The City's goal is to maintain this reserve of at least 25 percent of general fund expenditures and City policy requires that the balance not fall below 15 percent of general fund operating expenditures except upon a declaration of emergency.[533] The June 30, 2018 general fund reserve balance was 25.9 percent of the $43.4 million in FY 2017-18 general fund expenditures.[534]

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523 Grand Jury interview.

524 San Bruno, Presentation Slides for City Council Meeting on February 19, 2019 re: Revenue Enhancements City Council Study Session, p. 27.

525 San Bruno, Adopted 2018-19 Operating and Capital Budget, p. 436.

526 Grand Jury interview. San Bruno, Adopted Fiscal Year 2016-17 Operating and Capital Budget, p. K-4.

527 San Bruno, Adopted Operating Budget for Fiscal Year 2017-18 and Adopted Capital Improvement Program for Fiscal Years 2017-18 Through 2021-22, p. 194.

528 The amount San Bruno paid in FY 2017-18 was $1,177,481 and the amount it will pay on the bonds in FY 2018-19 is $1,179,931. San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018, p. 64.

529 San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018, p. 64.

530 Ibid., p. 72.

531 San Bruno, Adopted 2018-19 Operating and Capital Budget, p. 5 of Citywide Summary of Funds.

532 San Bruno, Proposed FY 2019-20 Operating and Capital Budget, p. 5 of Citywide Summary of Funds.

533 San Bruno, Adopted 2018-19 Operating and Capital Budget, p. C13.

534 San Bruno, Comprehensive Annual Financial Report for the Year Ended June 30, 2018, p. 30.

San Bruno projects that it will incur general fund operating budget deficits of $2.09 million in FY 2018-19 and $0.376 million in FY 2019-20.[535] which will be funded out of the FY 2017-18 general fund balance.[536]

Long-Term Financial Forecast – San Bruno

San Bruno has noted that, in order to "[d]evelop a comprehensive understanding of the financial pressures and constraints on the City's general fund, today and in the foreseeable future" it needs to "[d]evelop a ten-year operating budget forecast (general fund revenues and expenses)."[537]

Prior to its just-released FY 2019-20 proposed budget[538] San Bruno had not previously prepared any long-term general fund financial forecasts.[539] However, staff has now added a five-year general fund operating budget forecast to their budget.[540] As part of the City's "Fiscal Sustainability Plan," staff plans to extend that to a ten-year period. No date has yet been set for staff to deliver that longer forecast.[541]

San Carlos

Pension Contribution Costs – San Carlos

San Carlos' contribution payments to CalPERS in FY 2017-18 were $9.7 million, up $7.47 million (334 percent) from $2.24 million in FY 2016-17.[542] However, $6 million of the FY 2017-18 payment reflected one-time additional payments that San Carlos made to CalPERS beyond its Annual Required Contribution.[543] San Carlos' Annual Required Contribution in FY 2017-18 was $3.7 million, up $1.46 million (65.2 percent) from $2.24 million in FY 2016-17. The City's FY 2017-18 total contribution payments represented 86.9 percent of that year's covered payroll of $11.17 million (up from 20.2 percent the preceding year) and 22.8 percent of its total general fund spending of $42.5 million (up from 6.7 percent the preceding year).[544] However, the City's total Annual Required Contribution for the year represented only 33.1 percent of that year's covered payroll and 8.7 percent of its total general fund spending.

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535 San Bruno, Proposed FY 2019-20 Operating and Capital Budget, p. A2.

536 San Bruno, Adopted 2018-19 Operating and Capital Budget, pp. A5 – A6. Email from San Bruno, dated June 13, 2019.

537 San Bruno, Presentation Slides for City Council Meeting on November 27, 2018 re: Fiscal Sustainability Study Session – Presentation on the Scope of Work for a Comprehensive Fiscal Sustainability Project, Slide 11.

538 San Bruno, Proposed FY 2019-20 Operating and Capital Budget.

539 San Bruno, Adopted 2018-19 Operating and Capital Budget.

540 San Bruno, Proposed FY 2019-20 Operating and Capital Budget, pp. 6-8 of Citywide Summary of Funds.

541 Grand Jury interview.

542 Appendix A.

543 See, more detailed discussion below in Section entitled "Additional Payments to CalPERS – San Carlos".

544 Appendix A.

The City projects its pension contribution costs will increase from FY 2017-18 (excluding the $6 million additional payment) by $2.8 million (63.6 percent) to $6.5 million by FY 2023-24 and by an additional $0.5 million (7.7 percent) to $7 million by FY 2027-28.[545]

The City's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-2020 budget.[546] In order to find these projected costs online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: sancarlosca.iqm2.com/Citizens/Default.aspx (last accessed on June 5, 2019.) That search would eventually lead to the agenda for its meeting on April 9, 2018,[547] which has a link entitled "a. Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the California Public Employees Retirement System (CalPERS) Unfunded Pension Liability in the Amount of $5 Million, and Funding the Other Post Employment Benefit Trusts: California Employers' Retirement Benefit Trust (CERBT) in the Amount of $1 Million and Public Agency Retirement Services (PARS) in the Amount of $1 Million." which takes the reader to the City's April 9, 2018 staff report that contains a graph with the projected costs.[548]

Financial Overview – San Carlos

San Carlos' five-year general fund forecast projects steadily increasing revenues (including net transfers to the general fund) from $44.35 million in FY 2018-19 to $49.33 million in FY 2022-23, and also rising expenses from $44.3 million in FY 2018-19 to $48.6 million in FY 2022-23.[549] The City projects modest operating surpluses in the general fund totaling $3.95 million over the five-year period FY 2018-19 through FY 2022-23.[550]

Additional Payments to CalPERS – San Carlos

San Carlos made an additional one-time payment to CalPERS of $5 million beyond its Annual Required Contribution in FY 2017-18.[551] Staff projects this will result in

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545 San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 3. The report contains pension cost projections through FY 2047-48.

546 San Carlos, Comprehensive Annual Financial Report for Fiscal Year 2017-2018. San Carlos, 2018 – 2020 Adopted Budget.

547 San Carlos, Agenda for City Council Meeting on April 9, 2018.

548 San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 3.

549 San Carlos, 2018 – 2020 Adopted Budget, p. 63.

550 Ibid. Email from San Carlos, dated June 11,2019.

551 San Carlos, 2018 – 2020 Adopted Budget, p. 23. Grand Jury interview. San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 1.

contribution cost reductions of $0.515 million per year for 18 years.[552] The City also made $1 million one-time payment to PARS at that time, which staff projects will result in savings of approximately $0.06-$0.07 million per year for 18 years.[553]

The City expects to decide in November 2019, after receipt of audited FY 2018-19 financials, on whether to make a further additional payment to CalPERS and also whether to increase the amount of its "Unfunded Liabilities" reserve for pension costs. The City notes that its preference is making additional payments to CalPERS beyond the minimum requirements rather than holding money in a reserve because only the former actually reduces long-term pension costs.[554]

Pension Reserve Fund – San Carlos

San Carlos has transferred $1 million into a Section 115 Trust through PARS to help pay for future PARS pension costs.[555]

In addition, as of end of FY 2017-18 San Carlos had a $2 million "Unfunded Liabilities" reserve for use in managing pension costs.[556] The City expects to decide in November 2019, after receipt of audited FY 2018-19 financials, on whether/how much to increase this reserve amount.[557]

Employee Contribution to City's Normal Cost – San Carlos

San Carlos is not currently considering asking its employees to pay a portion of the City's pension costs. The City does not pay any portion of employees' pension costs.[558]

Revenue Enhancement – San Carlos

San Carlos is not currently evaluating the possibility of bringing forward any revenue enhancement ballot measures.[559]

[552] San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 1.
[553] San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 4.
[554] Grand Jury interview.
[555] San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 4.
[556] San Carlos, Comprehensive Annual Financial Report for Fiscal Year 2017-2018, p. 26. San Carlos, Staff Report for City Council Meeting on November 13, 2018 re: Consideration of Adopting a Resolution Approving the General Fund Balance Reserve Allocations, p. 2.
[557] Grand Jury interview.
[558] Ibid.
[559] Email from San Carlos, dated June 11, 2019.

Pension Obligation Bonds –San Carlos

San Carlos does not have any outstanding pension obligation bonds.[560]

General Fund Reserves – San Carlos

As of the end of FY 2017-18, San Carlos had a general fund ending balance of $29.6 million, of which $6.23 million were in an "Economic Uncertainty" reserve, $7.69 million were in a reserve for "Strategic Property Acquisition," $2 million were in a "PG&E Community Endowment," $2 million were in the "Unfunded Liabilities" reserve, $7.84 million were in "Facility/Infrastructure Reserves," $3.17 million were unassigned and $0.61 million were not spendable.[561]

San Carlos notes that the Government Finance Officers Association ("GFOA") "best practice" recommendation is that unrestricted general fund balances be, at a minimum, equal to two months (16.7 percent) of regular general fund operating revenues or expenses.[562] The City's unrestricted general fund balance at the end of FY 2017-18 was $29.55 million, an amount equal to 69.5 percent of general fund expenditures of $42.49 million.[563] In its FY 2018-20 budget, the City projected that the general fund balance at the end of FY 2018-19 would be $22.12 million (47.6 percent of expenditures of $44.32 million), $21.81 million at the end of FY 2019-20 (49.1 percent of projected expenditures of $44.43 million), $22 million at the end of FY 2020-21 (49.4 percent of projected expenditures of $44.5 million), $21.27 million at the end of FY 2021-22 (45.7 percent of projected expenditures of $46.54 million), and $20.04 million at the end of FY 2022-23 (41.3 percent of projected expenditures of $48.56 million).[564]

San Carlos' policy is that its Economic Uncertainty reserve not be allowed to drop below 12.5 percent of general fund expenditures, but the City notes that a balance of 20 percent is "highly desirable."[565] As of the end of FY 2017-18, the Economic Uncertainty reserve balance was $6.23 million,[566] representing 14.7 percent of general fund expenditures of $42.49 million for the year.[567]

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560 Ibid.

561 San Carlos, Staff Report for City Council Meeting on November 13, 2018 re: Consideration of Adopting a Resolution Approving the General Fund Balance Reserve Allocations, p. 3.

562 San Carlos, Staff Report for City Council Meeting on March 12, 2018 re: Report to Council on the City's Reserves, Unfunded Pension Liabilities and Unfunded Capital Projects, p.1.

563 San Carlos, Comprehensive Annual Financial Report for Fiscal Year 2017-2018, p. 30.

564 San Carlos, 2018 – 2020 Adopted Budget, pp. 63.

565 San Carlos, Staff Report for City Council Meeting on November 13, 2018 re: Consideration of Adopting a Resolution Approving the General Fund Balance Reserve Allocations, p.3.

566 Ibid. San Carlos, Comprehensive Annual Financial Report for Fiscal Year 2017-2018, p. 30.

567 Ibid.

During FY 2017-18, San Carlos withdrew $7 million out of existing general fund reserves in order to make a one-time $5 million additional payment to CalPERS, and to transfer $1 million into a pension trust and $1 million into a trust for OPEB liabilities.[568]

Long-Term Financial Forecast – San Carlos

San Carlos' long-term general fund financial planning is based on a five-year forecast period. The City includes its long-term general fund forecast in its 2018 – 2020 budget.[569]

San Mateo

Pension Contribution Costs – San Mateo

San Mateo's pension contribution costs in FY 2017-18 were $19.7 million, up $0.787 million (4.2 percent) from $18.91 million in FY 2016-17.[570] The City's FY 2017-18 pension contribution costs represented 31.2 percent of that year's covered payroll (down from 32.2 percent the preceding year) and 17.7 percent of its total general fund spending (down from 18.2 percent the preceding year).[571]

San Mateo's actuarial consultant (Bartel Associates, LLC) projects its pension contribution costs will increase from the FY 2017-18 number by $11.7 million (59.4 percent) to $31.4 million by FY 2023-24 and by an additional $4.65 million (14.8 percent) to $36.06 million by FY 2027-28.[572]

San Mateo's projected pension contribution costs are not included in its FY 2017-18 CAFR, or in its budgets for FY 2017-18 or FY 2018-20,[573] and the projections by its actuarial consultant (Bartel Associates, LLC) are not published by the City on its website.[574] The Grand Jury obtained a copy of the Bartel report through a document request to the City. The City does include projected general fund pension costs in its budgets and in its FY 2018-20 budget through FY 2028-29.[575] While general fund pension costs do not represent the San Mateo's total pension costs, they do represent a large majority of the costs and the inclusion of the general fund cost information is helpful to an understanding of the impact of rising pension costs on the City. The Grand Jury's review of online agenda

[568] San Carlos, 2018 – 2020 Adopted Budget, pp. 63-64. San Carlos, Staff Report for City Council Meeting on April 9, 2018 re: Consideration of Adopting a Resolution Authorizing the City Manager to Transfer $7 Million from the Unfunded Liability Reserve to Pay Down the [CalPERS] Unfunded Pension Liability in the Amount of $5 Million, p. 1.

[569] San Carlos, 2018 – 2020 Adopted Budget, pp. 63-64. The City also included a general fund forecast through FY 2020-21 in its 2017-18 Adopted Budget, p. 32.

[570] Appendix A.

[571] Ibid.

[572] Bartel Associates, LLC report to City of San Mateo, October 25, 2019, pp. 28 & 46. This report contains pension cost projections through FY 2029-30.

[573] San Mateo, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018. San Mateo, Adopted 2017-18 Budget. San Mateo, Adopted 2018-20 Business Plan.

[574] Email from San Mateo, dated June 12, 2019.

[575] San Mateo, Adopted 2017-18 Budget, p. 11. San Mateo, Adopted 2018-20 Business Plan, p. 11. San Mateo, Proposed 2019-20 Budget, p. 11. The 2019-20 proposed budget provides pension cost projections for the general fund through FY 2029-30.

packages from San Mateo City Council meetings on the City's website at: https://cosm.legistar.com/Calendar.aspx (last accessed on June 12, 2019) also yielded an link to the January 22, 2019 City Council meeting agenda that provides pension cost projects for the City as a whole (not limited to costs to the general fund) through FY 2029-30.

Financial Overview – San Mateo

In February 2018, San Mateo noted that "the City is currently in a strong financial position" but that "the long-term financial plan [is] out of structural balance, primarily due to rising pension costs and competing demands for general fund resources."[576]

Staff notes that, under the City's current long-term plan, "funding for all resource demands is not entirely sustainable."[577] The plan contemplates that the City will have to make annual net reductions in general fund spending of approximately $2.32 million each year throughout the plan period in order to absorb rising pension costs and keep the current 25 percent operating reserve and housing reserve at policy levels.[578] (See, discussion of "General Fund Reserves – San Mateo" below.)

Additional Payments to CalPERS – San Mateo

San Mateo made the following additional payments to CalPERS beyond its Annual Required Contributions: $1.38 million in FY 2016-17, and $1.4 million in FY 2017-18. The City also made a $1.63 million additional payment in FY 2018-19, for a total over all three years of $4.41 million.[579]

San Mateo's current plan is to apply 50 percent of future ERAF refunds toward making further additional payments to CalPERS beyond its Annual Required Contributions.[580] Staff expects the City's ERAF refund to be approx. $4 - $5 million per year over the next ten years,[581] and it projects annual additional payments to CalPERS of approximately $2 million per year. The City's current projection is that application of 50 percent of projected ERAF refunds toward additional pension payments to CalPERS over the course of the period from FY 2019-20 through FY 2029-30 would yield total additional payments of $22.8 million.[582] Staff has not presented the City Council with any data on projected, long-term pension savings to be realized from these additional payments.[583]

576 San Mateo, Administrative Report Re: 2018-20 Business Plan – Preliminary Review, April 16, 2018, p. 1.
577 San Mateo, Proposed 2019-20 Budget, p. 54.
578 Ibid., pp. 44-45 & 54.
579 Grand Jury interview. Emails from San Mateo, dated June 12 and June 13, 2019.
580 San Mateo, Adopted 2018-20 Business Plan, pp. 13 & 69. Grand Jury interview.
581 Grand Jury interview.
582 Email from San Mateo, dated June 12, 2019. Grand Jury interview.
583 Ibid.

Pension Reserve Fund – San Mateo

San Mateo does not currently plan to create a pension stabilization reserve because setting aside funds in a reserve does not reduce long-term pension costs.[584]

Employee Contribution to City's Normal Cost – San Mateo

San Mateo has cost-sharing agreements in place with employees under which they agree to pay a portion of the City's pension costs.[585] The City does not currently expect to ask employees to pay any greater portion of pension contribution costs in the future.[586]

Revenue Enhancement – San Mateo

San Mateo's City Council has directed staff to poll San Mateo voters on their support for revenue enhancement ballot measures, including increasing the City's transient occupancy tax ("hotel tax") rate, the business tax rates and/or the real property transfer tax rate.[587] The City notes that it is exploring tax increase measures for the November 2020 ballot.[588]

Pension Obligation Bonds – San Mateo

San Mateo does not have any outstanding pension obligation bonds.[589]

General Fund Reserves – San Mateo

San Mateo's general fund reserves are projected to decrease from $75.5 million in FY 2017-18 to $58.35 million in FY 2029-30, while remaining reserves (net of the City's 25 percent operating reserve and its housing reserve) decrease from $44.76 million in FY 2017-18 to zero by FY 2029-30.[590] The City's policy is to maintain a reserve of 25 percent of budgeted general fund operating expenditures,[591] which will have to be increased from $26.84 million in FY 2017-18 to $40 million in FY 2029-30 in order to remain at 25 percent of projected expenditures, while the amount of the City's housing reserve is projected to increase from $3.9 million in FY 2017-18 to $18.41 in FY 2029-30.[592]

Staff notes that under the City's current long-term plan, "funding for all resource demands is not entirely sustainable."[593] The plan contemplates that the City will have to make net reductions in general fund expenditures of approximately $2.32 million per year from FY 2020-21 through FY 2029-30 in order to maintain its 25 percent operating reserve and the housing reserve at policy levels,[594] and even with such net reductions, the remaining

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[584] Ibid.
[585] San Mateo, Adopted 2017-18 Budget, p. 52.
[586] Grand Jury interview.
[587] Email from San Mateo, dated June 12, 2019.
[588] San Mateo, Proposed 2019-20 Budget, p. 12.
[589] Email from San Mateo, dated June 13, 2019.
[590] San Mateo, Proposed 2019-20 Budget, pp. 44-45.
[591] San Mateo, Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2018, p. xi to Letter of Transmittal.
[592] San Mateo, Proposed 2019-20 Budget, pp. 44-45.
[593] Ibid., p. 54.
[594] Ibid., pp. 44-45 & 54.

reserves described above will be drawn down from $44.76 million in FY 2017-18 to zero in FY 2029-30.[595]

Long-Term Financial Forecast – San Mateo

San Mateo's general fund long-term financial forecasting is based on a ten-year period. The City included this long-term forecast it its readily-accessible FY 2017-18 and FY 2019-20 budgets.[596]

South San Francisco

Pension Contribution Costs - South San Francisco

South San Francisco's pension contribution costs in FY 2017-18 were $15.49 million, up $2.19 million (16.5 percent) from $13.3 million in FY 2016-17. The City's FY 2017-18 pension contribution costs represented 34 percent of that year's covered payroll (up from 27.2 percent the preceding year) and 16 percent of its total general fund spending (up from 14.4 percent the preceding year).[597]

The City projects its pension contribution costs will increase by at least $9.42 million (60.8 percent) to $24.91 million by FY 2023-24 and by an additional $2.51 million (10.1 percent) to $27.42 million by FY 2027-28.[598]

The City's projected, annual pension contribution costs are not included in its FY 2017-18 CAFR, or in its FY 2018-19 budget.[599] In order to find these projected costs online, it is necessary to manually search through City Council meeting agenda packages, which can be accessed at the following website: https://ci-ssf-ca.legistar.com/Calendar.aspx. (Last accessed on June 8, 2019.) That search would eventually lead to agenda information about the September 26, 2018 City Council meeting at https://ci-ssf- ca.legistar.com/Meeting Detail.aspx?ID=621621&GUID=3C2F6C1E-F701-4040-8E44-2DAB2DBCF52D&Options=info&Search (last accessed on June 8, 2019), a staff report for that meeting regarding pensions[600] and a set of pension contribution projections

595 San Mateo, Adopted 2017-18 Budget, pp. 46-47. San Mateo, Proposed 2019-20 Budget, pp. 44-45 & 54.
596 Ibid., pp. 44-45.
597 Appendix A.
598 Attachment 4 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs. This report contains pension cost data through FY 2027-28. The City also has pension cost projections going out to FY 2045-46 that were prepared for a September 26, 2018 City Council meeting. They are Attachment 2 to the Staff Report for the September 26, 2018 City Council meeting re: Report regarding a resolution approving and authorizing the City Manager to sign a response to the San Mateo County Grand Jury Report "Soaring City Pension Costs – Time for Hard Choices."
599 South San Francisco, Comprehensive Annual Financial Report for Year Ended June 30, 2018. South San Francisco, Adopted Operating Budget for Fiscal Year 2018-19.
600 South San Francisco, Staff Report for City Council meeting on September 26, 2018 re: Report regarding a resolution approving and authorizing the City Manager to sign a response to the San Mateo County Grand Jury Report "Soaring City Pension Costs – Time for Hard Choices."

attached to that report as "Attachment 2."[601] The search of the City's online City Council meeting agendas would also eventually lead to information about the April 9, 2019 City Council meeting at https://ci-ssf-ca.legistar.com/ MeetingDetail.aspx?ID=683321&GUID=18367370-F11F-4D7B-9D54-5050862A9304&Options=info&Search= (last accessed on June 8, 2019) a staff report for that meeting regarding, among other things, pensions,[602] and a set of pension contribution projections attached to that report as "Attachment 10."[603] In response to this paragraph, the City points out that "The City's current unfunded liability of $179 million and the apex of annual pension payments of $29 million in FY 2028-29 can be found on the City's website www.ssf.net.department/finance."[604]

Financial Overview – South San Francisco

South San Francisco city staff does not believe that rising future pension costs represent a major financial issue for the City. Staff believes the City is in a strong financial position with solid future revenue growth.[605]

The City projects general fund revenues increasing from $109.05 million in FY 2018-19 to $127.38 million in FY 2023-24, to $141.68 million in FY 2027-28.[606] The City further projects that its general fund reserves will increase from $21.21 million at the end of FY 2018-19 to $25.12 in FY 2023-24, to $27.98 million in FY 2027-28.[607]

Additional Payments to CalPERS - South San Francisco

South San Francisco is not currently considering making any additional payments to CalPERS beyond its Annual Required Contribution. When staff last investigated this possibility, it concluded that an additional payment of at least $10 million would be required to significantly reduce future pension costs.[608]

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[601] South San Francisco, Attachment 2 – Pension Contributions 2016-2046, linked to Staff Report for City Council meeting on September 26, 2018.
[602] South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[603] South San Francisco, Attachment 4 to Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[604] Email from South San Francisco, dated June 14, 2019.
[605] Grand Jury interview.
[606] Attachment 8, p. 1 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[607] Attachment 8, p. 2 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[608] Grand Jury interview.

Pension Reserve Fund - South San Francisco

As of the end of FY 2017-18 South San Francisco had allocated $4.5 million to an internal pension stabilization reserve.[609] The City plans to transfer another $1 million to this fund in FY 2019, bringing the total to $5.5 million.[610]

Staff's recommendation to the City Council in November 2018 was to move this $5.5 million to a Section 115 Trust[611] in order to earn higher returns on these funds that the City's internal funds earn.[612] However, City Council members expressed concerns about the loss of control over the funds entailed by putting them in a Section 115 Trust.[613] In April 2019 staff instead recommended a plan for managing rising future pension costs consisting of: (a) expanding the City's revenue and tax base, (b) considering transferring a portion of any future general fund surpluses to the internal pension reserve, (c) lowering the City's pension cost through continued and expanded cost-sharing with employees, and (d) continuing to explore the possibility of a Section 155 trust.[614]

Staff's recommendation to council is also, beginning in FY 2022-23, and "depending on available funds," to contribute an additional $1 million per year to the pension trust fund.[615]

Employee Contribution to City's Normal Cost - South San Francisco

South San Francisco has cost-sharing agreements in place with safety employees under which those employees will pay a portion of the City's pension costs equal to 3 percent of their salary.[616] In FY 2020 labor negotiations, the City expects to negotiate for employees take on a greater share of pension costs.[617]

Revenue Enhancement - South San Francisco

In November 2018, South San Francisco residents approved revenue enhancement ballot measures to increase its transient occupancy tax ("TOT" and sometimes referred to as the

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609 South San Francisco, Adopted Operating Budget for Fiscal Year 2018-19, p. B-5.

610 Grand Jury interview. South San Francisco, Slide presentation for City Council meeting on November 14, 2018 re: Fiscal Year 2017-18 Year-End Results, Attachment 4 to the Staff Report for City Council meeting on November 14, 2018 re: Report regarding resolution accepting the financial results for the fiscal year ended June 30, 2018, and approving Budget Amendment 18.034., slides 2 & 7.

611 South San Francisco, Slide presentation for City Council meeting on November 14, 2018 re: Pension Study Session, Attachment 10 to the Staff Report for City Council meeting on November 14, 2018 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs, slide 16.

612 Grand Jury interview.

613 Ibid.

614 South San Francisco, Presentation Slides for Pension Study Session on April 9, 2019, Attachment 10 to Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs, slides 15 & 16.

615 South San Francisco, Slide presentation for City Council meeting on November 14, 2018 re: Pension Study Session, Attachment 10 to the Staff Report for City Council meeting on November 14, 2018 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs, p. 16.

616 South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs, pp. 5-6.

617 Grand Jury interview.

"hotel tax") (Measure FF)[618] and to impose a business license tax on commercial cannabis operations (Measure LL).[619] Measure FF is projected to increase revenues by approximately $5.9 million per year.[620] The City is not currently planning on putting any new revenue enhancement ballot measures before voters in the near future.

<u>Pension Obligation Bonds – South San Francisco</u>

South San Francisco does not have any outstanding pension obligation bonds.[621]

<u>General Fund Reserves - South San Francisco</u>

South San Francisco's general fund unassigned reserves balance at the end of FY 2017-18 was $19.64 million,[622] which represented 16.5 percent of the City's $118.87 million in general fund revenues for the year.[623] The City's reserve policy is to have general fund unassigned reserves equal to between 15 percent and 20 percent of general fund operating revenues.[624]

The City projects general fund revenues in FY 2018-19 of $109.05 million and that these revenues will increase to $127.38 million in FY 2023-24, and to $141.68 million in FY 2027-28.[625] The City further projects that its general fund reserves will increase from $21.21 million (representing 19.5 percent of operating expenses) at the end of FY 2018-19 to $25.12 million (representing 19.7 percent of operating expenses) in FY 2023-24, to $28.98 million (representing 19.7 percent of operating expenses) in FY 2027-28.[626]

<u>Long-Term Financial Forecast – South San Francisco</u>

South San Francisco's long-term financial forecasting period is 10 years.[627] The City's long-term financial forecast is not included in its FY 2018-19 budget.[628] In order to find its forecast online, it is necessary to manually search agenda packages from the City Council calendar of meetings (listed at https://ci-ssf-ca.legistar.com/Calendar.aspx)[629] for references to budgets and/or forecasts. That search of the City's online City Council meeting agendas

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[618] Ballotpedia, Local Ballot Measures, South San Francisco, California, Measure FF, Hotel Tax Increase (November 2018).
[619] Ballotpedia, Local Ballot Measures, South San Francisco, California, Measure LL, Marijuana Business Tax (November 2018)
[620] South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs, p. 6.
[621] Email from South San Francisco, dated June 14, 2019.
[622] South San Francisco, Comprehensive Annual Financial Report for Year Ended June 30, 2018, pp. 32 & 74.
[623] Ibid., p. 36.
[624] Ibid., p. 74.
[625] Attachment 8, p. 1 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[626] Attachment 8, p. 2 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[627] Attachment 8 to South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
[628] South San Francisco, Adopted Operating Budget for Fiscal Year 2018-19.
[629] Last accessed on May 10, 2019.

would eventually lead to information about the April 9, 2019 City Council meeting at https://ci-ssf-ca.legistar.com/MeetingDetail.aspx?ID=683321&GUID=18367370-F11F-4D7B-9D54-5050862A9304&Options=info&Search= (last accessed on June 8, 2019) a staff report for that meeting regarding, among other things, pensions,[630] and a general fund ten-year forecast attached to that report as "Attachment 8."[631]

Woodside

Pension Contribution Costs - Woodside

Woodside's pension contribution costs in FY 2017-18 were $0.39 million, up $0.067 million (20.8 percent) from $0.323 million in FY 2016-17.[632] The Town's FY 2017-18 pension contribution costs represented 18.8 percent of that year's covered payroll (up from 16.2 percent the preceding year) and 5.7 percent of its total general fund spending (up from 4.8 percent the preceding year).[633]

The Town projects its pension contribution costs will increase by $0.316 million (81.2 percent) to $0.706 million by FY 2023-24 and by an additional $0.152 million (21.6 percent) to $0.859 million by FY 2027-28.[634]

The Town's projected pension contribution costs are not included in its FY 2017-18 financials,[635] its FY 2018-19 budget,[636] or its FY 2019-21 budget,[637] nor was the Grand Jury able to find them in any report that is included in City Council meeting agenda packages from January 1, 2018 to June 15 2019. While the Town's operating budget forecasts contained in its FY 2018-19 budget and FY 2019-21 budget set forth combined annual cost projections for CalPERS and "Retiree Health Benefits,"[638] the CalPERS costs – on a standalone basis – cannot be determined from this.

Financial Overview – Woodside

Woodside views its financial health as good. The Town projects ending FY 2018-19 with a general fund balance of $7.89 million; equal to 95.5 percent of its projected general fund revenues of $8.24 million for the year[639] and it reports that this allows it the luxury of being able to think long-term.[640]

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630 South San Francisco, Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
631 South San Francisco, Attachment 8 (General Fund 10-year forecast $1M contribution to CalPERS) to Staff Report for City Council meeting on April 9, 2019 re: Study session regarding a comprehensive financial review of the City of South San Francisco, including pension costs.
632 Appendix A.
633 Ibid.
634 Appendix A. Email from Woodside dated May 23, 2019.
635 Woodside, Annual Financial Report for the Fiscal Year Ended June 30, 2018
636 Woodside, Adopted Budget Fiscal Year 2018-19.
637 Woodside, Proposed Budget Fiscal Years 2019-21
638 Woodside, Adopted Budget Fiscal Year 2018-19, p. 6. Woodside, Proposed Budget Fiscal Years 2019-21, p. 8.
639 Woodside, Proposed Budget Fiscal Years 2019-21, p. 8.
640 Grand Jury interview.

Additional Payments to CalPERS - Woodside

Woodside does not currently have any plan to make additional payments to CalPERS in excess of its Annual Required Contribution.[641]

Pension Reserve Fund - Woodside

On March 26, 2019, Woodside's staff recommended to the City Council that the Town establish a Section 115 Trust for the purpose of helping cushion the budgetary impact of future pension costs increases and "that the upcoming budget include funds to be contributed to the Section 115 trust."[642] The Town plans to contribute a total of $1.8 million to the trust over the next three fiscal years.[643]

Employee Contribution to City's Normal Cost - Woodside

Woodside does not have any agreements in place with its employees under which they pay for any portion of the Town's pension obligations.[644]

Revenue Enhancement - Woodside

Woodside does not currently have any plans for seeking voter approval of any revenue enhancement measures.[645]

Pension Obligation Bonds - Woodside

Woodside does not have any outstanding pension obligation bonds.[646]

General Fund Reserves - Woodside

Woodside currently projects cumulative general fund budget deficits of $3.71 million over the ten years from FY 2018-19 to FY 2027-28 (an average of $0.371 million each year).[647] Over that same period, Woodside's general fund balance is projected to drop from $7.89 million in FY 2018-19 (representing 95.5 percent of general fund operating revenues that year) to $3.68 million in FY 2027-28 (representing 33.6 percent of general fund revenues that year).[648]

Long-Term Financial Forecast – Woodside

Woodside included a five-year general fund operating budget forecast in its FY 2018-19 budget.[649] The Town has now developed a ten-year general fund operating budget forecast

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[641] Ibid.
[642] Woodside, Report to Town Council for meeting on March 26, 2019 re: Discussion of the Town's Pension Obligations and Direction to Staff Regarding an Approach to Address the Obligations, p. 3.
[643] Woodside, Proposed Budget Fiscal Years 2019-21, June 3, 2019 letter of transmittal from City Manager, p. ii. Email from Woodside, dated June 14, 2019.
[644] Grand Jury interview.
[645] Ibid.
[646] Ibid.
[647] Woodside, Proposed Budget Fiscal Years 2019-21, Budget Overview, p. 8.
[648] Ibid.
[649] Woodside, Adopted Budget Fiscal Year 2018-19, p. 6.

for the first time and it is incorporated into the Town's readily-accessible FY 2019-21 budget.[650]

FINDINGS

Important explanatory note for the Cities in responding to the Findings: Each City is to respond to each Finding solely with respect to itself and not with regard to any other City.

Data Set Forth in Appendix A

F1. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined covered payroll for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

F2. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined contribution payments to CalPERS on the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

F4. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Funded Percentages (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

F5. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported what the combined Unfunded Liabilities (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 would have been if the applicable Discount Rate applied to calculate them had been one percentage point lower in the amount set forth beside its name for that year in Appendix A.

F6. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported general fund total expenditures

[650] Woodside, Proposed Budget Fiscal Years 2019-21, Budget Overview, p. 8.

for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

F7. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's general fund total expenditures for that year set forth beside its name for that year in Appendix A in the column entitled "Contribution Payments as % of General Fund Total Expenditures."

F8. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's combined covered payroll for the City's pension plans in the amount set forth beside its name for that year in Appendix A in the column entitled "Contribution Rate (i.e., Contribution Payments as % of Covered Payroll)."

Projections of Future City Pension Costs

F9. Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities do so.

F10. Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing the annual dollar amount of their projected pension contribution costs for the next five or more years.

F11. The only way to find projections showing the annual dollar amount of the following Cities' projected pension contribution costs for the next five or more years on their public websites is by manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

Long-Term Financial Forecasts

F12. Each of Colma, Daly City, Hillsborough, Menlo Park, Pacifica, Redwood City, San Mateo, South San Francisco and Woodside has a general fund operating budget forecast covering a ten-year period. Of those nine, only Colma, Hillsborough, Menlo Park, Redwood City, San Mateo, and Woodside make those forecasts accessible to the public in their most recent annual or bi-annual budgets or annual financial reports published on their public websites.

F13. The only way to find the ten-year general fund operating budget forecasts on the public websites of Pacifica and South San Francisco is by manually searching through agenda packages for their City Council meetings.

F14. Daly City's ten-year general fund operating forecast is not accessible to the public through its public website.

F15. Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering only a five-year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or bi-annual budgets or annual financial reports published on their public websites.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

F17. Brisbane's five-year general fund operating forecast is not accessible to the public through its public website.

F18. Neither East Palo Alto, Millbrae, nor Portola Valley has a general fund operating forecast that extends beyond the fiscal years covered in its most recent annual or bi-annual budget.

Plans to Make Additional Payments to CalPERS Beyond Annual Required Contributions

F19. Each of Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo has made, or currently has a specific plan to make, additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Establishment of Reserves or Section 115 Trusts for Future Pension Payments

F21. Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

F22. Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City or Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Employee Cost-Sharing to Help Pay Cities' Pension Costs

F23. Each of Atherton, Belmont. Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

F24. Neither Brisbane, Colma, Daly City, East Palo Alto, Half Moon Bay, Portola Valley, San Bruno, San Carlos nor Woodside has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Revenue Enhancement Ballot Initiatives by Cities

F25. Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

F26. Each of Half Moon Bay, Pacifica, Redwood City, and San Bruno are currently considering seeking approval of their voters for revenue enhancement measures in the near term.

F27. Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

RECOMMENDATIONS

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a) The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests that each of the following respond to the foregoing Findings and Recommendations referring in each instance to the number thereof:

- The Town of Atherton
- The City of Belmont
- The City of Brisbane
- The City of Burlingame
- The Town of Colma
- The City of Daly City
- The City of East Palo Alto
- The City of Foster City
- The City of Half Moon Bay
- The Town of Hillsborough
- The City of Menlo Park
- The City of Millbrae
- The City of Pacifica
- The Town of Portola Valley

- The City of Redwood City
- The City of San Bruno
- The City of San Carlos
- The City of San Mateo
- The City of South San Francisco
- The Town of Woodside

METHODOLOGY

The Grand Jury reviewed each of the documents listed in “BIBLIOGRAPHY” below.

The Grand Jury also reviewed email correspondence it received from some of the Cities.

In addition, the Grand Jury interviewed representatives of each of the Cities.

APPENDIX A – Data on Each City's Pension Costs for Four Years from FY 2014-15 through FY 2017-18

The column below that reflects the most immediate impact on the Cities is "Contribution Cost" as this sets out the total pension costs paid each year and shows the rate at which it has, in most cases, increased each year. The other column that is particularly useful to understanding the impact of pension costs on the Cities' budgets is "Contribution Cost as % of General Fund Spending" as this shows the relative size of pension costs in comparison to the overall general fund budget.

Note: Except as noted in this note, all information in Appendix A is derived from the Cities' "Comprehensive Annual Financial Reports" (or "Basic Financial Statements," or "Annual Financial Reports" in the case of the Towns of Atherton, Colma, Portola Valley and Woodside). Certain of Daly City's, East Palo Alto's and Foster City's numbers are based on correspondence from those Cities received in June, 2019.

(All dollar numbers in thousands.)

CITIES	Fiscal Year	Covered Payroll	Pension Contribution Cost	Contribution Rate (i.e., Pension Contribution Cost as % of Payroll)	Unfunded Liability	Funded Percentage	Unfunded Liability if Discount Rate is Reduced 1%	General Fund Spending	Pension Contribution Cost as % of General Fund Spending*
Atherton	**2017-18**	**$4,649**	**$1,289**	**27.7%**	**$16,122**	**72.9%**	**$24,391**	**$12,065**	**10.7%**
	2016-17	$4,327	$1,155	26.7%	$13,982	73.8%	$21,344	$11,437	10.1%
	2015-16	$4,261	$617	14.5%	$10,674	78.5%	$17,326	$10,611	5.8%
	2014-15	$3,988	$826	20.7%	$9,253	81.9%	$16,088	$11,622	7.1%
Belmont	**2017-18**	**$15,773**	**$3,927**	**24.9%**	**$37,312**	**73.3%**	**$55,262**	**$19,450**	**20.2%**
	2016-17	$15,209	$3,582	23.6%	$32,835	72.0%	$48,680	$18,344	19.5%
	2015-16	$14,613	$4,191	28.7%	$26,626	76.2%	$41,855	$16,800	24.9%
	2014-15	$12,701	$2,262	17.8%	$25,067	79.8%	$39,412	$16,777	13.5%
Brisbane	**2017-18**	**$8,111**	**$1,906**	**23.5%**	**$21,118**	**73.4%**	**$32,231**	**$17,544**	**10.9%**
	2016-17	$7,916	$1,713	21.6%	$18,227	78.6%	$27,989	$15,521	11.0%
	2015-16	$6,880	$883	12.8%	$13,952	79.9%	$23,410	$14,850	5.9%
	2014-15	$7,023	$1,174	16.7%	$12,074	82.2%	$21,119	$13,247	8.9%
Burlingame	**2017-18**	**$20,598**	**$5,718**	**27.8%**	**$65,912**	**72.1%**	**$97,834**	**$53,637**	**10.7%**
	2016-17	$19,753	$5,294	26.8%	$57,694	73.4%	$86,051	$49,707	10.7%
	2015-16	$18,232	$4,615	25.3%	$46,987	77.8%	$75,062	$47,459	9.7%
	2014-15	$17,671	$3,894	22.0%	$41,762	80.1%	$69,042	$44,405	8.8%
Colma	**2017-18**	**$4,346**	**$1,264**	**29.1%**	**$10,682**	**73.3%**	**$15,961**	**$14,683**	**8.6%**
	2016-17	$4,031	$1,048	26.0%	$9,449	74.2%	$14,008	$13,323	7.9%
	2015-16	$3,749	$937	25.0%	$7,747	74.7%	$11,969	$13,410	7.0%
	2014-15	$3,604	$939	26.1%	$6,891	76.1%	$10,724	$12,948	7.3%

*Note: Contribution Cost amounts in Comprehensive Annual Financial Reports may include pension costs paid on account of certain employees whose activities are not accounted for as part of General Fund activities, and their pension costs would, therefore, not be included in General Fund total expenditures. As a result, the percentage of General Fund Spending in Appendix represented by Pension Contribution Costs may somewhat overstate the percentage represented by General Fund pension costs. Some experts have estimated that this might result in an overstatement of the percentage by 10 – 30 percent, such that a Contribution Payment as a % of General Fund Total Expenditures of 10 percent might actually be somewhere between 7 and 9 percent.

CITIES	Fiscal Year	Covered Payroll	Pension Contribution Cost	Contribution Rate (i.e., Pension Contribution Cost as % of Payroll)	Unfunded Liability	Funded Percentage	Unfunded Liability if Discount Rate is Reduced 1%	General Fund Spending	Pension Contribution Cost as % of General Fund Spending
Daly City	**2017-18**	**$42,809**	**$13,132**	**30.7%**	**$164,352**	**74.1%**	**$248,373**	**$77,663**	**16.9%**
	2016-17	$43,398	$11,631	26.8%	$139,861	75.7%	$213,918	$77,139	15.1%
	2015-16	$42,608	$12,081	28.4%	$112,195	80.0%	$185,217	$79,062	15.3%
	2014-15	$42,226	$8,862	21.0%	$99,631	81.9%	$169,965	$72,649	12.2%
East Palo Alto*	**2017-18**	**$9,258**	**$1,643**	**17.7%**	**$10,854**	**73.3%**	**$16,132**	**$19,673**	**8.3%**
	2016-17	$8,464	$1,493	17.6%	$9,459	74.1%	$13,750	$18,109	8.2%
	2015-16	$8,078	$1,372	17.0%	$8,112	78.4%	$12,086	$17,735	7.7%
	2014-15	$7,926	$1,477	18.6%	$7,856	79.8%	$11,417	$16,524	8.9%
Foster City	**2017-18**	**$20,859**	**$6,506**	**31.2%**	**$78,061**	**68.1%**	**$111,419**	**$37,842**	**17.2%**
	2016-17	$19,875	$7,209	36.3%	$69,207	68.8%	$98,575	$36,416	19.8%
	2015-16	$18,697	$5,294	28.3%	$56,390	76.3%	$84,686	$33,048	16.0%
	2014-15	$17,696	$4,552	25.7%	$50,458	78.2%	$77,534	$31,322	14.5%
Half Moon Bay	**2017-18**	**$3,118**	**$881**	**28.2%**	**$10,902**	**72.9%**	**$16,491**	**$12,188**	**7.2%**
	2016-17	$2,423	$594	24.5%	$9,502	74.6%	$14,557	$10,418	5.7%
	2015-16	$2,014	$583	28.9%	$7,319	80.1%	$12,332	$8,781	6.6%
	2014-15	$1,987	$529	26.6%	$6,736	81.6%	$11,620	$8,352	6.3%
Hillsborough**	**2017-18**	**$10,233**	**$2,412**	**23.6%**	**$25,911**	**73.6%**	**$39,430**	**$22,258**	**10.8%**
	2016-17	$8,661	$2,158	24.9%	$22,387	74.8%	$34,262	$21,224	10.2%
	2015-16	$9,089	$1,893	20.8%	$17,187	78.6%	$28,063	$19,693	9.6%
	2014-15	$8,625	$1,605	18.6%	$14,770	79.8%	$25,822	$18,721	8.6%
Menlo Park***	**2017-18**	**$23,371**	**$5,555**	**23.8%**	**$57,358**	**74.7%**	**$87,527**	**$52,491**	**11.8%**
	2016-17	$23,112	$5,565	24.1%	$50,993	74.4%	$77,514	$47,314	11.8%
	2015-16	$19,868	$4,747	23.9%	$38,881	79.2%	$64,170	$42,565	11.2%
	2014-15	$19,969	$4,228	21.2%	$34,371	80.6%	$58,596	$40,581	10.4%

*Note: East Palo Alto has stated to the Grand Jury that it believes it is more representative of its financial situation to include in "General Fund Spending" the "operating transfers out of [its] General Fund to other City funds. The transfers primarily relate to the support of infrastructure-related programs including NPDES, Drainage District and pay-go funded Capital Improvement projects." If these operating transfers out are included, then General Fund Spending with transfers would be $21.77 million in FY 2017-18, $21.92 million in FY 2016-17, $21.2 million in FY 2015-16 and $20.15 million in FY 20-14-15 and Contribution Cost as a % of General Fund Spending with these transfers would be 7.5% in FY 2017-18, 6.8% in FY 2016-17, 6.5% in FY 2015-16 and 7.3% in FY 2014-15. (Email from East Palo Alto, dated June 7, 2019.)

**Note: Hillsborough makes the same comment as East Palo Alto and notes that, transfers out of the general fund should be included in "General Fund Spending" above as follows: For FY 2017-18, add $2.07 million for a new total of $24.33 million; for FY 2016-17, add $3.86 million for a new total of $25.09 million; for FY 2016-17, add $0.461 million for a new total of $20.15 million; and for FY 2014-15, add $0.742 million for a new total of $19.46 million. These higher General Fund Spending amounts would result in decreases in the percentages in "Contribution Cost as a % of General Fund Spending" as follows: for FY 2017-18, 9.9%; for FY 2016-17, 8.6%; for FY 2015-16, 9.4%; and for FY 2014-15, 8.3%. (Email from Hillsborough, dated June 7, 2019.)

***Note: Menlo Park also makes the same comment as East Palo Alto and Hillsborough. If its "transfers out" of $5.09 million in FY 2017-18 were included as a part of general fund expenditures, then those expenditures would increase to $57.58 million and "Contribution Cost as % of General Fund Spending" would drop from 11.8 percent to 9.6 percent. Adding "transfers out" of $5.57 million, $4.75 million, and $4.23 million for fiscal years 2016-17, 2015-16 and 2014-15, respectively, results in the "Contribution Cost as % of General Fund Spending" for those years dropping to 10.7 percent, 9.3 percent and 9.4 percent, respectively. (Email from Menlo Park, dated June 6, 2019.) (Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2017, p. 36. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2016, p. 35. Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2015, p. 35.)

CITIES	Fiscal Year	Covered Payroll	Pension Contribution Cost	Contribution Rate (i.e., Pension Contribution Cost as % of Payroll)	Unfunded Liability	Funded Percentage	Unfunded Liability if Discount Rate is Reduced 1%	General Fund Spending	Pension Contribution Cost as % of General Fund Spending
Millbrae*	**2017-18**	**$7,355**	**$3,313**	**45.0%**	**$48,740**	**73.3%**	**$71,117**	**$28,199**	**11.7%**
	2016-17	$6,165	$2,335	37.9%	$42,769	74.1%	$62,676	$25,494	9.2%
	2015-16	$5,835	$2,064	35.4%	$34,256	78.4%	$53,883	$22,514	9.2%
	2014-15	$6,871	$1,400	20.4%	$28,989	79.8%	$47,979	$18,201	7.7%
Pacifica	**2017-18**	**$16,478**	**$4,091**	**24.8%**	**$50,801**	**76.7%**	**$80,376**	**$29,991**	**13.6%**
	2016-17	$16,369	$3,740	22.9%	$44,400	77.5%	$70,650	$28,781	13.0%
	2015-16	$15,922	$2,749	17.3%	$32,841	82.3%	$56,750	$27,358	10.0%
	2014-15	$15,378	$2,739	17.8%	$28,089	84.3%	$52,855	$25,354	10.8%
Portola Valley	**2017-18**	**$1,523**	**$141**	**9.3%**	**$712**	**89.7%**	**$1,663**	**$5,292**	**2.7%**
	2016-17	$1,442	$116	8.1%	$524	91.8%	$1,382	$4,361	2.7%
	2015-16	$1,072	$84	7.8%	$82	98.6%	$881	$4,303	2.0%
	2014-15	$993	$1,019	102.6%	$957	83.0%	$1,706	$5,587	18.2%
Redwood City**	**2017-18**	**$60,845**	**$18,409**	**30.3%**	**$245,579**	**64.8%**	**$341,571**	**$125,859**	**14.6%**
	2016-17	$62,098	$17,722	28.5%	$215,202	65.7%	$298,653	$112,142	15.8%
	2015-16	$57,352	$17,363	30.3%	$177,937	70.1%	$257,798	$101,684	17.1%
	2014-15	$54,275	$16,467	30.3%	$164,149	71.6%	$240,111	$95,856	17.2%
San Bruno	**2017-18**	**$22,287**	**$7,176**	**32.2%**	**$89,228**	**70.4%**	**$130,222**	**$43,366**	**16.5%**
	2016-17	$22,512	$6,344	28.2%	$78,198	70.7%	$114,180	$43,244	14.7%
	2015-16	$21,315	$4,434	20.8%	$61,771	75.6%	$96,281	$38,882	11.4%
	2014-15	$20,532	$4,979	24.3%	$53,531	78.4%	$86,637	$36,738	13.6%
San Carlos***	**2017-18**	**$11,169**	**$9,701**	**86.9%**	**$50,152**	**62.6%**	**$69,070**	**$42,495**	**22.8%**
	2016-17	$11,047	$2,236	20.2%	$47,009	63.3%	$64,530	$33,182	6.7%
	2015-16	$10,486	$2,622	25.0%	$40,263	67.3%	$57,293	$41,264	6.4%
	2014-15	$13,231	$2,624	19.8%	$35,253	71.2%	$42,824	$29,067	9.0%

*Note: Millbrae notes that its pension payments as a percentage of covered payroll are artificially high because the City has pension liability for public safety employees (police and fire) but the City currently contracts for services and has no employees in those categories. While the City has no police and fire staff, the City is responsible for unfunded liability pension costs associated with former police and fire agencies and is also responsible for pension costs associated with employees in police and fire contracts. Pension spending for Miscellaneous plan employees in FY 2017-18 represented only 29.5% of covered payroll. (Email from Millbrae, dated June 12, 2019.)

**Note: Redwood City points out that its FY 2017-18 General Fund Spending amount set forth above includes a one-time transfer of $8.8 million to the City's Section 115 pension trust account. If that $8.8 million were excluded from General Fund Spending, then the total amount for FY 2017-18 would drop from $125.86 million to $117.06 million and Pension Contribution Costs as a % of General Fund Spending would increase from 14.6 percent to 15.7 percent. (Email from Redwood City dated June 7, 2019.)

***Note: San Carlos points out that its "Contribution Cost" in FY 2017-18 includes $6 million of one-time additional payments it made in excess of its Annual Required Contribution in order to reduce its unfunded pension liabilities and thus reduce long term pension contribution costs. If this $6 million voluntary additional payment were not included, then pension contribution costs would represent only 33.1 percent of covered payroll rather than 86.9 percent and only 8.7 percent of General Fund Spending, rather than 22.8 percent.
In addition, the Grand Jury notes that San Carlos' percentage of covered payroll represented by pension contribution costs is also artificially increased because the City continues to make substantial pension contribution payments to CalPERS (reflected in the numbers above) for its former fire and police personnel even though it no longer employs fire fighters or police personnel (thus reducing its covered payroll amount significantly). San Carlos' police services are now provided by the San Mateo County Sheriff's Office and fire services have been transferred to the Redwood City Fire Department. (San Carlos, Comprehensive Annual Financial Report for Fiscal Year 2017-2018, p. 155.)

CITIES	Fiscal Year	Covered Payroll	Pension Contribution Cost	Contribution Rate (i.e., Pension Contribution Cost as % of Payroll)	Unfunded Liability	Funded Percentage	Unfunded Liability if Discount Rate is Reduced 1%	General Fund Spending	Pension Contribution Cost as % of General Fund Spending
San Mateo (City)	**2017-18**	**$63,131**	**$19,699**	**31.2%**	**$218,196**	**65.9%**	**$301,300**	**$111,079**	**17.7%**
	2016-17	$58,645	$18,912	32.2%	$197,822	66.2%	$271,523	$103,992	18.2%
	2015-16	$52,345	$15,908	30.4%	$168,693	70.1%	$240,459	$95,779	16.6%
	2014-15	$49,788	$13,860	27.8%	$159,585	71.4%	$228,588	$88,078	15.7%
South San Francisco	**2017-18**	**$45,563**	**$15,489**	**34.0%**	**$182,872**	**66.2%**	**$256,395**	**$96,677**	**16.0%**
	2016-17	$48,954	$13,300	27.2%	$152,786	68.4%	$216,103	$92,367	14.4%
	2015-16	$40,396	$13,938	34.5%	$130,042	72.2%	$191,669	$86,795	16.1%
	2014-15	$34,478	$11,403	33.1%	$124,085	73.2%	$184,305	$76,805	14.8%
Woodside	**2017-18**	**$2,073**	**$390**	**18.8%**	**$3,642**	**71.9%**	**$5,424**	**$6,876**	**5.7%**
	2016-17	$1,996	$323	16.2%	$3,164	72.3%	$4,702	$6,801	4.8%
	2015-16	$1,809	$409	22.6%	$2,578	75.8%	$4,325	$6,638	6.2%
	2014-15	$1,640	$355	21.6%	$2,053	79.1%	$3,356	$6,107	5.8%

Totals & Weighted Averages	**2017-18**	**$394,084**	**$122,642**	**31.1%**	**$1,388,505**	**69.1%**	**$2,002,188**	**$829,327**	**14.8%**
	2016-17	$386,398	$106,468	27.6%	$1,215,467	70.6%	$1,755,047	$769,315	13.8%
	2015-16	$354,648	$96,784	27.3%	$994,535	75.0%	$1,515,516	$729,230	13.3%
	2014-15	$340,601	$85,194	25.0%	$905,562	76.3%	$1,399,702	$668,939	12.7%
% Change from 2016-17 to 2017-18			15.2% increase		14.2% increase				

APPENDIX B – Table showing information on each of the Cities.

City	Long-term pension cost projections available online on City's website?	Long-term pension cost projections published in City's budget?	Additional payments to CalPERS currently planned?	Pension reserve fund?	Employee cost sharing?	Revenue increase measures approved since 2016 or planned?	Pension obligation bonds outstdg.?	Long-term general fund forecast? / Period of forecast?	Long-term forecast included in budget?
Atherton	No.	No.	No.	Section 115 trust approved but not funded.	Yes	No	No.	Yes. 5 years	No
Belmont	Yes. Through FY 2048-49.	No	Yes. $3.65M	No.	Yes.	Sales tax incr. 2016.No further plans.	No.	Yes. 5 years	Yes.
Brisbane	No.	No	No.	Yes. Section 115 Trust. $0.92M.	No.	Yes. Business license tax measures in 2017.	Yes. 2006 for $4.75M and 2013 for $1.61M.	Yes. 5 years	No. Forecast not available on City's website.
Burlingame	Yes. Through FY 2029-30	No	No.	Yes. Section 115 Trust. $8.2M as of FY 2018-19 and more thereafter.	Yes.	Sales tax incr. 2017. No further plans.	Yes. 2006 for $33M.	Yes. 5 years	No
Colma	Yes. Through FY 2035-36.	Yes. Colma included pension cost projections for the first time in FY 2019-20 budget.	Yes. $1.05M	Yes. Section 115 Trust. $1M in FY 2018-19 and more thereafter.	No.	Hotel tax 2018.	No.	Yes. Town extended forecast period to 10 years for first time in FY 2019-20 budget	Yes.
Daly City	Yes. Through FY 2027-28.	Yes. The City included pension cost projections for the first time in its FY 2019 & FY 2020 budget	No.	Yes. Section 115 Trust. $4M.	No.	Hotel and biz license tax 2018. No further plans.	Yes. 2004 for $36.24M.	Yes. 10 years	No. Forecast not available on City's website.
East Palo Alto	Yes. Through FY 2027-28.	No	No.	No.	No.	Sales tax and biz license tax incr. 2016. Office space parcel tax incr. 2018. No further plan.	No.	No forecast exists. City plans to develop one in 2019.	N/A
Foster City	Yes. Through FY 2048-49.	Yes. The City included pension cost projections through FY 2023-24 for the first time in its FY 2019-20 budget	Yes. $3.43M.	Yes, but using its balance to make fund portion of $3.43M additional pymts. to CalPERS.	City plans to seek in next round of negotiations.	Hotel tax incr. 2018. No further plan.	No.	Yes. 5 years.	Yes.
Half Moon Bay	Yes. Through FY 2028-29.	No.	No.	Yes. $1.1M.	No.	No.	No.	Yes. 5 years.	Yes.

City	Long-term pension cost projections available online on City's website?	Long-term pension cost projections published in City's budget?	Additional payments to CalPERS currently planned?	Pension reserve fund?	Employee cost sharing?	Revenue increase measures planned?	Pension obligation bonds outstdg.?	Long-term general fund forecast? / Period of forecast?	Long-term forecast included in budget?
Hillsborough	Yes. Through FY 2028-29.	Yes. The Town included pension cost projections for the first time in its FY 2019-20 budget.	No	Yes. Section 115 Trust. $4.8M.	Yes	No	No	Yes. 10-years	Yes
Menlo Park	Yes. Through FY 2029-30.	No	Yes. Plans for additional pymts. totaling $15.2M.	Yes. $4.3M in FY 2018-19. Expect $8.4M by FY2023-24 and $11.4M by FY 2027-28.	Yes.	No.	No.	Yes. 10 years.	Yes.
Millbrae	Yes. Through FY 2028-29.	No	No.	No.	Yes.	No.	Yes. 2004 for $11.5M..	No forecast exists	N/A
Pacifica	Yes. Through FY 2028-29.	No	No	Yes. Plans for Section 115 Trust and $0.2M	Yes.	Yes. May seek increase in "hotel tax"	Yes 2010 for $20.5M	Yes. 10 years	No
Portola Valley	No.	No.	The Town made a $0.9M pymt. in FY 2014-15. Additional pymts. to be discussed in 2019.	Yes. $0.712 million.	No.	None currently planned.	No.	No forecast exists.	N/A
Redwood City	Yes. Through FY 2038-39.	Yes.	Yes. $0.6M in FY2018-19 and $0.5M annually thereafter.	Yes. Section 115 Trust. $14.05M to date and $1.1M per year thereafter.	Yes.	Sales tax incr. 2018. Expecting to seek additional revenue increases in future.	No.	Yes. City extended period to 10 years for first time in FY 2019-20 budget.	Yes.
San Bruno	Yes. Through FY 2024-25	No	No.	No.	No.	Yes. Considering additional tax increase ballot initiatives in 2019 or 2020.	Yes. 2013 for $13.16M.	Yes. 5 years.	Yes. City included forecast for first time in FY 2019-20 budget
San Carlos	Yes. Through FY 2047-48.	No	Yes. $6M.	Yes. Section 115 Trust. $1M and $2M internal reserve.	No.	No.	No.	Yes. 5 years.	Yes.
San Mateo	Yes. Through FY 2029-30	No	Yes. $4.39M by FY 2018-19. Additional pymts. of $14M (for total of $18.39M) projected to be made by FY 2028-29.	No.	Yes.	No.	No.	Yes. 10 years.	Yes.

City	Long-term pension cost projections available online on City's website?	Long-term pension cost projections published in City's budget?	Additional payments to CalPERS currently planned?	Pension reserve fund?	Employee cost sharing?	Revenue increase measures planned?	Pension obligation bonds outstdg.?	Long-term general fund forecast? / Period of forecast?	Long-term forecast included in budget?
South San Francisco	Yes. Through FY 2045-46	No	No.	Yes. $5.5M.	Yes.	Hotel tax and business license incr.2018. Not planning further increases	No.	Yes. 10 years.	No.
Woodside	Yes. Through FY 2027-28	No	No.	Yes. $0.15M per year.	No	No	No	Yes. Town extended period to 10 years for the first time in its FY 2019-21 budget.	Yes.

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Issued: July 29, 2019

Town of Atherton
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September 19, 2019

Honorable V. Raymond Swope
Judge of the Superior Court
C/O Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA. 94063-1655

SUBJECT: GRAND JURY REPORT "Soaring Pension Costs-Follow-Up On Grand Jury Report 2017-18"

Dear Hon. V. Raymond Swope:

Attached please find the Town of Atherton's response to the above Grand Jury Report. Pursuant to California Penal Code Section 933.05, the response was considered by the City Council at a public meeting on September 18, 2019.

Should you have any questions concerning the response, please contact City Manager George Rodericks at (650) 752-0504.

Sincere Regards,

TOWN OF ATHERTON

William R. Widmer
Mayor

RESPONSE TO GRAND JURY REPORT

Report Title: "Soaring City Pension Costs-Follow Up On Grand Jury Report 2017-2018"

Report Date: July 30, 2019

Response by: Town of Atherton

By: Bill Widmer, Mayor

The Town of Atherton is responding to each Finding solely with respect to itself and not regarding any other City.

FINDINGS:

- We agree with the findings of numbers: F1, F2, F4, F5, F6, F7, F8, F11, F12, F13, F14, F15, F17, F18, F19, F21, F23, F24, F25, F26, F27
    - For those items describing methodology for accessing information in other jurisdictions, the Town agrees with the findings of the Grand Jury only to the extent of the information provided within the Grand Jury Report. The Town has not independently accessed the websites or data of other jurisdictions.

- We somewhat agree, disagree wholly or partially with the findings numbered: F3, F9, F10, F16, F20, F22

RECOMMENDATIONS:

Recommendation numbered R1, R2 will take under advisement and implement when feasible.

FINDINGS

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

F3 Response: The Town of Atherton agrees with the finding that it has been required to make large amortization cost payments of principal and interest to CalPERS on our unfunded liabilities. However, the disagrees that these funds have diverted money that could have been used to provide public services or add to reserves. Personnel costs are part of the cost of a service driven industry and while funds could always be spent elsewhere, these funds were not "diverted" from other specific projects or services. The Town operates in a fiscally conservative manner and operates with a surplus each fiscal year.

F9 Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities do so.

F9 Response: The Town of Atherton discusses annual dollar amount pension contribution cost projections with the Town Finance Committee and during its annual budget study sessions with the City Council. These projections extend over five years.

F10. Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing the annual dollar amount of their projected pension contribution costs for the next five or more years.

F10 Response: The Town of Atherton discusses annual dollar amount pension contribution cost projections with the Town Finance Committee and during its annual budget study sessions with the City Council. These projections extend over five years. These meetings are public meetings with publicly posted agendas on the Town's website. These meetings are also typically video-recorded.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

F16 Response: The Town of Atherton disagrees with the finding. The Town produces a General Fund five year forecast that is part of its annual budget study session discussions. These study sessions are posted on the Town website for City Council meetings.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

F20 Response: The Town of Atherton disagrees with the finding. The Town over the years through its Finance Committee has explored long term financial plans to provide opportunities the City Council can consider paying down pension liabilities and mitigate investment volatility. Every year we review the CalPERS pension actuarials and risk analysis tools to estimate the Town Contributions payments toward unfunded liabilities, Employer normal cost rates, and an outlook on paying down liabilities. Currently the Town anticipates making only its Annual Required Contributions.

The Town has explored the following:

- **Consideration of additional contributions to CalPERS beyond required UAL to lower our payroll normal costs. This will accelerate funding based on alternative amortization schedules in the valuation reports;**

➢ **Decision to accumulate reserves and establish an Internal Service Fund to make a singular significant contribution to CalPERS when the Town sees prudent;**

➢ **The Town established an Irrevocable Supplemental Trust that can be used to reimburse for CalPERS contributions or make payments directly to CalPERS;**

➢ **Setting of a funding target for unfunded liabilities versus continuing pay as we go based on CalPERS valuation reports.**

F22. Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City or Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

F22 Response: The Town of Atherton disagrees. In 2018, the Town of Atherton approved setting up an Irrevocable Trust with PARS that can be used to reimburse CalPERS contributions or make payments directly to CalPERS. No funds have yet been directed to this Trust.

RECOMMENDATIONS

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

R1 Response: The Town reviews its pension cost every year in public meetings with the Town Finance Committee and City Council. The Town believes that forecast revenue and expenditures over 10 years will not be accurate and may have a tendency to be highly speculative. The Town does a 5-year forecast that it believes is more appropriate in providing an accurate forecast while gauging current trends and operations. Pension liabilities are reviewed during budget study sessions, its annual audit, and presentation of financials statement at City Council. Paying down of long-term liabilities is a Town core strategy of maintaining financial stability as the Town has taken steps to address pension costs in the long term. The Town supports reviewing pension obligations annually and projecting costs and looking for opportunities to pay down long term liabilities. The Town has explored most of the options of policies and or implementation measures provided in the Grand Jury Report and will take others under advisement where feasible.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

- The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.
- The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally,

or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

- The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.
- The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

R2 Response: The Town supports reviewing pension obligations annually and projecting costs in future fiscal years. The Town will take under advisement the recommendations above and project costs in future years in a matter that is feasible and allows the Town to identify opportunities to pay down its pension obligations.

September 9, 2019

Honorable Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Re: Civil Grand Jury Report Dated July 29, 2019 "Soaring City Pension Costs – Follow-up on Grand Jury Report 2017-2018"

Dear Honorable Judge Ayoob:

This letter is the Town of Hillsborough's response to the Civil Grand Jury letter dated July 29, 2019, to the Town of Hillsborough's City Council for the Grand Jury Report "Soaring City Pension Costs – Follow-up on Grand Jury Report 2017-2018". These responses were approved by the City Council at the City Council meeting held on September 9, 2019.

RESPONSE TO FINDINGS

F1-F8: Each City's pension data set forth in Appendix A

The Town of Hillsborough agrees with the finding. The data presented for the Town of Hillsborough on page Appendix A-2 is accurate for the Town of Hillsborough.

F9: Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities does so.

The Town of Hillsborough agrees with the finding.

F10: Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing annual dollar amount of their projected pension contribution costs for the next five or more years.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

Phone: 650-375-7400 | *Fax:* 650-375-7475 | 1600 Floribunda Avenue, Hillsborough, CA 94010 | www.hillsborough.net

F11: The only way to find projections showing the annual dollar amount of the following Cities' projected pension contribution costs for the next five or more years on their public website is manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F12: Each of Colma, Daly City, Hillsborough, Menlo Park, Pacifica, Redwood City, San Mateo, South San Francisco and Woodside has a general fund operating budget forecast covering a ten-year period. Of those nine, only Colma, Hillsborough, Menlo Park, Redwood City, San Mateo and Woodside make those forecasts accessible to the public in their most recent annual or bi-annual budget or annual financial report published on their public websites.

The Town of Hillsborough agrees with the finding.

F13: The only way to find the ten-year general fund operating budget forecasts on the public websites for Pacifica and South San Francisco is by manually searching through agenda packages for their City Council meetings.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F14: Daly City's ten-year general fund operating forecast is not accessible to the public through its public website.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F15: Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering on a five-year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or bi-annual budget or annual financial reports published on their public websites.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F16: The only way to find the five-year general fund operating budget forecasts on the public website of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F17: Brisbane's five-year general fund operating forecast is not accessible to the public through its public website.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F18: Neither East Palo Alto, Millbrae, nor Portola Valley has a general fund operating forecast that extends beyond the fiscal years covered in its most recent annual or bi-annual budget.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F19: Each of Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo has made, or currently has a specific plan to make, additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F20: Neither Atherton, Brisbane, Burlingame Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payment to CalPERS beyond its Annual required Contribution.

The Town of Hillsborough agrees with the finding. Hillsborough reviews pension funding annually during the budget review process in order to prioritize funding based on circumstances for the coming year.

F21: Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

The Town of Hillsborough agrees with the finding. Hillsborough will review the trust periodically and will make adjustments should circumstances warrant it.

F22: Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City of Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F23: Each of Atherton, Belmont, Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

The Town of Hillsborough agrees with the finding. Hillsborough reviews employee compensation and benefits in connection with the memorandum of understanding and benefits agreements. Employees pay 1% of the Town's employer contribution share each year and PEPRA employees pay 50% of the normal cost as required under PEPRA. Additional cost mitigation strategies have been implemented outside of the Grand Jury finding, including creation of a lower pension formula tier for Miscellaneous Plan employees, and replacing employees who retire with employees who are on the PEPRA plan, where applicable.

F24: Neither Brisbane, Colma, Daly City, East Palo Alto, Half Moon Bay, Portola Valley, San Bruno, San Carlos nor Woodside, has or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F25: Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F26: Each of Half Moon Bay, Pacifica, Redwood City, and San Bruno are currently considering seeking approval of their voters for revenue enhancement measures in the near term.

The Town of Hillsborough agrees with this finding to the extent the information included in the Grand Jury's report is accurate, as the Town has not independently reviewed the websites of each respective city listed.

F27: Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

The Town of Hillsborough agrees with the finding but continues to monitor the need.

RESPONSE TO RECOMMENDATIONS

R1: Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal year.

The recommendation has been implemented. A ten year General Fund forecast is included in the annual budget document.

R2: Each City include a report in its published annual or bi-annual budgets, specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a) The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultant to the City), assuming CalPERS' actual assumptions are met.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultant to the City), assuming CalPERS' actual assumptions are met.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultant to the City), assuming CalPERS' actual assumptions are met.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimate of general fund expenditures in future fiscal years).

The recommendation will not be implemented because it is not reasonable and would require considerable expense to prepare the information. The Town annually reports pension data in compliance with GASB 68 guidelines in its audited Comprehensive Annual Financial Report (CAFR). The CAFR is available to the public on the Town's website. The GASB 68 pension reporting guidelines provide readers with many key financial metrics on pensions, which spans several pages in the Town's CAFR. In general, the CAFR disclosures provide a three-year historical view but do not provide the ten-year forward projection that the Grand Jury specified. In addition, the CalPERS annual actuarial valuation reports provide projections (not always ten years) for some of the items listed by the Grand Jury. These annual actuarial reports for each plan and member agency are provided to the Town on an annual basis. These reports outline information that CalPERS, as the administrator of the pension plan, deems to be important information and disclosures for the pension plans. Starting with the FY 2019-2020 budget, Hillsborough will include in its budget document, which is published on the Town's website, a ten-year projection of contribution costs as well as the current unfunded liability and funded percentage data based on the most recent actuarial valuation.

Sincerely,

Shawn M. Christianson
Mayor
Town of Hillsborough

DONNA COLSON, MAYOR
EMILY BEACH, VICE MAYOR
ANN KEIGHRAN
RICARDO ORTIZ
MICHAEL BROWNRIGG

The City of Burlingame

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October 7, 2019

Honorable Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

Subject: City of Burlingame's response to 2018-2019 Civil Grand Jury Report entitled "Soaring City Pension Cost – Follow-up on Grand Jury Report of 2017-18"

Dear Judge Ayoob:

After reviewing the 2018-2019 Grand Jury report entitled "Soaring City Pension Cost – Follow-up on Grand Jury Report of 2017-18", the following are the City of Burlingame's responses to the Grand Jury's findings:

F1. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined covered payroll for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F2. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined contribution payments to CalPERS on the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F4. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Funded Percentages (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A .

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F5. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported what the combined Unfunded Liabilities (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 would have been if the applicable Discount Rate applied to calculate them had been one percentage point lower in the amount set forth beside its name for that year in Appendix A.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F6. Each City's CAFR for the fiscal years ending June 30, 2015, June 30, 2016 and June 30, 2017 reported general fund total expenditures for that year in the amount set forth beside its name for that year in Appendix A.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F7. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's general fund total expenditures for that year set forth beside its name for that year in Appendix A in the column entitled "Contribution Payments as % of General Fund Total Expenditures."

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame, noting that the column referred to in this finding is entitled, "Pension Contribution Cost as % of General Fund Spending".

F8. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's combined covered payroll for the City's pension plans in the amount set forth beside its name for that year in Appendix A in the column entitled "Contribution Rate (i.e., Contribution Payments as % of Covered Payroll)."

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame, noting that the column referred to in this finding is entitled, "Contribution Rate (i.e., Pension Contribution Cost as % of Payroll").

F11. The only way to find projections showing the annual dollar amount of the following cities' projected pension contribution costs for the next five or more years on their public websites is by manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F15. Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering only a five year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or biannual budgets or annual financial reports published on their public websites.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F21. Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F23. Each of Atherton, Belmont. Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

F25. Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame. However, it should be noted that the transaction tax that resulted from the passage of Measure I, effective April 1, 2018, was *not* intended to fund the City's pension obligations. These revenues are used specifically for additional safety services and enhanced streets and sidewalk maintenance activities, as well as providing partial support to the construction of a new Community Center, which is long overdue for replacement. Other capital liabilities await funding, and the City continues to identify these needs and recommend their systematic funding within the operating budget (of the appropriate fund) whenever possible.

F27. Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

Response: The City of Burlingame agrees with this finding with respect to the City of Burlingame.

The following are the City of Burlingame's responses to the Grand Jury's recommendations:

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Response: The recommendation will not be implemented by the City of Burlingame. Currently, staff prepares a fairly in-depth five-year forecast for the City's General Fund each fiscal year and presents it along with the year's Mid-Year Report. The Mid-Year Report not only provides an analysis of the status of all of the City's operating budgets half-way through the fiscal year in the context of current economic conditions, but it also examines and updates projections (and the underlying assumptions) incorporated in the General Fund forecast for the next five years. As such, the Mid-Year Report is presented as a Budget Study Session for the subsequent fiscal year, at a Special City Council meeting in March. Having the latest budget projections in the current budget enhances the forecasting process, and allows decision makers to have greater confidence in the information provided within the budget development framework. The concurrent update of the five-year forecast for the General Fund establishes an appraisal of fiscal sustainability beyond the current budget cycle. It is in this longer-term context that the Council can consider setting aside further funds for unmet capital needs and other liabilities, *including* pension liabilities.

However, much of the annual Mid-Year Report is dedicated to discussing the underlying assumptions used in determining each of the City's revenues and expenditures as projected in the General Fund's one-page five-year forecast. Because different assumptions are applied to each account within a revenue or expenditure category, the reader is warned that any growth or decline ratio calculated for a revenue or expense category will not apply to all the revenues and expenses in that category. The outcomes of various business development strategies or long-term revenue-generating opportunities are not assumed. In addition, it is noted that the later years of the forecast are understandably less reliable than in the earlier years. Various risk factors that could render the entire forecast ineffective (Federal monetary policy, escalating inflation, emergency events, global market collapse, etc.) are also noted. The City feels that extending the five-year forecast without the anticipation of any specific longer-term event would not be worthwhile, as the revenue and expenditure growth factors applied to additional future years would serve no public purpose. Currently the City relies on the economic forecasts generated by firms specializing in economic research, forecasting, and data analysis in the public revenue sector. These forecasts rarely project beyond a two-three-year period. To provide a longer term forecast would imply additional knowledge of future events that the City simply does not possess.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a) The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

Response: The recommendation will not be implemented, as the City does not believe its analysis and discussion of pension costs should follow a specific frequency, format, or content.

The City annually reports pension data in compliance with GASB (Governmental Accounting Standards Board) Statement No. 68 in its audited Comprehensive Annual Financial Report (CAFR), in both the "Notes to Basic Financial Statements" and the "Required Supplementary Information" sections. This reporting provides a fairly technical examination of the City's pension plans, with many key financial metrics, including a three-year historical review. For those who wish to review future projections of pension payments and funding, the CalPERS annual actuarial valuation reports provide projections of some of the items listed by the Grand Jury. The CalPERS reports, from which much of the CAFR presentation on pensions is derived, provide a wealth of additional detailed information and disclosures for the pension plans, and are available online for each plan and member agency.

The City's budget documents, published annually and available on the City's website, contain information and discussion on *all* fiscal topics, concerns, and initiatives of the City. In accordance with the City's Council's continued direction, the budget transmittal letter attempts to place *all* budget decisions in a long-term context, including a discussion of the long-term General Fund forecast. This forecast, prepared and presented with the City's Mid-Year Report and analysis is an essential part of the subsequent year's budget development process. The transmittal letter has in recent years provided considerable discussion of actions taken to control the increasing costs of employee benefits, as well as the issue of rising pension liabilities. It provides a readable summary of these issues in the context of the City's financial position and outlook as a whole.

City Council decisions surrounding this issue have, as with all other issues of fiscal impact, been made during the course of public meetings for which an abundance of data and analysis has been provided, and where public comment was invited. Rising pension costs and underfunding of pension plans have been an issue for many years, prompting the issuance of pension obligation bonds in 2006. Strategies have been implemented that required candid labor negotiations toward shared solutions, such as higher employee contributions to the pension costs. Pension reforms at the state level will also take time to work through the system, but will ultimately curb the currently rising pressure on operating budgets. As reported to the Grand Jury, the City of Burlingame has a plan in place to assist it in meeting its pension obligations through years of high pension costs until the employer required contribution rates return to current levels or below. By funding a §115 Trust established specifically for this purpose, the City intends to smooth out the rate (as a percentage of payroll) for the amounts dedicated to its pension obligations.

As each city in the County has taken varying actions to address pensions in light of different fiscal circumstances and levels of pension funding, the budget discussion around pensions will necessarily vary. The budget document is where these various actions culminate and can best be explained to the public. The issue should be fully explained, but an overabundance of detail is not warranted, and can obfuscate the solutions that each City Council deems appropriate. The content and discussion within the budget document should be the prerogative of each City Council.

The Burlingame City Council approved this response letter at its public meeting on October 7, 2019.

Sincerely,

Donna Colson

Donna Colson
Mayor

TOWN OF COLMA
1198 El Camino Real • Colma, California • 94014-3212
Tel 650.997.8300 • Fax 650.997.8308

September 25, 2019

Honorable Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Re: Grand Jury Report: "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017-2018."

Dear Judge Ayoob;

The City Council received the San Mateo Civil Grand Jury report titled, "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017-2018."

The Town was requested to submit comments regarding the findings and recommendations no later than October 28, 2019. The Town of Colma's response to both the findings and recommendations are listed below.

The Grand Jury instructed all agencies in San Mateo County to respond to findings 1-27 (F1-F27) and for Cities to respond to recommendations 1-2 (R1-R2a, R2b, R2C and R2d).

For the "findings", the Town was to indicate one of the following;

1. The respondent agrees with the finding.
2. The respondent disagrees wholly or partially with the finding, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefore.

Additionally, for each Grand Jury "recommendation", the Town was requested to report one of the following actions;

1. The recommendation has been implemented, with a summary regarding the implemented action.
2. The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
3. The recommendation requires further analysis, with an explanation and the scope and

parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the Grand Jury report.

4. The recommendation will not be implemented because it is not warranted or reasonable, with an explanation therefore

The following are responses to findings 1-27:

Data Set Forth in Appendix A

F1. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined covered payroll for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Town Response: The Town agrees with this finding.

F2. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined contribution payments to CalPERS on the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Town Response: The Town agrees with this finding.

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

Town Response: The Town agrees with this finding.

F4. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Funded Percentages (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Town Response: The Town agrees with this finding.

F5. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported what the combined Unfunded Liabilities (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 would have been if the applicable Discount Rate applied to calculate them had been one percentage point lower in the amount set forth beside its name for that year in Appendix A.

Town Response: The Town agrees with this finding.

F6. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported general fund total expenditures for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Town Response: The Town agrees with this finding.

F7. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's general fund total expenditures for that year set forth beside its name for that year in Appendix A in the column entitled "Contribution Payments as % of General Fund Total Expenditures."

Town Response: The Town agrees with this finding.

F8. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's combined covered payroll for the City's pension plans in the amount set forth beside its name for that year in Appendix A in the column entitled "Contribution Rate (i.e., Contribution Payments as % of Covered Payroll)."

Town Response: The Town agrees with this finding.

<u>**Projections of Future City Pension Costs**</u>

F9. Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities do so.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

F10. Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing the annual dollar amount of their projected pension contribution costs for the next five or more years.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F11. The only way to find projections showing the annual dollar amount of the following Cities' projected pension contribution costs for the next five or more years on their public websites is by manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

Long-Term Financial Forecasts

F12. Each of Colma, Daly City, Hillsborough, Menlo Park, Pacifica, Redwood City, San Mateo, South San Francisco and Woodside has a general fund operating budget forecast covering a ten-year period. Of those nine, only Colma, Hillsborough, Menlo Park, Redwood City, San Mateo, and Woodside make those forecasts accessible to the public in their most recent annual or bi-annual budgets or annual financial reports published on their public websites.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

F13. The only way to find the ten-year general fund operating budget forecasts on the public websites of Pacifica and South San Francisco is by manually searching through agenda packages for their City Council meetings.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F14. Daly City's ten-year general fund operating forecast is not accessible to the public through its public website.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to this city.

F15. Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering only a five- year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or bi- annual budgets or annual financial reports published on their public websites.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F17. Brisbane's five-year general fund operating forecast is not accessible to the public through its public website.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to this city.

F18. Neither East Palo Alto, Millbrae, nor Portola Valley has a general fund operating forecast that extends beyond the fiscal years covered in its most recent annual or bi-annual budget.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

Plans to Make Additional Payments to CalPERS Beyond Annual Required Contributions

F19. Each of Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo has made, or currently has a specific plan to make, additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

Establishment of Reserves or Section 115 Trusts for Future Pension Payments

F21. Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

F22. Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City or Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

Employee Cost-Sharing to Help Pay Cities' Pension Costs

F23. Each of Atherton, Belmont. Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F24. Neither Brisbane, Colma, Daly City, East Palo Alto, Half Moon Bay, Portola Valley, San Bruno, San Carlos nor Woodside has, or currently intends to seek, one or more cost- sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

Revenue Enhancement Ballot Initiatives by Cities

F25. Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

F26. Each of Half Moon Bay, Pacifica, Redwood City, and San Bruno are currently considering seeking approval of their voters for revenue enhancement measures in the near term.

Town Response: The Town agrees with this finding to the extent the information contained within the Grand Jury Report is accurate with respect to these cities.

F27. Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

Town Response: The Town agrees with this finding as it relates to the Town of Colma.

Recommendations

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Town Response: The recommendation has been implemented and is part of the FY 2019-20 Adopted Budget on the Town's website.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

- **a)** The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

Town Response: The recommendation has not yet been implemented but will be implemented beginning with the FY 2020-21 Budget. The FY 2019-20 Budget did not separate the Town's pension contribution from total Salary and Benefit expenditure category.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

Town Response: The recommendation has been implemented and is part of the FY 2019-20 Adopted Budget on the Town's website.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.

Town Response: The recommendation has not yet been implemented but will be implemented beginning with the FY 2020-21 Budget.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

Town Response: The recommendation has not yet been implemented but will be implemented beginning with the FY 2020-21 Budget.

Sincerely,

Joanne F. del Rosario

Joanne F. del Rosario
Mayor

CITY OF SAN CARLOS
OFFICE OF THE CITY MANAGER

600 ELM STREET
SAN CARLOS, CA 94070
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September 23, 2019

Honorable Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center, 2nd Floor
Redwood City, CA 94063-1655

RE: Request for Response to the Grand Jury Report "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017-2018"

Dear Judge Ayoob:

The City of San Carlos is replying to a request by the court to respond to the Grand Jury Report "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017-2018". Below are our responses to the Findings and Recommendations that were approved by the San Carlos City Council on September 23, 2019.

FINDINGS:

We can confirm that Findings 1-27 are correct concerning the City of San Carlos.

RECOMMENDATIONS:

Recommendation 1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Response. This recommendation will be implemented as part of the next budget cycle. As noted in Finding 15, the City currently prepares a five-year general fund operating budget that is available in our budget document. We will work on expanding this forecast to ten years.

Recommendation 2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension cost paid to CalPERS. The report should include the following:

a. The City's total pension contribution costs under all plans for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City) assuming CalPERS' actuarial assumptions are met.
b. The City's total Unfunded Liabilities under all plans for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

c. The City's Funded Percentage across all plans for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.
d. The percentage of the City's general fund expenditures and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years.)

Response. This recommendation will not be implemented because it is not reasonable. Each August, CalPERS submits to the City its actuarial reports for all of the participating CalPERS plans. Each actuarial report includes an amortization schedule to pay off the liabilities and projected future contributions for the current fiscal year and the next six fiscal years. It is unreasonable to ask the City to use tax payer dollars to pay for a third party to attempt to calculate this information that CalPERS does not provide. The City has no control over how CalPERS ultimately calculates our Unfunded Liabilities based on CalPERS investments and assumptions that can change. However, the City will look into options of how to format and include the information CalPERS does provide in the next budget cycle.

Sincerely,

Jeff Maltbie, City Manager

OFFICE OF THE MAYOR

330 West 20th Avenue
San Mateo, California 94403-1338
Telephone (650) 522-7048
FAX: (650) 522-7041
www.cityofsanmateo.org

October 7, 2019

Hon. Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Honorable Judge Ayoob –

Thank you for the opportunity to review and comment on the Grand Jury Report: "Soaring City Pension Costs – Follow-up Grand Jury Report of 2017-2018" filed on July 29, 2019. The City of San Mateo's responses to both the findings and recommendations are listed below. This response was approved by the City Council at a public meeting held on October 7, 2019.

Response to Grand Jury Findings

F1. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined covered payroll for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of San Mateo agrees with this finding.

F2. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined contribution payments to CalPERS on the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of San Mateo agrees with this finding.

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

Response: The City of San Mateo partially disagrees with this finding.
This is simply a point of clarification. The values listed for the unfunded liability for each year are actually the value of the unfunded liability, as defined by GASB 68, for the applicable measurement period, which happens to be one year earlier. Ultimately, the unfunded liability numbers agree with the values in the City's CAFR; the City just wants to clarify that the unfunded liability values listed under each year are attributable to a measurement period that ties to the previous fiscal year.

F4. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Funded Percentages (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of San Mateo partially disagrees with this finding.
Same clarification as item F3. Otherwise, the City agrees with the finding.

F5. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported what the combined Unfunded Liabilities (as defined in the prior report) for the City's pension plans for each of FY
2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 would have been if the applicable Discount Rate applied to calculate them had been one percentage point lower in the amount set forth beside its name for that year in Appendix A.

Response: The City of San Mateo partially disagrees with this finding.
Same clarification as item F3. Otherwise, the City agrees with the finding.

F6. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported general fund total expenditures for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City of San Mateo agrees with this finding.

F7. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's general fund total expenditures for that year set forth beside its name for that year in Appendix A in the column entitled "Contribution Payments as % of General Fund Total Expenditures."

Response: The City of San Mateo agrees with this finding.

F8. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's combined covered payroll for the City's pension plans in the amount set forth beside its name for that year in Appendix A in the column entitled "Contribution Rate (i.e., Contribution Payments as % of Covered Payroll)."

Response: The City of San Mateo agrees with this finding.

Projections of Future City Pension Costs

F9. Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities do so.

Response: The City of San Mateo partially disagrees with this finding, as projections for General Fund pension costs over the next ten years are included in the City's long-term financial plan, which is included in the Adopted 2019-20 Budget document.

F10. Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing the annual dollar amount of their projected pension contribution costs for the next five or more years.

Response: Not applicable to the City of San Mateo.

F11. The only way to find projections showing the annual dollar amount of the following Cities' projected pension contribution costs for the next five or more years on their public websites is by manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

Response: The City of San Mateo agrees with this finding.

Long-Term Financial Forecasts

F12. Each of Colma, Daly City, Hillsborough, Menlo Park, Pacifica, Redwood City, San Mateo, South San Francisco and Woodside has a general fund operating budget forecast covering a ten-year period. Of those nine, only Colma, Hillsborough, Menlo Park, Redwood City, San Mateo, and Woodside make those forecasts accessible to the public in their most recent annual or bi-annual budgets or annual financial reports published on their public websites.

Response: The City of San Mateo agrees with this finding, only as it relates to the City of San Mateo.

F13. The only way to find the ten-year general fund operating budget forecasts on the public websites of Pacifica and South San Francisco is by manually searching through agenda packages for their City Council meetings.

Response: Not applicable to the City of San Mateo.

F14. Daly City's ten-year general fund operating forecast is not accessible to the public through its public website.

Response: Not applicable to the City of San Mateo.

F15. Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering only a five- year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or bi- annual budgets or annual financial reports published on their public websites.

Response: Not applicable to the City of San Mateo.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

Response: Not applicable to the City of San Mateo.

F17. Brisbane's five-year general fund operating forecast is not accessible to the public through its public website.

Response: Not applicable to the City of San Mateo.

F18. Neither East Palo Alto, Millbrae, nor Portola Valley has a general fund operating forecast that extends beyond the fiscal years covered in its most recent annual or bi-annual budget.

Response: Not applicable to the City of San Mateo.

Plans to Make Additional Payments to CalPERS Beyond Annual Required Contributions

F19. Each of Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo has made, or currently has a specific plan to make, additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Response: The City of San Mateo agrees with this finding, only as it relates to the City of San Mateo.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Response: Not applicable to the City of San Mateo.

Establishment of Reserves or Section 115 Trusts for Future Pension Payments

F21. Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Response: Not applicable to the City of San Mateo.

F22. Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City or Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Response: The City of San Mateo partially disagrees with this finding. The City's strategic plan to address its pension liability is to pre-pay the annual lump sum unfunded accrued liability (UAL) contribution and make Additional Discretionary Payments (ADP) to CalPERS. From the City's perspective, the most direct method of addressing unfunded pension liability is through making ADPs. The City Council has a goal to eliminate the City's unfunded pension and Other Post-Employment Benefits (OPEB) liabilities by no later than 2050.

Employee Cost-Sharing to Help Pay Cities' Pension Costs

F23. Each of Atherton, Belmont. Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Response: The City of San Mateo agrees with this finding.

F24. Neither Brisbane, Colma, Daly City, East Palo Alto, Half Moon Bay, Portola Valley, San Bruno, San Carlos nor Woodside has, or currently intends to seek, one or more cost- sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Response: Not applicable to the City of San Mateo.

Revenue Enhancement Ballot Initiatives by Cities

F25. Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

Response: Not applicable to the City of San Mateo.

F26. Each of Half Moon Bay, Pacifica, Redwood City, and San Bruno are currently considering seeking approval of their voters for revenue enhancement measures in the near term.

Response: Not applicable to the City of San Mateo.

F27. Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

Response: The City of San Mateo disagrees with this finding.
The City presented revenue enhancement options to Council during a public hearing on March 18, 2019. With Council direction, community polling is planned for the first quarter of fiscal year 2019-20, with potential placement of tax revenue enhancement measures in November 2020.

RECOMMENDATIONS

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Response: This recommendation has been implemented by the City of San Mateo.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a) The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

Response: While this recommendation has not yet been implemented in the City's published budget, it has been implemented as part of the mid-year financial update public hearing to the City Council and included as an attachment to the administrative report. Pursuant to this recommendation, the City will include this information as part of its published budgets beginning with the 2020-22 Business Plan.

Respectfully,

Diane Papan,
Mayor – City of San Mateo

CITY OF DALY CITY

Sent Via Email: grandjury@sanmateocourt.org

October 28, 2019

Hon. Donald J. Ayoob
Judge of the Superior Court
c/o Charlene Kresevich
Hall of Justice
400 County Center; 2nd Floor
Redwood City, CA 94063-1655

Re: 2018-2019 County of San Mateo Civil Grand Jury Report "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017 – 2018"

Dear Judge Ayoob,

We are in receipt of the Grand Jury's final report "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017-2018." Pursuant to your July 29, 2019 request for response, the City Council of Daly City held a public meeting on October 28, 2019 and approved this response. The City of Daly City responds to the Grand Jury's findings, conclusions and recommendations as follows:

<u>Findings:</u>

F1. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined covered payroll for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City agrees with the finding.

F2. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined contribution payments to CalPERS on the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City agrees with the finding.

F3. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Unfunded Liabilities (as defined in this report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A. Each City has been required to make large Amortization Cost (as defined in this report) payments of principal and interest to CalPERS on those Unfunded Liabilities. These payments have diverted money that could otherwise have been used to provide public services or to add to reserves.

Response: The City agrees with the finding.

F4. Each City's audited annual financial report for the fiscal year ending June 30, 2018 reported combined Funded Percentages (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City agrees with the finding.

F5. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported what the combined Unfunded Liabilities (as defined in the prior report) for the City's pension plans for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 would have been if the applicable Discount Rate applied to calculate them had been one percentage point lower in the amount set forth beside its name for that year in Appendix A.

Response: The City agrees with the finding.

F6. Each City's audited annual financial report for the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017, and June 30, 2018 reported general fund total expenditures 650 Woodside, Proposed Budget Fiscal Years 2019-21, Budget Overview, p. 8. 2018-2019 San Mateo County Civil Grand Jury 73 for each of FY 2014-15, FY 2015-16, FY 2016-17 and FY 2017-18 in the amounts set forth beside its name for that year in Appendix A.

Response: The City agrees with the finding.

F7. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's general fund total expenditures for that year set forth beside its name for that year in Appendix A in the column entitled "Contribution Payments as % of General Fund Total Expenditures."

Response: The City agrees with the finding.

F8. In each of the fiscal years ending June 30, 2015, June 30, 2016, June 30, 2017 and June 30, 2018, each City's combined contribution payments to CalPERS on the City's pension plans represented the percentage of that City's combined covered payroll for the City's pension plans in the amount set forth beside its name for that year in Appendix A in the column entitled "Contribution Rate (i.e., Contribution Payments as % of Covered Payroll)."

Response: The City agrees with the finding.

Projections of Future City Pension Costs

F9. Each of Colma, Daly City, Foster City, Hillsborough, and Redwood City includes in its annual, or bi-annual budgets published on its public website, projections showing the annual dollar amount of its projected pension contribution costs for the next five or more years. None of the other Cities do so.

Response: The City agrees with the finding.

F10. Neither Atherton, Brisbane, nor Portola Valley have published, anywhere on their public website or their agenda packages for city council meetings, projections showing the annual dollar amount of their projected pension contribution costs for the next five or more years.

Response: This does not apply to the City of Daly City.

F11. The only way to find projections showing the annual dollar amount of the following Cities' projected pension contribution costs for the next five or more years on their public websites is by manually searching through agenda packages for their city council meetings: Belmont, Burlingame, East Palo Alto, Half Moon Bay, Menlo Park, Millbrae, Pacifica, San Bruno, San Carlos, San Mateo, South San Francisco and Woodside.

Response: This does not apply to the City of Daly City.

Long-Term Financial Forecasts

F12. Each of Colma, Daly City, Hillsborough, Menlo Park, Pacifica, Redwood City, San Mateo, South San Francisco and Woodside has a general fund operating budget forecast covering a ten-year period. Of those nine, only Colma, Hillsborough, Menlo Park, Redwood City, San Mateo, and Woodside make those forecasts accessible to the public in their most recent annual or bi-annual budgets or annual financial reports published on their public websites.

Response: The City agrees with the finding.

F13. The only way to find the ten-year general fund operating budget forecasts on the public websites of Pacifica and South San Francisco is by manually searching through agenda packages for their City Council meetings.

Response: This does not apply to the City of Daly City.

F14. Daly City's ten-year general fund operating forecast is not accessible to the public through its public website.

Response: The City agrees with the finding.

F15. Each of Atherton, Belmont, Brisbane, Burlingame, Foster City, Half Moon Bay, San Bruno and San Carlos has a general fund operating budget forecast covering only a five-year period. Of those eight, only Belmont, Foster City, Half Moon Bay, San Bruno and San Carlos make the forecasts available to the public in their most recent annual or biannual budgets or annual financial reports published on their public websites.

Response: This does not apply to the City of Daly City.

F16. The only way to find the five-year general fund operating budget forecasts on the public websites of Atherton and Burlingame is by manually searching through agenda packages for their City Council meetings.

Response: This does not apply to the City of Daly City.

F17. Brisbane's five-year general fund operating forecast is not accessible to the public through its public website.

Response: This does not apply to the City of Daly City.

F18. Neither East Palo Alto, Millbrae, nor Portola Valley has a general fund operating forecast that extends beyond the fiscal years covered in its most recent annual or bi-annual budget.

Response: This does not apply to the City of Daly City.

Plans to Make Additional Payments to CalPERS Beyond Annual Required Contributions

F19. Each of Belmont, Colma, Foster City, Menlo Park, Portola Valley, Redwood City, San Carlos, and San Mateo has made, or currently has a specific plan to make, additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Response: This does not apply to the City of Daly City.

F20. Neither Atherton, Brisbane, Burlingame, Daly City, East Palo Alto, Half Moon Bay, Hillsborough, Millbrae, Pacifica, Portola Valley, San Bruno, South San Francisco nor Woodside currently has a specific plan recommended by staff to the City or Town Council (as applicable) to make additional pension contribution payments to CalPERS beyond its Annual Required Contribution.

Response: The City agrees with the finding.

Establishment of Reserves or Section 115 Trusts for Future Pension Payments

F21. Each of Brisbane, Burlingame, Colma, Daly City, Foster City, Half Moon Bay, Hillsborough, Menlo Park, Pacifica, Portola Valley, Redwood City, San Carlos, South San Francisco and Woodside has set aside internal reserves, or contributed funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Response: The City agrees with the finding.

F22. Neither Atherton, Belmont, East Palo Alto, Millbrae, San Bruno, nor San Mateo currently has a specific plan recommended by staff to the City or Town Council (as applicable) to set aside internal reserves, or to contribute funds to a Section 115 trust, specifically for the purpose of paying future pension contribution costs.

Response: This does not apply to the City of Daly City.

Employee Cost-Sharing to Help Pay Cities' Pension Costs

F23. Each of Atherton, Belmont. Burlingame, Foster City, Hillsborough, Menlo Park, Millbrae, Pacifica, Redwood City, San Mateo and South San Francisco has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Response: This does not apply to the City of Daly City.

F24. Neither Brisbane, Colma, Daly City, East Palo Alto, Half Moon Bay, Portola Valley, San Bruno, San Carlos nor Woodside has, or currently intends to seek, one or more cost-sharing agreements with employees under which employees pay for a portion of the City's Normal Cost pension payment obligations to CalPERS.

Response: The City agrees with the finding.

Revenue Enhancement Ballot Initiatives by Cities

F25. Each of Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Redwood City and South San Francisco have, since November 2016, sought and obtained voter approval for ballot measures intended to increase revenues.

Response: The City agrees with the finding.

F26. Each of Half Moon Bay, Pacifica, Redwood City, and San Bruno are currently considering seeking approval of their voters for revenue enhancement measures in the near term.

Response: This does not apply to the City of Daly City.

F27. Neither Atherton, Belmont, Brisbane, Burlingame, Colma, Daly City, East Palo Alto, Foster City, Hillsborough, Menlo Park, Millbrae, Portola Valley, San Carlos, San Mateo, South San Francisco, nor Woodside is currently considering seeking approval of its voters for revenue enhancement measures in the near term.

Response: The City agrees with the finding.

<u>Recommendations</u>

R1. Each City include in its published annual or bi-annual budgets a general fund operating budget forecast for the next ten fiscal years.

Response: The City will include this information in the FY 2021/FY 2022 biennial budget and in subsequent fiscal years.

R2. Each City include a report in its published annual or bi-annual budgets specifically setting forth the dollar amounts of its annual pension costs paid to CalPERS. The report should include the following:

a) The City's total pension contribution costs under all plans, for each of the three preceding fiscal years as well as estimates for such costs in each of the following ten fiscal years (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

Response: The City will include this information in the FY 2021/FY 2022 biennial budget. Attachment A is a table of the information that will be included.

b) The City's total Unfunded Liabilities under all plans, for each of the three preceding fiscal years as well as estimates for such Unfunded Liabilities in each of the next ten fiscal years, (whether developed by City staff internally, or by outside consultants to the City), assuming CalPERS' actuarial assumptions are met.

   Response: The City will include this information in the FY 2021/FY 2022 biennial budget. Attachment A is a table of the information that will be included.

c) The City's Funded Percentage across all plans, for each of the three preceding fiscal years as well as estimates for such Funded Percentages in each of the next ten fiscal years, assuming CalPERS' actuarial assumptions are met.

   Response: The City will include this information in the FY 2021/FY 2022 biennial budget. Attachment A is a table of the information that will be included.

d) The percentage of the City's general fund expenditures, and the percentage of the City's covered payroll, represented by the pension costs described in (a) above (using estimates of general fund expenditures in future fiscal years).

   Response: The City will include this information in the FY 2021/FY 2022 biennial budget. Attachment A is a table of the information that will be included.

The City of Daly City appreciates the opportunity to provide written responses to the 2018-2019 County of San Mateo Civil Grand Jury Report "Soaring City Pension Costs – Follow-up on Grand Jury Report of 2017 – 2018"

Should you or the Grand Jury require any additional information, please contact me directly at (650) 991-8127.

Very truly yours,

Shawnna Maltbie
City Manager

Cc: City Council
Annette Hipona, City Clerk
Rose Zimmerman, City Attorney

City Council Meeting Agenda Report

Item # ____

Meeting Date: October 28, 2019

To: Honorable City Council

AP

From: Angie Padilla, City Manager's Office

Date: October 28, 2019

Subject: Council Committee Meetings October 13 – October 27, 2019

<u>Date of Meeting</u>:	<u>Meeting</u>:	<u>In Attendance:</u>
October 14, 2019	Westlake – Partnership Opportunity With Sacred Heart Cathedral Prep - Proposed Enhancements to the North Baseball Diamond at Westlake Park	Buenaventura Manalo Maltbie Curran

CITY OF DALY CITY INTER-OFFICE MEMORANDUM

DATE: October 9, 2019

TO: See Below

FROM: Angie Padilla, City Manager's Office

SUBJECT: **MEETING NOTICE**

RE: **Westlake Council Committee Meeting—**
Partnership Opportunity with Sacred Heart Cathedral Prep
- Proposed Enhancements to the North Baseball Diamond at Westlake Park

DATE: **Monday, October 14, 2019**

TIME: **5:30 p.m. – 6:00 p.m.**

PLACE: Administrative Conference Room
City Hall

ATTENDING:

City Participants:	**Other Participants:**
Raymond Buenaventura, Mayor	Melinda Lawlor Skrade, PhD, Sacred Heart
Juslyn Manalo, Councilmember	Phil Freed, CAA, Sacred Heart
Shawnna Maltbie, City Manager	
Joseph Curran, Dir. of Libr. & Rec.	

cc: Council