



**CITY COUNCIL MEETING -
SECOND AMENDMENT
3/24/23
AGENDA**

**7:00 PM - Tuesday, March 28, 2023
via Videoconference and In Person**

Please Note: The City Council will meet in person as well as via Telephone/Video Conference

Telephone: 1-669-444-9171 / Webinar ID: 860 8720 0853

<https://losaltosca-gov.zoom.us/j/86087200853?pwd=NnRMb0gzdThEMExQRXhXanFjbGZyQT09>

Passcode: 353132

PLEASE NOTE: Councilmember Lee Eng will participate in the meeting via videoconference from the site listed below. The meeting agenda will be posted on the videoconference site, which is accessible to the public. Anyone wishing to address the Council from the videoconference site will be provided with an opportunity to do so.

Location:

**Courtyard Marriott Room #1151
901 L Street, NW
Washington, DC 20001**

TO PARTICIPATE IN-PERSON: Members of the public may also participate in person by being present at the Los Altos Council Chamber at Los Altos City Hall located at 1 N. San Antonio Rd, Los Altos, CA.

TO PARTICIPATE VIA VIDEO: Follow the link above. Members of the public will need to have a working microphone on their device and **must have the latest version of ZOOM installed** (available at <https://zoom.us/download>). To request to speak, please use the “Raise hand” feature located at the bottom of the screen.

TO PARTICPATE VIA TELEPHONE: Members of the public may also participate via telephone by calling the number listed above. To request to speak, press *9 on your telephone.

TO SUBMIT WRITTEN COMMENTS: Prior to the meeting, comments on matters listed on the agenda may be emailed to PublicComment@losaltosca.gov. Emails sent to this email address are sent to/received immediately by the City Council. Please include a subject line in the following format:

PUBLIC COMMENT AGENDA ITEM ## - MEETING DATE

Correspondence submitted in hard copy/paper must be received by 2:00 PM on the day of the meeting to ensure distribution prior to the meeting. Correspondence received prior to the meeting will be included in the public record. .

Public testimony will be taken at the direction of the Mayor, and members of the public may only comment during times allotted for public comments.

AGENDA

CALL MEETING TO ORDER

ESTABLISH QUORUM

PLEDGE ALLEGIANCE TO THE FLAG

REPORT ON CLOSED SESSION

CHANGES TO THE ORDER OF THE AGENDA

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

Members of the audience may bring to the Council's attention any item that is not on the agenda. Speakers are generally given two or three minutes, at the discretion of the Mayor. Please be advised that, by law, the City Council is unable to discuss or take action on issues presented during the Public Comment Period. According to State Law (also known as "The Brown Act") items must first be noted on the agenda before any discussion or action.

- i. Public Comment Not on Agenda

SPECIAL ITEM

- A. Women's History Month Proclamation

CONSENT CALENDAR

These items will be considered by one motion unless any member of the Council or audience wishes to remove an item for discussion. Any item removed from the Consent Calendar for discussion will be handled at the discretion of the Mayor.

1. **Minutes:** Approve Minutes of the City Council Regular Meeting of February 28, 2023. (A. Rodriguez)
2. **Minutes:** Approve Minutes of the City Council Retreat of February 21, 2023. (A. Rodriguez)
3. **Receive and Accept:** Treasurer's Report – Month Ended December 31, 2022 (J. Du)
4. **Receive and Accept:** Quarterly Investment Portfolio Report – Quarter Ended December 31, 2022 (J. Du)
5. **City Council Goals:** Adopt a Resolution affirming the City Council Strategic Goals (J. Maginot)
6. **Award Construction Contract for Sewer System Repair Program, Project WW-01001:** Award the construction contract for the Base Bid and the Additive Alternate No. 1 (Total

Bid) for the Sewer System Repair Program Project WW-01001 to Casey Construction, Inc. as the lowest responsive bidder submitting a bid in the amount not-to-exceed \$778,550 and approve the City Manager the authority up to 15% construction contingency if needed, in the amount not-to-exceed \$116,783 (T. Nguyen)

- 7. Santa Clara Valley Runoff Pollution Prevention Program:** Approve Contract Amendment No. 4 with Santa Clara Valley Runoff Pollution Prevention Program (SCVURPPP); find that the approval of the amendment is exempt from review under the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Sections 15061(b)(3) and 15308 (E. McDannold)
- 8. 2022 Housing Element Annual Progress Report:** Adopt a resolution authorizing staff to submit the Housing Element Annual Progress Report to HCD (S. Williams)
- 9. SVCE Decarbonization Grant Program Agreement:** Adopt Resolution 2023-___ authorizing the City Manager to 1) Accept the SVCE Decarbonization Grant Program Agreement for the design, procurement, and construction of the Energization Station Project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP Project Funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX) (E. McDannold)
- 10. 2023 Update of City Investment Policy:** Adopt the revised Investment Policy for 2023 (J. Du)
- 11. Fiscal Year 2022 Audited Financial Statements and Compliance reports:** Accept Fiscal Year 2022 Audited Financial Statements and Compliance reports (J. Du)
- 12. Hybrid Ford Police Interceptor Vehicles:** Approve Purchase of two Marked Patrol Hybrid Ford Police Vehicles from Folsom Lake Ford for a total of \$114,284.88 (K. Krauss)

PUBLIC HEARINGS

- 13. Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276:** Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance. (T. Katbi)

DISCUSSION ITEMS

- 14. Administrative Appeal:** 389 and 425 1st Street
- 15. AB 481 Military Equipment Use Annual Report:** Review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481 (K. Krauss)

- 16. Adopt Housing Element Update Ordinance:** Adopt an ordinance of the City Council of the City of Los Altos amending chapters 2.08, 12.44, 13.04, 14.76, and 14.78 of the Los Altos municipal code to implement certain provisions of program 3.H and 3.K of the sixth cycle Housing Element Update, this ordinance is exempt from environmental review pursuant to section 15061(b)(3) of the state guidelines implementing the California environmental quality act of 1970. (N. Zornes)
- 17. Update on Return to In-Person City Council and Commission meetings:** Receive an update on the return to in-person City Council and Commission meetings and provide direction if needed (J. Maginot)
- 18. SB43 Support Letter:** Discuss and Provide Direction regarding the SB43 Letter of Support regarding Mental Health Reforms

INFORMATIONAL ITEMS ONLY

- 19.** Tentative Council Calendar

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

ADJOURNMENT

(Council Norms: It will be the custom to have a recess at approximately 9:00 p.m. Prior to the recess, the Mayor shall announce whether any items will be carried over to the next meeting. The established hour after which no new items will be started is 11:00 p.m. Remaining items, however, may be considered by consensus of the Council.)

SPECIAL NOTICES TO THE PUBLIC

In compliance with the Americans with Disabilities Act, the City of Los Altos will make reasonable arrangements to ensure accessibility to this meeting. If you need special assistance to participate in this meeting, please contact the City Clerk 72 hours prior to the meeting at (650) 947-2610.

Agendas Staff Reports and some associated documents for City Council items may be viewed on the Internet at <http://www.losaltosca.gov/citycouncil/online/index.html>.

All public records relating to an open session item on this agenda, which are not exempt from disclosure pursuant to the California Public Records Act, and that are distributed to a majority of the legislative body, will be available for public inspection at the Office of the City Clerk's Office, City of Los Altos, located at One North San Antonio Road, Los Altos, California at the same time that the public records are distributed or made available to the legislative body.

If you wish to provide written materials, please provide the City Clerk with 10 copies of any document that you would like to submit to the City Council for the public record.



PUBLIC CORRESPONDENCE

The following is public correspondence received by the City Clerk's Office after the posting of the original agenda. Individual contact information has been redacted for privacy. This may *not* be a comprehensive collection of the public correspondence, but staff makes its best effort to include all correspondence received to date.

To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov

From: [p foreman](#)
To: [Public Comment](#)
Subject: PUBLIC COMMENT AGENDA ITEM #9-MARCH 28, 2023
Date: Thursday, March 16, 2023 4:31:24 PM

Hello,

I am a 30-year resident of Los Altos and an active community member. I would like to respectfully request that the gas leaf-blower ordinance be enforced vigorously in our area. Gas blowers are more the norm than the exception and without consequences for the users they will continue to proliferate. Enforcing the ordinance is something that not only will improve everyone's quality of life (noise/smell), but can have a huge impact on our health and that of the climate.

Thank you for considering my opinion.

Regards,

Pam Foreman



PUBLIC CORRESPONDENCE

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To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov

Pierre Bedard
 721 Casita Way
 Los Altos, CA 94022
 30 November 2020

To: North County Library Authority (NCLA)
 cc: City of Los Altos and Town of Los Altos Hills Library Commission
 Lynette Lee Eng, Vice Chair, JPA Board
 Jon Maginot, Los Altos Assistant City Manager
 Jaime Chew, Los Altos City Staff Liaison
 Marcie Scott, NCLA Liaison

Re: Comments on North County Library Authority Joint Exercise of Powers Agreement (JPA), signed 1 August 1985

Commissioners and other interested parties,

I am writing as a Los Altos resident and not as a member of the Library Commission and these comments are my personal opinion. While an attorney may be interested in what I have to say, it should not and cannot replace a practicing attorney's review and learned analysis of the JPA.

I've attended most of the NCLA and Library Redevelopment meetings of the past two years. I have an MBA and JD from Santa Clara University, forty years' experience in negotiations and management, and a knowledge of how the County and the City operate.

I have incorporated the full text of the JPA as an attachment to this letter for reference. I've also included the proposed Amendment to the JPA which was presented to the Los Altos City Council in January 2020, but not adopted.

First, I would be remiss not to thank the NCLA, especially the outgoing members, for their service. It has been a challenging time. My comments follow.

Comments on the JPA (organized by Page # / Section # / Section Title)

Page 2. Section 3. Purpose. The Agency has a purpose which goes beyond just building a new library. The *"augmentation of public library services for the benefit of the inhabitants"* is the Agency's primary purpose and I think we need to focus on that more, especially now.

Libraries serve a community function - we are more than a building. As a resident, I don't want to lose sight of that. We should not shy from helping the inhabitants. But we should also not shy from helping the economy, especially the local one. We need to think of initiatives which bring

together the community for that purpose. There's a fear of spending money. I have a bigger fear - that we sit still without purpose and taking the initiative. We need to be willing to invest where it makes sense.

Page 3. Section 5. Powers. There are very broad rights granted to the Commission to act for the benefit of the inhabitants. I believe that we will require money from the NCLA to bring our libraries back into post-Covid shape. The NCLA needs to be flexible in how it wields its many powers.

The powers specified in this Agreement are not limited to building a new library. For instance, a Woodland remodel, even if only internal, should not be out of the question.

Page 5. Section 8. Duties of Commission. Does the JPA need to be amended to be modified. Can we just change any of the rules? I would argue yes - the intent of the Agreement signed in 1985, gives the Commission plenty of room to maneuver – but the actions are general, and the details are driven elsewhere.

Where does the NCLA leave off and other organizations step in?

Page 7. Section 12. Bonding Persons Having Access to Property. In theory, the charges could be reallocated. I can see why Los Altos doesn't want to provide the service, especially with how the City Manager may consider it to be a large commitment of a permanent employee – he/she would rather see it contracted out.

Comments on Amendment to Agreement on Section 12

My personal opinion is that the presented amendment was overkill, in fact the Amendment introduces language and concepts which needed no introduction. Money and funds are material, I just feel that something might have been done via letter, or frankly, any other mechanism other than spending the amount of time and money necessary to draft and present an ordinance to two city councils.

Reading it, I get the sense the same result might have been accomplished with less administrative effort, but hindsight is often foresight. The Amendment, first presented in January 2020, remains unsigned by Los Altos.

Page 8. Section 15. Operating Fund. I am confused about which fund pays for what and when. If I can't grasp it, others trying to make sense of the situation are likely in the same quandary. There seem to be at least three accounts. I would submit that there is a benefit to one account.

Attorney and Auditor Issue

Two more comments on items discussed in the last NCLA meeting.

NCLA Attorney. Make the break with the old law firm. I don't see any other rational option.

NCLA Audit. Any auditor hired must be independent. I disagree with the concept of hiring someone to try to figure out "interest owed." At this point, I think that may be too granular of an ask, but I have not seen any data or documents. Forensics can be expensive. We need to err on the side of agreement so we can move forward.

Thank you for your attention.

Sincerely,

A handwritten signature in blue ink that reads "Pierre Bedard". The signature is written in a cursive style with a large initial "P".

Pierre Bedard
Writing as a resident

NORTH COUNTY LIBRARY AUTHORITY
JOINT EXERCISE OF POWERS AGREEMENT

THIS AGREEMENT, dated for convenience as of August 1, 1985, by and between the City of Los Altos, a municipal corporation and the Town of Los Altos Hills, a municipal corporation, both situated in the County of Santa Clara, State of California.

R E C I T A L S

WHEREAS, it will enhance the general welfare and be to the cultural advantage of the inhabitants of each of the parties hereto to provide for the acquisition, operation, maintenance and support of certain public library facilities and the expansion of certain public library activities in connection with the two branch libraries located in the City of Los Altos which are currently being operated by the County of Santa Clara, to the end that the hours of library service may be extended through additional funding to be raised via the levy of special taxes and or charges to be imposed by the proposed Library Commission;

WHEREAS, the parties hereto possess the common power to aid in the provision of increased public library services and functions for the benefit of their respective inhabitants and to provide for solutions to related problems which are of direct concern to the parties hereto in the performance of their constitutional and statutory functions, and to join associations and expend public funds for such purposes, including funds contributed by the parties to this agreement or by any person or any subventions or grants which may be obtained from the federal and/or state governments;

NOW, THEREFORE, in consideration of the mutual terms, covenants and conditions herein contained, said parties, acting by and through their respective governing bodies, do hereby agree as follows:

Section 1. Definition of Terms.

"ACT" means the provisions of Chapter 5 of Division 7 of Title 1 of the Government Code (commencing with Section 6500) pertaining to joint powers agreements.

"AGENCY" means the North County Library Authority.

"COMMISSION" means the governing board of the North County Library Authority.

"MEMBER ENTITY" means any city party to this agreement.

Section 2. Creation of Agency. There is hereby created a public agency to be known as the "North County Library Authority". The Agency is formed by this Agreement pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies. For the purposes of this Agreement, the Agency is a public agency separate from the parties hereto and shall be the agency to administer or execute this Agreement.

Section 3. Purpose. The purpose of this Agreement is to create an agency which will plan, support, acquire, maintain and operate programs and facilities for the extension of public library services for the benefit of the inhabitants within the collective boundaries of the Member Entities.

Section 4. Term and Effect. This Agreement shall become effective when all eligible Member Entities have approved and authorized its execution by their respective governing bodies and shall

continue in full force and effect until such time as the parties agree in writing to terminate the same.

Section 5. Powers. The Agency shall have the power and authority to plan, support, acquire, construct, maintain and operate programs and facilities for the augmentation of public library services for the benefit of the inhabitants of the Member Entities.

The Agency is hereby authorized, in its own name, to do all acts necessary to exercise said power for said purposes, including but not limited to any or all of the following: to make and enter into contracts; apply for and accept grants, advances, and contributions; to employ agents, consultants and employees; to acquire, construct, manage, maintain and operate any buildings, works or improvements; to acquire, hold or dispose of property (real and personal), including but not limited to books, tapes, records, furniture, furnishings and equipment; to sue and be sued in its own name; to conduct elections; to incur debts, liabilities, or obligations; to levy special taxes and/or service charges including but not limited to the power to levy charges and/or to seek approval for the levy of a special tax pursuant to the provisions of the Mello-Roos Community Facilities Act of 1982; to issue revenue bonds, notes, warrants, and other evidences of indebtedness to finance the costs and incidental expenses of the projects of the Agency; to exercise all powers conferred by the Act; and to exercise all other powers common to the Member Entities not herein specifically mentioned which may be necessary to carry out the purpose of this Agreement.

No debt, liability or obligation of the Agency shall constitute a debt, liability or obligation of any Member Entity.

Section 6. Governing Body of the Agency. The Agency shall be governed by the North County Library Commission.

The Commission shall consist of five members each of whom shall have one vote. Each Member Entity shall appoint two commissioners as its representatives on the Commission. A fifth Commissioner shall be appointed by the Los Altos Library Commission. Each Commissioner shall serve for a term of four years, except the first appointees, who shall classify themselves by lot so that two of them shall hold office for two years from the date of organization and three of them shall hold office for four years from the date of organization.

Section 7. Officers and Duties. A President, a Vice-President and a Secretary shall be elected by the Commission from its own members, the term of office for each such office to be one year and until a successor is elected to such office.

The President shall sign all contracts on behalf of the Agency and perform such other duties as may be imposed by the Commission. The Vice-President shall act in the absence of the president. The Secretary shall countersign all contracts on behalf of the Agency; perform such other duties as may be imposed by the Commission; and keep minutes of all meetings and cause a copy of the minutes to be forwarded to each of the members of the Commission and each of the Member Agencies.

The Commission may appoint and employ an Administrative Officer or any acting Administrative Officer who shall perform such duties as may be imposed by the Commission and who shall report to the Commission in accordance with such rules and regulations as the Commission may adopt.

In the absence of an Administrative Officer, the President shall perform the duties of the Administrative Officer.

The Commission shall appoint one of its members or employees, other than the Administrative Officer, as Treasurer of the Agency to be the depository and have custody of all the money of the Agency from whatever source. The Commission shall appoint one of its members or employees, other than the Administrative Officer, as Auditor-Controller of the Agency to draw warrants to pay demands against the Agency when the demands have been approved by the Commission. The same officer or employee may be appointed as both Treasurer and Auditor-Controller and the Treasurer and Auditor-Controller shall have the duties and obligations set forth in Section 6505.5 and 6505.6 of the Government Code of the State of California.

Section 8. Duties of the Commission. The duties of the Commission shall be:

- (a) To make all policy decisions and exercise all of the powers of the Agency;
 - (b) To submit full and regular reports to the Member Entities;
- and
- (c) To adopt from time to time such rules and regulations for the conduct of its affairs as may be required.

The members of the Commission shall receive no compensation except as may be provided by the respective Member Entities which they represent.

Section 9. Meetings of the Commission. Regular meetings of the Commission shall be held at such time and place as shall be established by the Commission by resolution.

All meetings of the Commission including regular, adjourned regular and special meetings, shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act, Sections 54950 et seq of the Government Code of the State of California.

Section 10. Quorum. A majority of the members of the Commission shall constitute a quorum. Any action of the Agency shall require the affirmative vote of a majority of the entire membership of the Commission.

Section 11. Accountability of Funds, Reports and Audits. There shall be strict accountability of all funds and a report of all receipts and disbursements of the Agency. The auditor-controller of the Agency shall cause annual audits of the accounts and records of the Agency to be prepared in accordance with the requirements contained in Section 6505 of the Government Code of the State of California. Should the Agency terminate prior to the expiration of any fiscal year, the auditor-controller shall cause a final audit of the accounts and records of the agency to be prepared. The fiscal year of the Agency shall terminate June 30th of each year. The Agency shall establish and maintain all necessary funds and accounts which shall be open to inspection at all reasonable times.

Section 12. Bonding Persons Having Access to Property. Officers or person or persons who have charge of, handle or have access to any money of the Agency, shall be required to file an official bond with the Agency in such amount as may be established by the Commission. Should an existing bond of any of said officer or officers or person or persons be extended to cover the obligation provided herein, said bond

shall be the official bond of said officers or officer or person or persons required to be posted herein. The premium of any such bond or bonds shall be an appropriate expense of the Agency. Any payment to the treasurer or auditor-controller required in the operation of the Agency shall be an appropriate charge against the Agency.

The administrative Officer shall have the responsibility of any and all property of Agency and shall indicate approval of all claims and demands for the disbursement of Agency funds prior to submittal of said claims and demands to the Commission for approval.

The City of Los Altos shall provide staff and basic services at no cost to the Agency. All costs and expenses of an outside nature such as auditing, legal, consultants or the like, shall be apportioned equally among the Member Entities.

Section 13. Bonds. The Agency shall have power and authority to issue and sell revenue bonds in accordance with the following:

(a) Article 2, Chapter 5, Division 7, Title 1 of the Government Code, commencing with Section 6540; and

(b) Chapter 6, Division 2, Title 5 of the Government Code, commencing with Section 54300.

The Agency shall have and exercise all powers conferred on "local agencies" by the provisions of the law with respect to revenue bonds mentioned in (a) and (b) of this section.

Section 14. Elections. For purposes of conducting elections and voting on an Agency-wide basis, the boundaries of the Agency shall be the consolidated boundaries of its Member Entities. All elections shall be conducted pursuant to the Uniform District Election Law and applicable provisions of the Elections Code of the State of California.

Section 15. Operating Fund. An operating fund shall be established and maintained which shall be used to pay all administrative and incidental expenses incurred by the Agency. Revenues for the operating fund shall be derived from the levy and collection of special taxes and/or service charges, contributions from member entities, contributions from the public, grants and subventions, and any other lawful source.

Section 16. Settlement of Disputes. If a dispute arises as to the construction, interpretation or implementation of any provision of this Agreement, the issues in dispute or matter requiring action shall be submitted to binding arbitration. For such purpose, and agreed arbitrator shall be selected by all members of the Commission, or in the absence of unanimous agreement, the Commission, by majority vote, shall select an arbitrator and the members of the Commission in dissent shall select an arbitrator. The two arbitrators so selected shall select a third arbitrator. The arbitrator, or three arbitrators acting as a panel, shall proceed to arbitrate the matter in accordance with the provisions of Title 9 of Part 3 of the Code of Civil Procedure.

Section 17. Withdrawal or Dissolution. Upon withdrawal of a Member Entity from the Agency or upon dissolution of the Agency, there shall be partial or complete distribution of assets and discharge of liabilities as follows:

(a) Withdrawal. A Member Entity may withdraw from the Agency only with the unanimous consent of the remaining Member Entities and upon mutually agreeable terms and conditions. Upon withdrawal of any Member Entity from the Agency, the withdrawing Member Entity shall receive its proportionate share of the assets of the Agency and shall

contribute its proportionate share toward discharge of any enforceable liabilities incurred by the Agency as the same appear on the books of the Agency.

(b) Dissolution. Upon dissolution of the Agency, each member Entity shall receive its proportionate share of the assets of the Agency and shall contribute its proportionate share toward discharge of any enforceable liabilities incurred by the agency as the same appear on the books of the Agency.

The distribution of assets may be made in kind or assets may be sold and the proceeds thereof distributed to a Member Entity at the time of withdrawal or to all Member Entities at the time of dissolution, provided that all facilities and rights in facilities assigned or transferred by any Member Entity to the Agency shall be reconveyed to said Member Entity free and clear of all encumbrances and liens of any kind.

Upon withdrawal of a Member Entity from the Agency or upon dissolution of the Agency, the responsibility of the Member Entity or Members Entities to contribute to the discharge of enforceable liabilities incurred by the Agency shall be limited to the proportion that the contributions made by each Member Entity bears to the total contributions made by all of the Member Entities to the agency from the effective date of this Agreement to the date of withdrawal or dissolution.

Section 18. Miscellaneous. The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

This Agreement is made in the State of California and under its Constitution and laws, and it is to be so construed.

To preserve a reasonable degree of flexibility, many parts of this Agreement are stated in general terms. It is understood that the Commission may from time to time adopt and implement rules and regulations to further define the rights and obligations of the Member Entities and of the Agency to carry out the purposes of this Agreement.

This Agreement may be amended in any particular, from time to time, by unanimous action of the Member Entities, provided, however, that no authority on which action has been taken by the Agency shall be limited or withdrawn.

Section 19. Partial Invalidity. If any one or more of the terms, provisions, promises, covenants, or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void, or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants, and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

Section 20. Successors. This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto.

Section 21. Effective Date. The effective date of this Agreement shall be August 1, 1985.

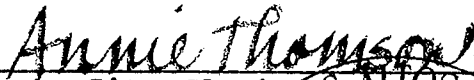
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their proper officers thereunto duly authorized, and their official seals to be hereto affixed, as of the day and year first above written.

CITY OF LOS ALTOS,
a municipal corporation

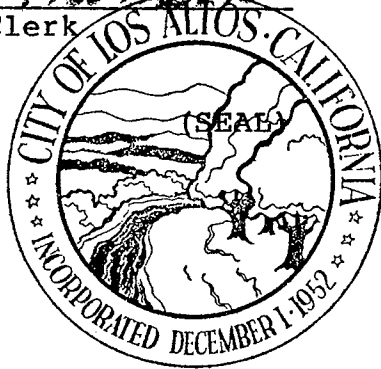


Mayor

ATTEST:



City Clerk



TOWN OF LOS ALTOS HILLS,
a municipal corporation



Mayor

ATTEST:



Town Clerk

(SEAL)

January 13, 2020



TO: North County Library Authority (NCLA) Commission

FROM: Liaison Marcie Scott

DATE: January 13, 2020

SUBJECT: Consideration of Amendment to JPA Agreement for General Administrative Support

At the November 26, 2019 Board meeting Board President Courtenay Corrigan and Board Secretary Jan Pepper discussed their prior meeting with the City Managers of the two Member Entities to discuss staff support for NCLA. The Board concurred with the recommendation resulting from said meeting and requested JPA amendment language be placed on agenda at the next meeting.

Authority Attorney Chris Diaz prepared the proposed JPA Agreement language for your review. If the language is acceptable to the NCLA Board, the next step is to propose this language to the Town Council of Los Altos Hills for adoption, and the City Council of Los Altos for adoption. Upon approval from both Member Entities, the JPA Amendment will become final.

Attachments:

- a. JPA Amendment

**FIRST AMENDMENT TO THE JOINT POWERS AGREEMENT OF
NORTH COUNTY LIBRARY AUTHORITY**

This First Amendment to the Joint Powers Agreement (“First Amendment”) is made and entered into on the ___ day of _____, 2020, by and between the City of Los Altos, a municipal corporation and the Town of Los Altos, a municipal corporation, both situated in the County of Santa Clara, State of California (collectively the “Parties”).

RECITALS

WHEREAS, on August 1, 1985, the City of Los Altos and the Town of Los Altos Hills, both located in Santa Clara County, entered into a Joint Powers Agreement (the “JPA”) to form the North County Library Authority (the “Agency”); and

WHEREAS, pursuant to Government Code sections 6500 *et seq.*, the parties to the JPA desire to amend the JPA to provide clarifying language changes with regard to the use of Agency funds.

MUTUAL UNDERSTANDINGS

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions hereinafter stated, the Parties hereto agree as follows:

1. Section 12. “Bonding Persons Having Access to Property” is hereby amended as follows:

“Section 12. Bonding Persons Having Access to Property. Officers or person or persons who have charge of, handle or have access to any money of the Agency, shall be required to file an official bond with the Agency in such amount as may be established by the Commission. Should an existing bond of any said officer or officers or person or persons be extended to cover the obligation provided herein, said bond shall be the official bod of said officers or officer or person or persons required to be posted herein. The premium of any such bond or bonds shall be an appropriate expense of the Agency. Any payment to the treasurer or auditor-controller required in the operation of the Agency shall be an appropriate charge against the Agency.

The Administrative Officer shall have the responsibility of any and all property of Agency and shall indicate approval of all claims and demands for the disbursement of Agency funds prior to submittal of said claims and demands to the Commission for approval.

The City of Los Altos shall provide staff and basic services at no cost to the Agency. All costs and expenses of an outside nature such as auditing, legal, consultants or the like, shall be apportioned equally among the Member Entities.

If Agency chooses to hire a consultant or consultants solely for administrative support staff to serve the Agency, those costs shall be paid for with the Agency's Operating Fund funded from a special tax or any other lawful revenue sources. Neither Member Entity shall be obligated to pay for such support staff out of its General Fund.

Section 5: This amendment is to become effective upon execution by all of the parties that are currently signatories to the JPA.

Section 6: All other provisions and terms of the JPA are to remain unchanged.

Section 7: This Amendment may be executed in counterparts.

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed and attested by their officers thereunto duly authorized as of the date first above written.

[SIGNATURES ON FOLLOWING PAGES]

ATTEST:

City Clerk
City of Los Altos

City of Los Altos

By: _____

By _____
Mayor

Dated: _____

ATTEST:

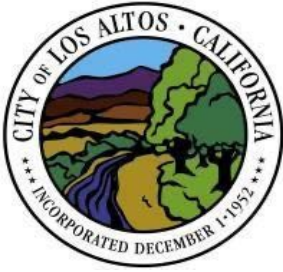
Town Clerk
Town of Los Altos Hills

Town of Los Altos Hills

By: _____

By _____
Mayor

Dated: _____



TO: North County Library Authority (NCLA), City of Los Altos / Town of Los Altos Hills City Library Commission, MaryJo Price, Rose Baiza

FROM: Library Commission Services Subcommittee

SUBJECT: NCLA Funds for County Strategic Initiatives / Request for revised legal opinion

Earlier this year, after much study, deliberation, and community input, the Santa Clara County Library announced its five-year Strategic Plan (2023-2028). This plan is intended to provide guidance, clarity, and focus on how its libraries should invest resources on the identified wants, preferences, and needs of its current users as well as create opportunities to expand its user base.

On January 30, 2023, the NCLA considered four options about funds collected through the parcel tax outlined in Measure L, including:

- Stop collecting the parcel tax
- Use the excess funds to extend open hours for both libraries
- Continue to collect the parcel tax until 2029-2030
- Use funds to restore square footage and services to the Main Library

The publication of the Strategic Plan provides us with several important options for consideration. We discuss these below. The October 3, 2022, opinion, titled *Consideration of Use of NCLA Funds Relating to Los Altos Library*, was focused on the proposed expenditure as presented to the Commission on July 18, 2022. In a nutshell, the NCLA used as a justification that the public at large lost out because of the needs of the Friends of the Los Altos Library operation inside the Main Library.

We respectfully request that the NCLA seek a revised opinion to determine whether the funds could be spent as outlined below which is more in line with the

“*augmentation of the public library services for the benefit of the inhabitants*” to specifically address Santa Clara County’s strategic objectives of:

- Create enchanting and interactive children's spaces to instill a joy of learning
- Use innovative service models to connect with community members
- Spark discovery with new technology
- Design and implement flexible public spaces that encourage library visits and elevate patron experiences

DISCUSSION OF STRATEGIC OBJECTIVES

Create enchanting and interactive children's spaces to instill a joy of learning

Public safety is paramount and effective learning can only occur in safe environments. While our librarians are ever vigilant, and the current layout of the library is not overtly dangerous, the current layout is not amenable to safety.

In separate incidents, 6-year-old boys were sexually assaulted in the bathrooms of a public library in Riverside and San Francisco. Visibility is key to protecting our children, youth, and other vulnerable patrons.

We need to revise our existing lobby and children’s area to maximize visibility; minimize or eliminate spaces where children and youth cannot be seen; and establish policies and procedures for access to and use of the space.

Libraries throughout the United States have come up with innovative solutions. A library in New York built a distinct children’s area with a children’s-only bathroom. The Avon Free Public Library has a family restroom, with a baby changing area, a separate stall, and a little kids' toilet. Bay Village Branch of Cuyahoga County Public Library has a Children’s Space with doors to reduce noise, and a family bathroom attached to the Children’s Space.

Supporting children’s literacy and self-led learning is paramount. Effective use of library space has never been more critical.

Other libraries have created enchanting areas, especially for early readers:



Creative Reading Spaces



Children's Garden



Aquarium



Dynamic Early Learning Spaces



In contrast, children entering the children's section of the Los Altos Library walk through double doors that are propped open, allowing sound to travel through the library. The space lacks a playful design, bold colors, or an interactive landscape that inspires creativity.

The growth in our teen population also provides us with the need to provide adequate space for studying and tutoring. Other libraries have provided space for these purposes:



Library tutor rooms



Library group study rooms

In contrast, the Los Altos Library provides one large room for teen study. Tutors often tutor students in the open leading to a lack of privacy and noise.

Measure L was designed in part to supplement the ability of the Santa Clara County Library system to purchase books and materials tailored to our community’s specific interests and for any other expenditure necessary to uphold the level of service. The population of Los Altos and Los Altos Hills has increased by over 2600 people from 2010 to 2020 with a corresponding increase in the number of children¹. We would recommend that the increase in population, especially that of children, means that we are no longer providing the same level of service to children that we did in 2010.

Use innovative service models to connect community members with the library

We are a country of immigrants.

Over 33.52% of residents speak a language other than English. The non-English languages spoken by the largest group are Asian and Pacific Island languages, which are spoken by 26.42% of the population.

Many libraries have established collections and programs to serve the needs of library users whose native language is not English. For example, the Cupertino Library has a non-English language collection and hosted an Exhibit on the History of Chinese American Women. The Gilroy Library has the largest Spanish Language collection in the Santa Clara County Library.

We recommend that the library provide an effective, balanced, and substantial collection for our residents. This would include purchasing materials in the languages, dialects of the groups served, and acquiring materials in a variety of formats, which may include print, audio, audio-visual, and computer software as appropriate. We also propose direct social and cultural community activities

¹ <https://www.census.gov/quickfacts/losaltoscitycalifornia>

toward the Asian and Pacific Island communities. Programs such as concerts of ethnic music, exhibitions, and demonstrations of traditional arts and crafts may be considered appropriate examples. Finally, library staff working with patrons who have limited English abilities should be multilingual to provide effective service.

Spark discovery with new technology

Given our location in history, time, and space, it makes sense for us to fund new technologies, new services, new ways to use old services, old ways to use services we never knew existed for the benefit of the community at large.

Funds should be brought to bear on this initiative as needed, creating agile workspaces for discovery, using the same in innovation.

We need to think bigger and bring in the entire community, especially businesses and local institutions. Holding an important role in our community’s health, it’s imperative that we shore up the intellectual capital available to us to meet our mission. Monies are only part of the solution.

Design and implement flexible public spaces that encourage library visits and elevate patron experiences.

In the last year, our two libraries have been at the forefront of the creation of flexible public spaces. This needs to continue.

By example, the Library Commission recently voted to recommend a plan for the enhancement of Woodland Library. This proposal serves the needs of the inhabitants, providing important study and gathering places for our children. This recommendation is in line with other recommendations by the Commission. Its input needs to be considered.

We also launched a self-service program which allows vetted patrons to use Woodland Library without direct supervision. This program is innovative and was community supported. Services such as these, as they emerged should not be limited by an extremely narrow interpretation of the JPA.

Conclusion

Measure L specifies that funds be used for “*augmentation of the public library services for the benefit of the inhabitants.*” The interests of our community have evolved since the adoption of Measure L by the electorate.

Please re-evaluate the current legal opinion to be more inclusive of the services needed by your constituents, recognizing the true purpose of the NCLA Joint Powers Agreement.

Thank you,

Pierre Bedard, Julie Crane, Christine Fawcett
Library Commission Service Subcommittee



*Proclamation
Of the Mayor
Of the City of Los Altos, California*

WHEREAS, During Women’s History Month, we celebrate the countless women who have fought tirelessly and courageously for equality, justice, and opportunity in our Nation; and

WHEREAS, Women of every race, class, and ethnic background have made historic contributions to the growth and strength of our Nation in countless recorded and unrecorded ways; and

WHEREAS, We acknowledge that we all benefit from the leadership and contributions of women in education, medicine, government, law, business, military service, and every other field; and

WHEREAS, in Los Altos, we have a long history of female leaders in different roles, including Mayors, Council Members, School Board Presidents and Members, Chamber of Commerce Presidents and many more; and

WHEREAS, Despite significant progress, women and girls continue to face systemic barriers to full and equal participation in our economy and society; and

WHEREAS, We reaffirm our commitment to advancing rights and opportunities for women and girls in the United States and around the world;

NOW THEREFORE, I, Sally Meadows, Mayor of the City of Los Altos, and on behalf of the Los Altos City Council, do hereby recognize the month of March 2023 to be Women’s History Month and we honor women’s contributions in Los Altos and American history.

MARCH 2023 WOMEN’S HISTORY MONTH

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Los Altos this 28th day of March 2023.

Sally Meadows, MAYOR



*Proclamation
Of the Mayor
Of the City of Los Altos, California*

WHEREAS, During Women’s History Month, we celebrate the countless women who have fought tirelessly and courageously for equality, justice, and opportunity in our Nation; and

WHEREAS, Women of every race, class, and ethnic background have made historic contributions to the growth and strength of our Nation in countless recorded and unrecorded ways; and

WHEREAS, We acknowledge that we all benefit from the leadership and contributions of women in education, medicine, government, law, business, military service, and every other field; and

WHEREAS, in Los Altos, we have a long history of female leaders in different roles, including Mayors, Council Members, School Board Presidents and Members, Chamber of Commerce Presidents and many more; and

WHEREAS, Despite significant progress, women and girls continue to face systemic barriers to full and equal participation in our economy and society; and

WHEREAS, We reaffirm our commitment to advancing rights and opportunities for women and girls in the United States and around the world;

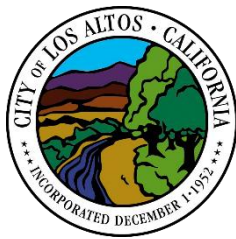
NOW THEREFORE, I, Sally Meadows, Mayor of the City of Los Altos, and on behalf of the Los Altos City Council, do hereby recognize the month of March 2023 to be Women’s History Month and we honor women’s contributions in Los Altos and American history.

MARCH 2023 WOMEN’S HISTORY MONTH

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Los Altos this 28th day of March 2023.



Sally Meadows
Sally Meadows, MAYOR



**CITY COUNCIL MEETING
MINUTES
7:00 PM - Tuesday, February 28, 2023
via Videoconference and In Person**

CALL MEETING TO ORDER

At 7:00 p.m. Mayor Meadows called the meeting to order.

ESTABLISH QUORUM

PRESENT: Councilmembers Fligor, Lee Eng (via Zoom), Dailey, Vice Mayor Weinberg, Mayor Meadows

ABSENT: None

PLEDGE ALLEGIANCE TO THE FLAG

Diya Venuprakash, Sarah Du, Elodie Guy, Stella Berger-Morris, Adithi Kaza, Aliyah Lazar with Troop 60078 led the pledge.

REPORT ON CLOSED SESSION

There was no Closed Session.

CHANGES TO THE ORDER OF THE AGENDA

There were no changes.

PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA

The following members of the public spoke: Bebe, and Kim Mosley.

SPECIAL ITEM

- i. 2023 March as Youth Arts Month Proclamation

Mayor Meadows presented the Youth Arts Month Proclamation and Sofia Fojas, Arts Coordinator with the Santa Clara County Office of Education, spoke to the item.

- ii. Los Altos 2022 STEM Winners

Forrest Williams with the Santa Clara Valley Science and Engineering Fair Association presented the item to Council and Mayor Meadows recognized the Los Altos 2022 STEM Winners.

CONSENT CALENDAR

1. **Minutes:** Approve Minutes of the City Council Regular Meeting of February 14, 2023. (A. Rodriguez)

2. **Commission Appointment Process:** Amend the "Membership of City Commissions" section from the Los Altos Commission Handbook (A. Carnesecca)
3. **Rescind the Los Altos Open Government Policy and terminate the City Council Legislative Subcommittee and the Council Open Government Subcommittee:** Adopt Resolution 2023-XX repealing Resolution No. 2019-30 regarding Open Government Policy in its entirety and terminate the City Council Legislative Subcommittee (A. Rodriguez)

Consent item 2 was pulled by Councilmember Lee Eng and Consent item 3 was pulled by Roberta Phillips, a member of the public.

A motion by Councilmember Fligor, seconded by Vice Mayor Weinberg, to approve item 1 from the Consent calendar was approved with the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

2. **Commission Appointment Process:** Amend the "Membership of City Commissions" section from the Los Altos Commission Handbook (A. Carnesecca)

Councilmember Lee Eng addressed the Council.

A motion by Vice Mayor Weinberg was seconded by Councilmember Fligor, with a friendly amendment to remove the word 'only' from the proposed language on page three of the staff report, which was accepted by Vice Mayor Weinberg, to amend the recruitment section of the Commission Handbook.

Councilmember Lee Eng made a substitute motion to continue this agenda item until meetings are held with the Commission Chairs, but the substitute motion failed as it received no second.

Changes to recruitment section of the Commission Handbook as discussed were approved with the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

3. **Rescind the Los Altos Open Government Policy and terminate the City Council Legislative Subcommittee and the Council Open Government Subcommittee:** Adopt Resolution 2023-XX repealing Resolution No. 2019-30 regarding Open Government Policy in its entirety and terminate the City Council Legislative Subcommittee (A. Rodriguez)

Mayor Meadows provided some clarity to Council on this item. Councilmember Lee Eng commented. Councilmember Fligor, Lee Eng, Vice Mayor Weinberg asked clarifying questions and City Attorney and City Manager Engeland responded.

A motion by Councilmember Fligor, seconded by Vice Mayor Weinberg, to adopt a resolution amending resolution 2019-30 by terminating the City Council's Legislative Subcommittee and the Open Government Subcommittee with the amendments also submitted by staff and amendments to the title of the resolution was approved with the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

PUBLIC HEARINGS

4. **Permanent Fenced-In Dog Park at Hillview:** Approve the use of \$75,000 from Park-In-Lieu Funds to Contract Design Consultant Services for the Permanent Fenced-In Dog Park at Hillview (M. Hernandez)

Park and Recreation Director Manny Hernandez presented the item to Council.

The Council asked clarifying questions and Director Hernandez responded.

The following members of the public spoke: David Smith, Jeannine Valadez, Freddie Park Wheeler, Roberta Philips, and Joe Beninato.

Councilmember Lee Eng commented, and City Manager Engeland responded. The Council engaged in discussion.

A motion by Councilmember Lee Eng, seconded by Councilmember Fligor, to approve the Park-In-Lieu funds for consultant services for the design process of the permanent dog park at Hillview Park and authorize the City Manager to execute an agreement with Verde Design for consultant services in the amount not to exceed \$75,000 for the design process of the permanent dog park at Hillview Park was adopted by Council with the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

5. **Housing Element Update Ordinance:** Approve an ordinance of the City Council of the City of Los Altos amending chapters 2.08, 12.44, 13.04, 14.76, and 14.78 of the Los Altos municipal code to implement certain provisions of program 3.h of the sixth cycle Housing Element Update, this ordinance is exempt from environmental review pursuant to section 15061(b)(3) of the state guidelines implementing the California environmental quality act of 1970. (N. Zornes)

Development Services Director Nick Zornes presented to Council.

Vice Mayor Weinberg, Councilmembers Dailey, Lee Eng, and Fligor asked clarifying questions to which Director Zornes responded.

The following members of the public spoke: Albert Luster, Mauricio Chavez, Stacy Banerjee, Dwight Wrench, and Teresa Morris.

At 9:12 pm, Mayor Meadows called for a recess and reconvened the meeting at 9:25 pm.

The Council engaged in discussion and City Attorney Houston, Development Services Director Zornes, and City Manager Engeland commented.

A motion by Councilmember Weinberg, seconded by Councilmember Dailey, to adopt an ordinance of the City Council of the City of Los Altos amending chapters 2.08, 12.44, 13.04, 14.76, and 14.78 of the Los Altos municipal code to implement certain provisions of program 3.H of the Sixth Cycle Housing Element Update with the amendments to chapter 14.78 that were discussed and waive further reading and return for adoption at the next Regular Meeting was approved by the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

DISCUSSION ITEMS

- 6. Proposition 218 process/Sewer Rate Study Report:** Approve the Sewer Rate Study Report and direct staff to proceed with the Proposition 218 Notice Process (A. Fairman)

Environmental Services and Utilities Department Aida Fairman presented to Council with the help of Jordan Taylor and Allan Highstreet with NBS.

Councilmember Lee Eng asked clarifying question.

The following member of the public spoke: Roberta Phillips

A motion by Councilmember Fligor, seconded by Vice Mayor Weinberg, to approve the Sewer Rate Study Report and direct staff to proceed with the Proposition 218 Notice Process was approved with the following roll call vote:

AYES: Councilmembers Fligor, Lee Eng, Dailey, Vice Mayor Weinberg, Mayor Meadows
 NOES: None
 ABSENT: None
 ABSTAIN: None

Councilmember Lee Eng requested non rate revenue information and City Manager Engeland agreed to provide it to Council.

At 10:58 pm, Mayor Meadows called for a recess and reconvened the meeting at 11:08 pm.

- 7. Automated License Plate Reader Cameras:** Approve a one-year pilot program of Automated License Plate Readers for up to 25 cameras and up to \$75,000 (A. Averiett)

City Manager Engeland and Police Chief Angela Averiett presented the item to Council.

The Council asked clarifying questions and Chief Averiett and Hector Soliman-Valadez from Flock responded.

The following members of the public spoke: Eugene Hyman, Kim Mosley, Jeannine Valadez, Tania Maluf, Curtis Cole, Myra Orta, Brian Jones, Renee Rashid, Roberta Philips, Cindy Sidaris, Scott Spielman, and Maureen Griffin.

Council engaged in discussion and requested additional information. Council then provided direction to staff to have this item come back to Council.

INFORMATIONAL ITEMS ONLY

- 8. Tentative Council Calendar
- 9. Neighborhood Safety and Infrastructure Committee

COUNCIL/STAFF REPORTS AND DIRECTIONS ON FUTURE AGENDA ITEMS

City Manager Engeland reported that the COVID Emergency Measures have ended as of March 1.

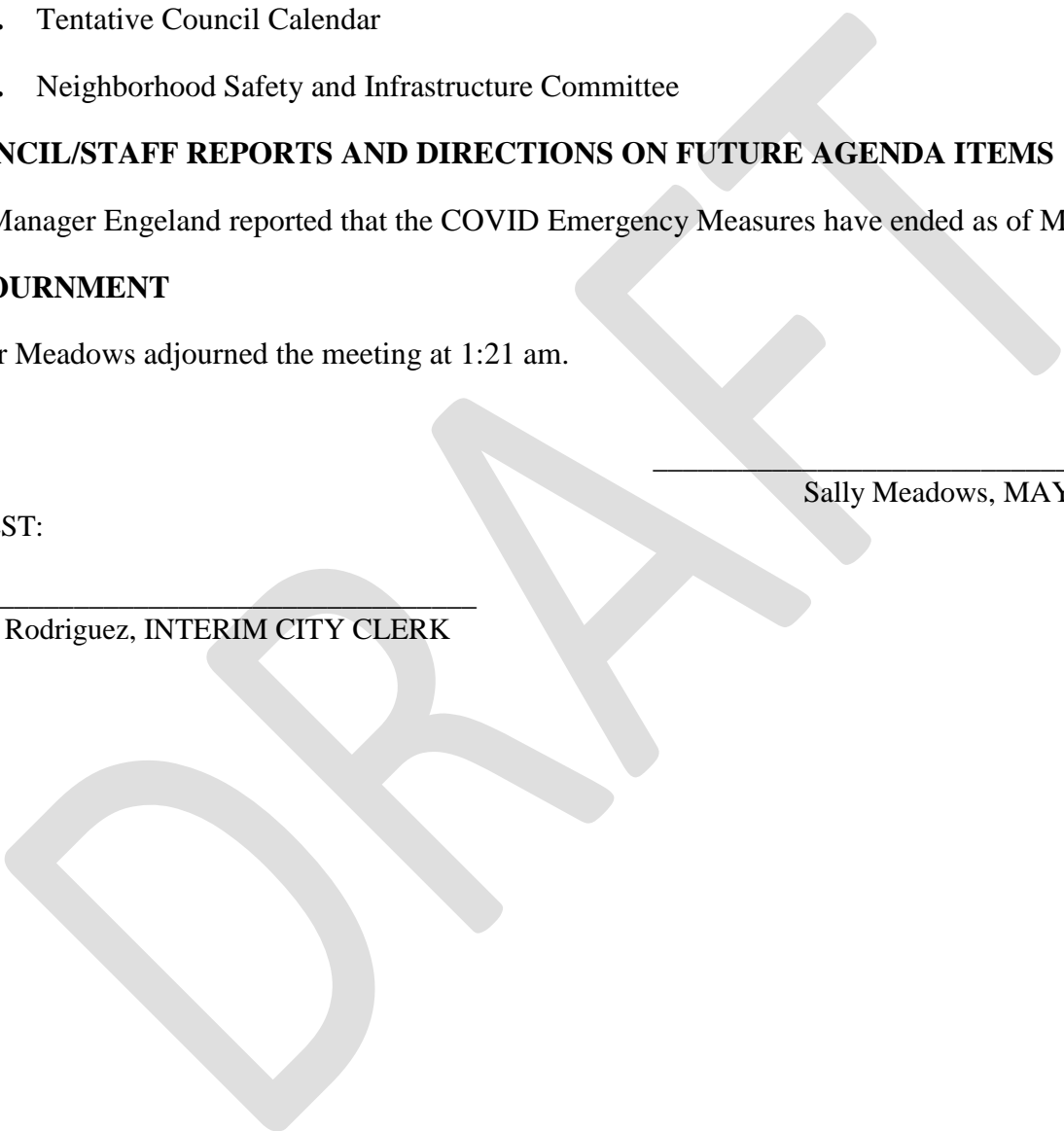
ADJOURNMENT

Mayor Meadows adjourned the meeting at 1:21 am.

Sally Meadows, MAYOR

ATTEST:

Angel Rodriguez, INTERIM CITY CLERK





**CITY COUNCIL MEETING
MINUTES
7:00 PM - Tuesday, February 21, 2023
via Videoconference and In Person**

CALL MEETING TO ORDER

At 5:06 p.m. Mayor Meadows called the meeting to order.

ESTABLISH QUORUM

PRESENT: Councilmembers Fligor, Lee Eng (via Zoom), Dailey, Vice Mayor Weinberg, Mayor Meadows

ABSENT: None

PUBLIC COMMENTS ON AGENDA ITEMS

The following members of the public spoke: Jeanine Valadez, Linda Ziff, Dashiell Leeds, and Roberta Phillips, Joe Beninato, and Stacy Banerjee.

DISCUSSION ITEM(S)

- 1. **(15 min) Ice-Breaker** (I. Silipin)

Human Resources Director Irene Silipin facilitated the ice-breaker with the Council.

Due to a power outage, the meeting was temporarily halted and reconvened as soon as power returned.

Council participated in the ice-breaker activity.

- 2. **(1 hour) City Council Strategic Goals:** Review the City's 5-Year Strategic Goals and provide modifications as needed (J. Maginot)

Assistant City Manager Jon Maginot presented the item to Council.

The Council engaged in discussions and provided direction on their desired Council goals. The new goals will be brought back to Council for adoption at an upcoming Council meeting.

- 3. **(30 mins) Review of City Council Ad Hoc and Standing Subcommittees** (G. Engeland)

City Manager Engeland presented the item to Council.

The Council engaged in discussions. Council gave direction to retain the Council subcommittees with the Los Altos School District, the Mountain View-Los Altos Union High School District, the Fremont Unified/ Cupertino Union School District, and the Youth Commission Interview. Council gave direction to dissolve the Open Government and the Legislative Subcommittees.

- 4. **(10 min) Break**

5. **(1.5 hours) Los Altos Commission Review** (G. Engeland)

City Manager Engeland presented the item to Council.

Council engaged in discussion, provided direction, and requested further information. The item will come back to a later Council meeting.

6. **(30 min) Future Council Agenda Items Clean-up and Review** (A. Rodriguez)

Interim City Clerk Angel Rodriguez presented the item to Council. Council made edits accordingly.

7. **(10 min) Wrap up**

Mayor Meadows thanked her colleagues.

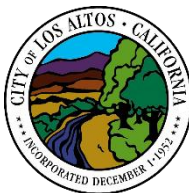
ADJOURNMENT

Mayor Meadows adjourned the meeting at 8:50 pm.

Sally Meadows, MAYOR

ATTEST:

Angel Rodriguez, INTERIM CITY CLERK



AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject Receive and Accept: Treasurer’s Report – Month Ended December 31, 2022
(J. Du)

Prepared by: June Du, Finance Director

Approved by: Jon Maginot, Assistant City Manager

Attachment(s):

- 1. Change in Total Fund Balances by Fund
- 2. Cash Balances by Fund

Initiated by:

Staff.

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

As indicated in the City’s response to the 2022 Civil Grand Jury Report, the City is providing this report as desired by the Grand Jury. The following attachment provides various financial transaction data for the City of Los Altos from July 1 to November 30 and for the month of December 31, 2022.

Staff Recommendation:

Receive and accept the Treasurer’s Report through December 31, 2022.

Reviewed By:

City Manager

JM

City Attorney

JH

Finance Director

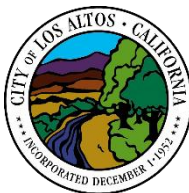
JD

Change in Total Fund Balances by Fund

FUND	July-Nov 2022 Activities					December 2022 Activities					
	Fund Balances as of 07/01/2022	Revenue	Expenditures	Capital Expenditures	Transfer In/(Out)	Estimated Fund Balances as of 11/30/2022	Revenue	Expenditures	Capital Expenditures	Transfer In/(Out)	Estimated Ending Balance 12/31/2022
RESERVE FUND											
PERS & OPEB Reserve	292,614	-	-	-	258,700	551,314	-	-	-	-	551,314
Technology Reserve	1,278,768	-	-	-	-	1,278,768	-	-	-	-	1,278,768
Fiscal Policy Reserve	8,757,349	-	-	-	-	8,757,349	-	-	-	-	8,757,349
Vets Memorial	8,615	-	-	-	-	8,615	-	-	-	-	8,615
General Fund	9,645,194	13,192,976	(14,469,625)	-	(1,870,068)	6,498,476	6,306,716	(4,467,577)	-	-	8,337,615
Total General Fund:	19,982,540	13,192,976	(14,469,625)	-	(1,611,368)	17,094,522	6,306,716	(4,467,577)	-	-	18,933,660
ENTERPRISE FUNDS											
Sewer Fund	25,511,666	53,714	(1,866,039)	(162,768)	(201,000)	23,335,573	-	(152,501)	(20,918)	-	23,162,154
Solid Waste Fund	5,360,985	306,616	(1,174,599)	(467,611)	(57,700)	3,967,691	-	-	(182,605)	-	3,785,086
Storm Drain Fund	-	-	-	-	-	-	-	-	-	-	-
Total Enterprise Funds:	30,872,650	360,330	(3,040,638)	(630,380)	(258,700)	27,303,263	-	(152,501)	(203,523)	-	26,947,239
CAPITAL IMPROVEMENT FUNDS											
Grant Reimbursement Fund	290,145	-	-	-	-	290,145	-	-	-	-	290,145
Capital Projects Fund	11,850,959	-	-	(1,406,484)	103,068	10,547,544	-	-	(83,412)	-	10,464,132
Equipment Replacement Fund	683,947	-	-	(75,856)	300,000	908,092	-	-	(85,479)	-	822,612
Total Capital Improvement Funds:	12,825,052	-	-	(1,482,339)	403,068	11,745,781	-	-	(168,891)	-	11,576,889
INTERNAL SERVICE FUNDS											
Dental/Vision Fund	5,253	-	(116,813)	-	20,000	(91,559)	-	-	-	-	(91,559)
Unemployment Fund	96,698	-	-	-	-	96,698	-	-	-	-	96,698
Workers Compensation Fund	1,256,027	-	(344,707)	-	857,000	1,768,320	-	(238,887)	-	-	1,529,433
Total Internal Service Funds:	1,357,978	-	(461,520)	-	877,000	1,773,459	-	(238,887)	-	-	1,534,572
SPECIAL REVENUE FUNDS											
Road Maintenance (SB1)	347,841	231,175	-	-	-	579,016	54,978	-	-	-	633,994
CDBG Fund	-	-	-	-	-	-	-	-	-	-	-
Grants Fund-ARP Act	-	-	-	-	-	-	-	-	-	-	-
Downtown Parking Fund	931,916	6,150	-	-	(40,000)	898,066	310	-	-	-	898,376
Estate Donation Fund	18,191	-	-	-	-	18,191	-	-	-	-	18,191
Gas Tax Fund	1,899,176	289,233	-	-	-	2,188,410	68,273	-	-	-	2,256,683
Prop 1B Road Maintenance	130	-	-	-	-	130	-	-	-	-	130
Measure B	436,933	-	-	-	-	436,933	-	-	-	-	436,933
In Lieu Park Fund	8,671,789	-	-	-	(793,965)	7,877,824	-	-	-	-	7,877,824
Supplemental Law Enforcement Fund	207,292	81,938	-	-	(100,000)	189,230	8,333	-	-	-	197,563
TDA Fund	88,358	-	-	-	-	88,358	-	-	-	-	88,358
Traffic Impact Fee Fund	(218,523)	-	-	-	-	(218,523)	-	-	-	-	(218,523)
Vehicle Registration Fund	1,192,389	-	-	-	-	1,192,389	-	-	-	-	1,192,389
PEG Fees	251,951	23,864	-	-	(70,000)	205,815	-	-	-	-	205,815
Public Art Fund	498,290	-	(54)	-	-	498,237	-	-	-	-	498,237
Storm Drain Deposits	56,086	-	-	-	-	56,086	-	-	-	-	56,086
AB-1379 CASP Fee	-	3,758	-	-	-	3,758	2,477	-	-	-	6,235
Vehicle Impound Fund	(7,309)	8,465	-	-	-	1,156	627	-	-	-	1,783
Total Special Revenue Funds:	14,374,511	644,582	(54)	-	(1,003,965)	14,015,075	134,997	-	-	-	14,150,072
DEBT SERVICE FUND											
General Obligation Bond	370,388	-	(15,938)	-	171,875	526,326	-	-	-	-	526,326
Community Center Lease	0	-	-	-	622,090	622,090	-	(104,114)	-	-	517,977
Total Debt Service Fund:	370,389	-	(15,938)	-	793,965	1,148,416	-	(104,114)	-	-	1,044,302
AGENCY FUND											
Blue Oaks Line Sewer	84,676	-	(32,272)	-	-	52,404	-	(1,081)	-	-	51,322
Total Debt Service Fund:	84,676	-	(32,272)	-	-	52,404	-	(1,081)	-	-	51,322
ALL FUNDS TOTAL	79,867,796	14,197,888	(18,020,046)	(2,112,719)	(800,000)	73,132,920	6,441,713	(4,964,160)	(372,414)	-	74,238,058

Cash Balances By Fund Report

FUND	July-Nov 2022 Activities			December 2022 Activities			Estimated Ending Cash Balance 12/31/2022
	Cash Balances as of 07/01/2022	Debit	Credit	Estimated Cash Balances as of 11/30/2022	Debit	Credit	
RESERVE FUND							
PERS & OPEB Reserve	292,614	258,700		551,314	-	-	551,314
Technology Reserve	1,278,768			1,278,768			1,278,768
General Fund	14,421,774	20,608,450	(16,898,597)	18,131,627	6,274,917	(4,434,343)	19,972,200
Payroll Liability Fund	769,665	5,259,978	(8,010,315)	(1,980,672)	2,064,099	(373,787)	(290,360)
Total General Fund:	16,762,820	26,127,128	(24,908,912)	17,981,036	8,339,016	(4,808,131)	21,511,921
ENTERPRISE FUNDS							
Sewer Fund	11,777,539	629,367	(2,753,628)	9,653,278	103	(172,061)	9,481,320
Solid Waste Fund	5,264,690	575,593	(462,666)	5,377,617		(208,281)	5,169,336
Storm Drain Fund	802	-	-	802	-	-	802
Total Enterprise Funds:	17,043,031	1,204,960	(3,216,294)	15,031,697	103	(380,343)	14,651,458
CAPITAL IMPROVEMENT FUNDS							
Grant Reimbursement Fund	70,828	263,344	-	334,172		-	334,172
Capital Projects Fund	12,049,736	565,262	(1,123,670)	11,491,328		(850,579)	10,640,749
Equipment Replacement Fund	841,115	300,000	(233,024)	908,092		(54,521)	853,571
Total Capital Improvement Funds:	12,961,679	1,128,605	(1,356,693)	12,733,591	-	(905,100)	11,828,492
INTERNAL SERVICE FUNDS							
Dental/Vision Fund	5,253	20,000	(116,813)	(91,559)			(91,559)
Unemployment Fund	96,698	-	-	96,698			96,698
Workers Compensation Fund	5,873,884	857,132	(313,610)	6,417,406	303,187	(50,437)	6,670,156
Total Internal Service Funds:	5,975,836	877,132	(430,422)	6,422,545	303,187	(50,437)	6,675,295
SPECIAL REVENUE FUNDS							
Road Maintenance (SB1)	290,576	309,573	(22,172)	577,977	54,978		632,955
CDBG Fund	-	-	-	-			-
Grants Fund-ARP Act	-	-	-	-			-
Downtown Parking Fund	931,357	39,776	(74,416)	896,717	310		897,027
Estate Donation Fund	18,191	607	(637)	18,161			18,161
Gas Tax Fund	1,840,147	432,477	(88,352)	2,184,271	68,273		2,252,544
Prop 1B Road Maintenance	-	1,718	(1,662)	56			56
Measure B	-	593,455	(157,467)	435,988			435,988
In Lieu Park Fund	8,709,789	321,177	(1,168,926)	7,862,040			7,862,040
Supplemental Law Enforcement Fund	207,292	81,938	(100,000)	189,230	8,333		197,563
TDA Fund	-	88,358	(52,724)	35,634			35,634
Traffic Impact Fee Fund	-	8,460	(227,399)	(218,939)			(218,939)
Vehicle Registration Fund	1,192,389	39,779	(41,734)	1,190,434			1,190,434
PEG Fees	229,532	72,488	(97,493)	204,527			204,527
Public Art Fund	498,290		54	498,344			498,344
Storm Drain Deposits	56,086	-	-	56,086			56,086
AB-1379 CASP Fee	-	3,758		3,758	2,477		6,235
Vehicle Impound Fund	-	8,465	(7,309)	1,156	627		1,783
Total Special Revenue Funds:	13,973,649	2,002,030	(2,040,238)	13,935,440	134,997	-	14,070,438
DEBT SERVICE FUND							
General Obligation Bond	370,388	171,875	(15,938)	526,326			526,326
Community Center Lease	0	622,090	-	622,090		(104,114)	517,977
Total Debt Service Fund:	370,389	793,965	(15,938)	1,148,416	-	(104,114)	1,044,302
AGENCY FUND							
Blue Oaks Line Sewer	84,676	652	(30,321)	55,007		(2,636)	52,372
Total Debt Service Fund:	84,676	652	(30,321)	55,007	-	(2,636)	52,372
ALL OTHER FUNDS TOTAL	67,172,079	32,134,472	(31,998,817)	67,307,734	8,777,303	(6,250,759)	69,834,278



AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject Quarterly Investment Portfolio Report – Quarter Ended December 31, 2022

Prepared by: June Du, Finance Director

Approved by: Gabriel Engeland, City Manager

Attachment(s):

- 1. Portfolio Mix Charts
- 2. Investment Policy Compliance Chart
- 3. LAIF Balance 12-31-22
- 4. LAIF Performance Over Time
- 5. PFM Investment Report Quarter Ended December 31, 2022

Initiated by:

Staff.

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- None

Summary:

- This report presents the status of the City’s investment portfolio through December 31, 2022. The reporting model has been developed in coordination with PFM Asset Management LLC (PFM), the City’s investment portfolio managers.

Staff Recommendation:

Receive the Investment Portfolio Report through December 31, 2022.

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JD



Subject: Quarterly Investment Portfolio Report – Quarter Ended December 31, 2022

Purpose

These quarterly reports are presented to both the City Council and the Financial Commission to keep both bodies apprised as to the status of the City’s investment holding and demonstrate compliance with the City’s Investment Policy.

Background

A review of the Investment Portfolio Report Quarter Ended December 31, 2022 was presented and discussed by the Financial Commission on February 27, 2023. The Financial Commission reviewed the Quarterly Investment Portfolio Report ending December 31, 2022, and had a brief discussion.

Discussion/Analysis

The summary provided below presents the sum of all City investment holdings. The City’s portfolio par value and market value, including LAIF but excluding operating cash, as of December 31, 2022, was \$59,002,231 and \$57,005,621 respectively. The City’s operating cash, as of December 31, 2022, was \$10,149,644.

As of December 31, 2022, 7.4% of the City’s portfolio was placed in Federal Agency Securities (Fannie Mae, Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal Farm Credit), 13.8% in Asset-Backed Securities, 1.6% in Supra-National Agency Bond, 35.2% in US Treasuries, 23.4% in medium-term Corporate Notes and Commercial Paper, and 3.1% in Certificate of Deposits, with the balance of 15.5% in LAIF. This portfolio mix is illustrated as part of Attachment 1 with LAIF balance and performance as Attachments 3 and 4.

Full compliance with the City’s Investment Policy is monitored closely and on a per-trade basis as illustrated in Attachment 2. In accordance with California Government Code 53646(b)(3), the City of Los Altos has the ability to meet its pool expenditure requirements for the next six months.

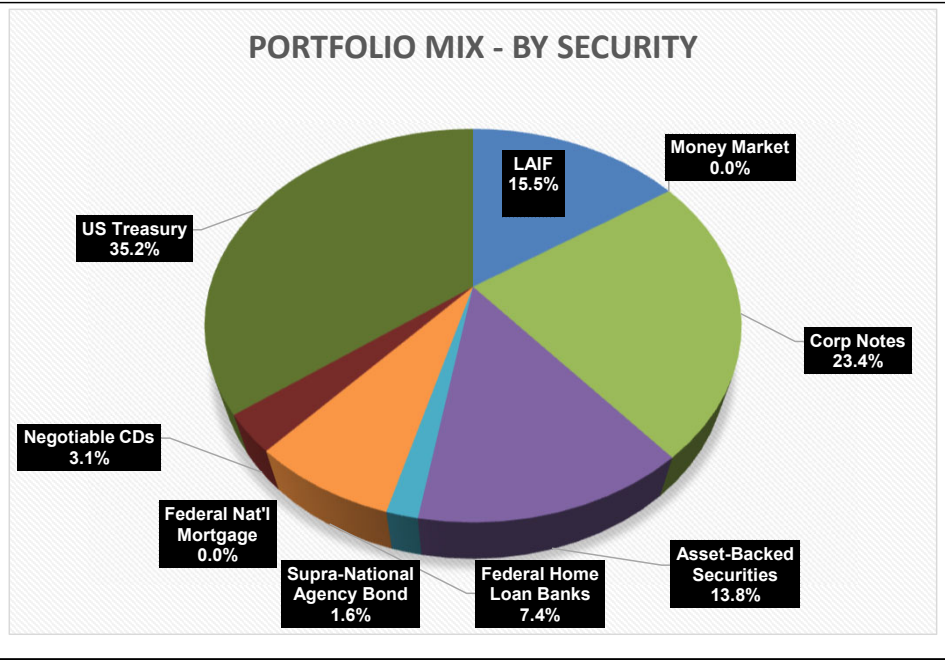
As part of these quarterly updates, a status report is prepared by PFM which is included as Attachment 5: Investment Performance Review for the Quarter Ended December 31, 2022. It is important to note that this report highlights the performance of City investments that fall outside its liquid holdings with LAIF. This has been intentionally crafted to isolate the performance of the City’s independently managed investments. The return of the portfolio over ten years is 0.88%, which is highlighted on page 21 of the PFM Investment Performance Review Report (Attachment 5).

Recommendation

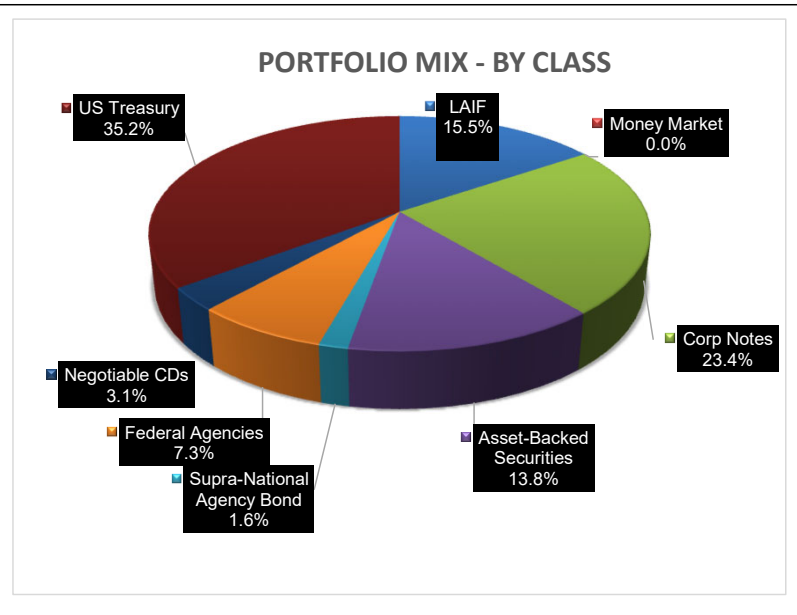
Receive the Investment Portfolio Report Quarter Ended December 31, 2022

**Attachment 1
Portfolio Mix Charts
December 2022**

Security Type	% of Total	Portfolio Mix By Security
LAIF	15.5%	9,143,395
Money Market	0.0%	-
Corp Notes	23.4%	13,814,000
Asset-Backed Securities	13.8%	8,165,286
Supra-National Agency Bond	1.6%	960,000
Federal Home Loan Banks	7.4%	4,352,549
Federal Nat'l Mortgage	0.0%	-
Negotiable CDs	3.1%	1,800,000
US Treasury	35.2%	20,767,000
Commercial Paper	0.0%	-
* Totals	100%	59,002,231.13



Security Type	% of Total	Portfolio Mix Par Value	Market Value
LAIF	15.5%	9,143,395	9,143,395
Money Market	0.0%	-	-
Corp Notes	23.4%	13,814,000	13,286,431
Asset-Backed Securities	13.8%	8,165,286	7,949,811
Supra-National Agency Bond	1.6%	960,000	906,956
Federal Agencies	7.3%	4,352,549	4,185,198
Negotiable CDs	3.1%	1,800,000	1,790,134
US Treasury	35.2%	20,767,000	19,743,695
	100%	59,002,231	57,005,621
Corp Notes		13,814,000	13,286,431
Asset-Backed Securities		8,165,286	7,949,811
Supra-National Agency Bond		960,000	906,956
US Treasury/Agencies		25,119,549	23,928,893
Negotiable CDs		1,800,000	1,790,134
Accrued Interest		-	178,477
		49,858,835.79	48,040,702
Margin Over (Under) Par			(1,818,134)



Attachment 2
Investment Policy Compliance Chart
December 2022

Agenda Item # 4.

City Investment	% Mix	Par Value	Earliest Term	City Policy Term Limitation	City Policy \$ Limitation	City Policy % Limitation	CAPACITY	% Compliance Yes/No	Term Compliance Yes/No
LAIF	15.5%	9,143,395	07/01/22	No Term	75,000,000	100%	65,856,605	Yes	N/A
Money Market	0.0%	-		Overnight		20%	11,800,446	Yes	N/A
Corp Notes	23.4%	13,814,000	06/08/23	5 Years		30%	3,886,669	Yes	Yes
Asset-Backed Securities	13.8%	8,165,286	08/21/23	5 Years		20%	3,635,160	Yes	Yes
Supra-National Agency Bond	1.6%	960,000	05/24/23	5 Years		20%	10,840,446	Yes	Yes
Federal Agencies	7.4%	4,352,549	07/01/22	5 Years		100%	54,649,682	Yes	Yes
Commercial Paper	0.0%	-	-	270 Days		25%	14,750,558	Yes	-
Negotiable CDs	3.1%	1,800,000	12/02/22	5 Years		30%	15,900,669	Yes	Yes
US Treasury	35.2%	20,767,000	09/30/23	5 Years		100%	38,235,231	Yes	Yes
	100%	59,002,231							

California State Treasurer *Fiona Ma, CPA*



Local Agency Investment Fund
P.O. Box 942809
Sacramento, CA 94209-0001
(916) 653-3001

January 10, 2023

[LAIF Home](#)
[PMIA Average Monthly Yields](#)

CITY OF LOS ALTOS

CITY TREASURER
ONE NORTH SAN ANTONIO ROAD
LOS ALTOS, CA 94022

[Tran Type Definitions](#)

Account Number: 98-43-481

December 2022 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	9,143,395.34
Total Withdrawal:	0.00	Ending Balance:	9,143,395.34

Attachment 4 - LAIF Performance Over Time



POOLED MONEY INVESTMENT ACCOUNT

Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1977	5.770	5.660	5.660	5.650	5.760	5.850	5.930	6.050	6.090	6.090	6.610	6.730
1978	6.920	7.050	7.140	7.270	7.386	7.569	7.652	7.821	7.871	8.110	8.286	8.769
1979	8.777	8.904	8.820	9.082	9.046	9.224	9.202	9.528	9.259	9.814	10.223	10.218
1980	10.980	11.251	11.490	11.480	12.017	11.798	10.206	9.870	9.945	10.056	10.426	10.961
1981	10.987	11.686	11.130	11.475	12.179	11.442	12.346	12.844	12.059	12.397	11.887	11.484
1982	11.683	12.044	11.835	11.773	12.270	11.994	12.235	11.909	11.151	11.111	10.704	10.401
1983	10.251	9.887	9.688	9.868	9.527	9.600	9.879	10.076	10.202	10.182	10.164	10.227
1984	10.312	10.280	10.382	10.594	10.843	11.119	11.355	11.557	11.597	11.681	11.474	11.024
1985	10.579	10.289	10.118	10.025	10.180	9.743	9.656	9.417	9.572	9.482	9.488	9.371
1986	9.252	9.090	8.958	8.621	8.369	8.225	8.141	7.844	7.512	7.586	7.432	7.439
1987	7.365	7.157	7.205	7.044	7.294	7.289	7.464	7.562	7.712	7.825	8.121	8.071
1988	8.078	8.050	7.945	7.940	7.815	7.929	8.089	8.245	8.341	8.397	8.467	8.563
1989	8.698	8.770	8.870	8.992	9.227	9.204	9.056	8.833	8.801	8.771	8.685	8.645
1990	8.571	8.538	8.506	8.497	8.531	8.538	8.517	8.382	8.333	8.321	8.269	8.279
1991	8.164	8.002	7.775	7.666	7.374	7.169	7.098	7.072	6.859	6.719	6.591	6.318
1992	6.122	5.863	5.680	5.692	5.379	5.323	5.235	4.958	4.760	4.730	4.659	4.647
1993	4.678	4.649	4.624	4.605	4.427	4.554	4.438	4.472	4.430	4.380	4.365	4.384
1994	4.359	4.176	4.248	4.333	4.434	4.623	4.823	4.989	5.106	5.243	5.380	5.528
1995	5.612	5.779	5.934	5.960	6.008	5.997	5.972	5.910	5.832	5.784	5.805	5.748
1996	5.698	5.643	5.557	5.538	5.502	5.548	5.587	5.566	5.601	5.601	5.599	5.574
1997	5.583	5.575	5.580	5.612	5.634	5.667	5.679	5.690	5.707	5.705	5.715	5.744
1998	5.742	5.720	5.680	5.672	5.673	5.671	5.652	5.652	5.639	5.557	5.492	5.374
1999	5.265	5.210	5.136	5.119	5.086	5.095	5.178	5.225	5.274	5.391	5.484	5.639
2000	5.760	5.824	5.851	6.014	6.190	6.349	6.443	6.505	6.502	6.517	6.538	6.535
2001	6.372	6.169	5.976	5.760	5.328	4.958	4.635	4.502	4.288	3.785	3.526	3.261
2002	3.068	2.967	2.861	2.845	2.740	2.687	2.714	2.594	2.604	2.487	2.301	2.201
2003	2.103	1.945	1.904	1.858	1.769	1.697	1.653	1.632	1.635	1.596	1.572	1.545
2004	1.528	1.440	1.474	1.445	1.426	1.469	1.604	1.672	1.771	1.890	2.003	2.134
2005	2.264	2.368	2.542	2.724	2.856	2.967	3.083	3.179	3.324	3.458	3.636	3.808
2006	3.955	4.043	4.142	4.305	4.563	4.700	4.849	4.946	5.023	5.098	5.125	5.129
2007	5.156	5.181	5.214	5.222	5.248	5.250	5.255	5.253	5.231	5.137	4.962	4.801
2008	4.620	4.161	3.777	3.400	3.072	2.894	2.787	2.779	2.774	2.709	2.568	2.353
2009	2.046	1.869	1.822	1.607	1.530	1.377	1.035	0.925	0.750	0.646	0.611	0.569
2010	0.558	0.577	0.547	0.588	0.560	0.528	0.531	0.513	0.500	0.480	0.454	0.462
2011	0.538	0.512	0.500	0.588	0.413	0.448	0.381	0.408	0.378	0.385	0.401	0.382
2012	0.385	0.389	0.383	0.367	0.363	0.358	0.363	0.377	0.348	0.340	0.324	0.326
2013	0.300	0.286	0.285	0.264	0.245	0.244	0.267	0.271	0.257	0.266	0.263	0.264
2014	0.244	0.236	0.236	0.233	0.228	0.228	0.244	0.260	0.246	0.261	0.261	0.267
2015	0.262	0.266	0.278	0.283	0.290	0.299	0.320	0.330	0.337	0.357	0.374	0.400
2016	0.446	0.467	0.506	0.525	0.552	0.576	0.588	0.614	0.634	0.654	0.678	0.719
2017	0.751	0.777	0.821	0.884	0.925	0.978	1.051	1.084	1.111	1.143	1.172	1.239
2018	1.350	1.412	1.524	1.661	1.755	1.854	1.944	1.998	2.063	2.144	2.208	2.291
2019	2.355	2.392	2.436	2.445	2.449	2.428	2.379	2.341	2.280	2.190	2.103	2.043
2020	1.967	1.912	1.787	1.648	1.363	1.217	0.920	0.784	0.685	0.620	0.576	0.540
2021	0.458	0.407	0.357	0.339	0.315	0.262	0.221	0.221	0.206	0.203	0.203	0.212
2022	0.234	0.278	0.365	0.523	0.684	0.861	1.090	1.276	1.513	1.772	2.007	2.173



CITY OF LOS ALTOS

Investment Performance Review For the Quarter Ended December 31, 2022

Client Management Team

Monique Spyke, Managing Director
Wale Kajopaiye, Senior Managing Consultant

PFM Asset Management LLC

1 California Street Ste. 1000
San Francisco, CA 94111-5411
415-393-7270

213 Market Street
Harrisburg, PA 17101-2141
717-232-2723

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Agenda

- Market Update
- Portfolio Review

Market Update

The Year in Review

Beginning in March, the Fed hiked rates by 425 basis points in 2022

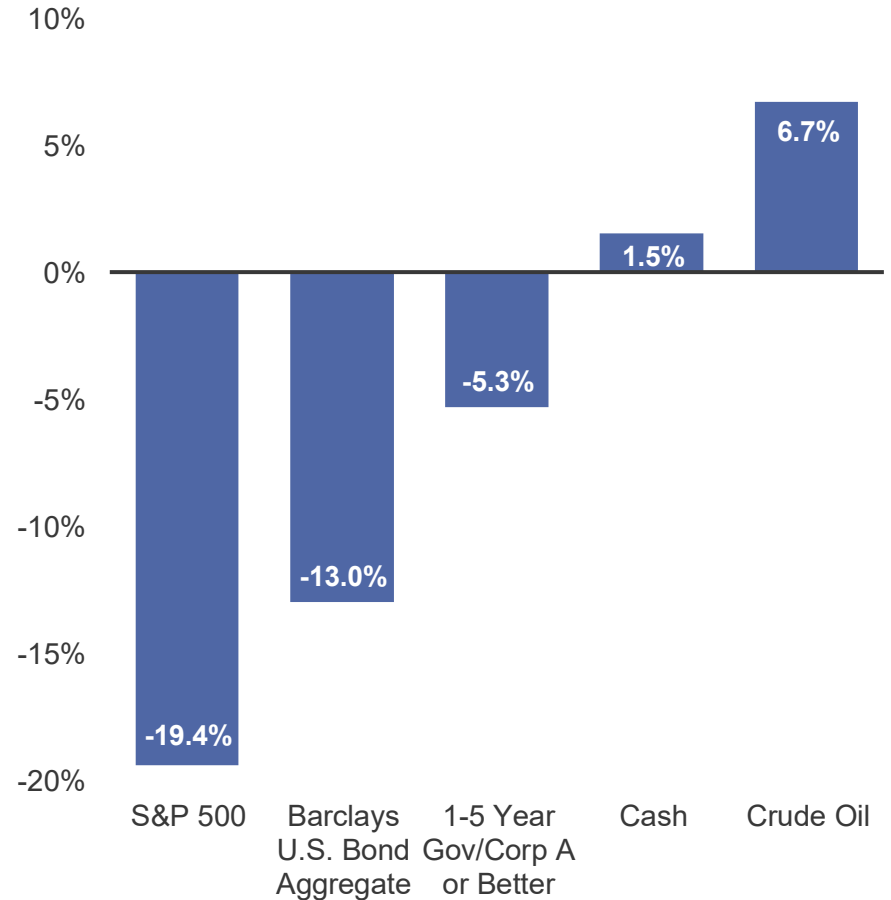
- The 2-year treasury yield rose just 370 bps through 2022

2022 saw an uncommon phenomenon of both stocks and bonds posting negative returns

Consumer spending remained resilient despite price pressures and extended credit levels

Energy prices surged due to uncertainty, geopolitical conflict (war in Ukraine), and storage challenges

2022 Asset Class Returns



Source: Bloomberg, as of 12/31/2022.

Current Market Themes



- ▶ The U.S. economy is characterized by:
 - ▶ High inflation that shows signs of slowing
 - ▶ Continued strong labor market
 - ▶ Potentially declining health of U.S. household finances
 - ▶ Expectations for a modest yet broad economic downturn

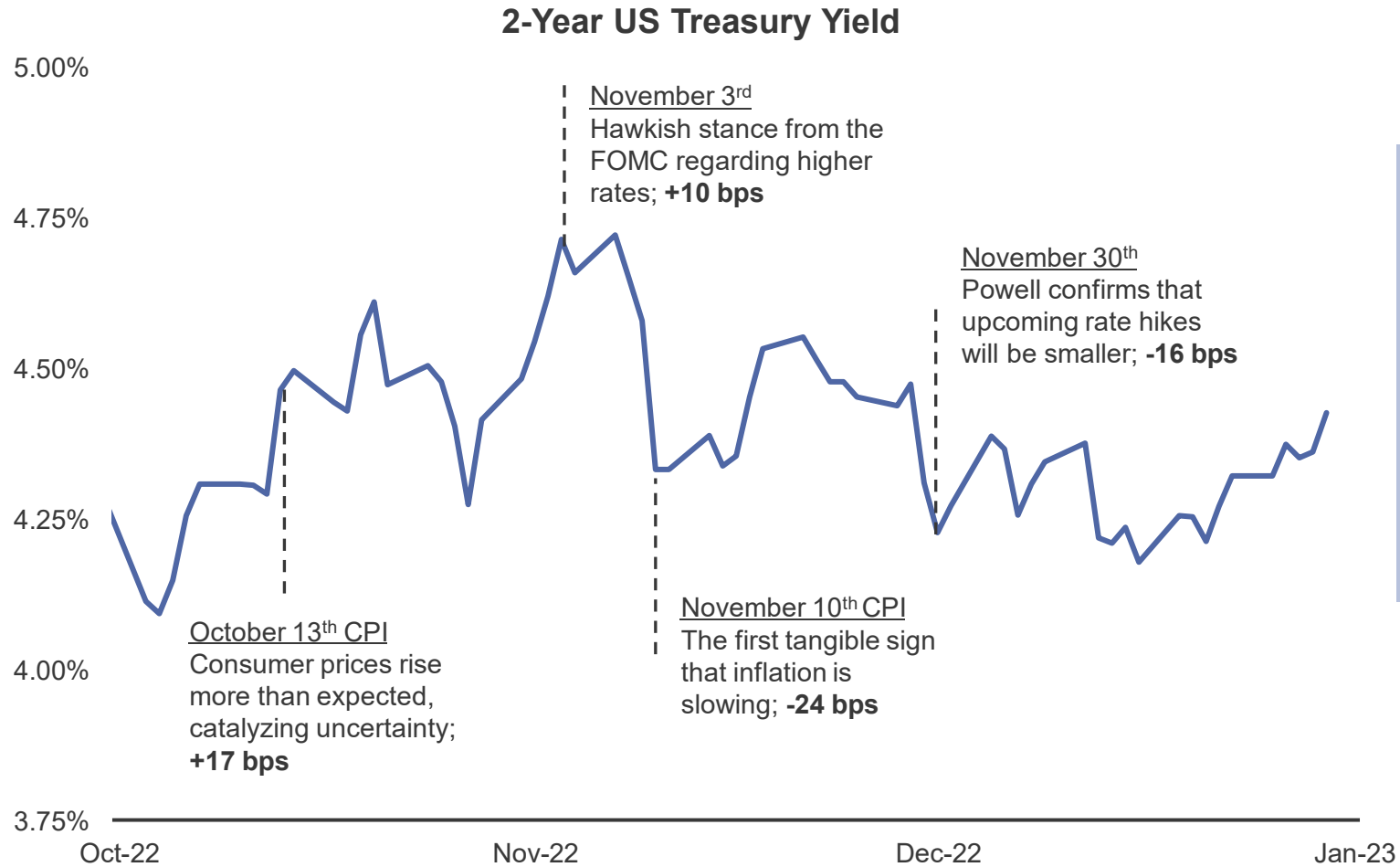


- ▶ The Federal Reserve is expected to wrap up their normalization process
 - ▶ Slowing pace of rate hikes
 - ▶ Fed projecting short-term fed funds rate to reach 5.00% to 5.25% by year-end, with markets expecting rate cuts in the second half of 2023
 - ▶ Fed officials reaffirm that restoring price stability is the utmost priority, despite risks of overtightening



- ▶ Volatile markets potentially calming
 - ▶ Treasury yields in the belly of the curve (3-7 years) ended the quarter slightly lower, while shorter and longer maturities ended higher
 - ▶ Yield curve inversion has deepened further since last quarter
 - ▶ While still elevated, volatility and liquidity challenges have begun subsiding

Rates Remain Sensitive to Fed and Inflation

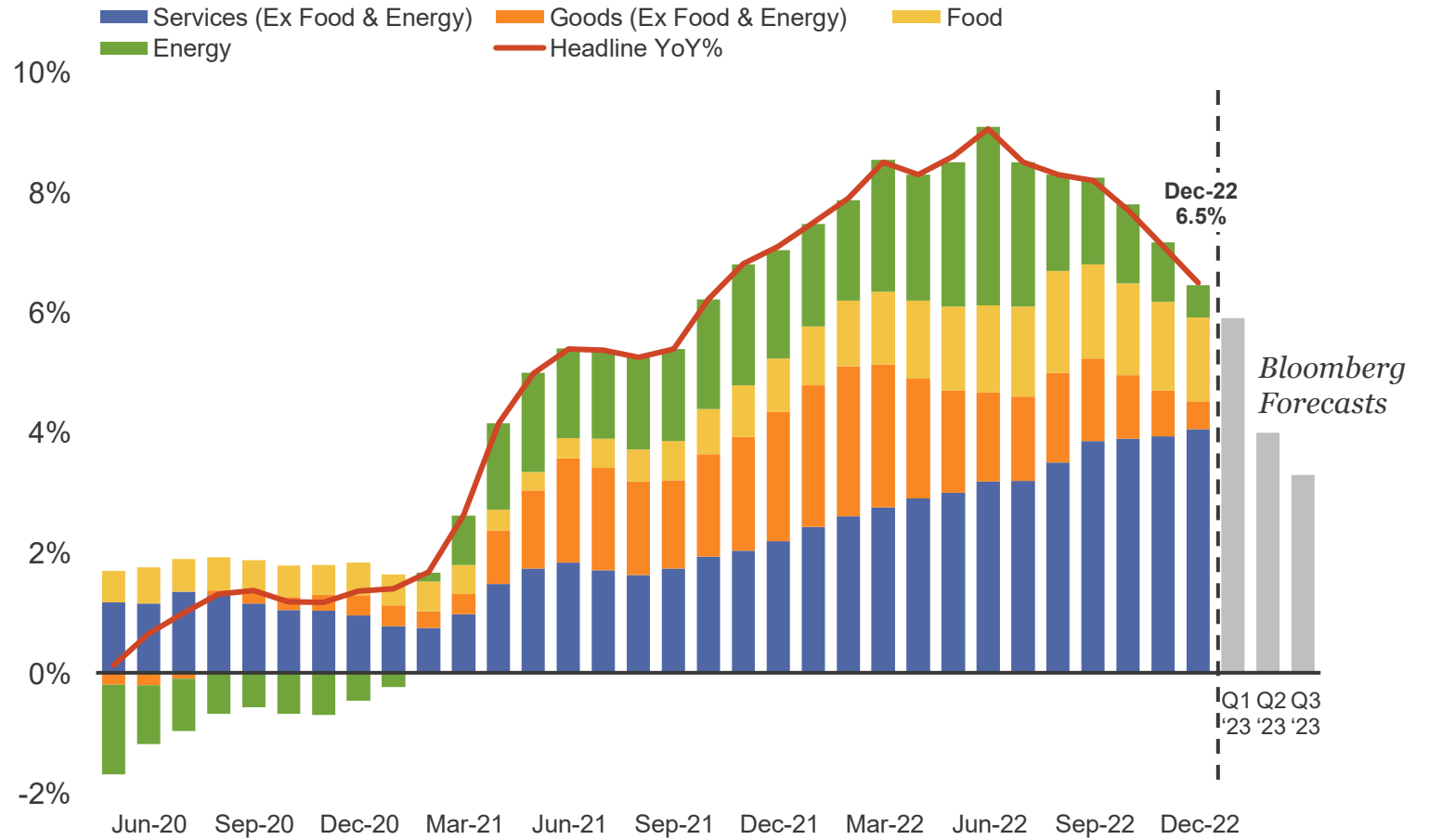


The 2-year Treasury is commonly used to gauge market reactions and near-term policy expectations

Source: Bloomberg, as of 12/31/2022.

Inflation Now Trending Lower

Consumer Prices (CPI) Top-Line Contributions and Year-over-Year Reading

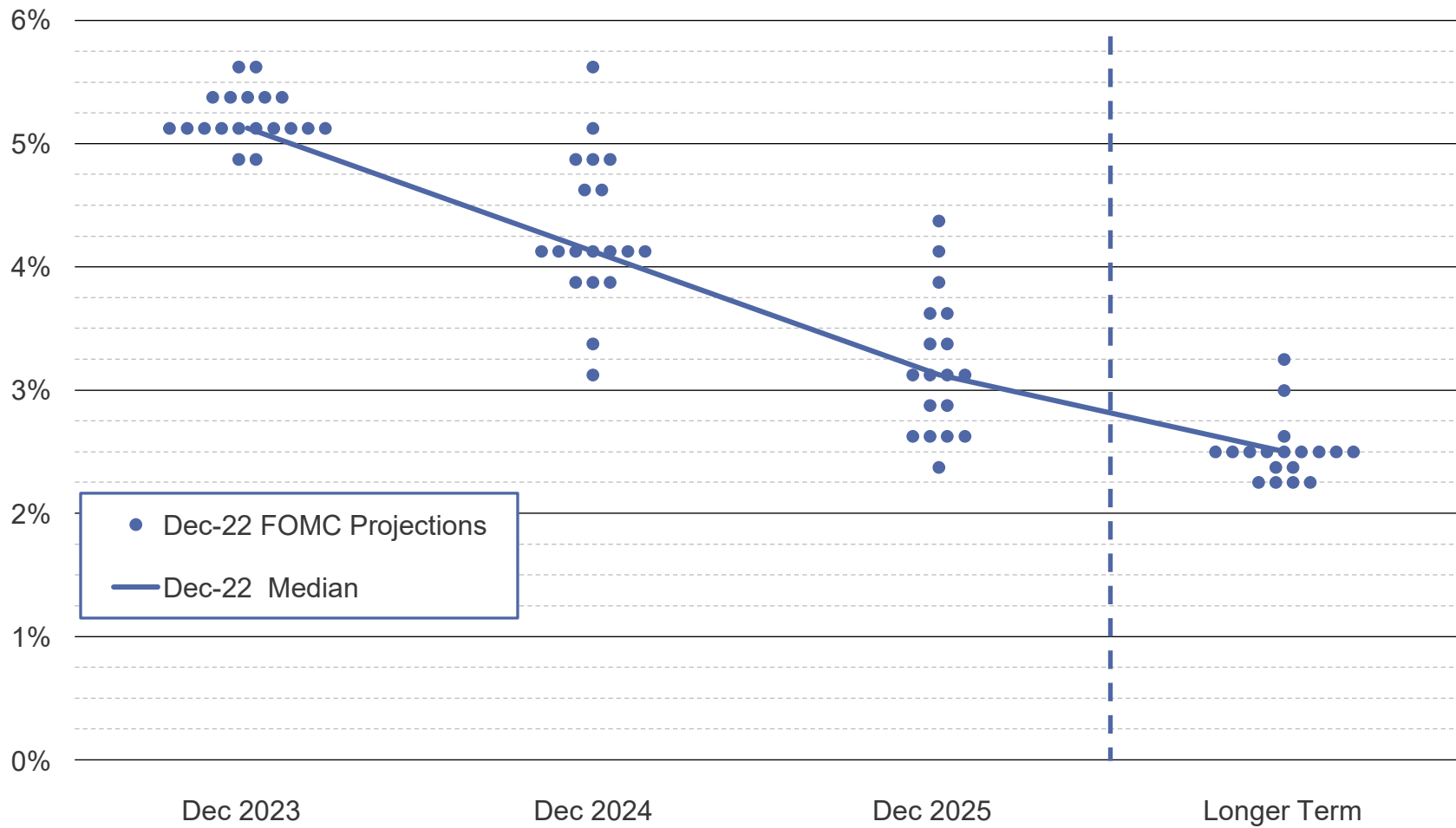


Lower energy and goods prices help to offset increases in wage-driven services costs

Source: Bloomberg, as of December 2022.

Fed's "Dot Plot" Suggests Expectations for a Drawn Out Normalization of Policy

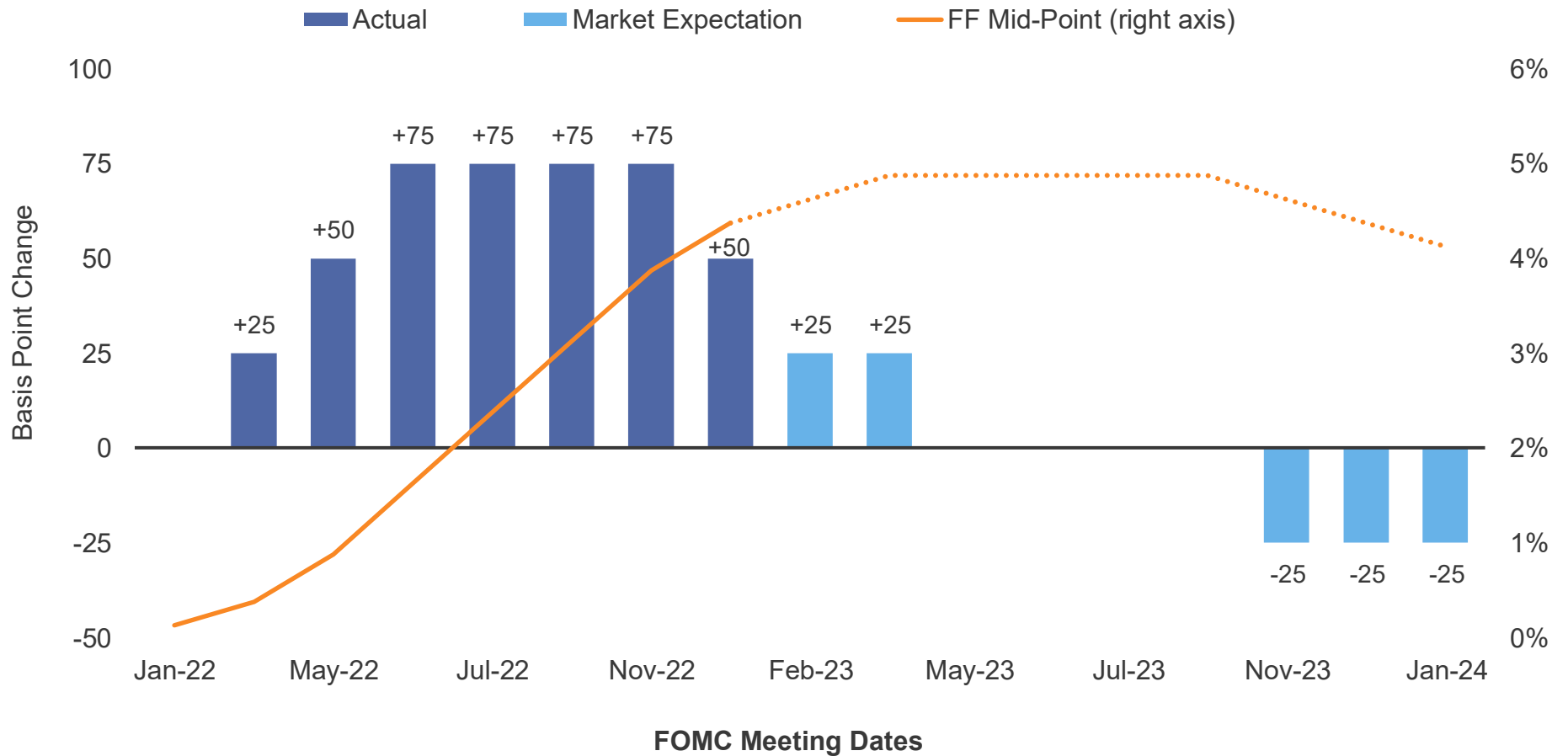
Fed Participants' Assessments of 'Appropriate' Monetary Policy



Source: Federal Reserve and Bloomberg. Individual dots represent each Fed members' judgement of the midpoint of the appropriate target range for the federal funds rate at each year-end.

What Could the Fed's Pivot Look Like?

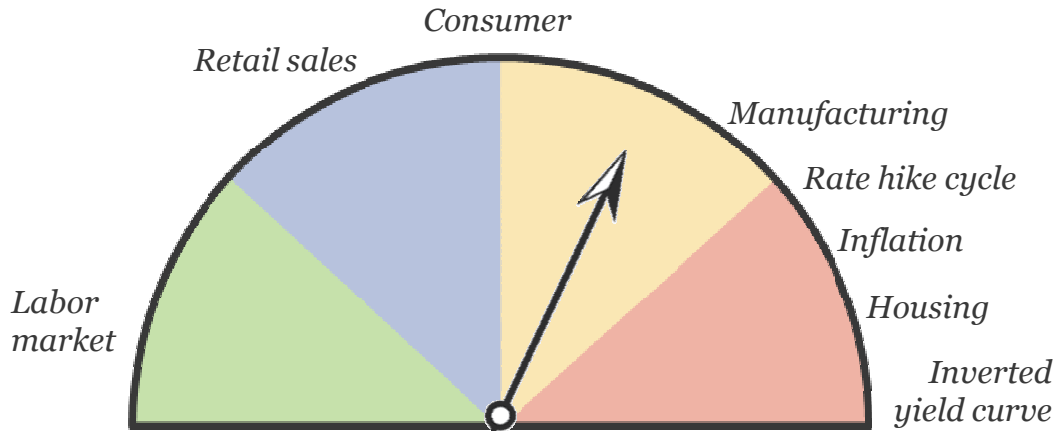
Changes to the Target Fed Funds Rate



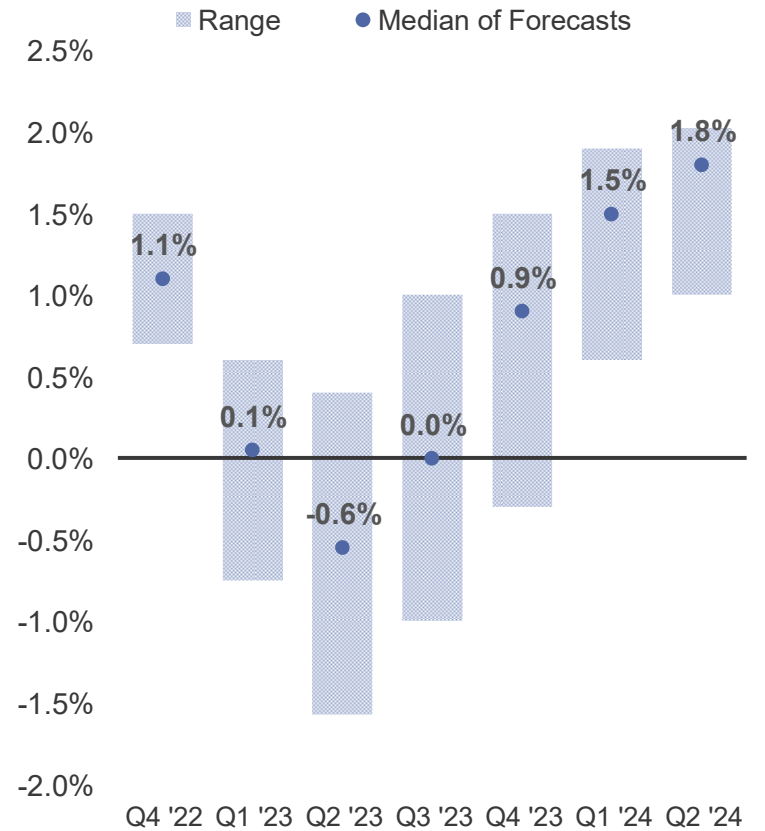
Source: Bloomberg WIRP Interest Rate Probability as of 1/9/2023.

Recession Gauge Flashing Yellow, but GDP Expected to Grow by End of Year

Recession Risk



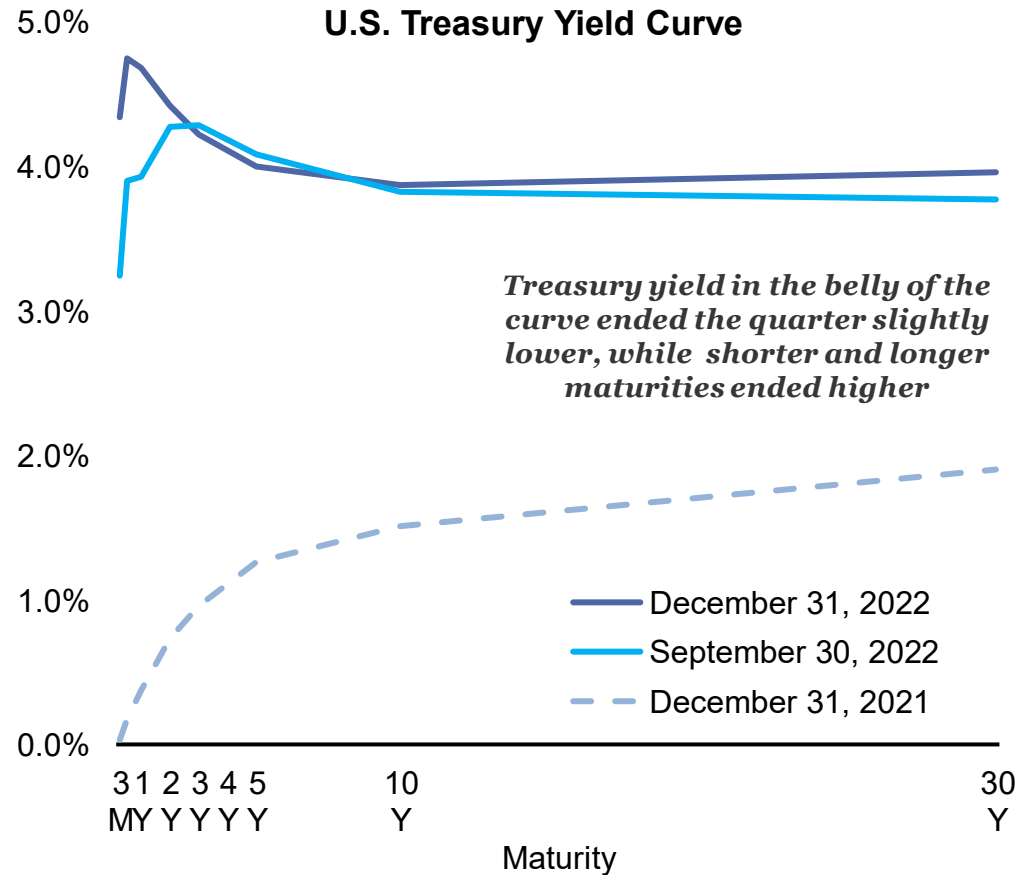
U.S. GDP Forecasts
Annualized Rate



Source: Bloomberg, Economist Forecasts. Recession risk based on most recent economic data as of 1/9/2023.

Yield Curve Inversion Deepens

	4Q2022 12/31/22	3Q2022 09/30/22	QoQ Change
3-month	4.34%	3.25%	+1.10%
1-year	4.69%	3.93%	+0.75%
2-year	4.43%	4.28%	+0.15%
3-year	4.22%	4.29%	-0.06%
5-year	4.00%	4.09%	-0.09%
10-year	3.87%	3.83%	+0.05%
30-year	3.96%	3.78%	+0.19%

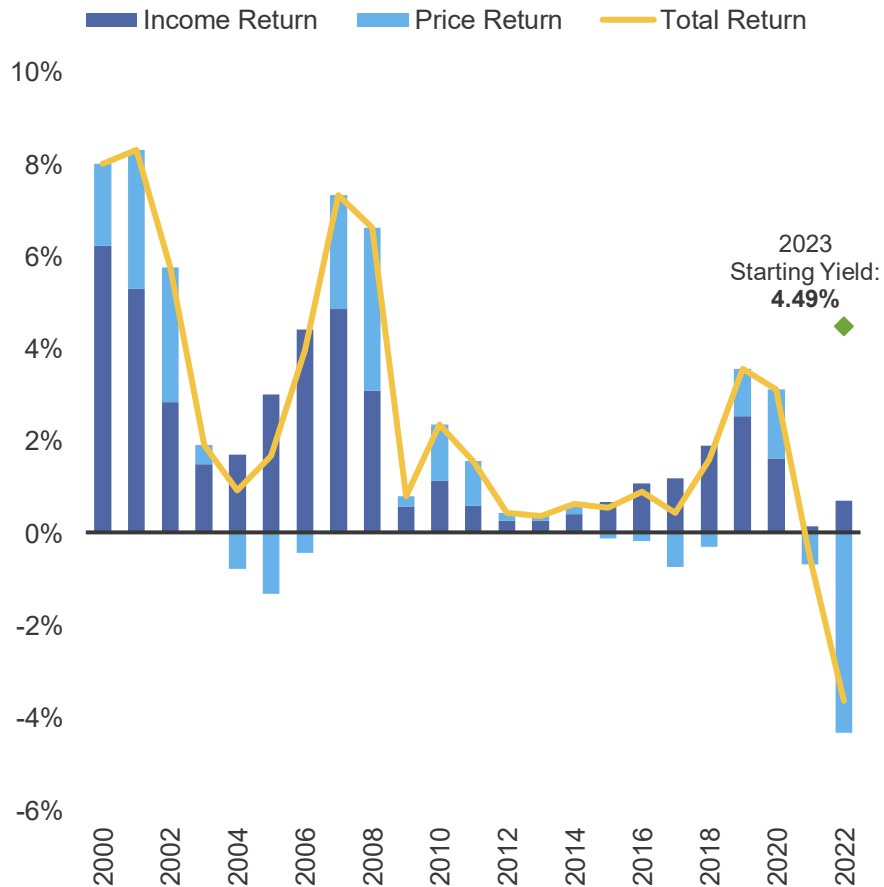


Source: Bloomberg, as of December 2022.

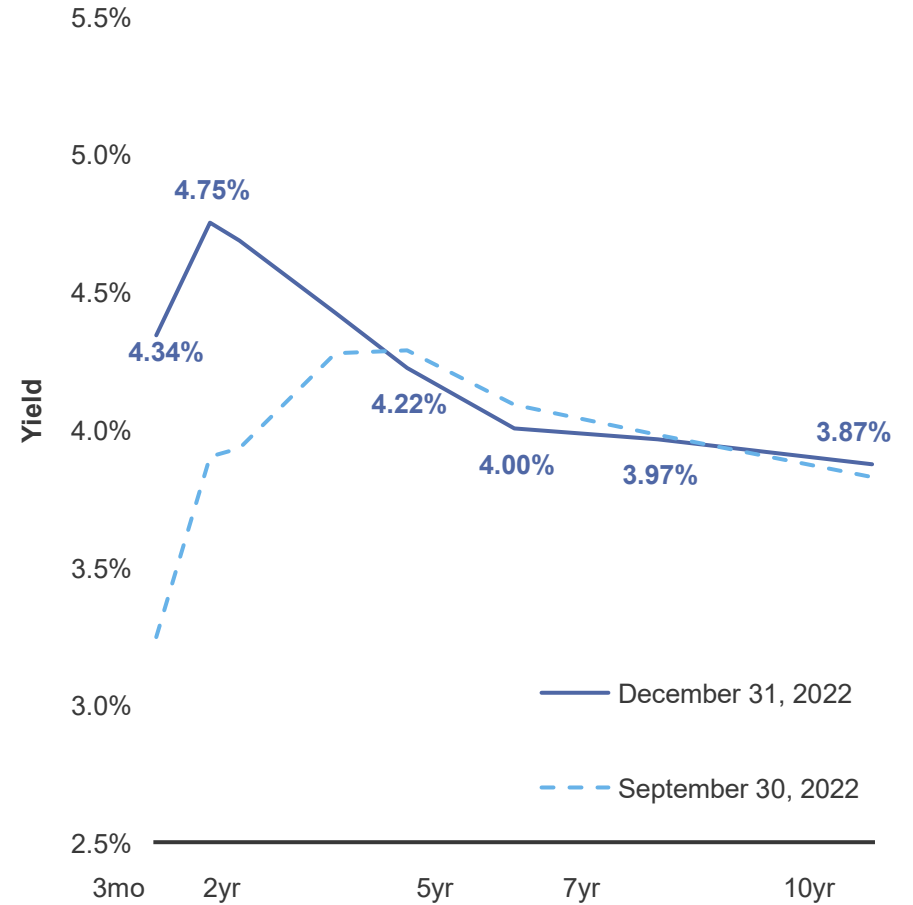
Higher Yields Can Offset Some of the Price Depreciation Woes

Annual Price & Income Returns

1-3 Year Treasury Index



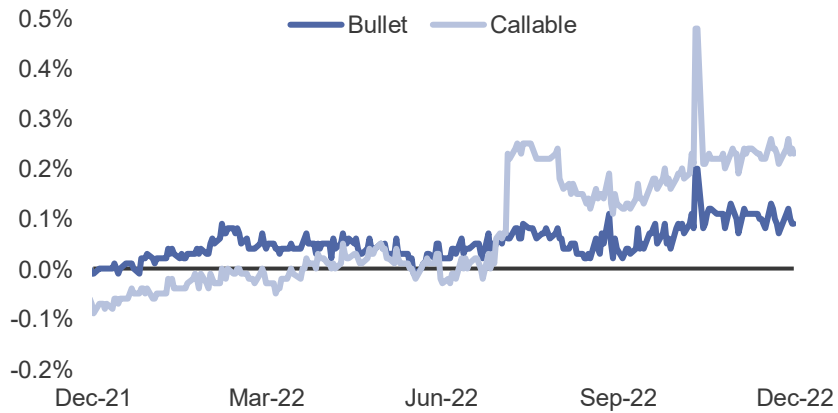
U.S. Treasury Yield Curve



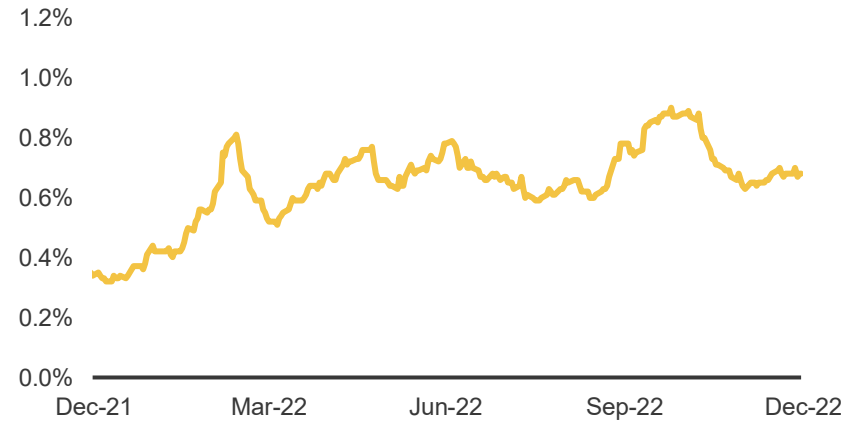
Source: ICE BofAML Indices via Bloomberg, as of 12/31/2022. PFMAM Calculations. Income return represents the yield of the benchmark index, as of the end of the prior calendar year, respective to the year of performance shown.

Sector Yield Spreads

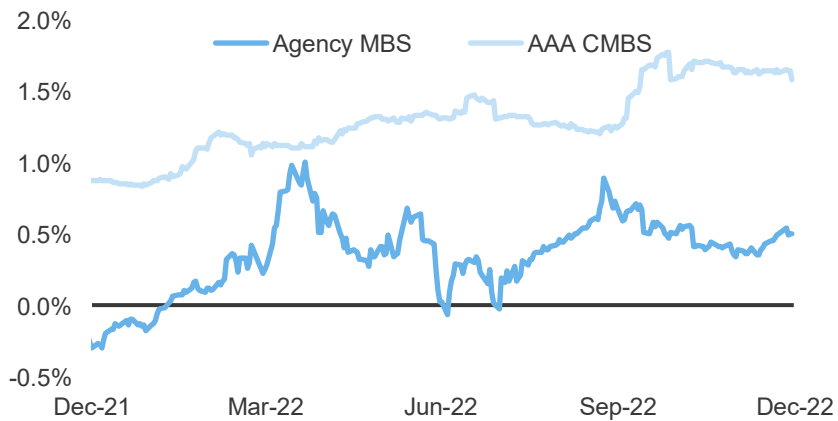
Federal Agency Yield Spreads



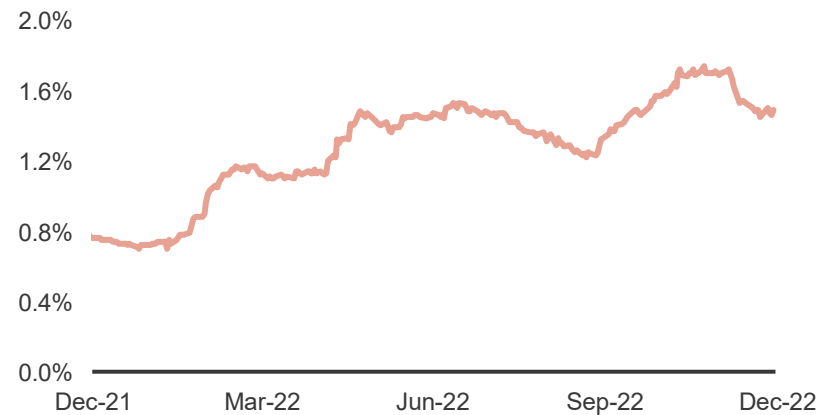
Corporate Notes A-AAA Yield Spreads



Mortgage-Backed Securities Yield Spreads

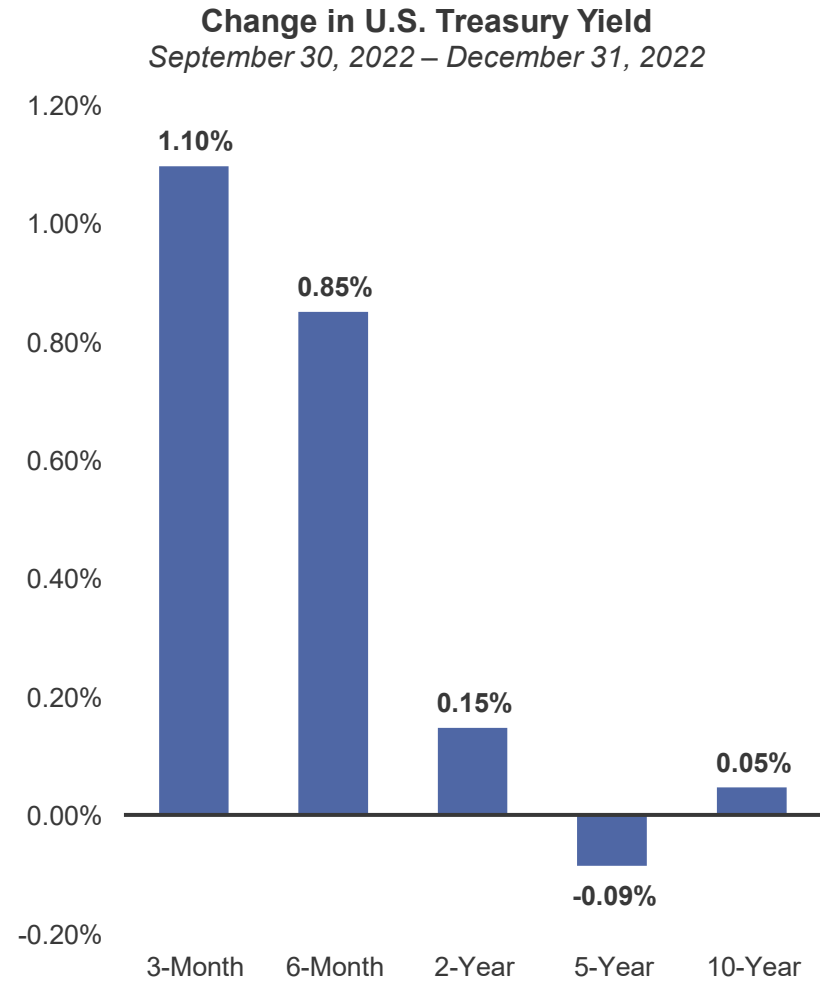
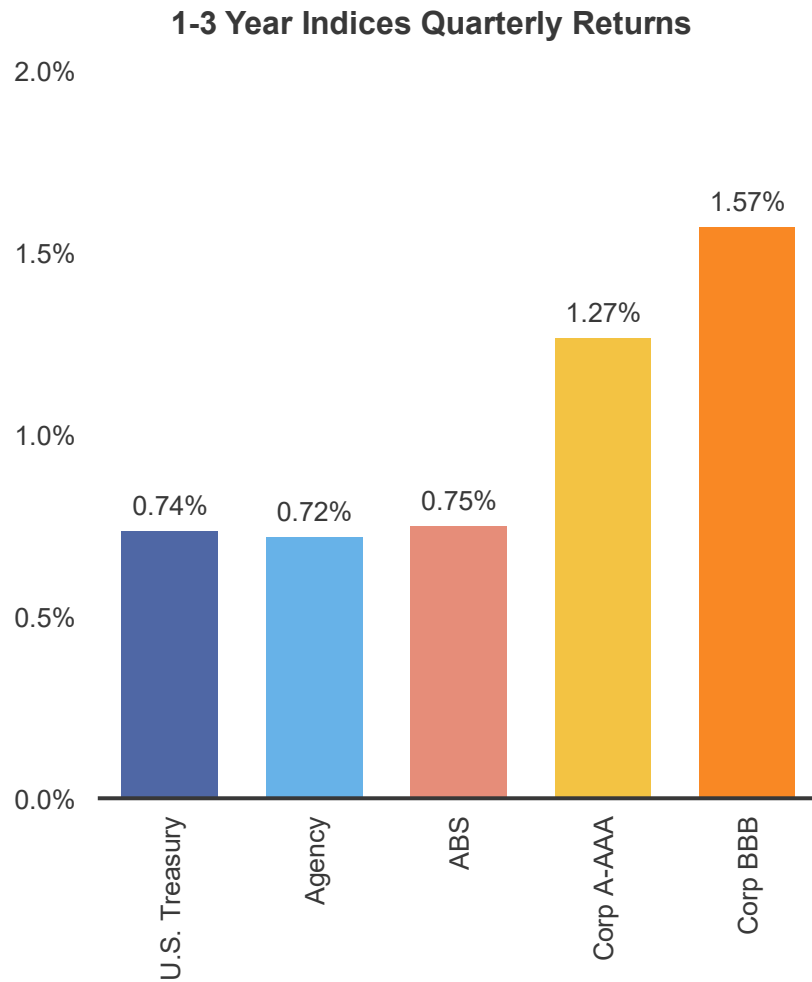


Asset-Backed Securities AAA Yield Spreads



Source: ICE BofAML 1-3 year Indices via Bloomberg, MarketAxess and PFMAM as of 12/31/2022. Spreads on ABS and MBS are option-adjusted spreads of 0-3 year indices based on weighted average life; spreads on agencies are relative to comparable maturity Treasuries. CMBS is Commercial Mortgage-Backed Securities.

Fixed-Income Markets in Q4 2022



Source: ICE BofAML Indices. ABS indices are 0-3 year, based on weighted average life. As of 12/31/2022.
Right Chart: Generic US Treasury securities via Bloomberg, change in yield from 9/30/2022 to 12/31/2022.

Fixed-Income Sector Commentary – 4Q 2022

- ▶ **U.S. Treasury** yields settled into a wide range after surging for the first three quarters of the year. The result of more stable yields was generally positive returns for the quarter.
- ▶ **Federal agency** bullet spreads finally broke single digits and climbed to the widest levels in the past 12 months for certain maturities. Callable structures were attractive early in the quarter as new issues came to market at wide levels on the heels of historically high bond volatility.
- ▶ **Supranational** issuance fell notably short of expectations in Q4 limiting new investment opportunities. Liquidity was better than that of federal agencies, which provided some ability to swap into other sectors which were more attractive.
- ▶ **Investment-Grade Corporate** yield spreads fluctuated in Q4 underscoring the historic levels of volatility experienced throughout the year. After reaching post-pandemic wides in late October, credit spreads reversed, ending the quarter modestly tighter. The sector generated strong excess returns in Q4 and buoyed portfolio returns relative to benchmarks.
- ▶ **Asset-Backed** yield spreads lagged the narrowing move in the corporate sector for much of Q4 but rallied into year end, ending the quarter only modestly wider than where they began. ABS and IG corporate spreads diverged markedly in November, growing to the widest margin since 2020 and leading to a year-end rally which brought performance just shy of matched-duration U.S. Treasuries.
- ▶ **Mortgage-Backed Securities** reversed course in Q4 after the dreadful negative returns for the first three quarters of 2022. Although still negative for the year, excess returns on MBS were near top-of-class amongst investment-grade options in Q4.
- ▶ **Taxable Municipal** issuance remained underwhelming as deals were heavily oversubscribed, dragging spreads lower, while secondary inventory at attractive levels was sparse.
- ▶ The **short-term credit** (commercial paper and CDs) yield curve was notably steep throughout the quarter as the market priced the expectation for further Fed rate increases. The aggressive pace of those rate hikes created valuable opportunities in floating-rate securities.

Fixed-Income Sector Outlook – 1Q 2023

Sector	Our Investment Preferences
COMMERCIAL PAPER / CD	
TREASURIES	
T-Bill	
T-Note	
FEDERAL AGENCIES	
Bullets	
Callables	
SUPRANATIONALS	
CORPORATES	
Financials	
Industrials	
SECURITIZED	
Asset-Backed	
Agency Mortgage-Backed	
Agency CMBS	
MUNICIPALS	



Portfolio Review: CITY OF LOS ALTOS INVESTMENT PORTFOLIO

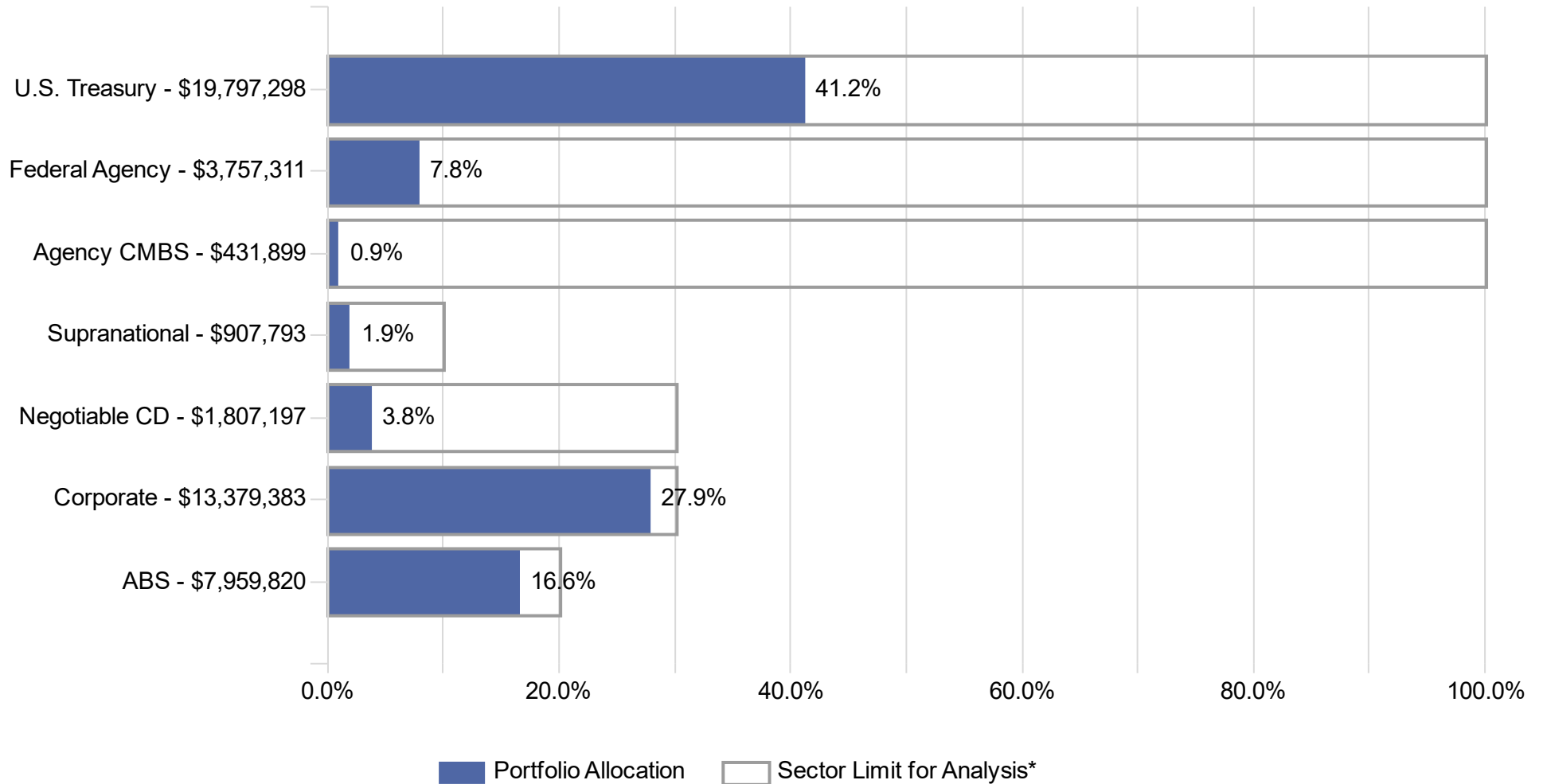
Certificate of Compliance

During the reporting period for the quarter ended December 31, 2022, the account(s) managed by PFM Asset Management ("PFMAM") were in compliance with the applicable investment policy and guidelines as furnished to PFMAM.

Acknowledged : *PFM Asset Management LLC*

Note: Pre- and post-trade compliance for the account(s) managed by PFM Asset Management is provided via Bloomberg Asset and Investment Management ("AIM").

Sector Allocation Analytics



*For informational/analytical purposes only and is not provided for compliance assurance. Includes accrued interest.
Sector Limit for Analysis is as derived from our interpretation of your most recent Investment Policy as provided.

Account Summary

CITY OF LOS ALTOS INVESTMENT PORTFOLIO			
Portfolio Values	<u>December 31, 2022</u>	Analytics ¹	<u>December 31, 2022</u>
PFMAM Managed Account	\$47,862,225	Yield at Market	4.49%
Amortized Cost	\$49,882,256	Yield on Cost	1.83%
Market Value	\$47,862,225	Portfolio Duration	1.66
Accrued Interest	\$178,477		
Cash	\$149,068		

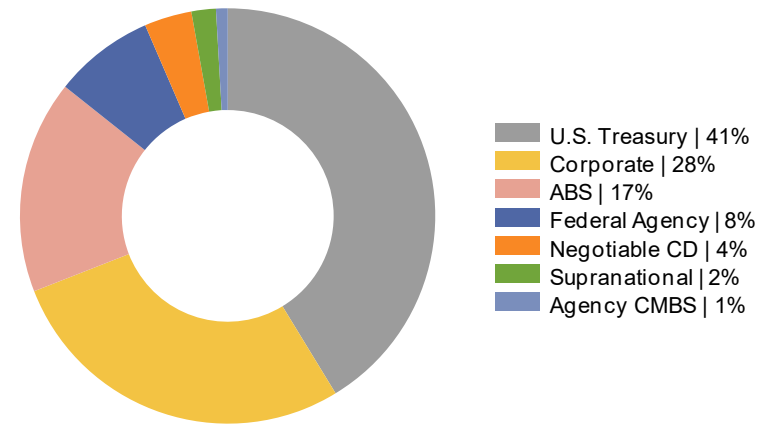
1. Yield at market, yield on cost, and portfolio duration only include investments held within the separately managed account(s), excludes balances invested in overnight funds.

Portfolio Snapshot - CITY OF LOS ALTOS INVESTMENT PORTFOLIO¹

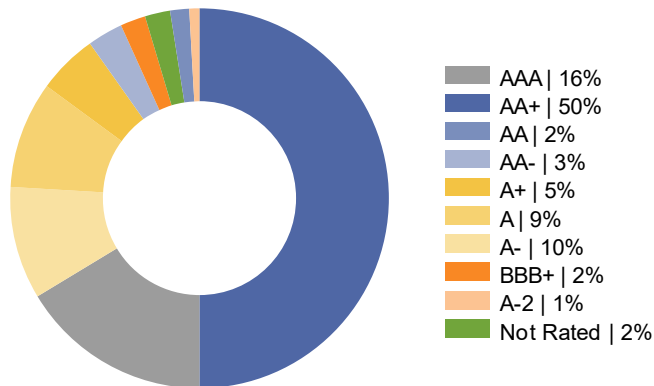
Portfolio Statistics

Total Market Value	\$48,189,769.61
<i>Securities Sub-Total</i>	\$47,862,225.29
<i>Accrued Interest</i>	\$178,476.75
<i>Cash</i>	\$149,067.57
Portfolio Effective Duration	1.66 years
Benchmark Effective Duration	1.74 years
Yield At Cost	1.83%
Yield At Market	4.49%
Portfolio Credit Quality	AA

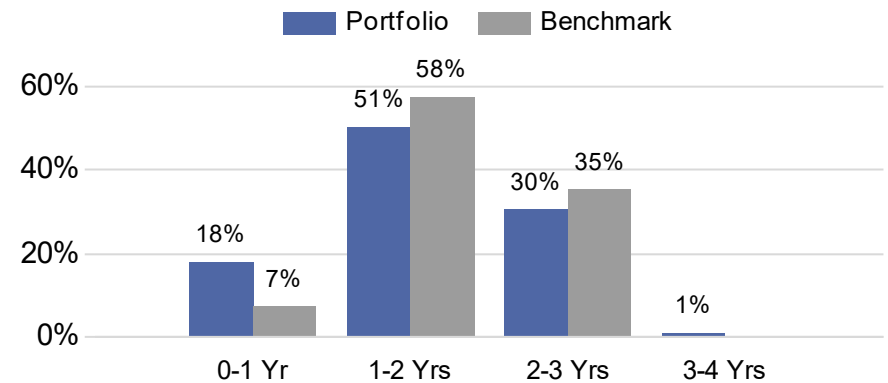
Sector Allocation



Credit Quality - S&P



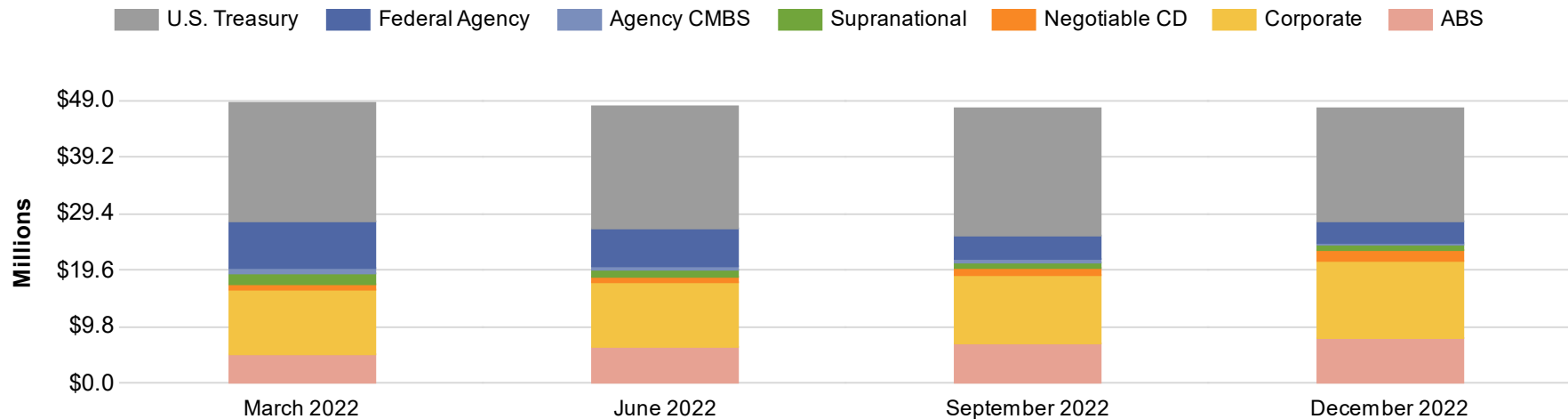
Duration Distribution



1. Yield and duration calculations exclude cash and cash equivalents. Sector allocation includes market values and accrued interest. The portfolio's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg. An average of each security's credit rating was assigned a numeric value and adjusted for its relative weighting in the portfolio.

Sector Allocation Review - CITY OF LOS ALTOS INVESTMENT PORTFOLIO

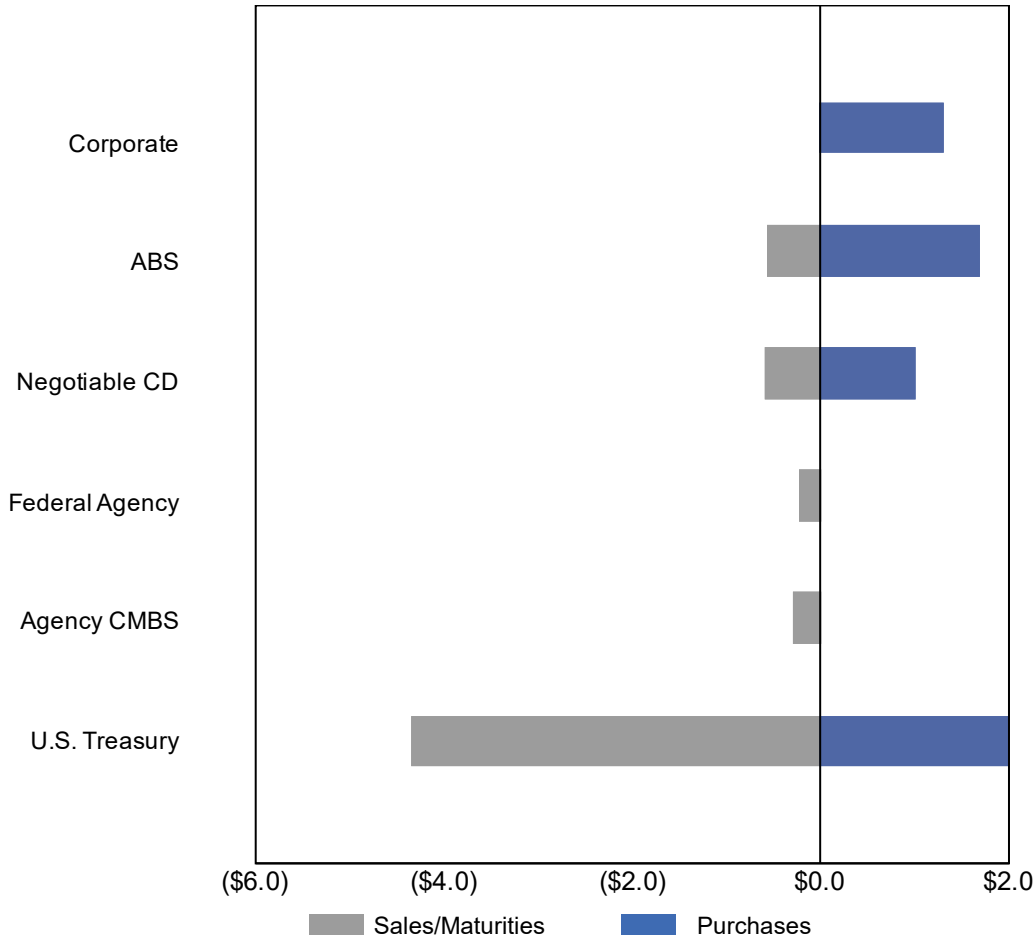
Security Type	Mar-22	% of Total	Jun-22	% of Total	Sep-22	% of Total	Dec-22	% of Total
U.S. Treasury	\$20.5	42.1%	\$21.3	44.3%	\$22.0	46.1%	\$19.7	41.3%
Federal Agency	\$8.1	16.8%	\$6.4	13.4%	\$4.0	8.3%	\$3.8	7.8%
Agency CMBS	\$0.9	1.8%	\$0.5	1.0%	\$0.7	1.5%	\$0.4	0.9%
Supranational	\$1.7	3.6%	\$1.3	2.8%	\$0.9	1.9%	\$0.9	1.9%
Negotiable CD	\$1.0	2.1%	\$1.0	2.1%	\$1.4	2.9%	\$1.8	3.7%
Corporate	\$11.4	23.4%	\$11.1	23.1%	\$11.9	25.0%	\$13.3	27.8%
ABS	\$4.9	10.2%	\$6.4	13.3%	\$6.8	14.3%	\$7.9	16.6%
Total	\$48.5	100.0%	\$48.0	100.0%	\$47.6	100.0%	\$47.9	100.0%



Market values, excluding accrued interest. Only includes fixed-income securities held within the separately managed account(s) and LGIPs managed by PFMAM. Detail may not add to total due to rounding.

Portfolio Activity - CITY OF LOS ALTOS INVESTMENT PORTFOLIO

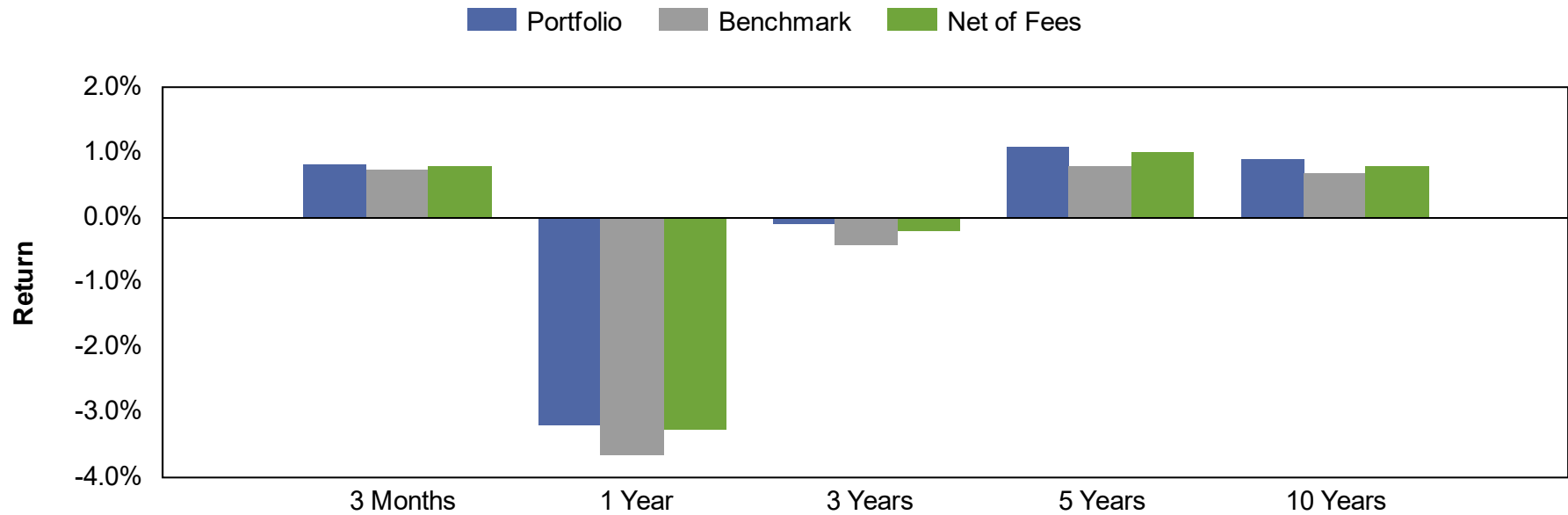
Net Activity by Sector
(\$ millions)



Sector	Net Activity
Corporate	\$1,304,316
ABS	\$1,147,033
Negotiable CD	\$422,018
Federal Agency	(\$217,151)
Agency CMBS	(\$281,072)
U.S. Treasury	(\$2,331,118)
Total Net Activity	\$44,025

Based on total proceeds (principal and accrued interest) of buys, sells, maturities, and principal paydowns. Detail may not add to total due to rounding.

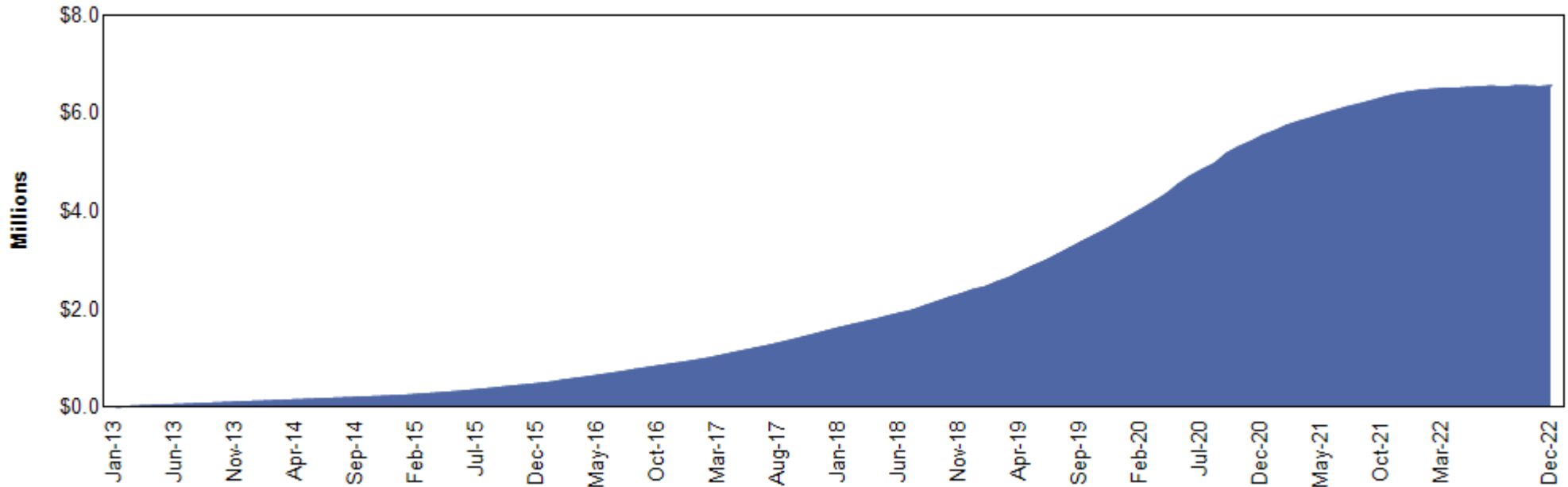
Portfolio Performance



Market Value Basis Earnings	3 Months	1 Year	3 Years	5 Years	10 Years
Interest Earned ²	\$201,363	\$580,143	\$2,335,334	\$4,789,433	\$6,448,590
Change in Market Value	\$183,654	(\$2,200,922)	(\$2,210,718)	(\$1,414,487)	(\$1,959,846)
Total Dollar Return	\$385,017	(\$1,620,779)	\$124,616	\$3,374,946	\$4,488,744
Total Return³					
Portfolio	0.81%	-3.18%	-0.10%	1.08%	0.88%
Benchmark ⁴	0.74%	-3.65%	-0.41%	0.77%	0.67%
Basis Point Fee	0.02%	0.09%	0.09%	0.09%	0.09%
Net of Fee Return	0.78%	-3.27%	-0.19%	0.99%	0.79%

1. The lesser of 10 years or since inception is shown. Since inception returns for periods one year or less are not shown. Performance inception date is June 30, 2010.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Returns for periods one year or less are presented on a periodic basis. Returns for periods greater than one year are presented on an annualized basis.
 4. The portfolio's benchmark is the ICE BofAML 1-3 Year U.S. Treasury Index. Source: Bloomberg.

Accrual Basis Earnings - CITY OF LOS ALTOS INVESTMENT PORTFOLIO



Accrual Basis Earnings	3 Months	1 Year	3 Years	5 Year	10 Year ¹
Interest Earned ²	\$201,363	\$580,143	\$2,335,334	\$4,789,433	\$6,448,590
Realized Gains / (Losses) ³	(\$187,692)	(\$372,956)	\$649,040	\$323,773	\$328,558
Change in Amortized Cost	(\$7,307)	(\$71,127)	(\$184,845)	(\$115,937)	(\$209,911)
Total Earnings	\$6,364	\$136,060	\$2,799,529	\$4,997,269	\$6,567,237

1. The lesser of 10 years or since inception is shown. Performance inception date is June 30, 2010.
 2. Interest earned calculated as the ending accrued interest less beginning accrued interest, plus net interest activity.
 3. Realized gains / (losses) are shown on an amortized cost basis.

Portfolio Holdings and Transactions

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
U.S. Treasury	41.2%	
UNITED STATES TREASURY	41.2%	AA / Aaa / AAA
Federal Agency	7.8%	
FEDERAL HOME LOAN BANKS	1.0%	AA / Aaa / NR
FREDDIE MAC	6.8%	AA / Aaa / AAA
Agency CMBS	0.9%	
FANNIE MAE	0.4%	AA / Aaa / AAA
FREDDIE MAC	0.5%	AA / Aaa / AAA
Supranational	1.9%	
INTER-AMERICAN DEVELOPMENT BANK	1.0%	AAA / Aaa / AAA
INTL BANK OF RECONSTRUCTION AND DEV	0.9%	AAA / Aaa / AAA
Negotiable CD	3.8%	
CREDIT AGRICOLE SA	0.8%	A / Aa / AA
CREDIT SUISSE GROUP RK	0.9%	BBB / A / BBB
NORDEA BANK ABP	1.0%	AA / Aa / AA
TORONTO-DOMINION BANK	1.1%	A / A / NR
Corporate	27.9%	
ABBOTT LABORATORIES	0.3%	AA / A / NR
AMAZON.COM INC	1.1%	AA / A / AA
AMERICAN EXPRESS CO	0.8%	BBB / A / A
AMERICAN HONDA FINANCE	0.9%	A / A / A
ANZ BANKING GROUP LTD	0.5%	AA / Aa / A
ASTRAZENECA PLC	0.6%	A / A / A
BANK OF AMERICA CO	1.4%	A / A / AA
BRISTOL-MYERS SQUIBB CO	0.4%	A / A / NR
BROWN-FORMAN CORP	0.2%	A / A / NR
BURLINGTON NORTHERN SANTA FE	0.3%	AA / A / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	27.9%	
CATERPILLAR INC	0.8%	A / A / A
CHARLES SCHWAB	0.3%	A / A / A
CINTAS CORPORATION NO. 2	0.4%	A / A / NR
CITIGROUP INC	0.8%	BBB / A / A
COLGATE-PALMOLIVE COMPANY	0.1%	AA / Aa / NR
COMCAST CORP	0.8%	A / A / A
DEERE & COMPANY	0.7%	A / A / A
EXXON MOBIL CORP	0.3%	AA / Aa / NR
GENERAL DYNAMICS CORP	0.3%	A / A / NR
GOLDMAN SACHS GROUP INC	0.6%	BBB / A / A
HERSHEY COMPANY	0.2%	A / A / NR
HOME DEPOT INC	0.2%	A / A / A
HONEYWELL INTERNATIONAL	0.8%	A / A / A
HORMEL FOODS CORP	0.3%	A / A / NR
HSBC HOLDINGS PLC	0.8%	A / A / A
IBM CORP	0.8%	A / A / NR
JP MORGAN CHASE & CO	1.5%	A / A / AA
LOCKHEED MARTIN CORP	0.4%	A / A / A
MERCK & CO INC	0.3%	A / A / NR
MORGAN STANLEY	0.7%	A / A / A
NATIONAL AUSTRALIA BANK LTD	0.5%	AA / Aa / NR
NATIONAL RURAL UTILITIES CO FINANCE CORP	0.5%	A / A / A
PACCAR FINANCIAL CORP	0.8%	A / A / NR
PNC FINANCIAL SERVICES GROUP	0.7%	A / A / A
PRAXAIR INC	0.9%	A / A / NR
RABOBANK NEDERLAND	1.0%	A / Aa / AA

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

Issuer Diversification

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
Corporate	27.9%	
STATE STREET CORPORATION	0.7%	A / A / AA
TARGET CORP	0.4%	A / A / A
TEXAS INSTRUMENTS INC	0.1%	A / Aa / NR
THE BANK OF NEW YORK MELLON CORPORATION	1.5%	A / A / AA
TOYOTA MOTOR CORP	0.8%	A / A / A
TRUIST FIN CORP	0.7%	A / A / A
UNILEVER PLC	0.5%	A / A / A
UNITEDHEALTH GROUP INC	0.5%	A / A / A
WAL-MART STORES INC	0.5%	AA / Aa / AA
ABS	16.6%	
ALLY AUTO RECEIVABLES TRUST	1.4%	AAA / Aaa / NR
AMERICAN EXPRESS CO	1.0%	AAA / NR / AAA
BMW FINANCIAL SERVICES NA LLC	0.1%	AAA / Aaa / NR
BMW VEHICLE OWNER TRUST	0.3%	AAA / Aaa / AAA
CAPITAL ONE FINANCIAL CORP	2.1%	AAA / Aaa / AAA
CARMAX AUTO OWNER TRUST	2.4%	AAA / Aaa / AAA
DISCOVER FINANCIAL SERVICES	1.4%	AAA / Aaa / AAA
FORD CREDIT AUTO OWNER TRUST	0.3%	AAA / NR / AAA
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	1.2%	AAA / Aaa / AAA
GM FINANCIAL LEASINGTRUST	0.3%	AAA / NR / AAA
HARLEY-DAVIDSON MOTORCYCLE TRUST	0.5%	AAA / Aaa / NR
HONDA AUTO RECEIVABLES	0.5%	AAA / Aaa / AAA
HYUNDAI AUTO RECEIVABLES	1.5%	AAA / NR / AAA
MERCEDES-BENZ AUTO LEASE TRUST	0.0%	AAA / NR / AAA
MERCEDES-BENZ AUTO RECEIVABLES	0.8%	AAA / Aaa / NR

Security Type / Issuer	Market Value (%)	S&P / Moody's / Fitch
ABS	16.6%	
NISSAN AUTO RECEIVABLES	0.6%	AAA / Aaa / NR
TOYOTA MOTOR CORP	0.9%	AAA / Aaa / AAA
VERIZON OWNER TRUST	0.4%	AAA / Aaa / AAA
VOLKSWAGEN AUTO LEASE TURST	0.2%	NR / Aaa / AAA
WORLD OMNI AUTO REC TRUST	0.5%	AAA / NR / AAA
Total	100.0%	

Ratings shown are calculated by assigning a numeral value to each security rating, then calculating a weighted average rating for each security type / issuer category using all available security ratings, excluding Not-Rated (NR) ratings. For security type / issuer categories where a rating from the applicable NRSRO is not available, a rating of NR is assigned. Includes accrued interest and excludes balances invested in overnight funds.

**Issuer Distribution
As of December 31, 2022**

Issuer	Market Value (\$)	% of Portfolio
UNITED STATES TREASURY	19,743,695	41.26%
FREDDIE MAC	3,525,943	7.38%
CARMAX AUTO OWNER TRUST	1,154,289	2.42%
CAPITAL ONE FINANCIAL CORP	1,000,842	2.10%
AMERICAN EXPRESS CO	838,481	1.76%
TOYOTA MOTOR CORP	801,036	1.68%
HYUNDAI AUTO RECEIVABLES	739,901	1.55%
THE BANK OF NEW YORK MELLON CORPORATION	729,703	1.52%
JP MORGAN CHASE & CO	701,501	1.47%
DISCOVER FINANCIAL SERVICES	695,441	1.45%
ALLY AUTO RECEIVABLES TRUST	685,483	1.43%
BANK OF AMERICA CO	680,619	1.42%
GM FINANCIAL CONSUMER AUTOMOBILE TRUST	563,858	1.18%
AMAZON.COM INC	549,909	1.15%
TORONTO-DOMINION BANK	499,779	1.04%
INTER-AMERICAN DEVELOPMENT BANK	498,526	1.04%
NORDEA BANK ABP	494,459	1.03%
RABOBANK NEDERLAND	479,189	1.00%
FEDERAL HOME LOAN BANKS	467,450	0.98%
CREDIT SUISSE GROUP RK	420,897	0.88%
PRAXAIR INC	418,226	0.87%
INTL BANK OF RECONSTRUCTION AND DEV	408,430	0.85%
AMERICAN HONDA FINANCE	407,322	0.85%
MERCEDES-BENZ AUTO RECEIVABLES	393,186	0.82%

Issuer	Market Value (\$)	% of Portfolio
CITIGROUP INC	384,962	0.80%
CATERPILLAR INC	380,536	0.80%
CREDIT AGRICOLE SA	375,000	0.78%
PACCAR FINANCIAL CORP	374,623	0.78%
COMCAST CORP	374,132	0.78%
HONEYWELL INTERNATIONAL	371,878	0.78%
IBM CORP	368,898	0.77%
HSBC HOLDINGS PLC	367,436	0.77%
MORGAN STANLEY	355,433	0.74%
PNC FINANCIAL SERVICES GROUP	352,094	0.74%
TRUIST FIN CORP	351,819	0.74%
DEERE & COMPANY	351,684	0.73%
STATE STREET CORPORATION	345,035	0.72%
GOLDMAN SACHS GROUP INC	292,459	0.61%
ASTRAZENECA PLC	273,754	0.57%
NISSAN AUTO RECEIVABLES	264,467	0.55%
NATIONAL RURAL UTILITIES CO FINANCE CORP	260,235	0.54%
UNITEDHEALTH GROUP INC	259,849	0.54%
HARLEY-DAVIDSON MOTORCYCLE TRUST	257,685	0.54%
WORLD OMNI AUTO REC TRUST	255,845	0.53%
ANZ BANKING GROUP LTD	250,945	0.52%
NATIONAL AUSTRALIA BANK LTD	246,980	0.52%
HONDA AUTO RECEIVABLES	235,398	0.49%
WAL-MART STORES INC	221,904	0.46%
UNILEVER PLC	215,249	0.45%
VERIZON OWNER TRUST	206,111	0.43%
TARGET CORP	195,890	0.41%

Issuer	Market Value (\$)	% of Portfolio
BRISTOL-MYERS SQUIBB CO	192,966	0.40%
FANNIE MAE	191,805	0.40%
LOCKHEED MARTIN CORP	176,151	0.37%
CINTAS CORPORATION NO. 2	169,444	0.35%
CHARLES SCHWAB	166,566	0.35%
BMW VEHICLE OWNER TRUST	166,539	0.35%
HORMEL FOODS CORP	164,780	0.34%
GENERAL DYNAMICS CORP	160,532	0.34%
ABBOTT LABORATORIES	160,012	0.33%
GM FINANCIAL LEASINGTRUST	149,032	0.31%
MERCK & CO INC	124,651	0.26%
EXXON MOBIL CORP	124,272	0.26%
FORD CREDIT AUTO OWNER TRUST	123,673	0.26%
BURLINGTON NORTHERN SANTA FE	120,193	0.25%
HERSHEY COMPANY	118,729	0.25%
BROWN-FORMAN CORP	112,067	0.23%
VOLKSWAGEN AUTO LEASE TURST	97,426	0.20%
HOME DEPOT INC	92,457	0.19%
TEXAS INSTRUMENTS INC	54,942	0.11%
COLGATE-PALMOLIVE COMPANY	53,160	0.11%
BMW FINANCIAL SERVICES NA LLC	40,938	0.09%
MERCEDES-BENZ AUTO LEASE TRUST	13,426	0.03%
Grand Total	47,862,225	100.00%

Managed Account Detail of Securities Held

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY N/B NOTES DTD 11/30/2021 0.500% 11/30/2023	91282CDM0	600,000.00	AA+	Aaa	12/1/2021	12/3/2021	599,039.06	0.58	263.74	599,559.84	577,218.72
US TREASURY NOTES DTD 12/15/2020 0.125% 12/15/2023	91282CBA8	1,500,000.00	AA+	Aaa	1/6/2021	1/7/2021	1,496,425.78	0.21	87.57	1,498,839.71	1,436,718.75
US TREASURY NOTES DTD 01/15/2021 0.125% 01/15/2024	91282CBE0	2,300,000.00	AA+	Aaa	2/2/2021	2/3/2021	2,296,316.41	0.18	1,328.13	2,298,702.53	2,192,906.25
US TREASURY NOTES DTD 02/15/2021 0.125% 02/15/2024	91282CBM2	350,000.00	AA+	Aaa	2/23/2021	2/25/2021	349,015.63	0.22	165.25	349,628.03	332,500.00
US TREASURY NOTES DTD 02/15/2021 0.125% 02/15/2024	91282CBM2	1,250,000.00	AA+	Aaa	3/1/2021	3/3/2021	1,244,580.08	0.27	590.18	1,247,940.53	1,187,500.00
US TREASURY NOTES DTD 05/01/2017 2.000% 04/30/2024	912828X70	575,000.00	AA+	Aaa	4/1/2021	4/5/2021	603,547.85	0.37	1,969.61	587,351.21	554,785.19
US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	142,000.00	AA+	Aaa	6/22/2021	6/24/2021	141,173.52	0.45	16.58	141,596.26	133,280.32
US TREASURY N/B NOTES DTD 06/15/2021 0.250% 06/15/2024	91282CCG4	2,000,000.00	AA+	Aaa	7/1/2021	7/7/2021	1,987,031.25	0.47	233.52	1,993,588.08	1,877,187.60
US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	600,000.00	AA+	Aaa	8/9/2021	8/10/2021	599,367.19	0.41	1,039.40	599,668.22	561,937.50
US TREASURY N/B NOTES DTD 07/15/2021 0.375% 07/15/2024	91282CCL3	750,000.00	AA+	Aaa	8/4/2021	8/6/2021	750,878.91	0.33	1,299.25	750,459.10	702,421.88
US TREASURY N/B NOTES DTD 08/15/2021 0.375% 08/15/2024	91282CCT6	1,575,000.00	AA+	Aaa	9/1/2021	9/3/2021	1,573,277.34	0.41	2,230.89	1,574,053.10	1,471,394.61
US TREASURY N/B NOTES DTD 09/15/2021 0.375% 09/15/2024	91282CCX7	1,000,000.00	AA+	Aaa	10/1/2021	10/6/2021	995,937.50	0.51	1,118.78	997,645.64	931,718.80
US TREASURY NOTES DTD 10/31/2019 1.500% 10/31/2024	912828YM6	1,650,000.00	AA+	Aaa	5/4/2021	5/6/2021	1,710,263.67	0.44	4,238.95	1,681,645.52	1,562,859.38
US TREASURY NOTES DTD 11/30/2019 1.500% 11/30/2024	912828YV6	575,000.00	AA+	Aaa	6/15/2021	6/17/2021	595,911.13	0.44	758.24	586,582.31	544,003.93
US TREASURY NOTES DTD 11/30/2019 1.500% 11/30/2024	912828YV6	975,000.00	AA+	Aaa	6/2/2021	6/7/2021	1,011,181.64	0.42	1,285.72	994,882.84	922,441.46

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
U.S. Treasury											
US TREASURY N/B NOTES DTD 12/15/2021 1.000% 12/15/2024	91282CDN8	325,000.00	AA+	Aaa	1/3/2022	1/5/2022	324,771.48	1.02	151.79	324,848.22	304,078.13
US TREASURY NOTES DTD 06/30/2020 0.250% 06/30/2025	912828ZW3	1,000,000.00	AA+	Aaa	6/1/2022	6/3/2022	923,281.25	2.88	6.91	937,764.22	905,625.00
US TREASURY N/B NOTES DTD 07/15/2022 3.000% 07/15/2025	91282CEY3	1,200,000.00	AA+	Aaa	8/5/2022	8/8/2022	1,195,453.13	3.14	16,630.43	1,196,072.39	1,162,125.00
US TREASURY N/B NOTES DTD 07/15/2022 3.000% 07/15/2025	91282CEY3	425,000.00	AA+	Aaa	9/1/2022	9/6/2022	418,708.01	3.55	5,889.95	419,413.82	411,585.94
US TREASURY N/B NOTES DTD 09/15/2022 3.500% 09/15/2025	91282CFK2	600,000.00	AA+	Aaa	10/6/2022	10/11/2022	587,976.56	4.23	6,265.19	588,897.98	587,812.50
US TREASURY N/B NOTES DTD 11/15/2022 4.500% 11/15/2025	91282CFW6	1,375,000.00	AA+	Aaa	12/16/2022	12/16/2022	1,393,906.25	3.99	8,033.49	1,393,622.21	1,383,593.75
Security Type Sub-Total		20,767,000.00					20,798,043.64	1.09	53,603.57	20,762,761.76	19,743,694.71
Supranational											
INTL BK RECON & DEVELOP NOTES DTD 11/24/2020 0.250% 11/24/2023	459058JM6	425,000.00	AAA	Aaa	11/17/2020	11/24/2020	424,086.25	0.32	109.20	424,727.13	408,429.68
INTER-AMERICAN DEVEL BK NOTES DTD 09/23/2021 0.500% 09/23/2024	4581X0DZ8	535,000.00	AAA	Aaa	9/15/2021	9/23/2021	534,604.10	0.52	728.19	534,772.07	498,526.38
Security Type Sub-Total		960,000.00					958,690.35	0.43	837.39	959,499.20	906,956.06
Negotiable CD											
CREDIT SUISSE NEW YORK CERT DEPOS DTD 03/23/2021 0.590% 03/17/2023	22552G3C2	425,000.00	A-2	P-2	3/19/2021	3/23/2021	425,000.00	0.59	2,019.93	425,000.00	420,897.05
CREDIT AGRICOLE CIB NY CERT DEPOS DTD 08/19/2022 4.100% 08/16/2024	22536AZR8	375,000.00	A+	Aa3	8/17/2022	8/19/2022	375,000.00	4.07	5,765.63	375,000.00	375,000.00
TORONTO DOMINION BANK NY CERT DEPOS DTD 10/31/2022 5.600% 10/27/2025	89115B6K1	500,000.00	A	A1	10/27/2022	10/31/2022	500,000.00	5.58	4,822.22	500,000.00	499,778.90

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Negotiable CD											
NORDEA BANK ABP NEW YORK CERT DEPOS DTD 11/03/2022 5.530% 11/03/2025	65558UYF3	500,000.00	AA-	Aa3	11/2/2022	11/3/2022	500,000.00	5.53	4,454.72	500,000.00	494,458.50
Security Type Sub-Total		1,800,000.00					1,800,000.00	4.08	17,062.50	1,800,000.00	1,790,134.45
Federal Agency											
FREDDIE MAC NOTES DTD 08/21/2020 0.250% 08/24/2023	3137EAEV7	675,000.00	AA+	Aaa	8/19/2020	8/21/2020	674,311.50	0.28	595.31	674,852.64	655,479.68
FREDDIE MAC NOTES DTD 09/04/2020 0.250% 09/08/2023	3137EAEW5	735,000.00	AA+	Aaa	9/2/2020	9/4/2020	734,757.45	0.26	576.77	734,944.82	712,429.62
FREDDIE MAC NOTES DTD 09/04/2020 0.250% 09/08/2023	3137EAEW5	625,000.00	AA+	Aaa	10/7/2020	10/8/2020	624,800.00	0.26	490.45	624,953.05	605,807.50
FREDDIE MAC NOTES DTD 09/04/2020 0.250% 09/08/2023	3137EAEW5	465,000.00	AA+	Aaa	9/2/2020	9/4/2020	465,084.91	0.24	364.90	465,019.32	450,720.78
FREDDIE MAC NOTES DTD 12/04/2020 0.250% 12/04/2023	3137EAF2	900,000.00	AA+	Aaa	12/2/2020	12/4/2020	899,109.00	0.28	168.75	899,725.78	862,491.60
FEDERAL HOME LOAN BANK NOTES (CALLABLE) DTD 11/08/2021 1.000% 11/08/2024	3130APQ81	500,000.00	AA+	Aaa	8/5/2022	8/9/2022	474,207.91	3.40	736.11	478,757.61	467,450.00
Security Type Sub-Total		3,900,000.00					3,872,270.77	0.66	2,932.29	3,878,253.22	3,754,379.18
Corporate											
GOLDMAN SACHS CORP NOTES DTD 03/03/2014 4.000% 03/03/2024	38141GVM3	150,000.00	BBB+	A2	1/21/2021	1/25/2021	165,336.00	0.67	1,966.67	155,779.76	148,106.10
CHARLES SCHWAB CORP NOTES (CALLABLE) DTD 03/18/2021 0.750% 03/18/2024	808513BN4	175,000.00	A	A2	3/16/2021	3/18/2021	174,912.50	0.77	375.52	174,964.71	166,566.05
COMCAST CORP (CALLABLE) CORPORATE NOTES DTD 10/05/2018 3.700% 04/15/2024	20030NCR0	200,000.00	A-	A3	5/7/2020	5/11/2020	219,118.00	1.20	1,562.22	205,977.78	196,907.40
AMAZON.COM INC CORPORATE NOTES DTD 05/12/2021 0.450% 05/12/2024	023135BW5	225,000.00	AA	A1	5/10/2021	5/12/2021	224,671.50	0.50	137.81	224,851.04	212,260.73

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
CITIGROUP INC (CALLABLE) CORPORATE NOTES DTD 05/14/2020 1.678% 05/15/2024	172967MR9	75,000.00	BBB+	A3	10/2/2020	10/6/2020	76,853.25	0.98	160.81	75,261.13	73,758.60
UNITEDHEALTH GROUP INC (CALLABLE) CORP N DTD 05/19/2021 0.550% 05/15/2024	91324PEB4	190,000.00	A+	A3	5/17/2021	5/19/2021	189,802.40	0.59	133.53	189,909.52	179,096.47
CITIGROUP INC (CALLABLE) CORPORATE NOTES DTD 05/14/2020 1.678% 05/15/2024	172967MR9	150,000.00	BBB+	A3	5/7/2020	5/14/2020	150,000.00	1.68	321.62	150,000.00	147,517.20
CATERPILLAR FINL SERVICE CORPORATE NOTES DTD 05/17/2021 0.450% 05/17/2024	14913R2L0	275,000.00	A	A2	5/10/2021	5/17/2021	274,631.50	0.50	151.25	274,831.22	258,975.20
HSBC USA INC CORPORATE NOTES DTD 05/24/2022 3.750% 05/24/2024	40428HTA0	375,000.00	A-	A1	5/17/2022	5/24/2022	374,985.00	3.75	1,445.31	374,989.56	367,435.88
ASTRAZENECA FINANCE LLC (CALLABLE) CORP DTD 05/28/2021 0.700% 05/28/2024	04636NAC7	290,000.00	A	A3	5/25/2021	5/28/2021	289,973.90	0.70	186.08	289,987.78	273,753.62
HORMEL FOODS CORP NOTES (CALLABLE) DTD 06/03/2021 0.650% 06/03/2024	440452AG5	175,000.00	A	A1	3/10/2022	3/14/2022	169,457.75	2.12	88.47	171,457.60	164,780.00
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 06/10/2021 0.450% 06/07/2024	24422EVQ9	80,000.00	A	A2	6/7/2021	6/10/2021	79,900.00	0.49	24.00	79,952.15	75,201.68
TARGET CORP CORPORATE NOTES DTD 06/26/2014 3.500% 07/01/2024	87612EBD7	200,000.00	A	A2	11/23/2021	11/29/2021	212,528.00	1.04	3,500.00	207,251.66	195,889.80
BANK OF AMERICA (CALLABLE) CORP NOTES DTD 07/23/2018 3.864% 07/23/2024	06051GHL6	200,000.00	A-	A2	9/28/2020	10/1/2020	216,830.00	1.58	3,391.73	203,390.21	197,797.80
BRISTOL MYERS SQUIBB CO CORP NOTES (CALL DTD 01/26/2020 2.900% 07/26/2024	110122CM8	83,000.00	A+	A2	10/5/2020	10/7/2020	89,863.27	0.69	1,036.35	85,739.24	80,746.47
AMERICAN EXPRESS CO CORP NOTES (CALLABLE) DTD 07/30/2019 2.500% 07/30/2024	025816CG2	225,000.00	BBB+	A2	11/19/2021	11/23/2021	233,055.00	1.14	2,359.38	229,629.51	216,851.40

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
PACCAR FINANCIAL CORP CORPORATE NOTES DTD 08/09/2021 0.500% 08/09/2024	69371RR40	145,000.00	A+	A1	8/3/2021	8/9/2021	144,921.70	0.52	285.97	144,958.14	135,026.61
AMERICAN HONDA FINANCE CORPORATE NOTES DTD 09/09/2021 0.750% 08/09/2024	02665WDY4	185,000.00	A-	A3	9/7/2021	9/9/2021	184,877.90	0.77	547.29	184,932.82	173,164.07
UNILEVER CAPITAL CORP (CALLABLE) CORPORA DTD 08/12/2021 0.626% 08/12/2024	904764BN6	100,000.00	A+	A1	8/9/2021	8/12/2021	100,000.00	0.63	241.71	100,000.00	93,838.00
COOPERAT RABOBANK UA/NY CORPORATE NOTES DTD 08/22/2022 3.875% 08/22/2024	21688AAU6	250,000.00	A+	Aa2	8/15/2022	8/22/2022	249,885.00	3.90	3,471.35	249,905.77	245,813.25
GOLDMAN SACHS GROUP INC (CALLABLE) CORP DTD 06/10/2021 0.657% 09/10/2024	38141GYE8	150,000.00	BBB+	A2	6/7/2021	6/10/2021	150,000.00	0.66	303.86	150,000.00	144,353.10
TOYOTA MOTOR CREDIT CORP CORPORATE NOTES DTD 09/13/2021 0.625% 09/13/2024	89236TJN6	200,000.00	A+	A1	9/8/2021	9/13/2021	199,906.00	0.64	375.00	199,946.74	186,409.00
BANK OF AMERICA CORP (CALLABLE) CORPORAT DTD 10/21/2020 0.810% 10/24/2024	06051GJH3	275,000.00	A-	A2	10/16/2020	10/21/2020	275,000.00	0.81	414.56	275,000.00	263,751.95
HONEYWELL INTERNATIONAL CORPORATE NOTES DTD 11/02/2022 4.850% 11/01/2024	438516CH7	210,000.00	A	A2	10/28/2022	11/2/2022	209,964.30	4.86	1,669.21	209,967.23	210,015.54
TEXAS INSTRUMENTS INC CORPORATE NOTES DTD 11/18/2022 4.700% 11/18/2024	882508BR4	55,000.00	A+	Aa3	11/15/2022	11/18/2022	54,975.25	4.72	308.76	54,976.74	54,942.20
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 01/10/2022 1.250% 01/10/2025	24422EVY2	220,000.00	A	A2	1/4/2022	1/10/2022	219,896.60	1.27	1,306.25	219,930.19	205,570.42
COOPERATIEVE RABOBANK UA CORPORATE NOTES DTD 01/12/2022 1.375% 01/10/2025	21688AAS1	250,000.00	A+	Aa2	1/19/2022	1/24/2022	248,020.00	1.65	1,632.81	248,645.84	233,376.00
AMERICAN HONDA FINANCE CORPORATE NOTES DTD 01/13/2022 1.500% 01/13/2025	02665WEA5	250,000.00	A-	A3	1/11/2022	1/13/2022	249,802.50	1.53	1,750.00	249,866.11	234,158.00

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
LINDE INC/CT (CALLABLE) CORPORATE NOTES DTD 02/05/2015 2.650% 02/05/2025	74005PBN3	175,000.00	A	A2	3/4/2022	3/8/2022	177,549.75	2.13	1,880.76	176,766.22	167,438.08
NATIONAL RURAL UTIL COOP CORPORATE NOTES DTD 02/07/2022 1.875% 02/07/2025	63743HFC1	65,000.00	A-	A2	2/22/2022	2/24/2022	64,400.70	2.20	487.50	64,573.44	60,913.13
NATIONAL RURAL UTIL COOP CORPORATE NOTES DTD 02/07/2022 1.875% 02/07/2025	63743HFC1	110,000.00	A-	A2	1/31/2022	2/7/2022	109,996.70	1.88	825.00	109,997.69	103,083.75
MERCK & CO INC CORP NOTES DTD 02/10/2015 2.750% 02/10/2025	58933YAR6	130,000.00	A+	A1	3/9/2021	3/11/2021	138,819.20	0.98	1,400.21	134,468.83	124,650.63
TOYOTA MOTOR CREDIT CORP CORP NOTES DTD 02/13/2020 1.800% 02/13/2025	89236TGT6	200,000.00	A+	A1	9/23/2021	9/27/2021	205,542.00	0.96	1,380.00	203,473.29	188,364.00
JPMORGAN CHASE & CO CORP NOTES (CALLABLE DTD 02/16/2021 0.563% 02/16/2025	46647PBY1	170,000.00	A-	A1	2/9/2021	2/16/2021	170,000.00	0.56	358.91	170,000.00	160,245.23
AMERICAN EXPRESS CO CORP NOTES (CALLABLE DTD 03/04/2022 2.250% 03/04/2025	025816CQ0	50,000.00	BBB+	A2	3/1/2022	3/4/2022	49,949.50	2.29	365.63	49,963.46	47,207.40
AMERICAN EXPRESS CO CORP NOTES (CALLABLE DTD 03/04/2022 2.250% 03/04/2025	025816CQ0	100,000.00	BBB+	A2	3/2/2022	3/4/2022	99,821.00	2.31	731.25	99,870.49	94,414.80
EXXON MOBIL CORP CORPORATE NT (CALLABLE) DTD 03/06/2015 2.709% 03/06/2025	30231GAF9	130,000.00	AA-	Aa2	3/26/2021	3/30/2021	138,049.60	1.10	1,124.99	134,213.04	124,272.07
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 03/07/2022 2.125% 03/07/2025	24422EWB1	25,000.00	A	A2	3/2/2022	3/7/2022	24,989.25	2.14	168.23	24,992.19	23,637.18
JOHN DEERE CAPITAL CORP CORPORATE NOTES DTD 03/07/2022 2.125% 03/07/2025	24422EWB1	50,000.00	A	A2	3/3/2022	3/7/2022	50,100.00	2.06	336.46	50,072.63	47,274.35
ABBOTT LABORATORIES CORP NOTE (CALLABLE) DTD 03/10/2015 2.950% 03/15/2025	002824BB5	165,000.00	AA-	A1	3/10/2022	3/14/2022	167,547.60	2.41	1,433.21	166,806.34	160,012.05

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
UNILEVER CAPITAL CORP NOTES (CALLABLE) DTD 03/22/2018 3.375% 03/22/2025	904764BB2	125,000.00	A+	A1	2/22/2022	2/24/2022	129,088.75	2.27	1,160.16	127,393.28	121,411.25
BURLINGTN NORTH SANTA FE CORP NOTES (CAL DTD 03/09/2015 3.000% 04/01/2025	12189LAV3	125,000.00	AA-	A3	3/5/2021	3/9/2021	134,578.75	1.07	937.50	130,023.00	120,193.25
PACCAR FINANCIAL CORP CORPORATE NOTES DTD 04/07/2022 2.850% 04/07/2025	69371RR73	250,000.00	A+	A1	3/31/2022	4/7/2022	249,935.00	2.86	1,662.50	249,950.95	239,596.00
AMAZON.COM INC CORPORATE NOTES DTD 04/13/2022 3.000% 04/13/2025	023135CE4	350,000.00	AA	A1	4/11/2022	4/13/2022	349,443.50	3.06	2,275.00	349,577.04	337,648.50
BROWN-FORMAN CORP NOTES (CALLABLE) DTD 03/26/2018 3.500% 04/15/2025	115637AS9	115,000.00	A-	A1	2/24/2022	2/28/2022	119,465.45	2.21	849.72	118,199.62	112,066.58
HOME DEPOT INC (CALLABLE) CORPORATE NOTE DTD 03/28/2022 2.700% 04/15/2025	437076CM2	40,000.00	A	A2	3/24/2022	3/28/2022	39,930.00	2.76	228.00	39,947.53	38,270.64
BANK OF NY MELLON (CALLABLE) CORP NOTES DTD 04/24/2020 1.600% 04/24/2025	06406RAN7	125,000.00	A	A1	3/10/2022	3/14/2022	121,988.75	2.41	372.22	122,764.74	116,146.00
BANK OF NY MELLON (CALLABLE) CORP NOTES DTD 04/24/2020 1.600% 04/24/2025	06406RAN7	135,000.00	A	A1	3/9/2021	3/11/2021	138,202.20	1.01	402.00	136,766.21	125,437.68
BANK OF NY MELLON CORP (CALLABLE) CORP N DTD 04/26/2022 3.350% 04/25/2025	06406RBC0	250,000.00	A	A1	4/19/2022	4/26/2022	249,965.00	3.36	1,535.42	249,972.99	242,134.00
CINTAS CORPORATION NO. 2 CORP NOTE (CALL DTD 05/03/2022 3.450% 05/01/2025	17252MAP5	70,000.00	A-	A3	5/2/2022	5/4/2022	69,794.90	3.55	402.50	69,840.31	67,777.43
CITIGROUP INC (CALLABLE) CORPORATE NOTES DTD 05/04/2021 0.981% 05/01/2025	172967MX6	175,000.00	BBB+	A3	4/28/2021	5/4/2021	175,458.50	0.91	286.13	175,203.87	163,685.73
CINTAS CORPORATION NO. 2 CORP NOTE (CALL DTD 05/03/2022 3.450% 05/01/2025	17252MAP5	105,000.00	A-	A3	4/26/2022	5/3/2022	104,976.90	3.46	603.75	104,982.03	101,666.15

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
CATERPILLAR FINL SERVICE CORPORATE NOTES DTD 05/13/2022 3.400% 05/13/2025	14913R2V8	95,000.00	A	A2	5/10/2022	5/13/2022	94,879.35	3.44	430.67	94,905.00	92,386.17
CATERPILLAR FINL SERVICE CORPORATE NOTES DTD 05/13/2022 3.400% 05/13/2025	14913R2V8	30,000.00	A	A2	5/10/2022	5/13/2022	29,997.00	3.40	136.00	29,997.64	29,174.58
GENERAL DYNAMICS CORP (CALLABLE) CORP NO DTD 05/11/2018 3.500% 05/15/2025	369550BG2	165,000.00	A-	A3	3/4/2022	3/8/2022	171,512.55	2.21	737.92	169,747.14	160,532.13
JPMORGAN CHASE & CO (CALLABLE) CORP NOTE DTD 06/01/2021 0.824% 06/01/2025	46647PCH7	345,000.00	A-	A1	5/24/2021	6/1/2021	345,000.00	0.82	236.90	345,000.00	321,743.21
HONEYWELL INTL CORP NOTES (CALLABLE) DTD 05/18/2020 1.350% 06/01/2025	438516CB0	175,000.00	A	A2	3/2/2022	3/4/2022	171,234.00	2.04	196.88	172,196.95	161,862.05
PNC BANK NA CORP NOTE (CALLABLE) DTD 06/01/2015 3.250% 06/01/2025	69353REQ7	250,000.00	A	A2	8/23/2022	8/25/2022	245,665.00	3.92	677.08	246,218.13	241,013.50
HERSHEY CO CORP NOTES (CALLABLE) DTD 06/01/2020 0.900% 06/01/2025	427866BF4	130,000.00	A	A1	2/23/2022	2/25/2022	124,784.40	2.18	97.50	126,140.81	118,729.13
TRUIST FINANCIAL CORP NOTES (CALLABLE) DTD 06/05/2018 3.700% 06/05/2025	05531FBE2	231,000.00	A-	A3	2/7/2022	2/9/2022	242,822.58	2.10	617.28	239,559.11	224,278.36
NATIONAL AUSTRALIA BK/NY CORPORATE NOTES DTD 06/09/2022 3.500% 06/09/2025	63254ABD9	255,000.00	AA-	Aa3	5/31/2022	6/9/2022	255,000.00	3.50	545.42	255,000.00	246,979.74
NATIONAL RURAL UTIL COOP CORPORATE NOTES DTD 05/04/2022 3.450% 06/15/2025	63743HFE7	60,000.00	A-	A2	5/2/2022	5/4/2022	59,680.20	3.63	92.00	59,748.21	57,742.92
NATIONAL RURAL UTIL COOP CORPORATE NOTES DTD 05/04/2022 3.450% 06/15/2025	63743HFE7	40,000.00	A-	A2	4/27/2022	5/4/2022	39,989.20	3.46	61.33	39,991.50	38,495.28
JP MORGAN CHASE CORP NOTES (CALLABLE) DTD 07/21/2015 3.900% 07/15/2025	46625HMN7	225,000.00	A-	A1	3/10/2022	3/14/2022	232,026.75	2.91	4,046.25	230,201.54	219,512.48

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
MORGAN STANLEY CORP NOTES DTD 07/23/2015 4.000% 07/23/2025	6174468C6	85,000.00	A-	A1	6/22/2022	6/24/2022	84,900.55	4.04	1,492.22	84,917.43	82,961.19
IBM CORP CORPORATE NOTES DTD 07/27/2022 4.000% 07/27/2025	459200KS9	375,000.00	A-	A3	7/20/2022	7/27/2022	375,000.00	4.00	6,416.67	375,000.00	368,898.38
BANK OF AMERICA CORP NOTES DTD 07/30/2015 3.875% 08/01/2025	06051GFS3	225,000.00	A-	A2	3/10/2022	3/14/2022	232,420.50	2.84	3,632.81	230,661.43	219,069.68
COLGATE-PALMOLIVE CO CORPORATE NOTES DTD 08/09/2022 3.100% 08/15/2025	194162AM5	55,000.00	AA-	Aa3	8/1/2022	8/9/2022	54,949.40	3.13	672.53	54,956.06	53,160.47
WALMART INC CORPORATE NOTES DTD 09/09/2022 3.900% 09/09/2025	931142EW9	225,000.00	AA	Aa2	9/6/2022	9/9/2022	224,842.50	3.93	2,730.00	224,858.88	221,903.55
HOME DEPOT INC NOTES (CALLABLE) DTD 09/19/2022 4.000% 09/15/2025	437076CR1	55,000.00	A	A2	9/12/2022	9/19/2022	54,980.20	4.01	623.33	54,982.09	54,186.83
UNITEDHEALTH GROUP INC CORPORATE NOTES DTD 10/28/2022 5.150% 10/15/2025	91324PEN8	80,000.00	A+	A3	10/25/2022	10/28/2022	79,992.80	5.15	721.00	79,993.23	80,752.24
LOCKHEED MARTIN CORP NOTES (CALLABLE) DTD 10/24/2022 4.950% 10/15/2025	539830BU2	80,000.00	A-	A3	10/19/2022	10/24/2022	79,772.00	5.05	737.00	79,786.47	80,526.00
LOCKHEED MARTIN CORP NOTES (CALLABLE) DTD 10/24/2022 4.950% 10/15/2025	539830BU2	95,000.00	A-	A3	11/1/2022	11/3/2022	95,046.55	4.93	875.19	95,043.93	95,624.63
PNC FINANCIAL SERVICES CORP NOTE (CALLAB DTD 10/28/2022 5.671% 10/28/2025	693475BH7	110,000.00	A-	A3	10/25/2022	10/28/2022	110,000.00	5.67	1,091.67	110,000.00	111,080.20
COMCAST CORP CORPORATE NOTES DTD 11/07/2022 5.250% 11/07/2025	20030NDZ1	110,000.00	A-	A3	11/3/2022	11/7/2022	109,734.90	5.34	866.25	109,748.20	111,398.54
COMCAST CORP CORPORATE NOTES DTD 11/07/2022 5.250% 11/07/2025	20030NDZ1	65,000.00	A-	A3	10/31/2022	11/7/2022	64,982.45	5.26	511.88	64,983.33	65,826.41
BRISTOL-MYERS SQUIBB CO CORPORATE NOTES DTD 11/13/2020 0.750% 11/13/2025	110122DN5	125,000.00	A+	A2	2/22/2022	2/24/2022	118,435.00	2.23	125.00	119,938.47	112,219.75
LINDE INC/CT CORPORATE NOTES (CALLABLE) DTD 12/05/2022 4.700% 12/05/2025	53522KAB9	250,000.00	A	A2	11/28/2022	12/5/2022	249,730.00	4.74	848.61	249,736.65	250,788.00

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
Corporate											
AUST & NZ BANKING GRP NY CORPORATE NOTES DTD 12/08/2022 5.088% 12/08/2025	05254JAA8	250,000.00	AA-	Aa3	11/29/2022	12/8/2022	250,000.00	5.09	812.67	250,000.00	250,945.00
STATE STREET CORP (CALLABLE) CORPORATE N DTD 02/07/2022 1.746% 02/06/2026	857477BR3	110,000.00	A	A1	2/2/2022	2/7/2022	110,000.00	1.75	773.58	110,000.00	102,773.55
MORGAN STANLEY CORP NOTES (CALLABLE) DTD 02/18/2022 2.630% 02/18/2026	61747YEM3	290,000.00	A-	A1	2/16/2022	2/18/2022	290,000.00	2.63	2,817.75	290,000.00	272,471.53
STATE STREET CORP NOTES (CALLABLE) DTD 10/29/2020 2.901% 03/30/2026	857477BM4	255,000.00	A	A1	2/17/2022	2/22/2022	260,133.15	2.38	1,869.94	258,713.82	242,261.22
BANK OF NEW YORK MELLON CORP NOTES (CALL DTD 07/26/2022 4.414% 07/24/2026	06406RBJ5	170,000.00	A	A1	7/20/2022	7/26/2022	170,554.20	4.32	3,230.80	170,473.65	167,269.80
BANK OF NEW YORK MELLON CORP NOTES (CALL DTD 07/26/2022 4.414% 07/24/2026	06406RBJ5	80,000.00	A	A1	7/19/2022	7/26/2022	80,000.00	4.41	1,520.38	80,000.00	78,715.20
TRUIST FIN CORP NOTES (CALLABLE) DTD 07/28/2022 4.260% 07/28/2026	89788MAH5	65,000.00	A-	A3	7/26/2022	7/28/2022	65,065.00	4.23	1,176.83	65,055.69	63,770.26
TRUIST FIN CORP NOTES (CALLABLE) DTD 07/28/2022 4.260% 07/28/2026	89788MAH5	65,000.00	A-	A3	7/25/2022	7/28/2022	65,000.00	4.26	1,176.83	65,000.00	63,770.27
Security Type Sub-Total		13,814,000.00					13,946,890.55	2.38	92,952.74	13,874,477.00	13,286,430.67
Agency CMBS											
FHMS K053 A2 DTD 03/29/2016 2.995% 12/01/2025	3137BN6G4	250,000.00	AA+	Aaa	8/4/2022	8/9/2022	247,119.14	3.36	623.96	247,119.14	239,013.76
FNA 2016-M3 A2 DTD 03/31/2016 2.702% 02/01/2026	3136ARTE8	202,549.48	AA+	Aaa	8/31/2022	9/6/2022	195,689.69	3.76	456.07	195,689.69	191,805.01
Security Type Sub-Total		452,549.48					442,808.83	3.54	1,080.03	442,808.83	430,818.77

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
ABS											
MBALT 2020-B A3 DTD 09/23/2020 0.400% 11/15/2023	58769EAC2	13,451.51	AAA	NR	9/15/2020	9/23/2020	13,450.83	0.40	2.39	13,451.32	13,426.45
BMWLT 2021-1 A3 DTD 03/10/2021 0.290% 01/25/2024	05591RAC8	41,256.98	AAA	Aaa	3/2/2021	3/10/2021	41,255.67	0.29	1.99	41,256.50	40,938.31
VZOT 2019-C A1A DTD 10/08/2019 1.940% 04/22/2024	92348AAA3	12,741.95	AAA	NR	10/1/2019	10/8/2019	12,740.96	1.94	7.55	12,741.67	12,722.89
GMALT 2021-2 A3 DTD 05/26/2021 0.340% 05/20/2024	380144AC9	150,866.82	AAA	NR	5/18/2021	5/26/2021	150,843.13	0.35	15.67	150,855.84	149,031.86
NAROT 2019-C A3 DTD 10/23/2019 1.930% 07/15/2024	65479JAD5	32,490.79	AAA	Aaa	10/16/2019	10/23/2019	32,489.07	1.93	27.87	32,490.23	32,328.72
VZOT 2020-A A1A DTD 01/29/2020 1.850% 07/22/2024	92348TAA2	22,045.01	AAA	Aaa	1/21/2020	1/29/2020	22,042.43	1.85	12.46	22,044.11	21,942.25
TAOT 2020-C A3 DTD 07/27/2020 0.440% 10/15/2024	89237VAB5	73,822.57	AAA	Aaa	7/21/2020	7/27/2020	73,816.89	0.44	14.44	73,820.16	72,668.30
HDMOT 2020-A A3 DTD 01/29/2020 1.870% 10/15/2024	41284UAD6	9,817.15	AAA	Aaa	1/21/2020	1/29/2020	9,815.01	1.87	8.16	9,816.34	9,801.09
HAROT 2020-3 A3 DTD 09/29/2020 0.370% 10/18/2024	43813KAC6	90,284.29	AAA	NR	9/22/2020	9/29/2020	90,271.04	0.37	12.06	90,278.42	88,296.28
BMWOT 2020-A A3 DTD 07/15/2020 0.480% 10/25/2024	09661RAD3	35,478.96	AAA	NR	7/8/2020	7/15/2020	35,476.28	0.48	2.84	35,477.82	34,978.14
HART 2020-B A3 DTD 07/22/2020 0.480% 12/16/2024	44933FAC0	61,852.55	AAA	NR	7/14/2020	7/22/2020	61,840.97	0.48	13.20	61,847.40	60,998.74
CARMX 2020-1 A3 DTD 01/22/2020 1.890% 12/16/2024	14315XAC2	52,200.88	AAA	NR	1/14/2020	1/22/2020	52,190.64	1.89	43.85	52,196.79	51,576.53
VZOT 2020-B A DTD 08/12/2020 0.470% 02/20/2025	92290BAA9	174,132.05	NR	Aaa	8/4/2020	8/12/2020	174,095.48	0.47	25.01	174,114.77	171,445.38
GMCAR 2020-3 A3 DTD 08/19/2020 0.450% 04/16/2025	362590AC5	95,049.09	NR	Aaa	8/11/2020	8/19/2020	95,027.34	0.46	17.82	95,038.40	92,853.51
WOART 2020-B A3 DTD 06/24/2020 0.630% 05/15/2025	98163WAC0	76,935.13	AAA	NR	6/16/2020	6/24/2020	76,929.10	0.63	21.54	76,932.21	75,200.82
VWALT 2022-A A3 DTD 06/14/2022 3.440% 07/21/2025	92868AAC9	100,000.00	NR	Aaa	6/7/2022	6/14/2022	99,992.04	3.44	105.11	99,993.45	97,426.15
HART 2021-A A3 DTD 04/28/2021 0.380% 09/15/2025	44933LAC7	107,455.87	AAA	NR	4/20/2021	4/28/2021	107,444.56	0.38	18.15	107,448.89	103,927.70

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
ABS											
HAROT 2021-4 A3 DTD 11/24/2021 0.880% 01/21/2026	43815GAC3	155,000.00	NR	Aaa	11/16/2021	11/24/2021	154,967.33	0.89	37.89	154,976.00	147,101.96
CARMX 2021-2 A3 DTD 04/21/2021 0.520% 02/17/2026	14314QAC8	120,404.71	AAA	NR	4/13/2021	4/21/2021	120,378.76	0.52	27.83	120,387.89	115,892.07
HART 2021-C A3 DTD 11/17/2021 0.740% 05/15/2026	44935FAD6	120,000.00	AAA	NR	11/9/2021	11/17/2021	119,973.22	0.75	39.47	119,979.92	113,078.26
FORDO 2022-A A3 DTD 01/24/2022 1.290% 06/15/2026	345286AC2	130,000.00	AAA	NR	1/19/2022	1/24/2022	129,984.56	1.29	74.53	129,987.85	123,672.72
CARMX 2021-3 A3 DTD 07/28/2021 0.550% 06/15/2026	14317DAC4	260,000.00	AAA	Aaa	7/21/2021	7/28/2021	259,957.23	0.55	63.56	259,969.75	247,275.60
BMWOT 2022-A A3 DTD 05/18/2022 3.210% 08/25/2026	05602RAD3	135,000.00	AAA	Aaa	5/10/2022	5/18/2022	134,992.98	3.21	72.23	134,994.01	131,560.74
TAOT 2022-B A3 DTD 04/13/2022 2.930% 09/15/2026	89238FAD5	145,000.00	AAA	Aaa	4/7/2022	4/13/2022	144,996.61	2.93	188.82	144,997.16	140,279.54
COPAR 2021-1 A3 DTD 10/27/2021 0.770% 09/15/2026	14044CAC6	160,000.00	AAA	Aaa	10/19/2021	10/27/2021	159,996.98	0.77	54.76	159,997.71	150,513.60
DCENT 2021-A1 A1 DTD 09/27/2021 0.580% 09/15/2026	254683CP8	155,000.00	AAA	Aaa	9/20/2021	9/27/2021	154,966.81	0.58	39.96	154,975.24	144,270.08
GMCAR 2021-4 A3 DTD 10/21/2021 0.680% 09/16/2026	362554AC1	100,000.00	AAA	Aaa	10/13/2021	10/21/2021	99,997.45	0.68	28.33	99,998.07	94,155.83
WOART 2021-D A3 DTD 11/03/2021 0.810% 10/15/2026	98163KAC6	190,000.00	AAA	NR	10/26/2021	11/3/2021	189,974.12	0.81	68.40	189,980.19	180,644.31
HART 2022-A A3 DTD 03/16/2022 2.220% 10/15/2026	448977AD0	140,000.00	AAA	NR	3/9/2022	3/16/2022	139,994.61	2.22	138.13	139,995.55	133,341.05
ALLYA 2022-1 A3 DTD 05/18/2022 3.310% 11/15/2026	02008JAC0	245,000.00	AAA	Aaa	5/10/2022	5/18/2022	244,952.57	3.31	360.42	244,959.16	238,224.06
COMET 2021-A3 A3 DTD 11/30/2021 1.040% 11/15/2026	14041NFY2	305,000.00	AAA	NR	11/18/2021	11/30/2021	304,957.97	1.04	140.98	304,967.18	284,781.86
GMCAR 2022-1 A3 DTD 01/19/2022 1.260% 11/16/2026	380146AC4	110,000.00	AAA	NR	1/11/2022	1/19/2022	109,990.44	1.26	57.75	109,992.32	104,098.03
HDMOT 2022-A A3 DTD 04/20/2022 3.060% 02/15/2027	41284YAD8	255,000.00	AAA	Aaa	4/12/2022	4/20/2022	254,957.54	3.06	346.80	254,963.71	247,884.28
CARMX 2022-2 A3 DTD 04/28/2022 3.490% 02/16/2027	14317HAC5	190,000.00	AAA	Aaa	4/21/2022	4/28/2022	189,971.10	3.49	294.71	189,975.18	184,774.24

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
ABS											
GMCAR 2022-2 A3 DTD 04/13/2022 3.100% 02/16/2027	362585AC5	125,000.00	AAA	Aaa	4/5/2022	4/13/2022	124,973.88	3.10	161.46	124,977.76	121,217.85
COMET 2022-A1 A1 DTD 03/30/2022 2.800% 03/15/2027	14041NFZ9	250,000.00	AAA	NR	3/23/2022	3/30/2022	249,981.15	2.80	311.11	249,984.03	239,742.90
TAOT 2022-C A3 DTD 08/16/2022 3.760% 04/15/2027	89231CAD9	105,000.00	AAA	NR	8/8/2022	8/16/2022	104,982.45	3.76	175.47	104,983.87	101,992.26
CARMX 2022-3 A3 DTD 07/20/2022 3.970% 04/15/2027	14318MAD1	265,000.00	AAA	NR	7/12/2022	7/20/2022	264,993.75	3.97	467.58	264,994.35	257,379.40
GMCAR 2022-3 A3 DTD 07/13/2022 3.640% 04/16/2027	36265WAD5	155,000.00	NR	Aaa	7/6/2022	7/13/2022	154,998.93	3.64	235.08	154,999.04	151,532.93
COMET 2022-A2 A DTD 06/14/2022 3.490% 05/15/2027	14041NGA3	335,000.00	AAA	NR	6/6/2022	6/14/2022	334,946.47	3.49	519.62	334,952.46	325,803.41
ALLYA 2022-2 A3 DTD 10/12/2022 4.760% 05/17/2027	02008MAC3	450,000.00	AAA	Aaa	10/4/2022	10/12/2022	449,994.42	4.76	952.00	449,994.69	447,258.60
DCENT 2022-A2 A DTD 05/26/2022 3.320% 05/17/2027	254683CS2	270,000.00	NR	Aaa	5/19/2022	5/26/2022	269,978.05	3.32	398.40	269,980.71	260,403.88
AMXCA 2022-2 A DTD 05/24/2022 3.390% 05/17/2027	02582JJT8	370,000.00	AAA	NR	5/17/2022	5/24/2022	369,918.16	3.39	557.47	369,928.15	359,175.98
NAROT 2022-B A3 DTD 09/28/2022 4.460% 05/17/2027	65480JAC4	235,000.00	AAA	Aaa	9/20/2022	9/28/2022	234,951.38	4.46	465.82	234,954.11	232,137.94
HART 2022-C A3 DTD 11/09/2022 5.390% 06/15/2027	44933DAD3	325,000.00	AAA	NR	11/1/2022	11/9/2022	324,998.44	5.39	778.56	324,998.49	328,555.50
DCENT 2022-A3 A3 DTD 08/09/2022 3.560% 07/15/2027	254683CW3	300,000.00	AAA	Aaa	8/2/2022	8/9/2022	299,962.77	3.56	474.67	299,965.77	290,767.14
MBART 2022-1 A3 DTD 11/22/2022 5.210% 08/16/2027	58768PAC8	390,000.00	AAA	Aaa	11/15/2022	11/22/2022	389,922.86	5.21	903.07	389,924.65	393,186.22
CARMX 2022-4 A3 DTD 10/31/2022 5.340% 08/16/2027	14318UAD3	295,000.00	AAA	NR	10/26/2022	10/31/2022	294,930.82	5.35	700.13	294,933.27	297,391.57
TAOT 2022-D A3 DTD 11/08/2022 5.300% 09/15/2027	89239HAD0	110,000.00	NR	Aaa	11/1/2022	11/8/2022	109,989.14	5.30	259.11	109,989.47	111,322.63

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	S&P Rating	Moody's Rating	Trade Date	Settle Date	Original Cost	YTM at Cost	Accrued Interest	Amortized Cost	Market Value
ABS											
AMXCA 2022-4 A DTD 11/03/2022 4.950% 10/15/2027	02582JJX9	120,000.00	AAA	NR	10/27/2022	11/3/2022	119,994.05	4.95	264.00	119,994.24	120,831.89
Security Type Sub-Total		8,165,286.31					8,164,248.44	2.86	10,008.23	8,164,456.27	7,949,811.45
Managed Account Sub Total		49,858,835.79					49,982,952.58	1.83	178,476.75	49,882,256.28	47,862,225.29
Securities Sub Total		\$49,858,835.79					\$49,982,952.58	1.83%	\$178,476.75	\$49,882,256.28	\$47,862,225.29
Accrued Interest											\$178,476.75
Total Investments											\$48,040,702.04

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
10/4/2022	10/12/2022	450,000.00	02008MAC3	ALLYA 2022-2 A3	4.76%	5/17/2027	449,994.42	4.76%	
10/6/2022	10/11/2022	600,000.00	91282CFK2	US TREASURY N/B NOTES	3.50%	9/15/2025	589,484.85	4.23%	
10/19/2022	10/24/2022	80,000.00	539830BU2	LOCKHEED MARTIN CORP NOTES (CALLABLE)	4.95%	10/15/2025	79,772.00	5.05%	
10/25/2022	10/28/2022	80,000.00	91324PEN8	UNITEDHEALTH GROUP INC CORPORATE NOTES	5.15%	10/15/2025	79,992.80	5.15%	
10/25/2022	10/28/2022	110,000.00	693475BH7	PNC FINANCIAL SERVICES CORP NOTE (CALLAB	5.67%	10/28/2025	110,000.00	5.67%	
10/26/2022	10/31/2022	295,000.00	14318UAD3	CARMX 2022-4 A3	5.34%	8/16/2027	294,930.82	5.35%	
10/27/2022	10/31/2022	500,000.00	89115B6K1	TORONTO DOMINION BANK NY CERT DEPOS	5.60%	10/27/2025	500,000.00	5.58%	
10/27/2022	11/3/2022	120,000.00	02582JJX9	AMXCA 2022-4 A	4.95%	10/15/2027	119,994.05	4.95%	
10/28/2022	11/2/2022	210,000.00	438516CH7	HONEYWELL INTERNATIONAL CORPORATE NOTES	4.85%	11/1/2024	209,964.30	4.86%	
10/31/2022	11/7/2022	65,000.00	20030NDZ1	COMCAST CORP CORPORATE NOTES	5.25%	11/7/2025	64,982.45	5.26%	
11/1/2022	11/8/2022	110,000.00	89239HAD0	TAOT 2022-D A3	5.30%	9/15/2027	109,989.14	5.30%	
11/1/2022	11/9/2022	325,000.00	44933DAD3	HART 2022-C A3	5.39%	6/15/2027	324,998.44	5.39%	
11/1/2022	11/3/2022	95,000.00	539830BU2	LOCKHEED MARTIN CORP NOTES (CALLABLE)	4.95%	10/15/2025	95,164.11	4.93%	
11/2/2022	11/3/2022	500,000.00	65558UYF3	NORDEA BANK ABP NEW YORK CERT DEPOS	5.53%	11/3/2025	500,000.00	5.53%	
11/3/2022	11/7/2022	110,000.00	20030NDZ1	COMCAST CORP CORPORATE NOTES	5.25%	11/7/2025	109,734.90	5.34%	
11/15/2022	11/18/2022	55,000.00	882508BR4	TEXAS INSTRUMENTS INC CORPORATE NOTES	4.70%	11/18/2024	54,975.25	4.72%	
11/15/2022	11/22/2022	390,000.00	58768PAC8	MBART 2022-1 A3	5.21%	8/16/2027	389,922.86	5.21%	

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
BUY									
11/28/2022	12/5/2022	250,000.00	53522KAB9	LINDE INC/CT CORPORATE NOTES (CALLABLE)	4.70%	12/5/2025	249,730.00	4.74%	
11/29/2022	12/8/2022	250,000.00	05254JAA8	AUST & NZ BANKING GRP NY CORPORATE NOTES	5.08%	12/8/2025	250,000.00	5.09%	
12/16/2022	12/16/2022	1,375,000.00	91282CFW6	US TREASURY N/B NOTES	4.50%	11/15/2025	1,399,204.94	3.99%	
Total BUY		5,970,000.00					5,982,835.33		0.00
INTEREST									
10/1/2022	10/1/2022	125,000.00	12189LAV3	BURLINGTN NORTH SANTA FE CORP NOTES (CAL	3.00%	4/1/2025	1,875.00		
10/1/2022	10/25/2022	250,000.00	3137BN6G4	FHMS K053 A2	2.99%	12/1/2025	623.96		
10/1/2022	10/25/2022	1,236.72	3137FQ3V3	FHMS KJ27 A1	2.09%	7/1/2024	2.16		
10/1/2022	10/25/2022	7,400.02	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	19.75		
10/1/2022	10/25/2022	224,625.81	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	505.78		
10/1/2022	10/25/2022	78,986.88	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	150.08		
10/1/2022	10/25/2022	171,253.93	3137B1BS0	FHLMC MULTIFAMILY STRUCTURED P	2.51%	11/1/2022	358.21		
10/3/2022	10/3/2022		MONEY0002	MONEY MARKET FUND			192.50		
10/7/2022	10/7/2022	250,000.00	69371RR73	PACCAR FINANCIAL CORP CORPORATE NOTES	2.85%	4/7/2025	3,562.50		
10/13/2022	10/13/2022	350,000.00	023135CE4	AMAZON.COM INC CORPORATE NOTES	3.00%	4/13/2025	5,250.00		
10/15/2022	10/15/2022	71,262.60	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	112.24		
10/15/2022	10/15/2022	260,000.00	14317DAC4	CARMX 2021-3 A3	0.55%	6/15/2026	119.17		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
10/15/2022	10/15/2022	145,000.00	89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	354.04		
10/15/2022	10/15/2022	89,659.80	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	35.86		
10/15/2022	10/15/2022	250,000.00	14041NFZ9	COMET 2022-A1 A1	2.80%	3/15/2027	583.33		
10/15/2022	10/15/2022	305,000.00	14041NFY2	COMET 2021-A3 A3	1.04%	11/15/2026	264.33		
10/15/2022	10/15/2022	115,000.00	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	36.42		
10/15/2022	10/15/2022	102,143.93	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	37.45		
10/15/2022	10/15/2022	15,523.79	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	34.67		
10/15/2022	10/15/2022	60,974.84	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	98.07		
10/15/2022	10/15/2022	270,000.00	254683CS2	DCENT 2022-A2 A	3.32%	5/17/2027	747.00		
10/15/2022	10/15/2022	190,000.00	14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	552.58		
10/15/2022	10/15/2022	200,000.00	20030NCR0	COMCAST CORP (CALLABLE) CORPORATE NOTES	3.70%	4/15/2024	3,700.00		
10/15/2022	10/15/2022	190,000.00	98163KAC6	WOART 2021-D A3	0.81%	10/15/2026	128.25		
10/15/2022	10/15/2022	22,944.13	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	35.75		
10/15/2022	10/15/2022	140,000.00	448977AD0	HART 2022-A A3	2.22%	10/15/2026	259.00		
10/15/2022	10/15/2022	130,000.00	345286AC2	FORDO 2022-A A3	1.29%	6/15/2026	139.75		
10/15/2022	10/15/2022	37,953.27	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	12.65		
10/15/2022	10/15/2022	160,000.00	14044CAC6	COPAR 2021-1 A3	0.77%	9/15/2026	102.67		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
10/15/2022	10/15/2022	370,000.00	02582JJT8	AMXCA 2022-2 A	3.39%	5/17/2027	1,045.25		
10/15/2022	10/15/2022	245,000.00	02008JAC0	ALLYA 2022-1 A3	3.31%	11/15/2026	675.79		
10/15/2022	10/15/2022	115,000.00	115637AS9	BROWN-FORMAN CORP NOTES (CALLABLE)	3.50%	4/15/2025	2,012.50		
10/15/2022	10/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
10/15/2022	10/15/2022	99,015.13	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	51.98		
10/15/2022	10/15/2022	300,000.00	254683CW3	DCENT 2022-A3 A3	3.56%	7/15/2027	890.00		
10/15/2022	10/15/2022	40,000.00	437076CM2	HOME DEPOT INC (CALLABLE) CORPORATE NOTE	2.70%	4/15/2025	591.00		
10/15/2022	10/15/2022	120,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	74.00		
10/15/2022	10/15/2022	235,000.00	65480JAC4	NAROT 2022-B A3	4.46%	5/17/2027	494.94		
10/15/2022	10/15/2022	125,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	54.17		
10/15/2022	10/15/2022	335,000.00	14041NGA3	COMET 2022-A2 A	3.49%	5/15/2027	974.29		
10/15/2022	10/15/2022	105,000.00	89231CAD9	TAOT 2022-C A3	3.76%	4/15/2027	329.00		
10/15/2022	10/15/2022	255,000.00	41284YAD8	HDMOT 2022-A A3	3.06%	2/15/2027	650.25		
10/15/2022	10/15/2022	265,000.00	14318MAD1	CARMX 2022-3 A3	3.97%	4/15/2027	876.71		
10/16/2022	10/16/2022	100,000.00	362554AC1	GMCAR 2021-4 A3	0.68%	9/16/2026	56.67		
10/16/2022	10/16/2022	125,000.00	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	322.92		
10/16/2022	10/16/2022	110,000.00	380146AC4	GMCAR 2022-1 A3	1.26%	11/16/2026	115.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
10/16/2022	10/16/2022	121,781.81	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	45.67		
10/16/2022	10/16/2022	155,000.00	36265WAD5	GMCAR 2022-3 A3	3.64%	4/16/2027	470.17		
10/18/2022	10/18/2022	118,702.47	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	36.60		
10/20/2022	10/20/2022	47,189.61	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	72.75		
10/20/2022	10/20/2022	18,279.21	362569AC9	GMALT 2020-3 A3	0.45%	8/21/2023	6.85		
10/20/2022	10/20/2022	61,763.72	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	99.85		
10/20/2022	10/20/2022	272,780.64	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	106.84		
10/20/2022	10/20/2022	100,000.00	92868AAC9	VWALT 2022-A A3	3.44%	7/21/2025	286.67		
10/20/2022	10/20/2022	209,998.35	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	59.50		
10/21/2022	10/21/2022	155,000.00	43815GAC3	HAROT 2021-4 A3	0.88%	1/21/2026	113.67		
10/24/2022	10/24/2022	260,000.00	06406RAN7	BANK OF NY MELLON (CALLABLE) CORP NOTES	1.60%	4/24/2025	2,080.00		
10/24/2022	10/24/2022	275,000.00	06051GJH3	BANK OF AMERICA CORP (CALLABLE) CORPORAT	0.81%	10/24/2024	1,113.75		
10/25/2022	10/25/2022	52,073.92	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	20.83		
10/25/2022	10/25/2022	135,000.00	05602RAD3	BMWOT 2022-A A3	3.21%	8/25/2026	361.13		
10/25/2022	10/25/2022	71,035.66	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	17.17		
10/25/2022	10/25/2022	250,000.00	06406RBC0	BANK OF NY MELLON CORP (CALLABLE) CORP N	3.35%	4/25/2025	4,164.24		
10/31/2022	10/31/2022	1,650,000.00	912828YM6	US TREASURY NOTES	1.50%	10/31/2024	12,375.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
10/31/2022	10/31/2022	1,425,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	2,671.88		
10/31/2022	10/31/2022	575,000.00	912828X70	US TREASURY NOTES	2.00%	4/30/2024	5,750.00		
11/1/2022	11/25/2022	7,378.51	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	19.69		
11/1/2022	11/25/2022	1,140.59	3137FQ3V3	FHMS KJ27 A1	2.09%	7/1/2024	1.99		
11/1/2022	11/25/2022	47,467.17	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	90.19		
11/1/2022	11/25/2022	250,000.00	3137BN6G4	FHMS K053 A2	2.99%	12/1/2025	623.96		
11/1/2022	11/25/2022	224,376.25	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	505.22		
11/1/2022	11/1/2022	175,000.00	172967MX6	CITIGROUP INC (CALLABLE) CORPORATE NOTES	0.98%	5/1/2025	858.38		
11/1/2022	11/1/2022	175,000.00	17252MAP5	CINTAS CORPORATION NO. 2 CORP NOTE (CALL	3.45%	5/1/2025	2,985.21		
11/1/2022	11/1/2022		MONEY0002	MONEY MARKET FUND			276.11		
11/8/2022	11/8/2022	500,000.00	3130APQ81	FEDERAL HOME LOAN BANK NOTES (CALLABLE)	1.00%	11/8/2024	2,500.00		
11/12/2022	11/12/2022	225,000.00	023135BW5	AMAZON.COM INC CORPORATE NOTES	0.45%	5/12/2024	506.25		
11/13/2022	11/13/2022	125,000.00	110122DN5	BRISTOL-MYERS SQUIBB CO CORPORATE NOTES	0.75%	11/13/2025	468.75		
11/13/2022	11/13/2022	125,000.00	14913R2V8	CATERPILLAR FINL SERVICE CORPORATE NOTES	3.40%	5/13/2025	2,125.00		
11/15/2022	11/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
11/15/2022	11/15/2022	265,000.00	14318MAD1	CARMX 2022-3 A3	3.97%	4/15/2027	876.71		
11/15/2022	11/15/2022	300,000.00	254683CW3	DCENT 2022-A3 A3	3.56%	7/15/2027	890.00		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
11/15/2022	11/15/2022	50,928.15	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	81.91		
11/15/2022	11/15/2022	305,000.00	14041NFY2	COMET 2021-A3 A3	1.04%	11/15/2026	264.33		
11/15/2022	11/15/2022	255,000.00	41284YAD8	HDMOT 2022-A A3	3.06%	2/15/2027	650.25		
11/15/2022	11/15/2022	105,000.00	89231CAD9	TAOT 2022-C A3	3.76%	4/15/2027	329.00		
11/15/2022	11/15/2022	125,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	54.17		
11/15/2022	11/15/2022	120,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	74.00		
11/15/2022	11/15/2022	270,000.00	254683CS2	DCENT 2022-A2 A	3.32%	5/17/2027	747.00		
11/15/2022	11/15/2022	115,000.00	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	36.42		
11/15/2022	11/15/2022	190,000.00	91324PEB4	UNITEDHEALTH GROUP INC (CALLABLE) CORP N	0.55%	5/15/2024	522.50		
11/15/2022	11/15/2022	79,773.68	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	31.91		
11/15/2022	11/15/2022	92,287.62	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	33.84		
11/15/2022	11/15/2022	190,000.00	98163KAC6	WOART 2021-D A3	0.81%	10/15/2026	128.25		
11/15/2022	11/15/2022	165,000.00	369550BG2	GENERAL DYNAMICS CORP (CALLABLE) CORP NO	3.50%	5/15/2025	2,887.50		
11/15/2022	11/15/2022	91,320.37	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	47.94		
11/15/2022	11/15/2022	64,425.43	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	101.47		
11/15/2022	11/15/2022	145,000.00	89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	354.04		
11/15/2022	11/15/2022	250,000.00	14041NFZ9	COMET 2022-A1 A1	2.80%	3/15/2027	583.33		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
11/15/2022	11/15/2022	140,000.00	448977AD0	HART 2022-A A3	2.22%	10/15/2026	259.00		
11/15/2022	11/15/2022	235,000.00	65480JAC4	NAROT 2022-B A3	4.46%	5/17/2027	873.42		
11/15/2022	11/15/2022	225,000.00	172967MR9	CITIGROUP INC (CALLABLE) CORPORATE NOTES	1.67%	5/15/2024	1,887.75		
11/15/2022	11/15/2022	8,875.91	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	19.82		
11/15/2022	11/15/2022	260,000.00	14317DAC4	CARMX 2021-3 A3	0.55%	6/15/2026	119.17		
11/15/2022	11/15/2022	450,000.00	02008MAC3	ALLYA 2022-2 A3	4.76%	5/17/2027	1,963.50		
11/15/2022	11/15/2022	2,015,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	2,518.75		
11/15/2022	11/15/2022	335,000.00	14041NGA3	COMET 2022-A2 A	3.49%	5/15/2027	974.29		
11/15/2022	11/15/2022	130,000.00	345286AC2	FORDO 2022-A A3	1.29%	6/15/2026	139.75		
11/15/2022	11/15/2022	245,000.00	02008JAC0	ALLYA 2022-1 A3	3.31%	11/15/2026	675.79		
11/15/2022	11/15/2022	160,000.00	14044CAC6	COPAR 2021-1 A3	0.77%	9/15/2026	102.67		
11/15/2022	11/15/2022	30,137.60	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	10.05		
11/15/2022	11/15/2022	190,000.00	14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	552.58		
11/15/2022	11/15/2022	17,972.50	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	28.01		
11/15/2022	11/15/2022	370,000.00	02582JJT8	AMXCA 2022-2 A	3.39%	5/17/2027	1,045.25		
11/15/2022	11/15/2022	295,000.00	14318UAD3	CARMX 2022-4 A3	5.34%	8/16/2027	656.38		
11/16/2022	11/16/2022	100,000.00	362554AC1	GMCAR 2021-4 A3	0.68%	9/16/2026	56.67		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
11/16/2022	11/16/2022	112,082.71	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	42.03		
11/16/2022	11/16/2022	110,000.00	380146AC4	GMCAR 2022-1 A3	1.26%	11/16/2026	115.50		
11/16/2022	11/16/2022	125,000.00	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	322.92		
11/16/2022	11/16/2022	155,000.00	36265WAD5	GMCAR 2022-3 A3	3.64%	4/16/2027	470.17		
11/17/2022	11/17/2022	275,000.00	14913R2L0	CATERPILLAR FINL SERVICE CORPORATE NOTES	0.45%	5/17/2024	618.75		
11/18/2022	11/18/2022	108,720.90	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	33.52		
11/20/2022	11/20/2022	189,603.81	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	53.72		
11/20/2022	11/20/2022	236,113.15	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	92.48		
11/20/2022	11/20/2022	38,217.74	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	58.92		
11/20/2022	11/20/2022	5,081.25	362569AC9	GMALT 2020-3 A3	0.45%	8/21/2023	1.91		
11/20/2022	11/20/2022	43,738.49	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	70.71		
11/20/2022	11/20/2022	100,000.00	92868AAC9	VWALT 2022-A A3	3.44%	7/21/2025	286.67		
11/21/2022	11/21/2022	155,000.00	43815GAC3	HAROT 2021-4 A3	0.88%	1/21/2026	113.67		
11/24/2022	11/24/2022	375,000.00	40428HTA0	HSBC USA INC CORPORATE NOTES	3.75%	5/24/2024	7,031.25		
11/24/2022	11/24/2022	425,000.00	459058JM6	INTL BK RECON & DEVELOP NOTES	0.25%	11/24/2023	531.25		
11/25/2022	11/25/2022	60,391.23	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	14.59		
11/25/2022	11/25/2022	135,000.00	05602RAD3	BMWOT 2022-A A3	3.21%	8/25/2026	361.13		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
11/25/2022	11/25/2022	46,193.06	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	18.48		
11/28/2022	11/28/2022	290,000.00	04636NAC7	ASTRAZENECA FINANCE LLC (CALLABLE) CORP	0.70%	5/28/2024	1,015.00		
11/30/2022	11/30/2022	1,550,000.00	912828YV6	US TREASURY NOTES	1.50%	11/30/2024	11,625.00		
11/30/2022	11/30/2022	600,000.00	91282CDM0	US TREASURY N/B NOTES	0.50%	11/30/2023	1,500.00		
12/1/2022	12/25/2022	210,590.23	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	474.18		
12/1/2022	12/25/2022	250,000.00	3137BN6G4	FHMS K053 A2	2.99%	12/1/2025	623.96		
12/1/2022	12/25/2022	7,358.16	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	19.64		
12/1/2022	12/1/2022	345,000.00	46647PCH7	JPMORGAN CHASE & CO (CALLABLE) CORP NOTE	0.82%	6/1/2025	1,421.40		
12/1/2022	12/1/2022		MONEY0002	MONEY MARKET FUND			189.97		
12/1/2022	12/1/2022	130,000.00	427866BF4	HERSHEY CO CORP NOTES (CALLABLE)	0.90%	6/1/2025	585.00		
12/1/2022	12/1/2022	175,000.00	438516CB0	HONEYWELL INTL CORP NOTES (CALLABLE)	1.35%	6/1/2025	1,181.25		
12/1/2022	12/1/2022	250,000.00	69353REQ7	PNC BANK NA CORP NOTE (CALLABLE)	3.25%	6/1/2025	4,062.50		
12/3/2022	12/3/2022	175,000.00	440452AG5	HORMEL FOODS CORP NOTES (CALLABLE)	0.65%	6/3/2024	568.75		
12/4/2022	12/4/2022	900,000.00	3137EAFA2	FREDDIE MAC NOTES	0.25%	12/4/2023	1,125.00		
12/5/2022	12/5/2022	231,000.00	05531FBE2	TRUIST FINANCIAL CORP NOTES (CALLABLE)	3.70%	6/5/2025	4,273.50		
12/7/2022	12/7/2022	80,000.00	24422EVQ9	JOHN DEERE CAPITAL CORP CORPORATE NOTES	0.45%	6/7/2024	180.00		
12/9/2022	12/9/2022	255,000.00	63254ABD9	NATIONAL AUSTRALIA BK/NY CORPORATE NOTES	3.50%	6/9/2025	4,462.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
12/15/2022	12/15/2022	270,000.00	254683CS2	DCENT 2022-A2 A	3.32%	5/17/2027	747.00		
12/15/2022	12/15/2022	235,000.00	65480JAC4	NAROT 2022-B A3	4.46%	5/17/2027	873.42		
12/15/2022	12/15/2022	22,208.27	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	7.40		
12/15/2022	12/15/2022	160,000.00	14044CAC6	COPAR 2021-1 A3	0.77%	9/15/2026	102.67		
12/15/2022	12/15/2022	260,000.00	14317DAC4	CARMX 2021-3 A3	0.55%	6/15/2026	119.17		
12/15/2022	12/15/2022	145,000.00	89238FAD5	TAOT 2022-B A3	2.93%	9/15/2026	354.04		
12/15/2022	12/15/2022	325,000.00	44933DAD3	HART 2022-C A3	5.39%	6/15/2027	1,751.75		
12/15/2022	12/15/2022	255,000.00	41284YAD8	HDMOT 2022-A A3	3.06%	2/15/2027	650.25		
12/15/2022	12/15/2022	265,000.00	14318MAD1	CARMX 2022-3 A3	3.97%	4/15/2027	876.71		
12/15/2022	12/15/2022	120,000.00	02582JJX9	AMXCA 2022-4 A	4.95%	10/15/2027	693.00		
12/15/2022	12/15/2022	83,931.29	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	44.06		
12/15/2022	12/15/2022	300,000.00	254683CW3	DCENT 2022-A3 A3	3.56%	7/15/2027	890.00		
12/15/2022	12/15/2022	41,628.52	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	66.95		
12/15/2022	12/15/2022	114,193.79	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	36.16		
12/15/2022	12/15/2022	190,000.00	98163KAC6	WOART 2021-D A3	0.81%	10/15/2026	128.25		
12/15/2022	12/15/2022	100,000.00	63743HFE7	NATIONAL RURAL UTIL COOP CORPORATE NOTES	3.45%	6/15/2025	2,117.92		
12/15/2022	12/15/2022	2,142,000.00	91282CCG4	US TREASURY N/B NOTES	0.25%	6/15/2024	2,677.50		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
12/15/2022	12/15/2022	2,438.16	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	5.45		
12/15/2022	12/15/2022	1,500,000.00	91282CBA8	US TREASURY NOTES	0.12%	12/15/2023	937.50		
12/15/2022	12/15/2022	250,000.00	14041NFZ9	COMET 2022-A1 A1	2.80%	3/15/2027	583.33		
12/15/2022	12/15/2022	325,000.00	91282CDN8	US TREASURY N/B NOTES	1.00%	12/15/2024	1,625.00		
12/15/2022	12/15/2022	140,000.00	448977AD0	HART 2022-A A3	2.22%	10/15/2026	259.00		
12/15/2022	12/15/2022	82,879.56	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	30.39		
12/15/2022	12/15/2022	110,000.00	89239HAD0	TAOT 2022-D A3	5.30%	9/15/2027	599.19		
12/15/2022	12/15/2022	105,000.00	89231CAD9	TAOT 2022-C A3	3.76%	4/15/2027	329.00		
12/15/2022	12/15/2022	120,000.00	44935FAD6	HART 2021-C A3	0.74%	5/15/2026	74.00		
12/15/2022	12/15/2022	390,000.00	58768PAC8	MBART 2022-1 A3	5.21%	8/16/2027	1,298.16		
12/15/2022	12/15/2022	125,000.00	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	54.17		
12/15/2022	12/15/2022	155,000.00	254683CP8	DCENT 2021-A1 A1	0.58%	9/15/2026	74.92		
12/15/2022	12/15/2022	370,000.00	02582JJT8	AMXCA 2022-2 A	3.39%	5/17/2027	1,045.25		
12/15/2022	12/15/2022	305,000.00	14041NFY2	COMET 2021-A3 A3	1.04%	11/15/2026	264.33		
12/15/2022	12/15/2022	335,000.00	14041NGA3	COMET 2022-A2 A	3.49%	5/15/2027	974.29		
12/15/2022	12/15/2022	70,477.93	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	28.19		
12/15/2022	12/15/2022	13,638.31	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	21.25		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
12/15/2022	12/15/2022	130,000.00	345286AC2	FORDO 2022-A A3	1.29%	6/15/2026	139.75		
12/15/2022	12/15/2022	58,112.41	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	91.53		
12/15/2022	12/15/2022	450,000.00	02008MAC3	ALLYA 2022-2 A3	4.76%	5/17/2027	1,785.00		
12/15/2022	12/15/2022	190,000.00	14317HAC5	CARMX 2022-2 A3	3.49%	2/16/2027	552.58		
12/15/2022	12/15/2022	245,000.00	02008JAC0	ALLYA 2022-1 A3	3.31%	11/15/2026	675.79		
12/15/2022	12/15/2022	295,000.00	14318UAD3	CARMX 2022-4 A3	5.34%	8/16/2027	1,312.75		
12/16/2022	12/16/2022	110,000.00	380146AC4	GMCAR 2022-1 A3	1.26%	11/16/2026	115.50		
12/16/2022	12/16/2022	155,000.00	36265WAD5	GMCAR 2022-3 A3	3.64%	4/16/2027	470.17		
12/16/2022	12/16/2022	125,000.00	362585AC5	GMCAR 2022-2 A3	3.10%	2/16/2027	322.92		
12/16/2022	12/16/2022	103,616.77	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	38.86		
12/16/2022	12/16/2022	100,000.00	362554AC1	GMCAR 2021-4 A3	0.68%	9/16/2026	56.67		
12/18/2022	12/18/2022	99,275.07	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	30.61		
12/20/2022	12/20/2022	29,589.16	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	45.62		
12/20/2022	12/20/2022	201,899.48	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	79.08		
12/20/2022	12/20/2022	26,987.96	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	43.63		
12/20/2022	12/20/2022	169,384.92	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	47.99		
12/20/2022	12/20/2022	100,000.00	92868AAC9	VWALT 2022-A A3	3.44%	7/21/2025	286.67		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
INTEREST									
12/21/2022	12/21/2022	155,000.00	43815GAC3	HAROT 2021-4 A3	0.88%	1/21/2026	113.67		
12/25/2022	12/25/2022	135,000.00	05602RAD3	BMWOT 2022-A A3	3.21%	8/25/2026	361.13		
12/25/2022	12/25/2022	40,801.30	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	16.32		
12/25/2022	12/25/2022	50,620.39	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	12.23		
12/31/2022	12/31/2022	1,000,000.00	912828ZW3	US TREASURY NOTES	0.25%	6/30/2025	1,250.00		
Total INTEREST		45,205,444.04					162,382.18		0.00
MATURITY									
11/1/2022	11/1/2022	33,357.47	3137B1BS0	FHLMC MULTIFAMILY STRUCTURED P	2.51%	11/1/2022	33,427.24		
12/1/2022	12/1/2022	11,048.14	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	11,069.13		
12/1/2022	12/1/2022	14,526.25	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	14,553.85		
Total MATURITY		58,931.86					59,050.22		0.00
PAYDOWNS									
10/1/2022	10/25/2022	17,903.20	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	17,903.20		
10/1/2022	10/25/2022	249.56	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	249.56		8.45
10/1/2022	10/25/2022	96.13	3137FQ3V3	FHMS KJ27 A1	2.09%	7/1/2024	96.13		
10/1/2022	10/25/2022	13,616.51	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	13,616.51		
10/1/2022	10/25/2022	137,896.46	3137B1BS0	FHLMC MULTIFAMILY STRUCTURED P	2.51%	11/1/2022	137,896.46		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
10/11/2022	10/25/2022	21.51	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	21.51		
10/15/2022	10/15/2022	10,046.69	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	10,046.69		
10/15/2022	10/15/2022	7,815.67	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	7,815.67		
10/15/2022	10/15/2022	4,971.63	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	4,971.63		
10/15/2022	10/15/2022	9,856.31	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	9,856.31		
10/15/2022	10/15/2022	9,886.12	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	9,886.12		
10/15/2022	10/15/2022	7,694.76	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	7,694.76		
10/15/2022	10/15/2022	6,647.88	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	6,647.88		
10/15/2022	10/15/2022	6,837.17	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	6,837.17		
10/16/2022	10/16/2022	9,699.10	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	9,699.10		
10/18/2022	10/18/2022	9,981.57	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	9,981.57		
10/20/2022	10/20/2022	36,667.49	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	36,667.49		
10/20/2022	10/20/2022	18,025.23	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	18,025.23		
10/20/2022	10/20/2022	8,971.87	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	8,971.87		
10/20/2022	10/20/2022	13,197.96	362569AC9	GMALT 2020-3 A3	0.45%	8/21/2023	13,197.96		
10/20/2022	10/20/2022	20,394.54	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	20,394.54		
10/25/2022	10/25/2022	5,880.86	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	5,880.86		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
10/25/2022	10/25/2022	10,644.43	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	10,644.43		
11/1/2022	11/25/2022	12,435.10	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	12,435.10		
11/1/2022	11/25/2022	1,140.59	3137FQ3V3	FHMS KJ27 A1	2.09%	7/1/2024	1,140.59		
11/1/2022	11/25/2022	13,786.02	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	13,786.02		466.89
11/1/2022	11/25/2022	20.35	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	20.35		
11/1/2022	11/25/2022	9,457.68	3136AEGQ4	FNA 2013-M7 A2	2.28%	12/1/2022	9,457.68		
11/15/2022	11/15/2022	806.21	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	806.21		
11/15/2022	11/15/2022	7,389.08	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	7,389.08		
11/15/2022	11/15/2022	9,295.75	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	9,295.75		
11/15/2022	11/15/2022	4,334.19	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	4,334.19		
11/15/2022	11/15/2022	9,408.06	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	9,408.06		
11/15/2022	11/15/2022	6,313.02	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	6,313.02		
11/15/2022	11/15/2022	6,437.75	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	6,437.75		
11/15/2022	11/15/2022	9,299.63	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	9,299.63		
11/15/2022	11/15/2022	7,929.33	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	7,929.33		
11/16/2022	11/16/2022	8,465.94	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	8,465.94		
11/18/2022	11/18/2022	9,445.83	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	9,445.83		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
11/20/2022	11/20/2022	16,750.53	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	16,750.53		
11/20/2022	11/20/2022	34,213.67	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	34,213.67		
11/20/2022	11/20/2022	20,218.89	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	20,218.89		
11/20/2022	11/20/2022	8,628.58	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	8,628.58		
11/20/2022	11/20/2022	5,081.25	362569AC9	GMALT 2020-3 A3	0.45%	8/21/2023	5,081.25		
11/25/2022	11/25/2022	5,391.76	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	5,391.76		
11/25/2022	11/25/2022	9,770.84	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	9,770.84		
12/1/2022	12/25/2022	8,040.75	3136ARTE8	FNA 2016-M3 A2	2.70%	2/1/2026	8,040.75		272.32
12/1/2022	12/25/2022	7,358.16	3137FKK39	FHMS KP05 A	3.20%	7/1/2023	7,358.16		
12/15/2022	12/15/2022	4,595.29	14314QAC8	CARMX 2021-2 A3	0.52%	2/17/2026	4,595.29		
12/15/2022	12/15/2022	8,625.38	44933FAC0	HART 2020-B A3	0.48%	12/16/2024	8,625.38		
12/15/2022	12/15/2022	6,996.16	98163WAC0	WOART 2020-B A3	0.63%	5/15/2025	6,996.16		
12/15/2022	12/15/2022	9,056.99	89237VAB5	TAOT 2020-C A3	0.44%	10/15/2024	9,056.99		
12/15/2022	12/15/2022	2,438.16	14316LAC7	CARMX 2019-2 A3	2.68%	3/15/2024	2,438.16		
12/15/2022	12/15/2022	8,756.76	58769EAC2	MBALT 2020-B A3	0.40%	11/15/2023	8,756.76		
12/15/2022	12/15/2022	3,821.16	41284UAD6	HDMOT 2020-A A3	1.87%	10/15/2024	3,821.16		
12/15/2022	12/15/2022	5,911.53	14315XAC2	CARMX 2020-1 A3	1.89%	12/16/2024	5,911.53		

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
PAYDOWNS									
12/15/2022	12/15/2022	6,737.92	44933LAC7	HART 2021-A A3	0.38%	9/15/2025	6,737.92		
12/15/2022	12/15/2022	9,137.73	65479JAD5	NAROT 2019-C A3	1.93%	7/15/2024	9,137.73		
12/16/2022	12/16/2022	8,567.68	362590AC5	GMCAR 2020-3 A3	0.45%	4/16/2025	8,567.68		
12/18/2022	12/18/2022	8,990.78	43813KAC6	HAROT 2020-3 A3	0.37%	10/18/2024	8,990.78		
12/20/2022	12/20/2022	14,246.01	92348AAA3	VZOT 2019-C A1A	1.94%	4/22/2024	14,246.01		
12/20/2022	12/20/2022	7,544.15	92348TAA2	VZOT 2020-A A1A	1.85%	7/22/2024	7,544.15		
12/20/2022	12/20/2022	27,767.43	92290BAA9	VZOT 2020-B A	0.47%	2/20/2025	27,767.43		
12/20/2022	12/20/2022	18,518.10	380144AC9	GMALT 2021-2 A3	0.34%	5/20/2024	18,518.10		
12/25/2022	12/25/2022	5,322.34	09661RAD3	BMWOT 2020-A A3	0.48%	10/25/2024	5,322.34		
12/25/2022	12/25/2022	9,363.41	05591RAC8	BMWLT 2021-1 A3	0.29%	1/25/2024	9,363.41		
Total PAYDOWNS		764,818.59					764,818.59		747.66
SELL									
10/4/2022	10/12/2022	450,000.00	91282CDA6	US TREASURY NOTES	0.25%	9/30/2023	432,951.15		-16,965.95
10/6/2022	10/11/2022	575,000.00	23341VZT1	DNB BANK ASA/NY LT CD	2.04%	12/2/2022	577,982.29		-1,286.13
10/11/2022	10/12/2022	10,000.00	91282CDA6	US TREASURY NOTES	0.25%	9/30/2023	9,614.49		-383.66
10/26/2022	10/28/2022	165,000.00	91282CDA6	US TREASURY NOTES	0.25%	9/30/2023	158,689.54		-6,300.19
10/27/2022	10/31/2022	225,000.00	3137EAEV7	FREDDIE MAC NOTES	0.25%	8/24/2023	217,150.94		-7,891.67

Quarterly Portfolio Transactions

Trade Date	Settle Date	Par (\$)	CUSIP	Security Description	Coupon	Maturity Date	Transact Amount (\$)	Yield at Market	Realized G/L (BV)
SELL									
10/27/2022	11/3/2022	125,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	120,042.94		-4,781.02
10/27/2022	10/31/2022	300,000.00	91282CDA6	US TREASURY NOTES	0.25%	9/30/2023	288,626.37		-11,361.81
10/28/2022	11/2/2022	225,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	215,881.61		-8,798.30
11/1/2022	11/3/2022	125,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	119,764.62		-5,059.34
11/2/2022	11/8/2022	450,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	431,246.27		-18,152.26
11/2/2022	11/3/2022	500,000.00	91282CDD0	US TREASURY N/B NOTES	0.37%	10/31/2023	478,960.85		-20,335.02
11/2/2022	11/3/2022	25,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	23,913.98		-1,123.44
11/3/2022	11/7/2022	110,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	105,164.33		-5,002.91
11/16/2022	11/22/2022	290,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	277,938.24		-12,166.15
11/28/2022	12/5/2022	150,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	143,798.06		-6,267.71
11/30/2022	12/7/2022	275,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	263,515.41		-11,608.48
12/13/2022	12/16/2022	1,300,000.00	91282CAW1	US TREASURY NOTES	0.25%	11/15/2023	1,249,700.19		-50,956.08
Total SELL		5,300,000.00					5,114,941.28		-188,440.12

Important Disclosures

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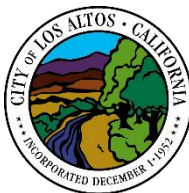
- Market values that include accrued interest are derived from closing bid prices as of the last business day of the month as supplied by Refinitiv, Bloomberg, or Telerate. Where prices are not available from generally recognized sources, the securities are priced using a yield-based matrix system to arrive at an estimated market value.
- In accordance with generally accepted accounting principles, information is presented on a trade date basis; forward settling purchases are included in the monthly balances, and forward settling sales are excluded.
- Performance is presented in accordance with the CFA Institute's Global Investment Performance Standards (GIPS). Unless otherwise noted, performance is shown gross of fees. Quarterly returns are presented on an unannualized basis. Returns for periods greater than one year are presented on an annualized basis. Past performance is not indicative of future returns.
- Bank of America/Merrill Lynch Indices provided by Bloomberg Financial Markets.
- Money market fund/cash balances are included in performance and duration computations.
- Standard & Poor's is the source of the credit ratings. Distribution of credit rating is exclusive of money market fund/LGIP holdings.
- Callable securities in the portfolio are included in the maturity distribution analysis to their stated maturity date, although, they may be called prior to maturity.
- MBS maturities are represented by expected average life.

Glossary

- **Accrued Interest:** Interest that is due on a bond or other fixed income security since the last interest payment was made.
- **Agencies:** Federal agency securities and/or Government-sponsored enterprises.
- **Amortized Cost:** The original cost of the principal of the security is adjusted for the amount of the periodic reduction of any discount or premium from the purchase date until the date of the report. Discount or premium with respect to short-term securities (those with less than one year to maturity at time of issuance) is amortized on a straight line basis. Such discount or premium with respect to longer-term securities is amortized using the constant yield basis.
- **Asset-Backed Security:** A financial instrument collateralized by an underlying pool of assets – usually ones that generate a cash flow from debt, such as loans, leases, credit card balances, and receivables.
- **Bankers' Acceptance:** A draft or bill of exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill as well as the insurer.
- **Commercial Paper:** An unsecured obligation issued by a corporation or bank to finance its short-term credit needs, such as accounts receivable and inventory.
- **Contribution to Total Return:** The weight of each individual security multiplied by its return, then summed for each sector to determine how much each sector added or subtracted from the overall portfolio performance.
- **Effective Duration:** A measure of the sensitivity of a security's price to a change in interest rates, stated in years.
- **Effective Yield:** The total yield an investor receives in relation to the nominal yield or coupon of a bond. Effective yield takes into account the power of compounding on investment returns, while nominal yield does not.
- **FDIC:** Federal Deposit Insurance Corporation. A federal agency that insures bank deposits to a specified amount.
- **Interest Rate:** Interest per year divided by principal amount and expressed as a percentage.
- **Market Value:** The value that would be received or paid for an investment in an orderly transaction between market participants at the measurement date.
- **Maturity:** The date upon which the principal or stated value of an investment becomes due and payable.
- **Negotiable Certificates of Deposit:** A CD with a very large denomination, usually \$1 million or more, that can be traded in secondary markets.
- **Par Value:** The nominal dollar face amount of a security.
- **Pass-through Security:** A security representing pooled debt obligations that passes income from debtors to its shareholders. The most common type is the mortgage-backed security.

Glossary

- Repurchase Agreements: A holder of securities sells these securities to an investor with an agreement to repurchase them at a fixed price on a fixed date.
- Settle Date: The date on which the transaction is settled and monies/securities are exchanged. If the settle date of the transaction (i.e., coupon payments and maturity proceeds) occurs on a non-business day, the funds are exchanged on the next business day.
- Supranational: A multinational union or association in which member countries cede authority and sovereignty on at least some internal matters to the group, whose decisions are binding on its members.
- Trade Date: The date on which the transaction occurred; however, the final consummation of the security transaction and payment has not yet taken place.
- Unsettled Trade: A trade which has been executed; however, the final consummation of the security transaction and payment has not yet taken place.
- U.S. Treasury: The department of the U.S. government that issues Treasury securities.
- Yield: The rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.
- YTM at Cost: The yield to maturity at cost is the expected rate of return based on the original cost, the annual interest receipts, maturity value, and the time period from purchase date to maturity, stated as a percentage on an annualized basis.
- YTM at Market: The yield to maturity at market is the rate of return based on the current market value, the annual interest receipts, maturity value, and the time period remaining until maturity, stated as a percentage on an annualized basis.



AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject City Council Strategic Goals

Prepared by: Jon Maginot, Assistant City Manager

Approved by: Jon Maginot, Assistant City Manager

Attachment(s):

- 1. Resolution No. 2023-xx

Initiated by:

City Council

Previous Council Consideration:

February 21, 2023

Fiscal Impact:

Unknown at this time

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to adopt the Resolution affirming the City Council Strategic Goals?

Summary:

- On February 21, 2023, the City Council reviewed its Strategic Goals
- The City Council has indicated six goal areas: Asset Management, Business Communities, Community Safety, Environmental Sustainability, Housing, Neighborhood Safety Infrastructure

Staff Recommendation:

Adopt a Resolution affirming the City Council Strategic Goals

Reviewed By:

City Manager

JM

City Attorney

JH

Finance Director

JD



Subject: City Council Strategic Goals

Purpose

To adopt a Resolution affirming the City Council Strategic Goals

Background

On February 21, 2023, the City Council reviewed its Strategic Goals and provided direction on proposed revisions.

Discussion/Analysis

The six goals proposed by City Council are:

1. **Asset Management:** The City of Los Altos will set clear expectations through the budget process and allocate the necessary funding to support the maintenance and improvement of City facilities and infrastructure.
2. **Business Communities:** The City of Los Altos will support the different business communities in an effort to help them thrive, including implementing specific projects and/or elements of the Downtown Vision Plan and launching initiatives to bolster the other business communities.
3. **Community Safety:** The City of Los Altos will continue to provide the high-quality public safety services that the Community values. This will be achieved by implementing the City’s policies as expressed in the Complete Streets Master Plan and other plans which support improving public safety, transportation safety and emergency preparedness services.
4. **Environmental Sustainability:** The City of Los Altos will be a leader in environmental sustainability through education, and adopting and implementing policies, initiatives and practices identified in the City’s Climate Action and Adaptation Plan.
5. **Housing:** The City of Los Altos will implement the programs and policies of the Housing Element Update to support the creation of housing that is safe, diverse and affordable for all income levels to meet the needs of the Community and seek to increase and protect its green space.
6. **Neighborhood Safety and Infrastructure:**

In addition, the Council directed staff to draft an introduction to the Strategic Goals which incorporates the values of community engagement, fiscal prudence, staffing, and making equitable and sustainable decisions. Staff has drafted the following Vision Statement for the Council Goals:

The City Council Strategic Goals highlight those areas identified by the Council for emphasis and focus. The City Council will accomplish these goals by engaging the community and making decisions which are equitable, sustainable and fiscally prudent. The City Council will ensure that appropriate resources are allocated to



Subject: City Council Strategic Goals

maintain Los Altos as a great place to live and work, including providing a work culture and environment that supports recruitment and retention of exceptional employees to provide City services.

Note, at the February 21, 2023 meeting, City Council directed the Neighborhood Safety and Infrastructure Subcommittee to work with staff to develop language for Goal #6. The subcommittee is still working with staff to develop appropriate language. To finalized the remaining goals now, Council is being asked to adopted the proposed Resolution. Once the language for Goal #6 has been drafted, a Resolution will be presented to adopt all goals.

Recommendation

The staff recommends Council adopt the Resolution affirming the City Council Strategic Goals.

RESOLUTION NO. 2023-xx

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
AFFIRMING THE CITY COUNCIL’S 5-YEAR STRATEGIC GOALS**

WHEREAS, the Mission of the City of Los Altos is “to foster and maintain the City of Los Altos as a great place to live and to raise a family;” and

WHEREAS, the City Council is committed to providing essential services to the community; and

WHEREAS, on February 23, 2021, the City Council adopted 5-Year Strategic Goals to help maintain Los Altos as the great place it is and on April 26, 2022 the Council revised and affirmed those goals; and

WHEREAS, on February 21, 2023, the City Council reviewed its 5-Year Strategic Goals; and

WHEREAS, the City Council provided direction to the Neighborhood Safety and Infrastructure Subcommittee to work with staff to define Goal #6 and the subcommittee is continuing to refine the definition which will be presented to Council for adoption in the future.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby adopts the following as its 5-Year Strategic Goals:

The City Council Strategic Goals highlight those areas identified by the Council for emphasis and focus. The City Council will accomplish these goals by engaging the community and making decisions which are equitable, sustainable and fiscally prudent. The City Council will ensure that appropriate resources are allocated to maintain Los Altos as a great place to live and work, including providing a work culture and environment that supports recruitment and retention of exceptional employees to provide City services.

1. **Asset Management:** The City of Los Altos will set clear expectations through the budget process and allocate the necessary funding to support the maintenance and improvement of City facilities and infrastructure.
2. **Business Communities:** The City of Los Altos will support the different business communities in an effort to help them thrive, including implementing specific projects and/or elements of the Downtown Vision Plan and launching initiatives to bolster the other business communities.
3. **Community Safety:** The City of Los Altos will continue to provide the high-quality public safety services that the Community values. This will be achieved by implementing the City’s policies as expressed in the Complete Streets Master Plan and other plans which support improving public safety, transportation safety and emergency preparedness services.

- 4. **Environmental Sustainability:** The City of Los Altos will be a leader in environmental sustainability through education, and adopting and implementing policies, initiatives and practices identified in the City’s Climate Action and Adaptation Plan.
- 5. **Housing:** The City of Los Altos will implement the programs and policies of the Housing Element Update to support the creation of housing that is safe, diverse and affordable for all income levels to meet the needs of the Community and seek to increase and protect its green space.
- 6. **Neighborhood Safety Infrastructure:**

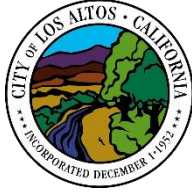
I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 14th day of March, 2023 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, Interim City Clerk



AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject Construction Contract Award: Sewer System Repair Program, Project WW-01001

Prepared by: Thanh Nguyen, Senior Civil Engineer

Reviewed by: Aida Fairman, Environmental Services and Utilities Director

Approved by: Jon Maginot, Assistant City Manager

Attachment:

- 1. Bid Results
- A. Resolution No. 2023- ____

Initiated by:

Capital Improvement Plan - Project WW-01001; 2013 Sanitary Sewer Master Plan

Previous Council Consideration:

February 9, 2021

Fiscal Impact:

The construction contract will be in the amount not-to-exceed \$778,550 and up to 15% contingency, if needed, in the amount not-to-exceed \$116,783

- Breakdown of funds to be used:
 - o \$1,951,075 Sewer Enterprise Fund
- Amount already included in the approved budget: Y
- Amount above budget requested: 0 (*includes budget approved for FY 2022/23*)

Project Item	Project Budget
Design	\$209,494.00
Design contingency (remained)	\$18,484.00
Construction (Base Bid+Add Alt No. 1)	\$778,550.00
Inspection services	\$84,824.00
Printing/Environmental Doc/Misc.	\$4,500.00
Construction contingency (15%)	\$116,783.00
Estimated Total Cost	\$1,212,635.00

Reviewed By:

City Manager

JM

City Attorney

JH

Finance Director

JD



Subject: Construction Contract Award: Sewer System Repair Program, Project WW-01001

Funding Source: Sewer Enterprise Fund

Sewer System Repair Program Project	WW-01001
Project balance from prior Fiscal Years	\$890,569
FY 2021/22 Budget	\$630,000
Expended / Encumbered to date (for design)	(\$209,494)
FY 2022/23 Budget	\$640,000
Total Available	\$1,951,075

Environmental Review:

The acceptance of the work is categorically exempt from review under California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(b) (Existing Facilities), in that the project consists of the operation, repair, and maintenance of existing facilities. Also, the project involves negligible or no expansion of existing or former use, and none of the circumstances stated in CEQA Guidelines Section 15300.2 applies.

Summary:

- The Sewer System Repair Program Project WW01001, includes replacing and realigning five sewer main segments totaling to 1,479 linear feet of sewer pipes located along First Street in downtown Los Altos between San Antonio Road and Main Street.

Staff Recommendation:

Award the construction contract for the Base Bid and the Additive Alternate No. 1 (Total Bid) for the Sewer System Repair Program Project WW-01001 to Casey Construction, Inc. as the lowest responsive bidder submitting a bid in the amount not-to-exceed \$778,550 and approve the City Manager the authority up to 15% construction contingency if needed, in the amount not-to-exceed \$116,783



Subject: Construction Contract Award: Sewer System Repair Program, Project WW-01001

Purpose

Award the construction contract for the Total Bid for the Sewer System Repair Program Project WW-01001 to Casey Construction, Inc. as the lowest responsible bidder submitting a responsive bid in the amount not-to-exceed \$778,550.

Background

This project scope includes realigning and replacing five sewer main segments, located along First Street between San Antonio Road and Main Street in Downtown Los Altos. This comprises a total of 1,479 linear feet of sewer pipes replacement. The existing 6-inch sewer pipes will be replaced with new 8-inch sewer pipes to increase capacity. On March 7, 2021, the City Manager executed an agreement with Bellecci & Associates for design and construction services for the project, which includes completion of a preliminary design assessment, design, bid support, and construction support in the amount of \$189,982. On November 16, 2021, the City Manager executed an amendment No. 1 with Bellecci & Associates for the additional services requested by the City in the amount of \$19,512, which included performing a flow analysis of the existing 6-in sewer pipes downstream of the project limits.

The sewer main segments were identified in the 2013 Sanitary Sewer Master Plan Update as segments that need replacement due to the existing sewer pipe materials. In addition, realigning the pipe segments will provide clearance from potential future sidewalks and curbs, which will resolve potential maintenance issues.

Discussion/Analysis

On February 2, 2023, six bids were opened for the project. The bid results are included in Attachment 1. The project consists of realigning and replacing five sewer main segments, located along First Street between San Antonio Road and Main Street in Downtown Los Altos. It is recommended that the award of the construction contract for the project be made to Casey Construction, Inc., as the lowest responsive bidder submitting a bid in the amount not-to-exceed \$778,550 and up to 15% contingency funds in the amount not-to-exceed \$116,783 be approved for potential unforeseen conditions during construction.

Casey Construction, Inc. has no claims against its contractor’s license. There are no open violations for Casey Construction, Inc. listed in the Federal Government’s Occupational Safety and Health Administration (OSHA) database. Casey Construction, Inc. has been in business for over 35 years and has satisfactorily completed similar projects for the City of Redwood City, City of Palo Alto, City of Mountain View, and the City of San Jose.



Subject: Construction Contract Award: Sewer System Repair Program, Project WW-01001

Recommendation

Award the construction contract for the Base Bid and the Additive Alternate No. 1 (Total Bid) for the Sewer System Repair Program Project WW-01001 to Casey Construction, Inc. as the lowest responsive bidder submitting a bid in the amount not-to-exceed \$778,550 and approve the City Manager the authority up to 15% construction contingency if needed, in the amount not-to-exceed \$116,783.

RESOLUTION NO. 2023-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS AUTHORIZING THE CITY MANAGER TO EXECUTE A CONSTRUCTION CONTRACT WITH CASEY CONSTRUCTION, INC. FOR SEWER SYSTEM REPAIR PROGRAM PROJECT WW-01001 IN AN AMOUNT NOT-TO-EXCEED \$778,550 AND UP TO 15% CONTINGENCY FUNDS NOT-TO-EXCEED \$116,783

WHEREAS, the project, which consists of abandoning the existing 6-in ACP sewer main in place, relocating & realigning a new 8-in PVC sewer main to approximately the center of the street, and realigning & reconnecting existing laterals which the work will provide necessary improvements to the City’s sanitary sewer system to ensure its proper functioning; and

WHEREAS, Casey Construction, Inc. was the lowest responsible, responsive bidder for the Project; and

WHEREAS, the project is the acceptance of the work is categorically exempt from review under California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301(b) (Existing Facilities), in that the project consists of the operation, repair, and maintenance of existing facilities. Also, the project involves negligible or no expansion of existing or former use, and none of the circumstances stated in CEQA Guidelines Section 15300.2 applies.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby:

1. Authorizes the City Manager to execute a Construction Contract in an amount not-to-exceed \$778,550 and up to 15% contingency funds not-to-exceed \$116,783 to perform the Sewer System Repair Program Project.
2. Authorizes the City Manager to take such further actions as may be necessary to implement the foregoing agreement.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 28th day of March, 2023, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM CITY CLERK



CITY OF LOS ALTOS
SEWER SYSTEM REPAIR PROGRAM PROJECT
WW01001
BID SUMMARY

Bid Opening: February 2, 2023 2:00 p.m.
 City of Los Altos Civic Center
 One North San Antonio Road
 Los Altos, CA 94022

CONTRACTOR	TOTAL BASE BID	TOTAL ADD ALT NO. 1	TOTAL BID
Casey Construction Inc.	\$716,750.00	\$61,800.00	\$778,550.00
C2R Engineering Inc.	\$1,050,205.00	\$137,325.00	\$1,187,530.00
Pacific Underground Construction	\$1,203,567.00	\$195,928.00	\$1,399,495.00
Basset Engineering	\$1,700,396.00	\$243,103.00	\$1,943,499.00
KJ Woods Construction	\$1,806,000.00	\$172,000.00	\$1,978,000.00
OBS Engineering	\$2,064,700.00	\$367,500.00	\$2,432,200.00



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject: Consider Approving Contract Amendment No. 4: Santa Clara Valley Runoff Pollution Prevention Program (SCVURPPP); find that the approval of the amendment is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Sections 15061(b)(3) and 15308

Prepared by: Erin McDannold, Assistant Civil Engineer
Reviewed by: Aida Fairman, Director of Environmental Services & Utilities Department
Approved by: Gabriel Engeland, City Manager

Attachments:

- 1. Fourth Amendment to Memorandum of Agreement (MOA) and Appendices
- A. Resolution No. 2023-XX

Initiated by:
SCVURPPP/City Staff

Previous Council Consideration:

- November 22, 1999 – Original SCVURPPP Memorandum of Agreement (MOA)
- November 23, 2004 – First Amendment
- December 21, 2005 – Second Amendment
- October 25, 2016 – Third Amendment
- November 15, 2022 – Municipal Regional Stormwater Permit: Overview of New Requirements

Fiscal Impact:

None at this time.

The City’s proportionate share of the Program costs is 1.59%. Program costs are paid from the allocated Stormwater Operating Budget, which is funded by the General Fund. The Progress Assessment for the City of Los Altos for FY 22-23 was \$82,568, which was paid for from the adopted budget. The Progress Assessment for FY 23-24 will be \$89,970.

Reviewed By:

City Manager

City Attorney

Finance Director

GE

JH

JD



Subject: Contract Amendment No. 4: Santa Clara Valley Runoff Pollution Prevention Program

Environmental Review:

The approval of the Fourth Amendment to the MOA is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15061(b)(3) (Commonsense Exemption) and 15308 (Actions Taken by Regulatory Agencies for the Protection of the Environment), in that the action merely continues the City’s existing participation in a program that fosters compliance with state and federal law intended to protect water quality, the action will not involve construction activities or relaxation of standards allowing for environmental degradation, and none of the circumstances stated in CEQA Guidelines Section 15300.2 applies.

Policy Questions for Council Consideration:

Not applicable



Subject: Contract Amendment No. 4: Santa Clara Valley Runoff Pollution Prevention Program

Summary:

- The Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) assists the City of Los Altos and other agencies in Santa Clara County to negotiate and comply with a federal Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit that cities are required to have for stormwater that flows to creeks, streams, and, ultimately, San Francisco Bay.
- The City of Los Altos and other agencies in Santa Clara County expect to use the Program to continue to represent their interests relative to Municipal Regional Permit (MRP 3.0), to help them effectuate certain aspects of compliance with MRP 3.0, and to negotiate the terms of a further renewed NPDES Permit when MRP 3.0 nears the end of its five-year term and any administrative extension provided.
- All Program participants are required to obtain approval from the legislative authority for the MOA amendment extending the agreement through 2028. The current MOA will expire in July of 2023, if not extended.

Staff Recommendation:

Approve the Fourth Amendment to the Santa Clara Valley Urban Runoff Pollution Prevention Program’s Memorandum of Agreement (MOA) and direct the City Manager to execute the Amendment on behalf of the City



Subject: Contract Amendment No. 4: Santa Clara Valley Runoff Pollution Prevention Program

Purpose

Execute the Fourth Amendment to the Santa Clara Valley Urban Runoff Pollution Prevention Program MOA.

Background

The Santa Clara Valley Urban Pollution Prevention and Urban Runoff Program (Program) was originally formed through a memorandum of agreement (MOA) with other Santa Clara Valley-based local governments in the late 1980s. This was a means to assist the City of Los Altos in negotiating and complying with a federal Clean Water Act National Pollutant Discharge Elimination System (NPDES) permit that cities are required to have for stormwater that flows to creeks, streams, and, ultimately, the San Francisco Bay. Bay Area municipalities were recently issued a new Municipal Regional Stormwater Permit in May 2022, which became effective July 1, 2022. This permit is shared by 76 permittees in the San Francisco Area.

This MRP 3.0 includes and expands on many of the previous requirements and contains new provisions. MRP 3.0 includes more stringent requirements on existing provisions for new development/redevelopment, trash load reduction, PCB, mercury and bacteria controls, and water quality monitoring and introduces new provisions on unsheltered homeless populations, cost reporting, and asset management. Outside those mentioned above, previously existing provisions also encountered minor changes. An overview of new MRP 3.0 requirements was shared with City Council on November 15, 2022. Thus far, the Program has been highly engaged in understanding these changes with local regulatory agencies and helping permittees adapt to new MRP 3.0 requirements.

The Program allows the City of Los Altos to undertake a coordinated approach and leverage resources with respect to our stormwater permit. This method has been highly effective in assisting the City to address our responsibilities, twice winning national awards issued by the U.S. Environmental Protection Agency. Since its original formation, the participating local governments, including the City of Los Altos, have thrice previously authorized a continuation of the Program without changing its original terms.

Discussion/Analysis

Based on a recent vote of the Program’s Management Committee, in which the City participates, a fourth amendment of the MOA to extend the Program on its original terms was unanimously approved for referral to our governing body for execution. The extension will allow the Program to continue to operate and serve the participating agencies throughout the current Clean Water Act Permit’s term plus one additional fiscal year (providing Program assistance until at least the July of 2028 and addressing the Permit’s next re-issuance by the Regional Water Quality Control Board).



Subject: Contract Amendment No. 4: Santa Clara Valley Runoff Pollution Prevention Program

All Program participants are required to obtain approval from the legislative authority for the MOA amendment extending the agreement through July 2028. The current MOA will expire in July of 2023 if not extended.

The City of Los Altos and other agencies in Santa Clara County expect to utilize the Program to continue to represent their interests relative to Municipal Regional Permit (MRP 3.0), to help them effectuate certain aspects of compliance with MRP 3.0, and to negotiate the terms of a further renewed NPDES Permit when MRP 3.0 nears the end of its five-year term and any administrative extension provided.

Recommendation

Approve the Fourth Amendment to the Santa Clara Valley Urban Runoff Pollution Prevention Program’s Memorandum of Agreement (MOA) and direct the City Manager to execute the Amendment on behalf of the City

**FOURTH AMENDMENT TO AGREEMENT
PROVIDING FOR IMPLEMENTATION OF
THE SANTA CLARA VALLEY URBAN RUNOFF
POLLUTION PREVENTION PROGRAM**

THIS FOURTH AMENDMENT TO AGREEMENT PROVIDING FOR IMPLEMENTATION OF THE SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM (the “Amendment”) is entered into by and between the SANTA CLARA VALLEY WATER DISTRICT, a local public agency of the State of California (“District”); CITY OF CAMPBELL, a municipal corporation of the State of California; CITY OF CUPERTINO, a municipal corporation of the State of California; CITY OF LOS ALTOS, a municipal corporation of the State of California; TOWN OF LOS ALTOS HILLS, a municipal corporation of the State of California; TOWN OF LOS GATOS, a municipal corporation of the State of California; CITY OF MILPITAS, a municipal corporation of the State of California; CITY OF MONTE SERENO, a municipal corporation of the State of California; CITY OF MOUNTAIN VIEW, a municipal corporation of the State of California; CITY OF PALO ALTO, a municipal corporation of the State of California; CITY OF SAN JOSE, a municipal corporation of the State of California; CITY OF SANTA CLARA, a municipal corporation of the State of California; CITY OF SARATOGA, a municipal corporation of the State of California; CITY OF SUNNYVALE, a municipal corporation of the State of California; and COUNTY OF SANTA CLARA, a political subdivision of the State of California.

All of the above-mentioned entities are hereinafter collectively referred to as “Parties” or individually as “Party.”

RECITALS

A. The Parties previously entered into that certain Agreement Providing For Implementation of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the “Agreement” or “MOA”) pursuant to which the Parties established certain terms and conditions relating to the implementation and oversight of the Santa Clara Valley Urban Runoff Pollution Prevention Program (the “Program”), including a cost sharing allocation, which was appended thereto as Exhibit A. Unless otherwise set forth herein, all terms shall have the meaning set forth in the Agreement as amended. A copy of the Agreement inclusive of Exhibit A is attached hereto as Appendix 1. A copy of the Agreement inclusive of all of its previous amendments is available via the internet at https://scvurppp.org/wp-content/uploads/2019/10/MOA_2016_complete_package_DEC_2016.pdf);

B. The Agreement originally provided for a five-year term, which, based on its execution, was set to conclude on or about March 10, 2005. However, on or about February 20, 2005, the Parties unanimously entered into a First Amendment to the Agreement, which extended the term of the Agreement by one additional year;

C. The Parties thereafter unanimously entered into a Second Amendment to the Agreement, which extended the term of the amended Agreement by “one fiscal year beyond the termination date of the (then) next NPDES Permit issued to the Parties, including any administrative extension of the (then) next NPDES Permit’s term which occurred pursuant to the NPDES regulations.” The next NPDES permit applicable to the Parties (and others) was subsequently adopted by the California Regional Water Quality Control Board, San Francisco Bay Region (“RWQCB SFBR”) on October 14, 2009 and was known as the Municipal Regional Permit (“MRP”) because it covered numerous public agencies in the San Francisco Bay Region in addition to the Parties. The MRP was then administratively extended until a new NPDES Permit applicable to the Parties (and the other public entities in the San Francisco Bay Region) was adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on November 19, 2015 (“MRP 2.0”). MRP 2.0 became effective on January 1, 2016 and was originally scheduled to terminate on December 31, 2020;

D. The Parties thereafter unanimously entered into a Third Amendment to the Agreement, which once again extended the term of the amended Agreement by “one fiscal year beyond the termination date of the next NPDES Permit issued to the Parties, including any administrative extension of the next NPDES Permit’s term which occurred pursuant to the NPDES regulations.” MRP 2.0 was then administratively extended, largely due to the COVID-19 pandemic, until a new NPDES Permit applicable to the Parties (and the other public entities in the San Francisco Bay Region) was adopted by the California Regional Water Quality Control Board, San Francisco Bay Region, on May 11, 2022 (“MRP 3.0”). MRP 3.0 became effective on July 1, 2022 and is currently scheduled to terminate on June 30, 2027 unless administratively extended;

E. The Parties expect to utilize the Program to continue to represent their interests relative to MRP 3.0 (including with respect to an administrative appeal of its adoption that the State Water Resources Control Board is considering to pursue on its own motion), to help them effectuate certain aspects of compliance with MRP 3.0, and, beyond that, in negotiating the terms of a further renewed NPDES Permit when MRP 3.0 nears the end of its anticipated five-year term and any administrative extension provided thereto;

F. The Parties also expect to continue to utilize the Program’s preferred approach of achieving consensus to resolve issues and reach decisions, and to rely on the Majority Vote mechanism set forth in Section 2.08 of the Agreement at the Management Committee level only when consensus-based resolutions appear or become elusive;

G. The Parties now desire to update the Agreement as previously amended and further extend the term of the MOA as set forth below;

H. Section 7.02 of the MOA provides that it may be amended by the unanimous written agreement of the Parties and that all Parties agree to bring any proposed amendments to their Council or Board, as applicable, within three (3) months following acceptance by the Management Committee; and

I. The Program’s Management Committee accepted this Amendment for referral to the Parties’ Councils and/or Boards at its meeting on January 19, 2023.

NOW, THEREFORE, THE PARTIES HERETO FURTHER AGREE AS FOLLOWS:

1. Recognition of Current Permit. Recital F of the Agreement, as previously amended, is hereby further amended by the addition of the following subsections:

- 6. Order No. R2-2009-0074 (the Municipal Regional Permit, NPDES Permit CAS612008); adopted October 14, 2009 and amended by the RWQCB SFBR on November 28, 2011;
- 7. Order No. R2-2015-0049 (MRP 2.0, NPDES Permit CAS612008); adopted by the RWQCB SFBR on November 19, 2015;
- 8. Order No. R2-2022-0018 (MRP 3.0, NPDES Permit CAS612008); adopted by the RWQCB SFBR on May 11, 2022.

2. Extension of Term of Agreement. Sections 6.02 and 6.02.01 of the Agreement, as previously amended, are hereby replaced as follows:

This Agreement shall have a term extending one fiscal year beyond the date of termination of MRP 3.0; such termination date shall, however, be deemed to include any administrative extension of MRP 3.0 which occurs or arises pursuant to the NPDES regulations or any modification of the MRP 3.0 termination date that arises from an NPDES permitting action undertaken by the RWQCB SFBR or California State Water Resources Control Board.

3. Superseding Effect. This Fourth Amendment of the Agreement shall supplement all prior amendments of the Agreement and supersede any conflicting provisions of the prior amendments of the Agreement.

[remainder of page intentionally blank]

IN WITNESS WHEREOF, the Parties have executed this Fourth Amendment effective as of the last date indicated below or April 19, 2023, whichever arises earlier.

Santa Clara Valley Water District: By: _____
Name: _____
Title: _____
Date: _____

County of Santa Clara: By: _____
Name: _____
Title: _____
Date: _____

City of _____: By: _____
Name: _____
Title: _____
Date: _____

RESOLUTION NO. 2023-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS DIRECTING THE CITY MANAGER TO APPROVE AND EXECUTE THE FOURTH AMENDMENT TO THE MEMORANDUM OF AGREEMENT WITH OTHER SANTA CLARA VALLEY MUNICIPALITIES TO ALLOW FOR CONTINUATION OF THE SANTA CLARA VALLEY URBAN RUNOFF POLLUTION PREVENTION PROGRAM

WHEREAS, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) was originally formed in 1990 through the Memorandum of Agreement to aid Santa Clara Valley-based jurisdictions with stormwater permit compliance per the Municipal Regional Permit; and

WHEREAS, the SCVURPPP is invaluable in providing and pooling resources to meet permit requirements since its' formation; and

WHEREAS, the existing Memorandum of Agreement has already been amended three times prior and SCVURPPP will cease to exist July 1, 2023 if not amended for a fourth time by April 19, 2023.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby authorizes the following:

1. That the City Manager is directed to execute the Fourth Ammendment to the Memorandum of Agreement; and
2. That the acceptance of the work under this MOA is exempt from review under the California Environmental Quality Act ("CEQA") for reasons stated in the staff report.

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 28th day of March, 2023 by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM CITY CLERK



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject 2022 Housing Element Annual Progress Report

Prepared by: Stephanie Williams, Planning Services Manager

Reviewed by: Nick Zornes, Development Services Director

Approved by: Gabriel Engeland, City Manager

Attachment(s):

- 1. Draft Resolution No. 2023-XX
- 2. Housing Element Annual Progress Report

Initiated by:

City Council.

Fiscal Impact:

None.

Environmental Review:

The Housing Element Annual Progress Report is a reporting document and does not create or alter policy. The content is provided for information purposes only and is exempt from the requirements of the California Environmental Quality Act (CEQA) per CEQA Guidelines Section 15378(b)(5), which exempts organizational or administrative activities of government that will not result in direct or indirect physical changes in the environment. This informational item provides a means to monitor the implementation of the City of Los Altos' RHNA Allocation.

Summary:

- Provides the progress made to implementation of the adopted housing element in calendar year 2022, which includes additional housing stock created.

Staff Recommendation:

Adopt the attached draft resolution and authorize staff to submit the annual progress report to HCD.

Reviewed By:

City Manager

GE

Development Services Director

NZ



Subject: 2022 Housing Element Annual Progress Report

Purpose

Government Code section 65400 requires the planning agency to provide this report to the legislative body (City Council) and HCD by April 1 of each year. The statute does not specify in which order they be provided, and HCD does not require the report to be submitted to the legislative body prior to submitting it to HCD. HCD recommends you provide the report to your legislative body prior to sending it to HCD. Staff is providing the City Council the opportunity to review the Annual Progress Report prior to submission.

Background

The California Department of Housing and Community Development (HCD) requires jurisdictions to submit the Housing Element Annual Progress Report (APR), on prescribed tables, directly to HCD which also covers activities and accomplishments from the calendar year (2022). Timely submission of the annual report to HCD fulfills statutory requirements to report certain housing information, including the local agency’s progress in meeting its share of regional housing needs and local efforts to remove governmental constraints to the development of housing. Additionally, the annual report gives the State of California the opportunity to identify statewide trends in land use decision making and how local planning and development activities relate to statewide planning goals and policies.

Discussion/Analysis

The Los Altos 2022 APR is attached. To ensure accountability with respect to housing production, each site is identified by assessor’s parcel number, and all milestones occurring in 2022 are indicated by date including submittal for planning entitlements, approval of planning entitlements, issuance of building permits, and issuance of certificates of occupancy/final inspections. The report also tracks affordability and if units are deed restricted to specified affordability levels. Progress on Housing Element program implementation is summarized toward the end of the APR. Housing element programs are listed with a brief explanation regarding progress made in the reporting year.

In calendar year 2022, the City of Los Altos issued Building Permits for a total of 62 new dwelling units. That number is the amount of units that will be accounted for the city’s 5th Cycle RHNA Allocation.

For reporting year 2022 the following is being reported to HCD:



Subject: 2022 Housing Element Annual Progress Report

Building Permits Issued (for new units only):

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	3
Low	Deed Restricted	0
	Non-Deed Restricted	29
Moderate	Deed Restricted	0
	Non-Deed Restricted	24
Above Moderate		6
Total Units		62

Comprehensive accounting of all progress towards RHNA in calendar year 2022 (for new units only):

Units by Structure Type	Entitled	Permitted	Completed
SFA	0	0	0
SFD	3	0	0
2 to 4	0	0	0
5+	351	0	0
ADU	107	62	40
MH	0	0	0
Total	461	62	40

- SFA = Single Family Attached
- SFD = Single Family Dwelling
- 2 to 4 = Two to Four Unit Development
- 5+ = Five Plus Unit Development
- ADU = Accessory Dwelling Unit or Junior Accessory Dwelling Unit
- MH = Mobile Home

RESOLUTION NO. 2023-XX

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ACCEPTING THE HOUSING ELEMENT ANNUAL PROGRESS REPORT FOR
CALENDAR YEAR 2022 AUTHORIZING STAFF TO SUBMIT THE REPORT TO THE
CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT**

WHEREAS, California Government Code Section 65400(2) requires the planning agency to provide an annual report to the City Council, and the State Department of Housing and Community Development (HCD) regarding progress toward implementation of the housing element of the general plan; and

WHEREAS, planning staff has prepared an annual progress report for the calendar year 2022, utilizing the prescribed forms and instructions provided by the State Department of Housing and Community Development; and

WHEREAS, the City Council held a duly noticed public meeting on March 28, 2023; and

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby receives and accepts the annual progress report on the Housing Element, attached and incorporated by reference herein, and authorizes staff to forward the report to the State Department of Housing and Community Development pursuant to Government Code Section 65400(2).

I HEREBY CERTIFY that the foregoing is a true and correct copy of a resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 28th day of March 2023 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM CITY CLERK

Please Start Here

General Information	
Jurisdiction Name	Los Altos
Reporting Calendar Year	2022
Contact Information	
First Name	Nick
Last Name	Zornes
Title	Development Services Director
Email	nzornes@losaltosca.gov
Phone	6509472625
Mailing Address	
Street Address	1 North San Antonio Road
City	Los Altos
Zipcode	94022

Optional: Click here to import last year's data. This is best used when the workbook is new and empty. You will be prompted to pick an old workbook to import from. Project and program data will be copied exactly how it was entered in last year's form and must be updated. If a project is no longer has any reportable activity, you may delete the project by selecting a cell in the row and typing ctrl + d.

[Click here to download APR Instructions](#)

1_23_23

Optional: This runs a macro which checks to ensure all required fields are filled out. The macro will create two files saved in the same directory this APR file is saved in. One file will be a copy of the APR with highlighted cells which require information. The other file will be list of the problematic cells, along with a description of the nature of the error.

Optional: Save before running. This copies data on Table A2, and creates another workbook with the table split across 4 tabs, each of which can fit onto a single page for easier printing. Running this macro will remove the comments on the column headers, which contain the instructions. Do not save the APR file after running in order to preserve comments once it is reopened.

Optional: This macro identifies dates entered that occurred outside of the reporting year. RHNA credit is only given for building permits issued during the reporting year.

Link to the online system: <https://apr.hcd.ca.gov/APR/login.do>

Submittal Instructions
<p>Please save your file as Jurisdictionname2022 (no spaces). Example: the city of San Luis Obispo would save their file as SanLuisObispo2022</p> <p>Housing Element Annual Progress Reports (APRs) forms and tables must be submitted to HCD and the Governor's Office of Planning and Research (OPR) on or before April 1 of each year for the prior calendar year; submit separate reports directly to both HCD and OPR pursuant to Government Code section 65400. There are two options for submitting APRs:</p> <p>1. Online Annual Progress Reporting System - Please see the link to the online system to the left. This allows you to upload the completed APR form into directly into HCD's database limiting the risk of errors. If you would like to use the online system, email APR@hcd.ca.gov and HCD will send you the login information for your jurisdiction. <i>Please note: Using the online system only provides the information to HCD. The APR must still be submitted to OPR. Their email address is opr.apr@opr.ca.gov.</i></p> <p>2. Email - If you prefer to submit via email, you can complete the excel Annual Progress Report forms and submit to HCD at APR@hcd.ca.gov and to OPR at opr.apr@opr.ca.gov. Please send the Excel workbook, not a scanned or PDF copy of the tables.</p>

Jurisdiction	Los Altos	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

**ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation**

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

**Table A
Housing Development Applications Submitted**

Project Identifier				Unit Types			Date Application Submitted	Proposed Units - Affordability by Household Incomes								Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Density Bc Applics
1				2	3	4	5								6	7	8	9	10
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted+ (see instructions)	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project	Was APPLICATION SUBMITTED Pursuant to GC 65913.4(b)? (SB 35 Streamlining)	Ddid the housing development application seek incentives or concessions pursuant to Government Code section 65915?7
Summary Row: Start Data Entry Below								61	5	60	33	6	55	241	441	382	0		
	17024041	215 ANGELA DR		ADU22-0001	ADU	R	1/12/2022		1						1	1	0	No	No
	17036044	305 GORDON WAY		ADU22-0002	ADU	R	1/17/2022		1						1	1	0	No	No
	34247004	2375 FRIARS LN		ADU22-0003	ADU	R	1/16/2022		1						1	1	0	No	No
	34207003	1965 LAVER CT		ADU22-0004	ADU	R	1/25/2022		1						1	1	0	No	No
	34210032	1000 CROOKED CREEK DR		ADU22-0005	ADU	R	1/25/2022		1						1	1	0	No	No
	19719020	1400 PRITCHETT CT		ADU22-0006	ADU	R	1/27/2022			1					1	1	0	No	No
	17026076	245 HAWTHORNE AVE		ADU22-0007	ADU	R	1/30/2022			1					1	1	0	No	No
	18918102	775 EDGE LN		ADU22-0008	ADU	R	1/27/2022			1					1	1	0	No	No
	17012080	240 DELPHI CIR		ADU22-0009	ADU	R	2/3/2022			1					1	1	0	No	No
	31823034	2009 CRIST DR		ADU22-0011	ADU	R	1/14/2022			1					1	1	0	No	No
	34223034	1515 CEDAR PL		ADU22-0012	ADU	R	2/7/2022			1					1	1	0	No	No
	17011053	736 PANCHITA WAY		ADU22-0013	ADU	R	2/7/2022			1					1	1	0	No	No
	17040079	41 MARVIN AVE		ADU22-0014	ADU	R	1/10/2022			1					1	1	0	No	No
	18910013	1060 GOLDEN WAY		ADU22-0015	ADU	R	2/14/2022			1					1	1	0	No	No
	18949028	834 CAMPBELL AVE		ADU22-0016	ADU	R	2/17/2022			1					1	1	0	No	No
	18935063	688 CAMELLIA WAY		ADU22-0017	ADU	R	1/31/2022			1					1	1	0	No	No
	17003015	771 JORDAN AVE		ADU22-0018	ADU	R	2/17/2022			1					1	1	0	No	No
	16736043	17 LOS ALTOS AVE		ADU22-0019	ADU	R	2/17/2022			1					1	1	0	No	No
	16743008	390 JUANITA WAY		ADU22-0020	ADU	R	2/6/2022			1					1	1	0	No	No
	16730005	108 CORONADO AVE		ADU22-0022	ADU	R	2/23/2022			1					1	1	0	No	No
	17020047	670 SPARGUR DR		ADU22-0024	ADU	R	2/26/2022			1					1	1	0	No	No
	17023079	20 DIOR TER		ADU22-0025	ADU	R	2/26/2022			1					1	1	0	No	No
	17037048	561 GABILAN ST		ADU22-0026	ADU	R	3/1/2022			1					1	1	0	No	No
	16730004	120 CORONADO AVE		ADU22-0027	ADU	R	3/4/2022			1					1	1	0	No	No
	17019011	390 CECELIA WAY		ADU22-0028	ADU	R	3/4/2022			1					1	1	0	No	No
	34238022	1180 ST CHARLES CT		ADU22-0029	ADU	R	3/4/2022			1					1	1	0	No	No
	17031023	118 HIGGINS AVE		ADU22-0031	ADU	R	3/8/2022			1					1	1	0	No	No
	19339020	1206 PAYNE DR		ADU22-0033	ADU	R	3/8/2022			1					1	1	0	No	No
	17031021	138 HIGGINS AVE		ADU22-0034	ADU	R	3/8/2022			1					1	1	0	No	No
	18952058	500 BENVENUE AVE		ADU22-0035	ADU	R	3/9/2022			1					1	1	0	No	No
	34209005	1385 MONTCLAIRE CT		ADU22-0036	ADU	R	3/10/2022			1					1	1	0	No	No
	17036037	331 EDNA CT		ADU22-0037	ADU	R	3/5/2022			1					1	1	0	No	No
	17034031	496 EDITH AVE		ADU22-0038	ADU	R	3/15/2022			1					1	1	0	No	No
	17020007	641 SPARGUR DR		ADU22-0039	ADU	R	3/15/2022			1					1	1	0	No	No

Jurisdiction	Los Altos	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
Please contact HCD if your data is different than the material supplied here

Table B														
Regional Housing Needs Allocation Progress														
Permitted Units Issued by Affordability														
		1	2										3	4
Income Level		RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level	
Very Low	Deed Restricted	169	-	1	-	-	-	-	-	-	-	-	7	162
	Non-Deed Restricted		-	-	-	-	-	-	3	3	-	-	-	-
Low	Deed Restricted	99	-	17	-	-	2	-	-	2	-	-	77	22
	Non-Deed Restricted		-	-	-	8	-	-	19	29	-	-	-	-
Moderate	Deed Restricted	112	-	-	-	-	1	-	-	6	-	-	63	49
	Non-Deed Restricted		-	1	-	-	-	-	31	24	-	-	-	-
Above Moderate		97	-	224	9	49	60	107	23	58	6	-	536	-
Total RHNA		477												
Total Units			-	243	9	49	71	107	23	119	62	-	683	233
Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).														
		5	6										7	
		Extremely low-income Need	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date	Total Units Remaining	
Extremely Low-Income Units*		85	-	-	-	-	-	-	-	-	-	-	-	85

*Extremely low-income housing need determined pursuant to Government Code 65583(a)(1). Value in Section 5 is default value, assumed to be half of the very low-income RHNA. May be overwritten.

Note: units serving extremely low-income households are included in the very low-income RHNA progress and must be reported as very low-income units in section 7 of Table A2. They must also be reported in the extremely low-income category (section 13) in Table A2 to be counted as progress toward meeting the extremely low-income housing need determined pursuant to Government Code 65583(a)(1).

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted since the start of the planning period. Projection Period units are in a separate column.

Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact HCD staff at apr@hcd.ca.gov.

Jurisdiction	Los Altos	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

Note: "*" indicates an optional field
Cells in grey contain auto-calculation formulas

Table C Sites Identified or Rezoned to Accommodate Shortfall Housing Need and No Net-Loss Law																	
Project Identifier				Date of Rezone	RHNA Shortfall by Household Income Category				Rezone Type	Sites Description							
1				2	3				4	5	6	7	8		9	10	11
APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Date of Rezone	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Rezone Type	Parcel Size (Acres)	General Plan Designation	Zoning	Minimum Density Allowed	Maximum Density Allowed	Realistic Capacity	Vacant/Nonvacant	Description of Existing Uses
Summary Row: Start Data Entry Below																	

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Jurisdiction	Los Altos		
Reporting Year	2022	(Jan. 1 - Dec. 31)	
Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
Program 1.1.1 – Implement voluntary code inspection program.	Provide voluntary inspections	On-going	Continue the voluntary code inspection program encompassing code compliance, rehabilitation, energy conservation, and minimum fire safety standards.
Program 1.1.2 – Help secure funding for housing assistance programs.	Help secure funding for housing assistance	On-going	Continue to support County and nonprofit housing rehabilitation programs by providing program information to interested individuals through handouts available at City Hall, the Los Altos Senior Center, the Los Altos Library, and the Woodland Branch Library. The City also continues to transfer their Community Development Block Grant (CDBG) funds to the County to support housing programs each year.
Program 1.2.1 – Support rezoning from office to medium-density multifamily.	Support rezoning from office to multiple-family	On-going	Continue to implement, no requests received to date.
Program 1.3.1 – Enforce neighborhood residential buffering.	Provide appropriate buffers	On-going	Continue to enforce minimum standards for buffers between residential properties and commercial uses and public/quasi-public uses through the development permit review process as provided in the Zoning Ordinance. Buffering will include a combination of landscaping, minimum setback, or yard requirements and stepped-back building heights.
Program 1.3.2 – Restrict commercial uses in residential neighborhoods.	Restrict commercial land uses in residential areas	On-going	Continue to restrict commercial uses in residential neighborhoods except where may be allowed through recent State Law provisions.

Program 1.4.1 – Implement zoning and design standards.	Implement appropriate zoning and design standards	On-going	Continue to implement residential zoning, development standards, and design review to ensure compatibility of housing with neighborhood character, minimum open yard space, and streets that are safe.
Program 1.4.2 – Evaluate design review process.	Evaluate design review processes	On-going	Continue to implement by finding new ways to streamline the development review process to facilitate housing.
Program 1.4.3 – Facilitate alternate modes of transportation in residential neighborhoods.	Facilitate alternative transportation modes	On-going	Continue to implement zoning and development standards to facilitate walkable neighborhoods and the safe use of alternate modes of transportation such as bicycles.
Program 1.4.4 – Accommodate the needs of children through design review and land use regulations, including open space, parks and recreation facilities, pathways, play yards, etc.	Accommodate the needs of children in development	On-going	Continue to implement through development process and implementation of Park Land Dedications Ordinance.
Program 1.5.1 – Review compatibility of land divisions as part of the permit review and approval process.	Review land use compatibility of subdivisions	On-going	Continue to implement.
Program 2.1.1 – Encourage diversity of housing.	Encourage housing diversity	On-going	Multi-Family Residential projects approved with a mix of ownership and rental BMR's that demonstrates housing diversity.
Program 2.1.2 – Implement multifamily district development standards.	Require maximum density of multiple-family projects	On-going	Continue to implement the multifamily district development standards to ensure the maximum densities established can be achieved and the maximum number of units is required to be built.
Program 2.1.3 – Allow employee housing	Allow employee housing for agricultural uses	Pending	Outstanding - given limited agricultural operations in the City.
Program 2.2.1 – Provide development incentives for mixed-use projects in commercial districts.	Provide development incentives for mixed-use projects	On-going	Continue to implement, have adopted changes to the CT District regulations to clarify density bonus incentives.

Program 2.3.1 – Implement density bonuses.	Implement density bonuses	On-going	Continue to implement - Density Bonus projects have been approved and continue to be submitted. Density Bonus regulations have been amended to align with State Law.
Program 3.1.1 – Support efforts to fund homeless services.	Facilitate and help pursue funding for homelessness services	Ongoing	Continue to implement. Transfer CDBG funding to the County.
Program 3.1.2 – Continue to participate in local and regional forums for homelessness, supportive, and transitional housing.	Participate in regional forums for homelessness, supportive and transitional housing	On-going	Continue to implement. Transfer CDBG funding to the County.
Program 3.2.1 – Amend the City’s Zoning Ordinance to accommodate emergency shelters.	Amend zoning code for emergency shelters	5/1/2015	Implemented June 2015 with code amendment.
Program 3.2.2 – Recognize the statutory requirements for transitional and supportive housing.	Recognize transitional and supportive housing	5/1/2015	Implemented June 2015 with code amendment.
Program 3.2.3 – Provide incentives and amend the City’s Zoning Ordinance for compliance with statutory requirements for single-room-occupancy residences to address the needs of extremely low income households	Provide incentives and amend code to allow SRO for extremely-low income households	5/15/2019	Implemented June 2015 with code amendment.
Program 4.1.1 – Monitor condominium conversion.	Monitor condo conversions	On-going	Continue to implement the Condominium Conversion Ordinance to protect against the conversion or demolition of rental units.

<p>Program 4.1.2: Conserve small houses in areas of small lot sizes.</p>	<p>Conserve small houses in small-lot districts</p>	<p>On-going</p>	<p>Continue to conserve the stock of small houses in areas of small lot sizes.</p>
<p>Program 4.2.1 – Facilitate new construction of second dwelling units.</p>	<p>Facilitate new accessory dwelling units</p>	<p>On-going</p>	<p>Adopted amendment to ADU ordinance October 2020 in conformance with state laws and continue to implement.</p>
<p>Program 4.2.2 – Study the feasibility of reducing minimum lot sizes for second living units.</p>	<p>Consider reducing lot size minimum for accessory dwellings</p>	<p>1/1/2016</p>	<p>Code amendment adopted in 2018 and 2020 which removed the requirement for minimum lot sizes for ADUs consistent with State Law.</p>
<p>Program 4.3.1 – Assist in the development of affordable housing.</p>	<p>Help develop affordable housing</p>	<p>On-going</p>	<p>Continue to implement, transfer CDBG funding to the County, explain the density bonus process and affordable housing requirements to developers.</p>
<p>Program 4.3.2 – Implement Chapter 14.28 of the Municipal Code, which defines the number of required below-market-rate (BMR) units by development size and type, and requires on larger projects (greater than 10 market-rate units) that the BMR units generally reflect the size and number of bedrooms of the market rate units</p>	<p>Implement BMR housing regulations</p>	<p>On-going</p>	<p>Continue to implement as amended in 2018 to require 15% affordability for projects having 5-9 units and increase the percentage of affordable units in projects having 10 or more units from 15% to 20% for low income in rental projects and from 10% to 15% for very low income rental projects and increase the percentage of BMR units in an ownership project from 10% to 15% with the majority of the units affordable to moderate income households.</p>
<p>Program 4.3.3 –Consider reduced parking requirements for certain housing types and affordable housing units.</p>	<p>Consider reduced parking for affordable housing</p>	<p>On-going</p>	<p>The City's Density Bonus ordinance was amended to implement State Density Bonus law with regard to reduced parking ratios and elimination of guest parking.</p>

Program 4.3.4 – Continue to encourage maximum densities.	Encourage max density	Annually	Continue to implement.
Program 4.3.5 – Initiate an affordable housing administration contract review and renewal.	Initiate affordable housing administrative contract renewal	7/1/2015	Agreement with Alta Housing finalized in 2018 and they now serve as housing provider.
Program 4.3.6 – Improve the City’s BMR program priority ranking process.	Evaluate the application priority ranking process	7/1/2015	Implemented March 2015, revised priority list to merge Los Altos residents and those employed within the City limits as a second priority
Program 4.3.7 – Consider a commercial development linkage fee for affordable housing.	Consider Affordable housing linkage fees	1/16/2019	Adopted a commercial development linkage fee in 2018.
Program 5.1.1 – Assist residents with housing discrimination and landlord-tenant complaints.	Assist residents with housing and discrimination, and landlord-tenant issues	On-going	Continue to implement.
Program 6.1.1 – Discourage senior-only housing from converting to other uses.	Discourage conversion of senior-only projects	On-going	Continue to discourage projects developed as senior-only projects from converting to other uses.
Program 6.1.2 – Assist seniors to maintain and rehabilitate their homes.	Assist seniors to maintain and rehabilitate their homes	On-going	Continue to implement, created a handout on Age Friendly Design Elements
Program 6.1.3 – Encourage conforming and contextual senior housing near transportation and services.	Encourage senior housing near transit and services	On-going	Continue to ensure that senior housing conforms and harmonizes with surrounding neighborhoods and encourage that it be located near transportation and services.

Program 6.2.1 – Provide senior housing density bonuses and development incentives.	Provide senior housing density bonuses and development incentives	On-going	Continue to implement.
Program 6.2.2 – Designate and encourage senior housing on specific well-suited sites.	Designate and encourage senior housing on well-suited sites	On-going	Continue to implement.
Program 6.2.3 – Mixed-use development, including developments that contain senior and institutional housing, will be encouraged in public and quasi-public land use areas that are zoned PCF.	Encourage mixed-use developments that contain senior	On-going	Continue to implement.
Program 6.2.4 – Senior housing with extended care facilities will be allowed in multifamily and mixed-use zoning districts.	Allow senior extended care in multi-family and mixed-use districts	On-going	Continue to implement.
Program 7.1.1 – Promote energy and water conservation through education and awareness campaigns.	Promote energy and water conservation	On-going	Continue to implement.
Program 7.1.2 – Participate in a Property Assessed Clean Energy (PACE) financing program.	Participate in PACE financing	On-going	City adopted a Resolution supporting PACE programs.
Program 7.1.3 – Promote the use of solar energy.	Promote solar energy	On-going	Continue to implement and as required by Green Building and Title-24 Building requirements.

Jurisdiction	Los Altos	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

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Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

Table F

Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)

Please note this table is optional: The jurisdiction can use this table to report units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved, including mobilehome park preservation, consistent with the standards set forth in Government Code section 65583.1, subdivision (c). Please note, motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net-new housing units and must be reported in Table A2 and not reported in Table F.

Activity Type	Units that Do Not Count Towards RHNA ⁺ Listed for Informational Purposes Only				Units that Count Towards RHNA ⁺ Note - Because the statutory requirements severely limit what can be counted, please contact HCD to receive the password that will enable you to populate these fields.				The description should adequately document how each unit complies with subsection (c) of Government Code Section 65583.1 ⁺ . For detailed reporting requirements, see the checklist here: https://www.hcd.ca.gov/community-development/docs/adequate-sites-checklist.pdf
	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	
Rehabilitation Activity									
Preservation of Units At-Risk									
Acquisition of Units									
Mobilehome Park Preservation									
Total Units by Income									

Jurisdiction	Los Altos	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

For up to 25 percent of a jurisdiction's moderate-income regional housing need allocation, the plan

Project Identifier

1

Prior APN ⁺	Current APN	Street Address	Project Name ⁺
Summary Row: Start Data Entry Below			

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: "+" indicates an optional field

Cells in grey contain :

Table F2

Above Moderate Income Units Converted to Moderate Income Pursua

ning agency may include the number of units in an existing multifamily building that were converted to d
 this table, please ensure housing developments meet the requirements descr

	Unit Types		Affordability by Hou		
	2	3			
Local Jurisdiction Tracking ID ⁺	Unit Category (2 to 4,5+)	Tenure R=Renter	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low- Income Deed Restricted

auto-calculation formulas

Unit to Government Code section 65400.2

Deed-restricted rental housing for moderate-income households by the imposition of affordability covenants as provided in Government Code 65400.2(b).

Household Incomes After Conversion				Units credited toward Affordable RHNA
4				5
Low- Income Non Deed Restricted	Moderate- Income Deed Restricted	Moderate- Income Non Deed Restricted	Above Moderate- Income	Total Moderate Income Units Converted from Above Moderate

Jurisdiction	Los Altos
Reporting Period	2022 (Jan. 1 - Dec. 31)

NOTE: This table includes ALL surplus/excess units.

ANNUAL ELEMENT PROGRESS Housing Element Implementation

For Santa Clara County jurisdictions, please format the

Table H

Locally Owned Surplus Sites

Parcel Identifier			
1	2	3	4
APN	Street Address/Intersection	Existing Use	Number of Units
Summary Row: Start Data Entry Below			

Jurisdiction	Los Altos	
Reporting Period	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

NOTE: STUDENT HOUSING WITH DENSITY BONUS ONLY. This table only needs to be completed if there were student housing projects WITH a density bonus approved pursuant to Government Code 65915(b)(1)(F)

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Not
Cells in g

Table J												
Student housing development for lower income students for which was granted a density bonus pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 65915												
Project Identifier				Project Type	Date	Units (Beds/Student Capacity) Approved						
1				2	3	4						
APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SH - Student Housing)	Date	Very Low- Income Deed Restricted	Very Low- Income Non Deed Restricted	Low- Income Deed Restricted	Low- Income Non Deed Restricted	Moderate- Income Deed Restricted	Moderate- Income Non Deed Restricted	Above Moderate- Income
Summary Row: Start Data Entry Below												

Jurisdiction	Los Altos	
Reporting Year	2022	(Jan. 1 - Dec. 31)
Planning Period	5th Cycle	01/31/2015 - 01/31/2023

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	3
Low	Deed Restricted	0
	Non-Deed Restricted	29
Moderate	Deed Restricted	0
	Non-Deed Restricted	24
Above Moderate		6
Total Units		62

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

Units by Structure Type	Entitled	Permitted	Completed
SFA	0	0	0
SFD	3	0	0
2 to 4	0	0	0
5+	351	0	0
ADU	107	62	40
MH	0	0	0
Total	461	62	40

Housing Applications Summary	
Total Housing Applications Submitted:	121
Number of Proposed Units in All Applications Received:	461
Total Housing Units Approved:	382
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions	
Number of Applications for Streamlining	0
Number of Streamlining Applications Approved	0
Total Developments Approved with Streamlining	0
Total Units Constructed with Streamlining	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Cells in grey contain auto-calculation formulas



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject Resolution 2023-__: Authorizing the City Manager to 1) Accept the SVCE Decarbonization Grant Program Agreement for the design, procurement, and construction of the Energization Station Project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP Project Funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX)

Prepared by: Erin McDannold, Assistant Civil Engineer
Reviewed by: Aida Fairman, Director of Environmental Services & Utilities Department
Approved by: Gabriel Engeland, City Manager

Attachments:
A. Resolution 2023-____
B. Grant Agreement and Application

Initiated by:
City Staff

Previous Council Consideration:
NA

Fiscal Impact:
The grant will increase available funds by \$200,684 for the design, procurement, and installation of the Energization Station to be constructed by December 31, 2024. The Energization Station will provide a combination of Electric Vehicle Charging Stations (EVCS), energy generating workout equipment, a solar charging table, and an outdoor learning lab with educational signage. The project proposes to utilize City Sustainability Operating Budget to fund the civil design and educational signage. Personnel for the civil design is estimated to cost \$7,000, and educational signage is estimated at \$1,500 for three signs. Once electrical requirements are determined, we anticipate that PG&E Rule 29 funding will be attainable if upgrades are required.

Reviewed By:

City Manager

City Attorney

Finance Director

GE

JH

JD



Subject: Resolution 2023-___ authorizing the City Manager to 1) Accept the SVCE Decarbonization Grant Program Agreement for the design, procurement, and construction of the Energization Station Project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP Project Funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX)

The SVCE grant will fund the remainder of the project; see the breakdown of funds to be used below:

- City Funds
 - o \$8,500 Sustainability Operating Budget (5330-5270)
- Other Funds
 - o \$200,684 SVCE Decarbonization Demonstration Grant (CF-XXX)
 - o \$15,000 PG&E Rule 29 Funding (if needed)
- Amount already included in the approved budget: N
- Amount above budget requested: \$200,684

Environmental Review:

The Council’s action in authorizing the City Manager to accept the SVCE grant funds is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures) in that the demonstration project and charging stations to be constructed with the grant funds will be minor facilities or structures, and none of the circumstances identified in CEQA Guidelines Section 15300.2 apply.

Policy Question(s) for Council Consideration:

- Does the City Council wish to accept the Decarbonization Demonstration Grant from SVCE for the design, procurement, and construction of the Energization Station?

Summary:

- In November 2022, Silicon Valley Clean Energy invited local jurisdictions to submit applications for a Decarbonization Demonstration Grant to fund projects showcasing building electrification or an electrification demonstration center.
- The City submitted a grant application for the design, procurement, and construction of an electrification demonstration center called the “Energization Station” to be installed in front of the Los Altos Youth Center (LAYC) or at the Los Altos Community Center premises.



Subject: Resolution 2023-___ authorizing the City Manager to 1) Accept the SVCE Decarbonization Grant Program Agreement for the design, procurement, and construction of the Energization Station Project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP Project Funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX)

-
- The proposed outdoor Energization Station will include energy-generating workout equipment, public electric vehicle charging stations eventually to be also used for fleet vehicles, a solar-powered charging station, educational signage, and a learning lab area. The proposed exhibit will provide outdoor space for people to exercise, charge their vehicle or device, study, work, or relax outside; however, the area will also be available to rent for an educational tour.
 - SVCE provided an agreement to award the requested \$200,684 to the City for the proposed “Energization Station.” City attorneys have reviewed the agreement and updated the agreement to be authorized following council adoption.

Staff Recommendation:

Adopt Resolution 2023-___ authorizing the City Manager to 1) Accept the SVCE Decarbonization Grant Program Agreement for the design, procurement, and construction of the Energization Station Project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP Project Funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX)

RESOLUTION NO. 2023-__

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS TO 1) ACCEPT THE SILICON VALLEY CLEAN ENERGY (SVCE) DECARBONIZATION DEMONSTRATION GRANT PROGRAM AGREEMENT FOR THE DESIGN, PROCUREMENT, AND CONSTRUCTION OF THE ENERGIZATION STATION PROJECT (CF-XXX), 2) APPROPRIATE THE GRANT FUNDS OF \$200,684 TO THE CIP PROJECT FUNDS (CF-XXX), AND 3) TRANSFER \$8,500 FROM SUSTAINABILITY OPERATING BUDGET (5330-5270) TO THE CIP PROJECT FUNDS (CF-XXX)

WHEREAS, Silicon Valley Clean Energy (“SVCE”) invited local jurisdictions to apply for grant funded projects that demonstrate building electrification or act as an electrification demonstration center; and

WHEREAS, the City of Los Altos applied for the design, procurement, and construction of an electrification demonstration center proposed as the “Energization Station”; and

WHEREAS, the City was awarded all requested funds to construct the “Energization Station,” which will include energy-generating workout equipment, public electric vehicle charging stations eventually to be also used for fleet vehicles, a solar-powered charging station, wayfinding, and educational signage, and a learning lab area for members of the public to exercise, study, work, or relax outside;

WHEREAS, the City of Los Altos requires City Council approval to accept grants; and

WHEREAS, the Council’s action in authorizing the City Manager to accept the SVCE grant funds is exempt from review under the California Environmental Quality Act (“CEQA”) pursuant to CEQA Guidelines Section 15303 (New Construction or Conversion of Small Structures) in that the demonstration project and charging stations to be constructed with the grant funds will be minor facilities or structures, and none of the circumstances identified in CEQA Guidelines Section 15300.2 apply.

NOW THEREFORE, BE IT RESOLVED, that the City Council of the City of Los Altos hereby authorizes the City Manager to 1) Accept the Silicon Valley Clean Energy (SVCE) Decarbonization Demonstration Grant Program Agreement for the design, procurement, and construction of the Energization Station project (CF-XXX), 2) Appropriate the grant funds of \$200,684 to the CIP project funds (CF-XXX), and 3) Transfer \$8,500 from Sustainability Operating Budget (5330-5270) to the CIP Project Funds (CF-XXX)

I HEREBY CERTIFY that the foregoing is a true and correct copy of a Resolution passed and adopted by the City Council of the City of Los Altos at a meeting thereof on the 28th day of March 2023 by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM CITY CLERK

SILICON VALLEY CLEAN ENERGY
DECARBONIZATION GRANT PROGRAM AGREEMENT

THIS AGREEMENT is made and effective as of _____, 2023 (“Effective Date”), by and between the SILICON VALLEY CLEAN ENERGY AUTHORITY ("SVCE"), an independent public agency, and **City of Los Altos, a municipal corporation** (“Recipient”). In consideration of the covenants, conditions and undertakings set forth herein, the parties agree as follows:

1. RECITALS. This Agreement is made with respect to the following facts and purposes which each of the parties acknowledge and agree are true and correct:

A. SVCE’s decarbonization grant program (“Program”) will provide over \$1.5M in grants to member jurisdictions, public agencies, and community groups to plan and develop decarbonization demonstration and engagement projects.

B. Recipient submitted an application for Program funding, attached hereto and incorporated herein as Exhibit A, for a decarbonization demonstration or engagement project (“Project”). The scope and estimated budget for the Project are included in Exhibit A.

C. SVCE finds that the use of Grant Funds described herein furthers a public purpose and meets the goals and objectives established for the Program, and desires to award Recipient a one-time grant pursuant to the terms of this Agreement.

2. GRANT. SVCE hereby agrees to provide funding to Recipient in an amount not to exceed **\$200,684**, subject to the provisions of this Agreement (“Grant Funds”). Such Grant Funds shall be disbursed to Recipient on a reimbursement basis. It is agreed and understood that the Grant Amount is a ceiling and that SVCE will only reimburse the allowable cost of services actually rendered as authorized by SVCE at or below the Grant Amount established herein.

3. REIMBURSEMENT OF GRANT FUNDS. Grant Funds shall be reimbursed pursuant to the following process:

A. SVCE shall reimburse Recipient for its actual and reasonable costs of constructing the Project up to the agreed upon Grant Funds.

B. Requests for payment submitted to SVCE shall include: 1) an itemized list of all expenditures; and 2) supporting documentation that clearly identifies the expenditure(s) in relation to the scope of the Project set forth in Exhibit A of this Agreement. Payment requests should be aggregated and submitted no more often than once per month.

C. SVCE shall process requests for payment and remit payment within 30 days.

D. If, in SVCE’s sole discretion, the request for payment is incomplete, inadequate, or inaccurate, SVCE may dispute the invoice for reasonable cause and hold all or a portion of the

payment request until all required information is received or corrected. Any penalties imposed on the Recipient by a contractor, or other consequence, because of delays in payment or other breach of the agreement between the Recipient and the contractor are the responsibility of the Recipient and are not reimbursable under this Agreement.

E. Unless otherwise authorized by SVCE in writing, Recipient shall submit all documentation of Project completion, including a final request for payment, within sixty (60) days of Project completion.

F. Final payment of remaining Grant Funds, including any amounts withheld from previous payments, shall be paid up to the total amount of the actual Project cost, not to exceed the Grant Funds amount set forth in this Agreement, upon completion of the Project, receipt of the final report and final request for payment from the Recipient in a form and content satisfactory to SVCE.

4. USE OF GRANT FUNDS. Recipient shall use the Grant Funds to support the Program as set forth in Exhibit A. Any use(s) of Grant Funds not contemplated in this Agreement must be approved in writing by SVCE. This Agreement was awarded to Recipient based on the application submitted by Recipient with the intention that the awarded funds would be used to implement the Project as described in Exhibit A. Any substantive deviation during Project implementation may require reevaluation or result in loss of funding. In no event shall Recipient's Grant Funds or scope of work be increased. If Recipient knows or should have known that substantive changes to the Project will occur or have occurred, Recipient will immediately notify SVCE in writing. SVCE will then determine whether the Project is still consistent with the overall objectives of the Program and whether the changes would have negatively affected the Project ranking during the Grant evaluation process. SVCE reserves the right to have Grant Funds withheld from Recipient, or refunded to SVCE, due to Recipient's failure to satisfactorily complete the Project or due to substantive changes to the Project.

5. TERM. This Agreement shall commence on the Effective Date, and shall remain and continue in effect until the final Grant Funds are paid to Recipient, unless sooner terminated pursuant to the provisions of this Agreement. Projects must be complete no later than December 31, 2024.

6. REPORTING AND RECORDS. Recipient agrees to cooperate with SVCE and provide requested information, if any, related to the use of Grant Funds and the Project, including for the purposes of SVCE's evaluation, measurement, and verification activities for the Program. Recipient will cooperate in good faith with SVCE or its authorized representative in performing evaluation, measurement and verification (EM&V) of the Program. Information accessed for EM&V may include, but is not limited to, onsite verification of Project operation, Program compliance, and Project records, analysis of facility billing metered data, analysis of data collected from facility-owned submetering, and collection of supplementary metered data on-site. All information collected will be held confidentially and will be used by SVCE or its authorized representative for Program analysis purposes only. Recipient is responsible for ensuring, through a separate agreement between Recipient and property owner, that property owner shall cooperate with SVCE to provide any documentation and assist in analysis and provide access to the Project site at reasonable times, during the construction of the Project and

for a period of up to two (2) years from the completion of the Project. During the course of the Project and for three (3) years thereafter from the receipt of the final Grant Funds, the Recipient agrees to maintain, intact and readily accessible, all communications, data, documents, reports, records, contracts, and supporting materials relating to the Project, as SVCE may require. The Recipient agrees to have financial and compliance audits performed as SVCE may require.

7. LEGAL RESPONSIBILITIES. Recipient shall keep itself informed of all local, State and Federal ordinances, laws and regulations which in any manner affect those employed by it or in any way affect the performance under this Agreement. Recipient shall at all times observe and comply with all such ordinances, laws and regulations. SVCE, and its officers and employees, shall not be liable at law or in equity occasioned by failure of Recipient to comply with this Section.

8. PREVAILING WAGES. By accepting the Grant Funds, Recipient as a material term of this Agreement shall be fully responsible for complying with all California public works requirements including but not limited to payment of prevailing wage. Therefore, as a material term of this Agreement, to the extent required by California law, Recipient shall ensure that prevailing wages are paid, that the project budget for labor reflects these prevailing wage requirements, and that the project complies with all other requirements of prevailing wage law, including that Recipient’s subcontractors also comply with all applicable public works/prevaling wage requirements.

9. PROCUREMENT. At minimum, Recipient shall solicit at least three bids and select the lowest bidder when procuring goods or services, where the costs are eligible for reimbursement under this Agreement. In the event the Recipient is required by statute or policy to solicit additional bids or follow a more stringent solicitation process, Recipient shall follow such process. Recipient may also procure goods and services through California Government Code section 4217.10.

In the event that there is only one supplier for goods or services, procurement shall follow the Recipient’s Sole Source Procurement Policy. A Sole Source Procurement Memorandum will be prepared by the Recipient and provided to SVCE.

10. CALIFORNIA PUBLIC RECORDS ACT. Recipient acknowledges that SVCE is subject to the California Public Records Act (Gov. Code § 7920.000 *et seq.*). SVCE acknowledges that Recipient may submit information to SVCE that Recipient considers to be confidential, proprietary, or trade secret information. Only such information clearly designated in writing as “confidential” shall be deemed “Confidential Information.” Upon request or demand of any third person or entity (“Requestor”) for the production, inspection, and/or copying of Confidential Information, SVCE shall notify Recipient that such request has been made. Recipient shall be solely responsible for taking whatever legal steps are necessary to protect Confidential Information and to prevent its release to the Requestor. Without limiting SVCE’s right to disclose Confidential Information as may be required by law, if Recipient takes no such action after receiving the foregoing notice from SVCE, SVCE shall be permitted to release information it deems subject to disclosure.

11. NOTICES. Any notices provided under this Agreement must be in writing and may be given either by mail or e-mail to the following addresses:

SVCE: Silicon Valley Clean Energy Authority
333 W. El Camino Real #330
Sunnyvale, CA 94087
Attention: _____

RECIPIENT: City of Los Altos
1 N San Antonio Rd
Los Altos, Ca 94022
Attention: _____

12. INDEPENDENT CONTRACTOR.

A. Recipient shall at all times remain as to the SVCE a wholly independent contractor. The personnel performing the services under this Agreement on behalf of Recipient shall at all times be under Recipient's exclusive direction and control. Neither SVCE nor any of its officers, employees, agents, or volunteers shall have control over the conduct of Recipient or any of Recipient's officers, employees, or agents except as set forth in this Agreement. Recipient shall not at any time or in any manner represent that it or any of its officers, employees or agents are in any manner officers, employees or agents of the SVCE. Recipient shall not incur or have the power to incur any debt, obligation or liability whatever against SVCE, or bind SVCE in any manner.

B. No employee benefits shall be available to Recipient in connection with the performance of this Agreement. Except for the fees paid to Recipient as provided in the Agreement, SVCE shall not pay salaries, wages, or other compensation to Recipient for performing services hereunder for SVCE. SVCE shall not be liable for compensation or indemnification to Recipient for injury or sickness arising out of performing services hereunder.

13. INDEMNIFICATION. Recipient shall indemnify, protect, defend and hold harmless SVCE, its elected officials, officers, employees, volunteers, and representatives from any and all suits, claims, demands, losses, defense costs or expenses, actions, liability or damages of whatsoever kind and nature which SVCE, its officers, agents and employees may sustain or incur or which may be imposed upon them for injury to or death of persons, or damage to property arising out of Recipient's acts or omissions arising out of or in any way related to the performance or non-performance of this Agreement.

14. INSURANCE.

A. On or before the commencement of the term of this Agreement, Recipient shall furnish SVCE with certificates showing the type, amount, class of operations covered, effective dates, and dates of expiration of insurance coverage in compliance with the requirements in this Section. Recipient shall maintain such coverage in full force at all times for the duration of

this Agreement, at its sole cost and expense. Nothing herein shall be construed as a limitation on Recipient indemnification obligations under this Agreement.

B. Recipient shall maintain the following minimum insurance coverages:

- 1) Workers' compensation, as required by the State of California;
- 2) Commercial general liability coverage with minimum limits of \$1,000,000 per occurrence and \$2,000,000 aggregate for bodily injury and property damage. ISO occurrence Form CG 0001 or equivalent is required;
- 3) Comprehensive automotive liability coverage with minimum limits of \$1,000,000 per accident for bodily injury and property damage. ISO Form CA 0001 or equivalent is required.

C. Such coverages shall be issued by an insurer(s) licensed to conduct business in the State of California, with a minimum A.M. Best's Insurance Rating of A:VII unless otherwise approved in writing as satisfactory to SVCE.

D. The insurance limits required by SVCE are not represented as being sufficient to protect Consultant. Recipient is advised to confer with its insurance broker to determine adequate coverage for Recipient.

E. This section shall not apply if Recipient is a public agency that provides certificates reasonably acceptable to SVCE evidencing that the public agency is self-insured and participates in a risk management pool that provides excess liability coverage in amounts greater than or equal to the amounts set forth in this section.

15. DEFAULT AND TERMINATION. Should an Event of Default occur, SVCE shall provide a notice of default to Recipient and shall give Recipient at least fifteen (15) calendar days from the date the notice is sent to cure the Event of Default. If Recipient fails to cure the Event of Default within the time prescribed, SVCE may, at SVCE's sole discretion, withhold Grant Funds not yet disbursed hereunder, require the return or repayment of Grant Funds already disbursed, and/or terminate this Agreement by written notice which shall be effective upon receipt by Recipient. "Event of Default" shall mean the occurrence of any one or more of the following events by Recipient: (a) any false statement, representation, or warranty contained in this Agreement, the Application, or any other document submitted to SVCE; (b) failure to comply with applicable laws; (c) a failure to maintain in effect any policy of insurance required under this Agreement; or (d) a material breach of this Agreement.

16. NON-APPROPRIATION. Recipient acknowledges that SVCE is a public agency. In the event that sufficient funds for the performance of this Agreement are not appropriated by the SVCE Board of Directors in any fiscal year covered by this Agreement, this Agreement may be terminated by SVCE, without penalty, by giving notice to Recipient of such facts and of SVCE's intention to terminate.

17. NON-WAIVER. Failure to exercise any right the SVCE may have or be entitled to, in the event of default hereunder, shall not constitute a waiver of such right or any other right in the event of a subsequent default.

18. AMENDMENT OF AGREEMENT. No modification, rescission, waiver, release or amendment of any provision of this Agreement shall be made except by a written agreement executed by the Recipient and the SVCE.

19. ASSIGNMENT PROHIBITED. In no event shall the Recipient assign or transfer any portion of this Agreement.

20. GOVERNING LAW. This Agreement shall be governed by the laws of the State of California. Any legal action brought under this Agreement must be instituted in the Superior Court of the County of Santa Clara, State of California.

21. NO THIRD-PARTY BENEFIT. The provisions of this Agreement are for the sole benefit of the parties hereto and confer no rights, benefits, or claims upon any person or entity not a party hereto.

22. SEVERABILITY. If any provision of this Agreement is held to be invalid or unenforceable for any reason, the remaining provisions will continue in full force as necessary to effectuate the original intent of the parties, without being impaired or invalidated in any way. The parties agree to replace any invalid provision with a valid provision that most closely approximates the intent and economic effect of the invalid provision.

23. RECIPIENT'S AUTHORITY. Recipient represents and warrants that (a) it has the power and authority to enter into this Agreement and to perform its obligations hereunder; (b) the person who executes this Agreement on its behalf has the necessary authority to bind Recipient; and (c) neither the execution and delivery of this Agreement nor the performance of its obligations hereunder will constitute a violation of, a default under, or conflict with any term of any governance documents or other agreements to which it is bound.

24. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall be taken together and deemed to be one instrument. Faxed and PDF counterpart signatures are sufficient to make this Agreement effective.

25. ENTIRE AGREEMENT. This Agreement contains the entire understanding between the parties relating to the obligations of the parties described in this Agreement. All prior or contemporaneous agreements, understandings, representations and statements, oral or written, are merged into this Agreement and shall be of no further force or effect. Each party is entering into this Agreement based solely upon the representations set forth herein and upon each party's own independent investigation of any and all facts such party deems material.

26. COMMUNICATIONS AND ENGAGEMENT. Recipient agrees that SVCE may use and publicize city-provided and approved information and visual materials (photos, videos, etc.) related to this project, including (but not limited to) information and visual materials provided in this application, updates, or follow-up information. Recipient will coordinate in good

faith with SVCE on follow-up activities, such as interviews, outreach coordination, photo or video shoots, requests for additional information, and the design of educational materials and signage related to the project. Recipient will work with SVCE to schedule all coordination and activities within a determined and mutually agreed-upon time frame and understand that refusal or failure to collaborate on marketing and outreach may result in termination of the funding.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed the day and year first above written.

SILICON VALLEY CLEAN ENERGY AUTHORITY

Girish Balachandran, Chief Executive Officer

APPROVED AS TO FORM:

Trisha Ortiz, General Counsel

[City of Los Altos]

APPROVED AS TO FORM

By:
Name: Jolie Houston
Title: City Attorney

AGREED

By: _____
Name: Gabriel Engeland
Title: City Manager

Date: _____

*[*Note: Signatures of two corporate officers are required for corporations – First signature must be one of the following: 1) the chairman of the board; 2) the president; or 3) any vice president. The second corporate signature must be one of the following: 1) the secretary; 2) any assistant secretary; 3) the chief financial officer; or 4) any assistant treasurer. Signature of City Manager is required for cities.]*

EXHIBIT A

[Grant Application]



Energization Station Proposal



Figure 1: Example of an Energy Display unit at an outdoor gym.

Applicant information

Applicant: City of Los Altos
Address: 1 N San Antonio Rd
Los Altos, Ca 94022

Main Contact Name: Tania Katbi
Contact Number: 650-947-2743
Contact Email: tkatbi@losaltosca.gov

Summary

The primary goal of the proposed energy demonstration center, the Energization Station, is to create an inviting and accessible community facility for the public to see and experience electrification technologies in a creative and interactive learning environment. The imagined multifunctional center will include an outdoor learning lab, energy-generating workout equipment, and a solar charging table in conjunction with two or three dual port Electric Vehicle Charging Station (EVCSs). The outdoor facility will include an Energy Display Unit (see Figure 1) harnessing and displaying the generation coming from the workout equipment, a solar-powered charging table, and energy coming from the grid. Signage and display units will be utilized to demonstrate that local renewables can be paired with existing electrification infrastructure to reduce greenhouse gas (GHG) emissions and expedite the transition from fossil fuels. The Learning Lab component will provide a location for community members to educate themselves, conduct work, charge their devices, or workout and contribute to EVCS and City Hall energy demand. The lab will be equipped with tables, chairs, whiteboards, and shelves to promote a healthy learning environment for students of all ages in an area already heavily trafficked by the community. The Energization Station could be the first energy demonstration center in Los Altos, paving the way for future educational energy-efficient projects to inspire the community and promote healthy outdoor spaces. The City of Los Altos is requesting \$200,684 for installation of the Energization Station.

Full Description

The proposed location of the Energization Station is adjacent to a playground, the police station, youth center, library, history museum, baseball fields, and City Hall, although there are other additional locations around Los Altos City Hall and Community Center that could also be utilized for similar installations (See Figure 5).

Locations near the Community Center would also highlight and compliment the green infrastructure, new electrical facilities, and future public engagement goals (as discussed in the “Organizational Project History” section).

Members of the community, teachers, and other organizations coming to use the facility will have a space to either exercise, work, play, learn, charge their vehicle and/or explore the area. The physical components of the Energization Station could potentially include the items listed below:

1. Energy Generating Workout Equipment (4 units)
2. Solar-powered charging table
3. Energy Display Unit
4. Battery Storage
5. Learning lab with seating, tables, and a whiteboard
6. Public Electric Vehicle Charging Stations (4-6 ports)



Figure 2: Example of an outdoor gym with energy-generating equipment.

Energy-generating workout equipment such as [“The Green Read and Ride Bike”](#) and/or the [“Energy Hand Bike”](#) will be utilized

to create a healthy outdoor mini gym environment. Nearby signage will be used to explain how the exercise technology generates energy. Users will also see information on how much energy they are generating and where the energy is being applied through the Energy Display Unit. Additionally, recurring users will have the option to create an account to track their generation over time, and top generators will be displayed on the adjacent display unit like a video game ranking screen.

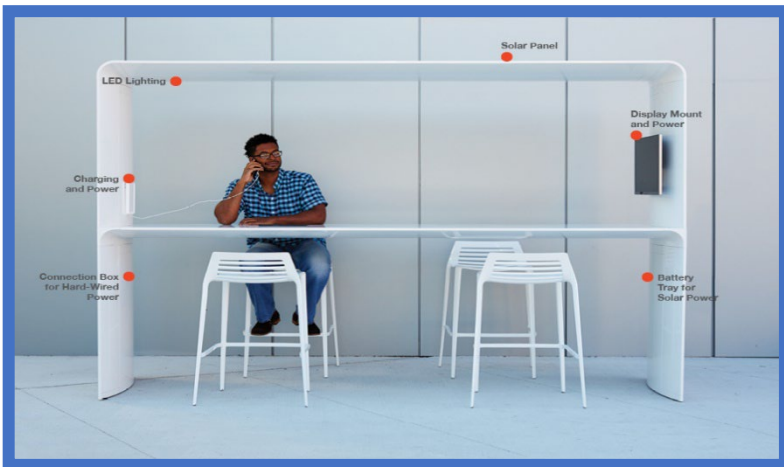


Figure 3: Example of a solar charging table

The solar-powered charging table will provide some shade utilizing a solar panel and provide plug-in locations for people to charge their devices. When energy is not being used to charge devices or supplement electric vehicle charging, the solar panel will charge the battery or City Hall.

The Energy Display Unit captures the energy created from the workout equipment and will demonstrate all the energy inputs and how they are being used through a dynamic schematic.

The schematic will change based on the real-time inputs of human energy to the workout equipment and energy outputs from EV and device charging. The unit will act as a central controller and demonstrate how much energy is still required from the grid to operate this quasi-microgrid. The display unit and nearby signage will also be used to educate on the grid and where our energy comes from locally. Creative conduit encasings will also provide an educational component by displaying the electrical wiring connecting the different units.

The learning lab will provide seating, tables, shelves, a whiteboard, and educational signage to bring all the components together in a multi-use outdoor space. This decarbonized office or learning space will reduce the accumulation of CO₂ and the need for ventilation in a traditional office/classroom setting. The surrounding apricot orchard and trees will provide more oxygen and a beautiful, healthy atmosphere for work, exercise, leisure, or learning. Organizations and teachers will be able to rent out the space for a unique educational experience and can request City staff to lead informative tours on the station components.



Figure 4: Example of learning lab where children can flourish.

Adjacent to the learning lab, the City will utilize existing parking to create 4-6 publicly facing EVCS ports. Adding an additional reason to visit the Energization Station, these EVCSs will be connected to the central controller, and available energy from the workout equipment generation and solar panel will help to supplement the charge. Eventually, the City will utilize these ports for future EV fleet vehicles during night hours, but they will remain publicly accessible during the day. Following installation, the facility will provide a myriad of opportunities for community outreach and GHG emission reductions, outlined in the following sections.

Green House Gas (GHG) Emissions Reduction

Utilizing the Energization Station as an outdoor gym, classroom, office, or study center will reduce energy demand and GHG emissions by producing energy locally through exercise and solar, as well as reducing the need for traditional indoor HVAC and gas water heater systems. Regulating indoor climates with traditional gas and refrigerant powered systems will continue to use more energy, fossil fuels, and create more GHG and ozone depleting emissions as extreme temperatures and weather events exacerbate with climate change. These systems also passively leak uncombusted methane and refrigerants which often go undetected (Optimized Thermal Systems, Inc., n.d.). By utilizing outdoor spaces, especially near the energy efficient and

fully electric Los Altos Community Center, we are reducing the need for traditional HVAC and gas water heaters and providing another avenue for the community to use and learn about decarbonized technologies. Specific emissions from HVAC and gas water heating systems vary depending on location, refrigerant type, fueling source, building capacity/use, and specific equipment used; therefore, averages of kg of CO₂ Equivalent were used to summarize emissions. The following assumptions were made to include a range of reductions based on the anticipated use of the facility.

- People are using the space over a generic gym, office, or classroom with traditional gas/refrigerant powered HVAC systems.
- Water heater methane emission reductions are anticipated due to use of the community center restrooms instead of people's homes, offices, classrooms, or gyms with assumed gas water heating systems. However, GHG reductions were not calculated due to potential variability and uncertainty of facility use. (Delforge, 2020)
- Averages from Small Office (5 conditioned zones) Lifetime Emissions in LA and Fresno with varying refrigerants were averaged and divided over an expected 20-year HVAC lifetime and then divided by 5 office rooms to get daily HVAC emission values of 3.5 kg CO₂ Equivalent per person. (Optimized Thermal Systems, Inc., n.d.)
- People using a traditional gym will produce more heat and require additional HVAC proportional to heat produced. Gym HVAC emissions were estimated by multiplying the 3.5 kg CO₂ Equivalent determined above by the ratio of expected BTUs per person during exercise (72 BTU/hr sf) over the expected BTUs per person during generic work activities (22 BTU/hr sf) equaling a multiplication factor of 3.3. (*Thermal Energy Created Metabolic Rate by the Human Body*, n.d.)
- People charging electric cars instead of 16-gallon tank gas cars causing 8.9 kg CO₂ per gallon (*Greenhouse Gas Emissions from a Typical Passenger Vehicle*, 2018) and 3.75×10^{-3} kg CH₄ per gallon (Wilson, 2022).



Figure 5: Example of proposed Energization Station locations.

Table 1: Estimated GHG emissions reductions and energy production.

Unit	Assumptions	GHG and/or Gas Reductions	Local Renewable Energy
Energy Generating Workout Equipment	4 users exercising on and off for 8 hours a day, producing 0.2 kWh/hour/person	4.5 kg of CO ₂ Equivalent per day	6.4 kWh produced per day
Solar Powered Table	18.75 SF Solar Panel and 5.11 kWh/sqm/day GHI	6.2 kg of CO ₂ Equivalent per day	8.8 kWh of solar energy available per day
Workspace	~ 10 people utilizing the space over an 8-hour day causing 3.5 kg CO ₂ Equivalent per office	35 kg of CO ₂ Equivalent per day	
Classroom Space	~ 10 people utilizing the space over an 8-hour day causing 3.5 kg CO ₂ Equivalent per person	35 kg of CO ₂ Equivalent per day	
Workout Space	~ 4 people utilizing equipment over a day causing 11.5 kg CO ₂ Equivalent per person	46 kg of CO ₂ Equivalent per day	
EVCS	~2 people getting full charge a day at each port or 12 people getting full charge a day vs 12 people filling up on gas and completely using their full tank	192 gallons of gas saved per day reducing CH ₄ and CO ₂ emissions by 0.072kg and 1709 kg respectively per full use of gas tank	

Budget

The City of Los Altos is requesting \$200,684 to design and construct the Energization Station. The City will contribute at least \$8,500 to this installation and additional funding if necessary. The budget includes the high end of the possible range of EVCS, estimating for 3 units with 6 charging ports. The electrical upgrades (estimated at \$15,000) are anticipated to be covered through PG&E Rule 29 electrification aid but will be covered by the City if necessary.

Table 2: Proposed budget and funding for the Energization Station.

Line-Item Description	Average Cost Per Unit	Quantity	SVCE Funding	Other Funding	Total Cost
Energy Demonstration					
Energy Generating Exercise Unit	\$6,951	4	\$27,804	\$0	\$27,804
Equipment Installation	\$15,000	1	\$15,000	\$0	\$15,000
Energy Display Unit	\$4,000	1	\$4,000	\$0	\$4,000
Battery Storage	\$10,000	1	\$10,000	\$0	\$10,000
Electrical Design of Energization Station	\$30,000	1	\$30,000	\$0	\$30,000
Civil Design of Energization Station	\$7,000	1	\$0	\$7,000	\$7,000
Outdoor Learning Lab					
Educational Signage	\$500	3	\$0	\$1,500	\$1,500
Structural Components (walls/cover)	\$2,000	5	\$10,000	\$0	\$10,000
Solar Charging Table	\$20,000	1	\$20,000	\$0	\$20,000
Heavy-duty Whiteboard	\$300	1	\$300	\$0	\$300
Chairs	\$200	10	\$2,000	\$0	\$2,000
Tables	\$2,500	2	\$5,000	\$0	\$5,000
Shelves	\$780	1	\$780	\$0	\$780
Energy Education Smart Screen	\$5,000	1	\$5,000	\$0	\$5,000
EV Charging Stations					
EV Charging Station Level 2 (240 Volt public facing dual-port) Hardware, & 5 years of Software, & Services	\$16,000 per unit	4-6 ports or 2-3 units	\$32,000- \$48,000	\$0	\$32,000- \$48,000
Electrical Upgrades (if determined by PG&E)	\$15,000	1	\$0	\$15,000	\$15,000
EVCS Installation	\$7,000	2-3 units	\$14,000- \$21,000	\$0	\$14,000- \$21,000
Protective Bollards	\$300	4-6	\$1,200- \$1,800	\$0	\$1,200- \$1,800
Total Amount Requested			\$200,684	Total Cost	\$224,184

Table 3: Other sources of funding.

Source of Other Funding	Monetary	In-Kind \$ Value	Total Contribution of Funding from Other Sources
CIP Sustainability Projects	\$8,500	\$0	\$8,500
PG&E Rule 29	\$15,000	\$0	\$15,000

Workplan & Timeline

The following timeline shows the quarterly progress and eventual completion of the project by December 31st, 2024.

Table 4: Anticipated project timeline.

2023 Quarterly Tasks	2023			
	Quarter 1: Jan-Mar	Quarter 2: Apr-Jun	Quarter 3: Jul-Sep	Quarter 4: Oct- Dec
If awarded in December 2022, Grant Agreement Establishment				
Accept Award at Council				
Reach out to ChargePoint for Estimates on EVCS				
Meet with PG&E to discuss existing infrastructure & whether upgrades are required /Design Aid				
In-house civil design development				
Put RFP for Electrical Design out to bid				
Award Design Contract				
Execute Professional Services Agreement				
Complete Project Design				
Obtain Necessary Permits/CEQA Exemption				
Go out to bid for Construction				
2024 Quarterly Tasks	2024			
Award Contract				
Construction of Facility				
Accept Completion of Project at City Council				
Launch of Community Outreach				

Outreach & Community Education Plan

Based on the proposed City central location and objective of the Energization Station, it is anticipated that community members and visitors will be drawn to this free unique experience, especially if they need a place to charge their vehicle. However, the City will also engage the public in specific opportunities explained below.

1. Energization Station Soiree or ribbon cutting ceremony to introduce the public to the new facility.
2. Organizations, NGOs, and teachers will be able to rent the space for City staff-led electrification education sessions.
3. Public Tours will be given by City staff to engage and educate the public on the importance of renewable energy sources.
4. Annual Exercise Generation Competition launching on January 1, 2025, where participants can log their generation throughout the year. Users producing the most energy will be placed at the top of a list/ranked and will be recognized via social media. The highest producer annually will be recognized and provided with a prize.

Outside of these opportunities, colorful signage and the dynamic energy display unit will inform users about renewables, decarbonization, and the grid. Thus, providing an inspiring installation for all ages, especially the next generation faced with the lifelong battle of climate change.

Furthermore, engaging children in outdoor learning has been shown to increase school performance, enhance physical, mental, and social health, support emotional, behavioral, and intellectual growth, and foster enthusiasm for education and the environment (*Outdoor Education – Research summary, n.d.*). Additionally, research shows that studying and exercising outside has a handful of positive benefits, such as improved focus, self-esteem, energy, and it can help combat depression, stress, and exhaustion (ACS Publications, 2022). The goal of the Energization Station is to create a widely accessible Energy Demonstration Facility engaging all ages in healthy and educational outdoor activities.

Organization Project History

The City of Los Altos has recently undergone a reorganization, and this project will be administered by the new Environmental Services and Utilities Department (ESUD) that went into effect on July 1, 2022. The ESUD team consists of passionate Sustainability Coordinators, Engineers, Maintenance Workers, and Administrators ready to roll out the climate action projects with help from other departments such as Development Services, Public Works, Parks and Recreation, and Finance in this tight nit Municipality. The following recent projects, grants, and community displays demonstrate our jurisdiction’s competence in completing projects beneficial to the community.

Example Projects, Grants, and Community Demonstration Sites

Los Altos Community Center – Opened in October 2021, the 24,500 square foot sustainable community center includes dedicated space for senior, teen, and kindergarten preparation programs, as well as flexible indoor and outdoor community gathering spaces to accommodate rentals, various recreational programs, classes, and events. The project was funded through the General Fund, the Park and lieu fund, and through a loan, and was collectively administered by Maintenance, Recreation, and Engineering City departments alongside contracted PMs, architects, and construction vendors. The Center was designed to meet the LEED Gold Equivalent building standard, is all electric, has low flow fixtures, drip irrigation, contains four bioretention

areas, and included four EVCSs with infrastructure for later EVCS expansion. Including long-term sustainability goals during initial planning stages and collaboration with several City departments has led to this Centers continued success. The facility includes community outreach pamphlets to advertise on sustainable design features and includes outdoor space for proposed Energization Station components.

1266 Montclair Outfall Repair – The ESUD division just successfully finished project management of a stormwater outfall repair discharging to the Permanente Creek. The project required extensive and frequent coordination with ArmyCorp, CDFW, Valley Water, and RWQCB to obtain permits. The site is now being monitored to ensure bank and plant stabilization.

Historic Structures Report Grant – The Historical Commission and the Los Altos History Museum prepared and submitted a Certified Local Government grant application to the State Office of Historic Preservation. The application was awarded \$34,100 in Fiscal Year 2018-19 allowing City Public Works and Planning staff to contract with a historic preservation consultant to prepare a Historic Structures Report (HSR) for the Halsey House at Historic Redwood Grove Nature Preserve. The grant was successfully completed, and the report has become an instrumental document in determining the next steps at the Historic Halsey House.

Woodland Library Electric HVAC – As a result of PG&Es lack of local gas infrastructure, the City of Los Altos Parks and Recreation Department worked with \$40,000 of PG&E funds to switch the existing gas heating system to an all-electric heat pump system at the Woodland Library.

Woodlands Library Demonstration Garden – Los Altos Girl Scout Troop 60321 partnered with City of Los Altos staff and other environmental and water related organizations to design and install a demonstration rain garden. The garden used drought resistant and native plants in conjunction with LID features and informational signage to educate the community on sustainable landscaping.

Electrical Upgrades at Grant Park Community Center- The City of Los Altos is currently working on upgrading electrical capacity at the Grant Park Community Center to transition to an all-electric HVAC and water heating system. The project has already been approved and awarded \$600,000 in funding by the City Council. The center is highly trafficked especially by Seniors and following completion, the location will provide additional outreach materials to educate on the transition and the associated positive environmental impacts of decarbonization.

Conclusion

Thank you for your time and consideration in evaluating this opportunity. We believe this unique demonstration center will bring immense community value and engagement by creating fitness, learning, work, play, and/or leisure opportunities in a decarbonized facility. We look forward to hopefully introducing our community to this multi-use Energization Station and inspiring all ages for an electrified and renewable energy future.

References

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PUBLIC CORRESPONDENCE

The following is public correspondence received by the City Clerk’s Office after the posting of the original agenda. Individual contact information has been redacted for privacy. This may *not* be a comprehensive collection of the public correspondence, but staff makes its best effort to include all correspondence received to date.

To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov

From: [Pat Marriot](#)
To: [Public Comment](#)
Subject: PUBLIC COMMENT ITEM #8 MARCH 28,2023
Date: Saturday, March 25, 2023 4:48:14 PM

Council Members:

8. SVCE Decarbonization Grant Program Agreement

The only reason I paid attention to this item was because the Palo Alto Daily Post mentioned “energy generating workout equipment, a solar charging table, and an outdoor learning lab,” none of which are noted in the agenda.

I have many concerns about this proposal:

LOCATION: Report says it would be “adjacent to a playground, the police station, youth center, library, history museum, baseball fields, and City Hall.” Where exactly would it be and how big would it be? We have more demands for park space than we can currently satisfy: dog parks, pickle-ball, bocce ball, parking places...

USE: “Utilizing the Energization Station as an outdoor gym, classroom, office, or study center ... a space to either exercise, work, play, learn, charge their vehicle and/or explore the area.”

- **Safety:** Who would be responsible for safety? If anyone can hop on a treadmill or bike, there’s a reasonable chance for someone to get hurt. Who’s liable for injuries and/or lawsuits? Why would it be better for children to do homework outdoors vs. in the library or community center where there’s some adult supervision?
- **Maintenance:** “The lab will be equipped with tables, chairs, whiteboards, and shelves.” How about weather damage? What about vandalism? Who’s responsible for bringing everything indoors? Where would the items be stored?

BUDGET: “The City of Los Altos is requesting \$200,684 to design and construct the Energization Station. The City will contribute at least \$8,500 to this installation and additional funding if necessary.” Most projects run over time and over budget. Whatever is spent initially, how much will be required over time to repair and replace damaged or stolen equipment from an outdoor facility?

STAFF TIME: There’s no assessment of oversight or maintenance on what appears to be a relatively complex project. The city is already short-staffed.

- “During the course of the Project and for three (3) years thereafter from the receipt of the final Grant Funds, the Recipient agrees to maintain, intact and readily accessible, all communications, data, documents, reports, records, contracts, and supporting materials relating to the Project, as SVCE may require. The Recipient agrees to have financial and compliance audits performed as SVCE may require.”
- “Public Tours will be given by City staff ... colorful signage and the dynamic energy display unit will inform users about renewables, decarbonization, and the grid.” How

many years did it take to get signage in the orchard?

CONFLICTING NEEDS: “Electrical Upgrades at Grant Park Community Center- The City of Los Altos is currently working on upgrading electrical capacity at the Grant Park Community Center” Is that true? Has work been started? The Grant Park upgrade has been funded and discussed for years, but I’m not aware there’s any work going on yet. It is far more important to use city funds and staff time at Grant Park before considering an “energization” station.

This project is a very low priority and is fraught with risks. I urge you to reject it before any more time is spent on it so we can focus on more important issues facing the city.

Thanks for listening,

Pat Marriott



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023
Subject: 2023 Update of City Investment Policy
Prepared by: June Du, Finance Director
Approved by: Gabriel Engeland, City Manager

Attachment(s):
1. Investment Policy (with track changes to highlight edits)

Initiated by:
Staff and the Financial Commission

Previous Council Consideration:
February 8, 2022

Fiscal Impact:
None

Environmental Review:
Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to adopt the recommended investment strategies contained within the revised Investment Policy?

Summary:

- Revised investment strategies have been recommended by the Financial Commission

Staff Recommendation:
Move to adopt the revised Investment Policy for 2023.

City Manager

Reviewed By:
City Attorney

Finance Director

GE

JH

JD



Subject: 2023 Update of City Investment Policy

Purpose

The City Council’s primary responsibilities over the investment function include approving the Policy, annually reviewing such policy, reviewing investment reports issued by the City Treasurer, authorizing bond documents and other unique financing transactions, and authorizing any deviations from the City’s investment policies.

Background

The City’s Investment Policy sets forth guidelines that ensure the City’s funds are invested in compliance with State law and in a prudent manner. The Policy is reviewed on an annual basis by the Financial Commission. The Policy was reviewed by the Financial Commission on February 27, 2023.

At the commission meeting of January 24,2022, the City’s investment advisor, PFM Asset Management (PFM), presented recommended changes to the Policy as the following, the changes were recommended by the Finance Commission and later adopted by the City Council on February 8, 2022.

1. Add additional language under Section M: Prohibited Investment Instruments

The city shall not invest in any security that could result in zero interest accrual if held to maturity, except as provided in the subsequent paragraph.

Notwithstanding the prohibitions stated in the above paragraph, effective January 1, 2021, the City may invest in securities issued by, or backed by, the United States government that could result in zero-or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The City may hold these instruments until their maturity dates. Securities described in this paragraph shall remain in effect only until January 2026, and as of that date is repealed.

2. LAIF Deposit Limit increase to \$75 million.

Discussion/Analysis

On an annual basis, the Financial Commission reviews the Investment Policy to ensure there is diversity, while still fiscally prudent when investing the City’s funds. The recommended changes by the Financial Commission to the Investment Policy January 2023 includes the following:

1. Code section 53601& 53646 update:

Senate Bill 1489, also known as the Local Government Omnibus Act of 2022, made a number of changes to Code, including several that impact the investment of public funds and the reporting practices of public agencies. Changes made to Code section 53601, the section of Code that governs the investment of public funds, include language stating that an investment’s term or remaining maturity shall be measured from the settlement date to final maturity, and, that a security purchased in accordance with Code section 53601 shall not have a forward settlement date exceeding 45 days from the time of investment. SB 1489 also increased the deadline for quarterly reports in Code section 53646 (b)(1) to 45 days from 30 days. As the Policy does not reference a reporting deadline, no change is required.

2. Allowing the city to invest in Joint Power Authorities such as the California Asset Management Program (CAMP).

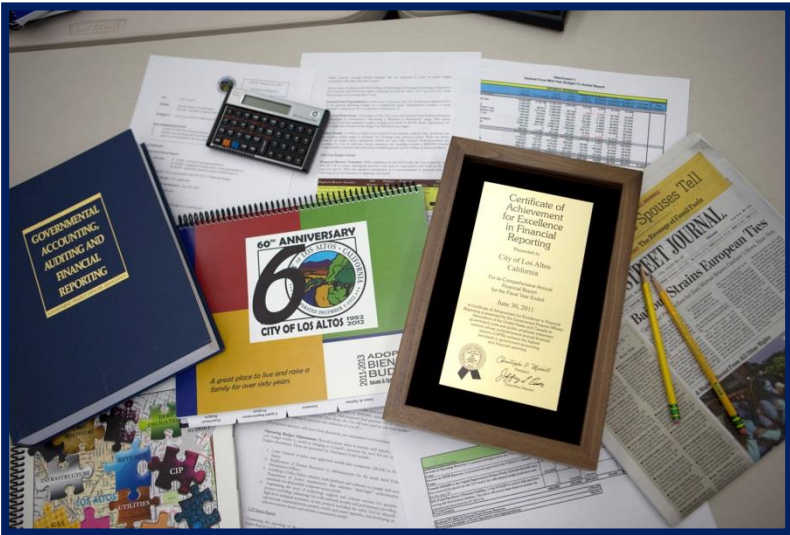
To address these Code changes, we have made the following recommended edits in the City’s Investment Policy:

- 1. In section K, Maximum Maturity, we recommend adding language stating that a security’s maturity is calculated from settlement date to maturity date. We also recommend adding the new Code language regarding forward settlement.

- 2. In Exhibit A, under City of Los Altos Allowable Investments, we recommend adding shares of beneficial interest issued by a Joint Powers Authority as an allowable investment. Investments. The pool’s rating and investment advisor must meet the requirements outlined in CA Code 53601.

Recommendation

The staff recommends Option 1.



CITY OF LOS ALTOS INVESTMENT POLICY

JANUARY 2022

A. INTRODUCTION

This document sets forth policies designed to ensure that the City’s public funds are invested prudently, efficiently, and in compliance with legal requirements. It was developed in accordance with California Government Code Sections 53600 *et seq.* and is reviewed by the Financial Commission and adopted by City Council each fiscal year.

This document discusses the most important elements of investment management in one comprehensive centralized format and is organized into the following areas of discussion:

- A. Introduction
- B. Scope
- C. Prudent Investor Standard
- D. Objectives
- E. Guiding Principles
- F. Delegation of Authority
- G. Financial Commission Oversight
- H. Ethics and Conflict of Interest
- I. Safekeeping and Custody
- J. Reporting Requirements
- K. Maximum Maturity
- L. Permitted Investment Instruments
- M. Prohibited Investment Instruments
- N. Glossary of Investment Terms

B. SCOPE

This policy covers all public funds under the direction of the Finance/Administrative Services Director or their successor within the following fund types:

- Governmental Funds
- Proprietary Funds
- Fiduciary Funds

The investment of bond proceeds is governed separately by the provisions of the relevant bond documents.

C. PRUDENT INVESTOR STANDARD

All persons involved in investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing the City’s investment portfolio shall act with the care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the City, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the City.

D. OBJECTIVES

The primary objectives, in order or their priority, of the City’s investment program shall be:

Safety - The preservation of the principal of the City’s overall investment portfolio is the foremost objective of the investment program.

Liquidity - The City’s investment portfolio will remain sufficiently liquid to meet its cash flow requirements.

Return on Investment - The City’s investment portfolio shall be designed with the objective of attaining a reasonable and prudent rate of return consistent with the risk constraints and liquidity demands imposed by its safety objective and cash flow requirements.

E. GUIDING PRINCIPLES

The following guiding principles are important in the pursuit of such objectives:

Minimizing Liquidity, Credit and Market Risks: Investment decisions should minimize liquidity, credit or market risks in the following ways:

Liquidity Risk - The risk that the investment portfolio will not provide adequate cash liquidity for operations shall be mitigated by structuring the portfolio so that securities mature at the same time that major cash outflows occur, thus minimizing the need to sell securities prior to their scheduled maturity date unless market conditions present favorable repositioning opportunities.

Credit Risk - The risk of loss of principal associated with the failure of any one security issuer shall be mitigated by investing in only very safe highly-rated securities and prudently diversifying the investment portfolio to avoid concentrating investments in specific security types, maturity durations, or in individual financial institutions.

Market Risk - The risk of market value fluctuations arising from overall changes in the general level of interest rates shall be mitigated through maintaining prudent duration levels, staggering investment maturity dates evenly over a desired overall duration target and prohibiting the taking of short positions (selling securities that the City does not own) and interest rate sensitive derivative instruments. It is explicitly recognized herein, however, that in a diversified portfolio occasional measured losses are inevitable and must be considered within the context of the overall portfolio's structure and expected investment return, with the proviso that adequate diversification and credit analysis have been implemented.

Market Average Rate of Return: The investment portfolio shall be managed to attain a market average rate of return based upon a benchmark that is appropriate for a fund of like character and aims and commensurate with the portfolio's current investment strategy.

Non-Speculative Approach: This policy specifically prohibits all speculative investment practices, including, but not limited to, those that seek to gain or profit through transactions of high and unusual risk, or that utilize securities whose price is dependent upon or derived from one or more underlying assets (Derivatives).

Professionalism and Public Trust: The City's investment portfolio is subject to public review and evaluation and shall be designed and managed with the high degree of professionalism that is worthy of the public trust.

F. DELEGATION OF AUTHORITY

The management responsibility for the City's investment program has been delegated to the Finance/Administrative Services Director or their successor. The Finance/Administrative Services Director or their successor shall monitor and review all investments for consistency with this policy, and may delegate investment decision-making and execution authority to investment advisors in accordance with an agreement as authorized by the City Council. The investment advisor shall follow and comply with this policy and all other written instructions provided by the City. The Finance/Administrative Services Director or their successor may, in writing, further delegate such investment authority to designated management staff in the Executive and/or Finance Department in the event of the Finance/Administrative Services Director or their successor's absence or other unavailability. The Finance/Administrative Services Director or their successor shall prepare and file documents with all financial institutions with which the City conducts investment activities certifying the names of those persons authorized to effect transactions on behalf of the City.

G. FINANCIAL COMMISSION OVERSIGHT

The Financial Commission consists of citizen members appointed by the City Council. The Financial Commission shall meet periodically, at least quarterly, to review general investment strategies and monitor the results of the City's investment portfolio in coordination with the Finance/Administrative Services Director or their successor or finance staff designee. The Financial Commission shall also review any proposed changes to this policy before they are submitted to the City Council for final adoption.

H. ETHICS AND CONFLICT OF INTEREST

All persons involved in the investment process shall refrain from personal business activities that could conflict with proper execution of the City's investment program or which could impair their ability to make impartial decisions.

I. SAFEKEEPING AND CUSTODY

All investments of the City's investment portfolio shall have the City of Los Altos as the registered owner, and all interest and principal payments and withdrawals shall indicate the City of Los Altos as the payee.

All securities shall be safely kept with a qualified financial institution, contracted independently by the City as a third party. All securities shall be acquired by the safekeeping institution on a "delivery-vs.-payment" (DVP) basis. In other words, the security must be delivered before funds are released. The DVP basis for delivery applies also to the delivery and safekeeping of repurchase agreement collateral.

J. REPORTING REQUIREMENTS

The Finance/Andre Director will present to the City Council quarterly investment reports, which will present an overall summary of investment performance and include the following type of information:

- Description of investment instruments held
- Interest rate and yield to maturity
- Maturity dates
- Purchase price
- Par value
- Current market value as of the date of the report, including the source of such valuation
- Overall portfolio yield based on cost
- Total return (Quarterly)
- Benchmark comparisons
- Detailed transaction reports shall be made available upon request by any governing member or member of the public

K. MAXIMUM MATURITY

The City may not invest in a security with a maturity date that exceeds five years from the date of purchase.

For purposes of compliance with this Policy, an investment's term or remaining maturity shall be measured from the settlement date to final maturity. In addition, a security purchased shall not have a forward settlement date exceeding 45 days from time of investment.

L. PERMITTED INVESTMENT INSTRUMENTS

The California Government Code in section 53600 *et seq.* sets certain limits on the investment instruments, credit criteria, maximum maturity dates, concentration percentages and other conditions of eligibility in which a government agency's funds may be invested. However, this policy sets limits on the investment of the City's investment portfolio that are more restrictive than such California law. The California Code limits and the more restrictive limits applicable to this policy are listed and summarized in the attached **Exhibit A** (City of Los Altos Allowable Investments). The City's investment portfolio may be invested only in those instruments permitted in **Exhibit A**.

It is important to note that from time to time the City may be invested in a security whose rating is downgraded subsequent to the original date of purchase. The Finance/Administrative Services Director or their successor

directly or indirectly through the delegation of authority to the investment advisor, shall monitor the status of security ratings. When the City uses the services of outside investment advisors and a rating of a prior-purchased security drops below the minimum allowed rating category for that given investment type, the investment advisor shall immediately notify the Finance/Administrative Services Director or their successor and recommend a plan of action.

M. PROHIBITED INVESTMENT INSTRUMENTS

Investment of the City’s investment portfolio in any of the following identified instruments is specifically prohibited:

- **Reverse Repurchase Agreements** - Differs from a Repurchase Agreement in the sense that a reverse repurchase agreement is one that sells security positions in return for cash with an agreement to repurchase the securities for an agreed upon price.
- **Derivatives** - Financial instruments whose values are based on or determined by another security, financial instrument or index, including instruments used for hedging.
- **California State and Local Agency Obligations** - Obligations of the State of California or any local agency within the state, including bonds payable solely out of revenues from a revenue producing property owned, controlled or operated by the state or any local agency or by a department, board, agency or authority of the state or any local agency. Nothing in this section shall be construed to exclude the City’s participation in the Local Agency Investment Fund (LAIF) operated by the State of California Treasurer’s Office.
- **Other State Obligations** - Registered debt obligations of any of the other 49 United States beyond California, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled, or operated by a state or by a department, board, agency, or authority.
- **Prohibited Investments Cited in California Government Code Section 53601.6 including, but not limited to:**
 - Inverse Floaters
 - Range Notes
 - Mortgage Derivatives or other similar asset backed securities
 - Interest Only Strips
 - Zero Interest Coupon Securities*

*Additionally, the City shall not invest in any security that could result in zero interest accrual if held to maturity, except as provided in the subsequent paragraph.

Notwithstanding the prohibitions stated in the above paragraph, effective January 1, 2021, the City may invest in securities issued by, or backed by, the United States government that could result in zero- or negative-interest accrual if held to maturity, in the event of, and for the duration of, a period of negative market interest rates. The City may hold these instruments until their maturity dates. Securities described in this paragraph shall remain in effect only until January 1, 2026, and as of that date is repealed.

N. GLOSSARY OF INVESTMENT TERMS

Exhibit B contains a glossary of key investment terms that may be used in this policy.

Exhibit A
City of Los Altos Allowable Investments

Exhibit A

City of Los Altos Allowable Investments

Investment Instruments	Calif. Code Limitation	City Policy Limitation
Collateralized Bank Deposits	No term 100% of portfolio	No term 100% of portfolio
State of California - Local Agency Investment Fund (LAIF)	No term 100% of portfolio Max \$75 million	No term 100% of portfolio Max \$75 million
Money Market Mutual Funds (SEC Rule 2a7)	No term 20% of portfolio 10% per issuer	Overnight 20% of portfolio US owned Calif. institution 10% of portfolio per issuer
U.S. Treasuries	5 years 100% of portfolio	5 years 100% of portfolio
Federal Agencies (including, mortgage-backed securities, callable securities)	5 years 100% of portfolio	5 years 100% of portfolio 20% of portfolio per issuer 35% of portfolio in callables
Municipal Obligations (including notes issued by the State of California, California local agencies, and the other 49 states)	5 years 100% of portfolio	5 years 30% of portfolio Credit rating category of "A" or its equivalent or higher by a nationally recognized statistical-rating organization (NRSRO) Other ¹
Bank /Time Certificates of Deposit	5 years 100% of portfolio	3 years 50% of portfolio 10% of portfolio per issuer US owned Calif. institution FDIC/NCUA Insured and/or collateralized in Treasuries and Agencies
Negotiable Certificates of Deposit	5 years 30% of portfolio	5 years 30% of portfolio 3% of portfolio per issuer Credit rating category of "A" or its equivalent or higher by a NRSRO
Corporate Medium Term Notes	5 years 30% of portfolio Credit rating of no less than A by any NRSRO	5 years 30% of portfolio 3% of portfolio per issuer Credit rating category of "A" or its equivalent or higher by a NRSRO

¹Municipal bonds must also be either (1) a general obligation bond whose principal and interest payments are secured by the full faith and credit of the issuer and supported by either the issuer's unlimited or limited taxing power, or (2) an essential service bond secured with revenue from a water, sewer, power or electric system.

Investment Instruments	Calif. Code Limitation	City Policy Limitation
Repurchase Agreements	1 year 100% of portfolio 102% Collateral	180 days 20% of portfolio 10% of portfolio per issuer 102% Collateral Treasuries/Agencies US owned Calif. financial institution
Bankers' Acceptances	180 days 40% of portfolio 30% per issuer	180 days 20% of portfolio 10% of portfolio per issuer US owned Calif. institution
Commercial Paper	270 days 25% of portfolio 10% per issuer	270 days 25% of portfolio 5% of portfolio per issuer Credit rating of no less than "A-1" or its equivalent or higher by an NRSRO.
Obligations issued by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank	5 years 30% of portfolio Credit rating of no less than AA by an NRSRO	5 years 10% of portfolio Credit rating of no less than AAA by an NRSRO
Asset-Backed Securities ²	5 years 20% of portfolio Credit rating of no less than AA by an NRSRO	5 years (WAM) 20% of portfolio 3% of portfolio per issuer Security shall be rated AAA by an NRSRO
Supranationals	5 years 30% of portfolio Credit rating of no less than AA by an NRSRO	5 years 20% of portfolio Credit rating of no less than AA by an NRSRO
Shares of beneficial interest issued by a Joint Powers Authority	100% of portfolio Advisor requirements	100% of portfolio Advisor and rating requirements must meet CA Code 53601

² Asset-Backed Securities shall not include mortgage related products issued by commercial entities. Investments in asset-backed securities shall generally be limited to those in "senior" tranches.

Exhibit B
Glossary of Investment Terms

Exhibit B

Glossary of Investment Terms

Agency - See "Federal Agency."

Asset-Backed Securities (ABS) - Securities whose income payments and hence value is derived from and collateralized (or "backed") by a specified pool of underlying assets which are receivables. Pooling the assets into financial instruments allows them to be sold to general investors, a process called securitization, and allows the risk of investing in the underlying assets to be diversified because each security will represent a fraction of the total value of the diverse pool of underlying assets. The pools of underlying assets can comprise common payments credit cards, auto loans, mortgage loans, and other types of assets. Interest and principal is paid to investors from borrowers who are paying down their debt.

Bankers' Acceptance (BA's) - A draft or bill of exchange drawn upon and accepted by a bank frequently used to finance the shipping of international goods. Used as a short-term credit instrument, bankers' acceptances are traded at a discount from face value as a money market instrument in the secondary market on the basis of the credit quality of the guaranteeing bank.

Benchmark - A market index used as a comparative basis for measuring the performance of an investment portfolio. A performance benchmark should represent a close correlation to investment guidelines, risk tolerance, and duration of the actual portfolio's investments.

Certificate of Deposit (CD) - Bank obligation issued by a financial institution generally offering a fixed rate of return (coupon) for a specified period of time (maturity). Can be as long as ten years to maturity, but most CDs purchased by public agencies are one year and under.

Collateral - Investment securities or other property that a borrower pledges to secure repayment of a loan, secure deposits of public monies, or provide security for a repurchase agreement.

Commercial Paper - Short-term unsecured promissory note issued by a company or financial institution that is issued at a discount and matures for par or face value. This instrument usually matures at a maximum maturity of 270 days and bears a short-term debt rating by one or more Nationally Recognized Statistical Rating Organization (NRSRO).

Corporate Medium Term Notes - A debt instrument issued by a corporation with a maturity of greater than one year and less than ten years. Used frequently to refer to corporate notes of medium maturity (five years and under).

Custody - Safekeeping services offered by a bank, financial institution or trust company, referred to as the "custodian." Service normally includes the holding and reporting of the customer's securities, the collection and disbursement of income, securities settlement and market values.

Delivery Versus Payment (DVP) - The settlement procedure in which securities are delivered versus payment of cash, but only after cash has been received. Most security transactions, including those through the Federal Reserve Securities Wire system and DTC, are done DVP as a protection for both the buyer and seller of securities.

Depository Trust Company (DTC) - A firm through which members can use a computer to arrange for securities to be delivered to other members without physical delivery of certificates. A member of the Federal Reserve System and owned mostly by the New York Stock Exchange, the Depository Trust Company uses computerized debit and credit entries. Most corporate securities, commercial paper, CDs, and BAs clear through DTC.

Derivative - A financial instrument whose value is based on or determined by another security, financial instrument, or index.

Diversification - Dividing investment funds among a variety of security types, maturities, industries, and issuers offering potentially independent returns.

Federal Agency - These are Federal government sponsored and/or owned entities created by the U.S. Congress, generally for the purpose of acting as a financial intermediary by borrowing in the marketplace and directing proceeds to specific areas of the economy considered to otherwise have restricted access to credit markets. The largest federal agencies are Fannie Mae, Freddie Mac, FHLB, FFCB, and TVA.

Federal Reserve System (the Fed) - The independent central bank system of the United States that establishes and conducts the nation's monetary policy. This is accomplished in three major ways: (1) raising or lowering bank reserve requirements, (2) raising or lowering the target Federal Reserve Funds Rate and Discount Rate, and (3) in open market operations by buying and selling government securities. The Federal Reserve System is made up of twelve Federal Reserve District Banks, their branches, and many national and state banks throughout the nation. It is headed by the seven-member Board of Governors known as the "Federal Reserve Board" and led by its Chairman.

Federal Treasuries - A collective term used to describe debt instruments backed by the U.S. Government and issued through the U.S. Department of the Treasury that includes Treasury bills, Treasury notes, and Treasury bonds. Also a benchmark term used as a basis by which the yields of non-Treasury securities are compared (e.g., "trading at 50 basis points over Treasuries").

Fiduciary Funds - Term used when a governmental unit acts in a fiduciary capacity such as a trustee or agent. The government unit is responsible for handling the assets placed under its control.

Government Sponsored Enterprise (GSE) - A privately owned entity subject to federal regulation and supervision, created by the U.S. Congress to reduce the cost of capital for certain borrowing sectors of the economy such as students, farmers, and homeowners. GSEs carry the implicit backing of the U.S. Government, but they are not direct obligations of the U.S. Government. For this reason, these securities will offer a yield premium over Treasuries. Examples of GSEs include: FHLB, FHLMC, FNMA, and SLMA.

Governmental Funds - Term used in Government Accounting to apply to all funds except for the profit and loss funds (e.g., enterprise fund, internal service fund) and trust and agency funds. Examples of governmental funds are the general fund, special assessment fund, and capital projects fund. Governmental funds use the modified accrual accounting method.

Government Instrumentalities (Supranationals) – Entities formed by two or more central governments with the purpose of promoting economic development for the member countries. Supranational institutions finance their activities by issuing debt, such as supranational bonds. Examples of supranational institutions include the European Investment Bank and the World Bank. Similarly to the government bonds, the bonds issued by these institutions are considered direct obligations of the issuing nations and have a high credit rating.

Index - A compilation of statistical data that tracks changes in the economy or in financial markets.

Interest-Only (IO) Strips - A security based solely on the interest payments from the bond. After the principal has been repaid, interest payments stop and the value of the security falls to nothing. Therefore, IOs are considered risky investments and are usually associated with mortgage-backed securities.

Inverse Floater - A floating rate security structured in such a way that it reacts inversely to the direction of interest rates. Considered risky as their value moves in the opposite direction of normal fixed income investments and whose interest rate can fall to zero.

Investment Advisor - A company that provides professional advice managing investment portfolios offers investment recommendations and/or research in exchange for a management fee.

Liquidity – This is a measure of the relative ease of converting an asset into cash without significant loss of value and the level of cash and near-cash items in a portfolio of assets. This term also describes the marketability of money market security correlating to the narrowness of the spread between bid and ask prices.

Local Agency Investment Fund (LAIF) - Special fund in the California State Treasurer’s Office which local agencies may access to deposit funds for short-term investment and reinvestment.

Market Value - The fair market value of a security or commodity or the price at which a willing buyer and seller would pay for a security.

Maturity Date - Date on which principal payment of a financial obligation is due.

Money Market Mutual Fund (2a-7) - A type of mutual fund that invests solely in money market instruments, such as Treasury bills, commercial paper, bankers' acceptances, and repurchase agreements. Money market mutual funds are registered with the SEC under the Investment Company Act of 1940 and are subject “rule 2a-7” which significantly limits average maturity and credit quality of holdings.

Mortgage-Backed Securities (MBS) - Mortgage-backed securities represent an ownership interest in a pool of mortgage loans made by financial institutions, such as savings and loans, commercial banks, or mortgage companies, to finance the borrower's purchase of a home or other real estate. The majority of MBS are issued and/or guaranteed by GNMA, FNMA and FHLMC. There are a variety of MBS structures, some of which can be very risky and complicated. All MBS have reinvestment risk as actual principal and interest payments are dependent on the payment of the underlying mortgages which can be prepaid by mortgage holders to refinance at lower rates or simply because the underlying property was sold.

Mortgage Pass-Through Securities - A pool of residential mortgage loans with the monthly interest and principal distributed to investors on a pro-rata basis. Largest issuer is GNMA.

Municipal Note/Bond - Debt issued by a state or local government unit or public agency. The vast majority of municipals are exempt from state and federal income tax, although some non-qualified issues are taxable.

Mutual Fund - Portfolio of securities professionally managed by a registered investment company that issues shares to investors. Many different types of mutual funds exist (bond, equity, money market fund); all except money market funds operate on a variable net asset value (NAV).

NRSRO - “Nationally Recognized Statistical Rating Organization.” An entity designated as a rating organization that the SEC has recognized as having a strong national presence in the U.S. NRSROs provide credit ratings on corporate and bank debt issues. Only ratings of an NRSRO may be used for the regulatory purposes of rating. They include Moody’s, Standard & Poor’s, and Fitch among others.

Par Value - Face value, stated value or maturity value of a security.

Principal - Face value of a financial instrument on which interest accrues which may be less than par value if some principal has been repaid or retired. For a transaction, principal is par value as a factor of price and includes any premium or discount.

Proprietary Funds - In governmental accounting, one having profit and loss aspects; therefore it uses the *accrual* rather than modified accrual accounting method. The two types of proprietary funds are the Enterprise Fund and the Internal Service Fund.

Prudent Investor Standard - Standard that requires that when investing, reinvesting, purchasing, acquiring, exchanging, selling, or managing public funds, a trustee shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and the anticipated needs of the agency, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of the agency. This standard is more stringent than the “prudent person” standard as it implies a level of knowledge commensurate with the responsibility at hand.

Range Note - A type of structured note that accrues interest daily at a set coupon rate that is tied to an index. Most range notes have two coupon levels; a higher accrual rate for the period the index is within a designated range, the lower accrual rate for the period that the index falls outside the designated range. This lower rate may be zero and may result in zero earnings.

Rate of Return - Amount of income received from an investment, expressed as a percentage of the amount invested.

Repurchase Agreement (Repo) - A short-term investment vehicle in which an investor agrees to buy securities from a counterparty and simultaneously agrees to resell the securities back to the counterparty at an agreed upon time and for an agreed upon price. The difference between the purchase price and the sale price represents interest earned on the agreement. In effect, it represents a collateralized loan to the investor, where the securities are the collateral. Can be DVP, where securities are delivered to the investor’s custodial bank, or “tri-party” where the securities are delivered to a third-party intermediary. Any type of security can be used as “collateral,” but only some types provide the investor with special bankruptcy protection under the law. Repos should be undertaken only when an appropriate approved banking master repurchase agreement is in place.

Reverse Repurchase Agreement (Reverse Repo) - This is a repo from the point of view of the original seller of securities. Used by dealers to finance their inventory of securities by essentially borrowing at short-term rates. Can also be used to leverage a portfolio and in this sense, can be considered risky if used improperly.

Safekeeping - Service offered for a fee, usually by financial institutions, for the holding of securities and other valuables. Safekeeping is a component of custody services.

Supranational Bonds - Are defined as those issued by entities formed by two or more central governments to promote economic development for the member countries. For example, United States dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the International Bank for Reconstruction and Development, International Finance Corporation, or Inter-American Development Bank.

Total Return - Investment performance measured over a period of time that includes coupon interest, interest on interest, and both realized and unrealized gains or losses. Total return includes, therefore, any market value appreciation/depreciation on investments held at period end.

Weighted average maturity (WAM) - is the weighted average amount of time of the maturities on the underlying mortgages in a mortgage-backed security (MBS) and assets in asset backed securities (ABS). This term is used more broadly to describe maturities for these instruments as these securities invest in multiple specified pools of underlying assets and these underlying pools may have varying maturities.

Yield to Maturity (YTM) - Calculated return on an investment, assuming all cash flows from the security are reinvested at the same original yield. Can be higher or lower than the coupon rate depending on market rates and whether the security was purchased at a premium or discount. There are different conventions for calculating YTM for various types of securities.



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject: Acceptance of Fiscal Year 2022 Audited Financial Statements and Compliance reports

Prepared by: June Du, Finance Director
Approved by: Gabriel Engeland, City Manager

Attachment(s):
1. Draft Annual Comprehensive Financial Report (ACFR)
2. Memorandum on Internal Control (MOIC)

Initiated by:
Staff and the Financial Commission

Previous Council Consideration:
N/A

Fiscal Impact:
None

Environmental Review:
Not applicable

Policy Question(s) for Council Consideration:

- Does the Council Accept the Fiscal Year 2022 Audited Financial Statements and Compliance reports?

Summary:

- The City’s Finance Department has prepared the FY2022 ACFR which was reviewed by the Finance Commission on March 20th, 2022. The Certified Public Accounting firm, Maze & Associates, has audited the financial statements in the report. The auditors have issued an opinion that the financial statements represent the position of the City fairly, in all material respects.

Staff Recommendation:

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JD



Subject: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

Accept the Comprehensive Annual Financial Report and compliance reports for the fiscal year ended June 30, 2022.

Purpose

A number of state and federal laws require that the City’s financial statements be audited annually by external auditors who are Certified Public Accountants. The result of the audit is a compilation of detailed financial statements, known as the Annual Comprehensive Financial Report (ACFR), prepared in accordance with generally accepted accounting principles (GAAP) as required by the Government Accounting Standards Board (GASB). The ACFR is a useful tool in understanding and evaluating the City’s financial condition.

Background

The audit typically begins a few months before the fiscal year-end with a review of the City’s financial processes and internal controls. However, the scope of the audit is to express an opinion on the City’s financial statements, not to express an opinion on the effectiveness of the City’s internal controls. Next, the auditor completes a site visit to conduct the interim audit procedures; however, due to the COVID-19 pandemic, this year the interim and final audits were performed remotely. Staff was available for questions using Zoom, Teams, and other forms of remote communication. The interim audit occurred in May and June 2022. The auditors completed those year-end testing procedures and an evaluation of fund balances in December 2022.

This is the seventh year that Maze & Associates has performed the City’s annual audit, and the City has received an “unmodified” or “clean” opinion.

The ACFR is presented to the Finance Commission for its review prior to being submitted to the City Council for review and acceptance.



Subject: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

Discussion/Analysis

READING THE ACFR AND RELATED DOCUMENTS

1. **ACFR:** The ACFR highlights both the results of operations during FY2022 and changes to fund balances. The report is divided into three major sections, as follows:
 - **Introductory Section** – provides a narrative summary of changes in fund balances and highlights of the results of operations. It includes a letter of transmittal from management, an organizational profile, and a listing of key officers and personnel.
 - **Financial Section** – presents the independent auditor’s report, management’s discussion and analysis of the financial reports, all of the financial statements, notes on the financial statements, and supplemental information.
 - **Statistical Section** – includes several unaudited schedules that provide comparative information over a 10-year period.

Select highlights from the ACFR are presented below. The full draft ACFR can be seen in Attachment 1.

2. **Memorandum on Internal Control:** In planning and performing the audit of the basic financial statements of the city, auditor also considered the City’s internal control over financial reporting as a basis for designing audit procedures. The communications to the city’s management presented in Attachment 2.



Subject: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

FY2022 RESULTS

The City ended its fiscal year on a government-wide basis with total revenues of \$67.3 million, which was an increase of \$5.8 million or 9.5% compared to the prior year, and total expenses of \$68.5 million, an increase of \$18.5 million or 37.0%. The results represent combined government and business operations, with an overall decrease in net position of \$1.2 million primarily due to a one-time \$6.5 million elective contribution to CalPERS, increased salary, benefits, and inflationary pressure on the supply chain. The payments to CalPERS will provide long-term stability to the City’s pension costs and future liabilities.

Operational revenue gains were predominantly in Community Development and recreation activities. Sales tax, utility tax, and hotel occupancy tax have gradually recovered to pre-pandemic levels and have exceeded the projected budget. Property tax increased by \$1.7 million. Sewer revenues increased by \$1.2 million as projected, and solid waste revenues were stable and positioned to facilitate future operational and capital needs.

The increase in Government-wide expenses is the result of salary and benefit adjustments and using consultants and overtime to address existing staff vacancies. Expense increases also reflect inflation caused by supply chain shortages related to COVID-19. Resource use continues to reflect an emphasis on public safety, infrastructure maintenance, quality of life, and community development activity.

The City made significant progress on many capital improvement initiatives, which include maintenance and street resurfacing, streetscape and intersection improvements, and pedestrian and traffic safety enhancements throughout the City. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

General Fund Operating Results

The General Fund is the chief operating fund of the City. For the year ending June 30, 2022, the total fund balance was \$19.6 million, \$10.5 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects. The unrestricted unassigned fund balance is \$9.1 million, an increase of \$4.1 million from the prior year.

Revenues were \$3.7 million higher in the fiscal year ended June 30, 2022, compared to last fiscal year, a change of 7.4%.

Expenditures increased \$6.8 million in the fiscal year ended June 30, 2022, compared to the last fiscal year, a change of 10.5%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:



Subject: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

General Fund Revenues

Property Taxes overall increased by \$1.6 million, or 5.7% compared to the prior year. This increase is primarily attributable to continued increases in property values (assessed value) and residential sales activity that increased the tax roll.

Sales and Use Taxes overall increased by \$0.7 million, or 24.8% compared to the prior year. The revenue is almost recovered to the pre-pandemic level.

Utility user Taxes overall increased by \$0.2 million, or 6.7% compared to the prior year. This increase was due to inflationary increases rather than an increased tax base.

Charges for Services increased by \$0.7 million, or 23.1% compared to the prior year, mainly related to city facilities for recreational activities including the opening of the new Community Center.

Grants and donations decreased by \$0.1 million or 2.5% compared to the prior year, mainly due to a reduction in CARES Act stimulus funds allocated to the City in fiscal year 2022.

Other Taxes increased significantly by \$1.2 million, or 54.2% compared to the prior fiscal year, primarily due to the recovery from the pandemic of Transient Occupancy Taxes and real estate document transfer tax.

Interest and Rentals decreased by \$1.1 million compared to the prior fiscal year, primarily due to the significant reduction in market interest rates applicable to the City’s investment funds.

General Fund Expenditures

Public Safety expenditures increased by \$1.7 million, or 8.9% compared to the prior year primarily due to increased personnel and benefit costs and fire services contract costs, offset by lower other expenses.

Public works expenditures increased by \$0.5 million, or 9.5% compared to the prior year, primarily due to salary increases.

Community development expenditures increased \$0.1 million, or 1.8% compared to the prior fiscal year, primarily attributable to salary adjustments.

Recreation expenditures were \$0.7 million, or 41.1% more than the prior year, primarily due to an overall increase in operations and the opening of the new Community Center and costs related to other city facilities.

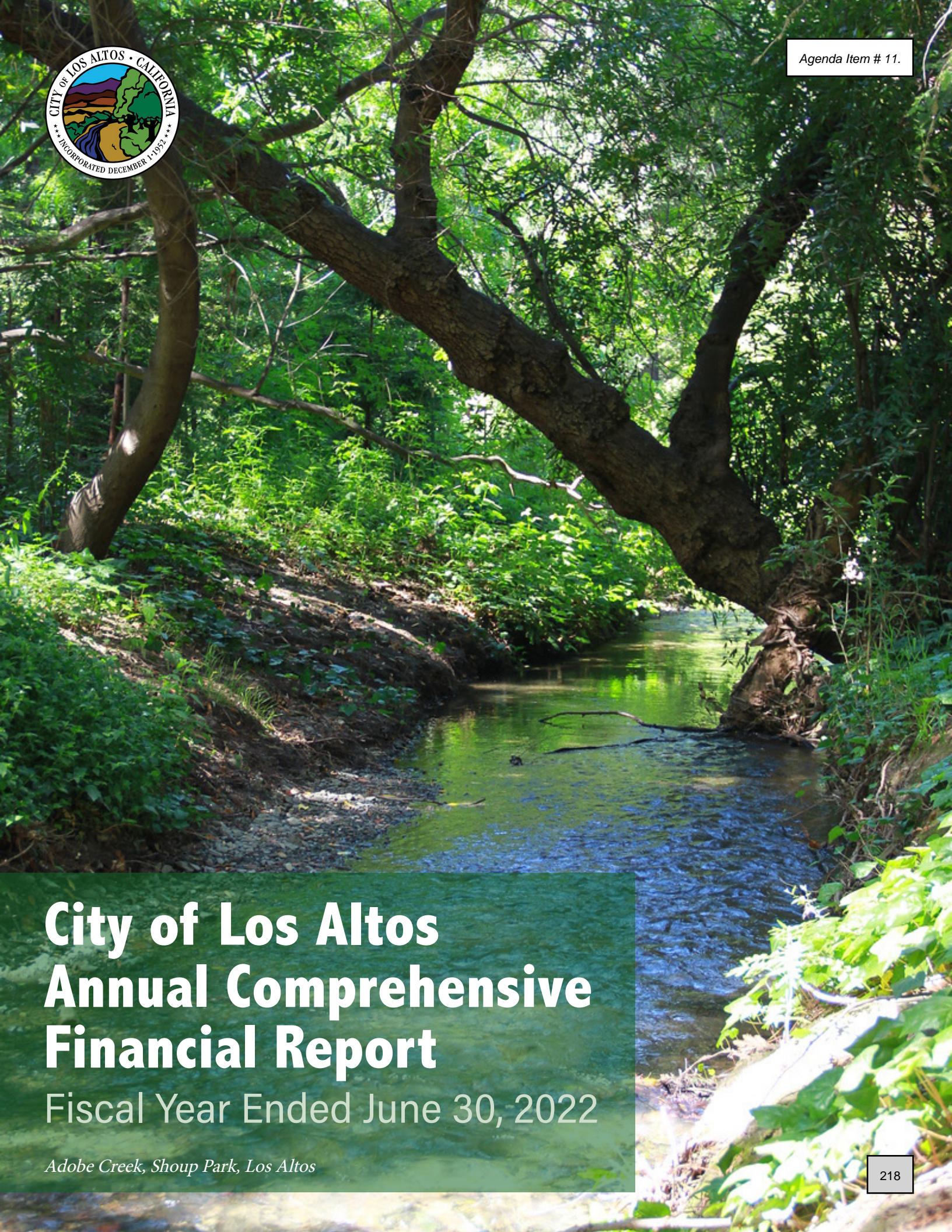


Subject: Fiscal Year 2022 Annual Comprehensive Financial Report (ACFR)

Administration and Finance expenditures increased by \$6.3 million, or 81.4% compared to the prior year, primarily due to a one-time elective contribution of \$6.5 million to CalPERS Pension and OPEB.

NEXT STEPS

Upon acceptance by the City Council, the ACFR will be submitted to the Government Finance Officers Association for consideration of a Certificate of Achievement for Excellence in Financial Reporting.



City of Los Altos Annual Comprehensive Financial Report

Fiscal Year Ended June 30, 2022

Adobe Creek, Shoup Park, Los Altos

**CITY OF LOS ALTOS, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2022**

**Prepared by
FINANCE DEPARTMENT**



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INTRODUCTORY SECTION



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**CITY OF LOS ALTOS
Annual Comprehensive Financial Report
For the Year Ended June 30, 2022**

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One North San Antonio Road
Los Altos, California 94022

February 20, 2023

**Honorable Mayor
and Members of the City Council
City of Los Altos, California**

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the City of Los Altos, California (the City) for the fiscal yearended June 30, 2022. This document provides citizens, businesses, property owners, investors, and other interested parties with an overview of the City's finances. The information in this ACFR is prepared in accordance with Generally Accepted Accounting Principles (GAAP) and includes an unmodified opinion on the report by the City's independent certified public accountants. Although we rely on the standards and expertise of these external authorities, the responsibility for the accuracy and fairness of this report ultimately rests with the City. For readers interested in a more detailed review of the City's financial statements, the Management's Discussion and Analysis (MD&A) is also included in this document. The MD&A reports on the financial highlights of the City and provides additional analysis on the variances and trends reported as part of the financial statements. The MD&A also discloses significant items affecting the financial condition of the City and is designed to be read in conjunction with this Letter of Transmittal and can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY AND ITS SERVICES

Tree-lined streets and a small village atmosphere characterize Los Altos, which is in the heart of the world-famous Silicon Valley. Just 40 miles south of San Francisco, Los Altos is a residential community with a population of approximately 31,000 served by seven small retail areas. The seven-square-mile residential city is developed with small businesses, schools, libraries, and churches. Incorporated on December 1, 1952, Los Altos is a general law city operating under the Council-Manager form of government. There are five Council members elected at large, serving four-year overlapping terms. Municipal services provided include police, street maintenance, engineering, community development, parks, recreation, and sewer. Fire protection is contracted with the Santa Clara County Central Fire Protection District.

City Structure

The City operates under the Council-Manager form of government, with five at-large Council Members elected to staggered four-year terms. The Mayor and Mayor Pro Term are elected by the Council from their membership, and each serves a one-year term. The City Council serves as the legislative and policy-making body of City government and is responsible for enacting City ordinances, adopting resolutions, approving the annual budget, appointing commissions and committees, and hiring the City Manager and City Attorney.

The City Manager is responsible for implementing City Council policies, ordinances, and directives; overseeing day-to-day operations; and appointing the directors of the City's departments and all personnel. As of June 30, 2022, the City had a permanent staff of 136 and augmented this staff with temporary, limited duration, and seasonal employees to address needs such as summer recreation programs. The City provides an array of services that include public safety/police services, park, recreation & Community Services, Executive, finance, human resources, public works, Environmental & Utilities Services and development services. Responsibilities in each service area include:

- **Executive** - includes The City Manager's Office, Economic Development, Emergency Preparedness, City Clerk's Office, City Attorney's Office, Risk Management, Human Resources, Information Technology, and Public relations;
- **Public Safety** - includes all Police functions, comprised of Training, Communications, Patrol, Investigations, Community Policing, Animal Control, School Service Officers, Traffic Enforcement. Fire Services are contracted to the County.
- **Finance** - includes Finance, Budget, Treasury, and Accounting.
- **Park, Recreation & Community Services** - includes Parks, Facilities, Recreation Classes, Senior Services, Facility Rentals, Sports and Camps,
- **Community Development Services**- includes Building Code Enforcement, Planning, Housing, Business License and Transportation Planning.
- **Public Works/ Engineering**- includes managing the Capital Investment Program, Streets Project, and Transportation Planning.
- **Environmental & Utilities Services** - includes Sewer, Storm Drain Operations, and Environmental Sustainability Program.

The City also oversees the enterprise funds associated with Sewer and solid waste operations and several other special revenue funds such as the Park in Lieu fund, financial information for these operations is included in the ACFR. Library services are provided by The County. Fire services are contracted to the County, water utilities are provided by a separate special district, with their own governing body.

SERVICE EFFORTS AND MAJOR INITIATIVES

Service Efforts

In fiscal year 2022, the City continued its commitment to provide a high level of service to its residents and citizens, adhered to its adopted financial plan as evidenced by the budget-to-actual reporting presented within this document. The latter half of fiscal year 2022 saw the City face operational uncertainty due to the departure of the Finance Director, Senior Accountant and Accounting Technician compounded with the effects of the COVID-19 pandemic. Prudent and quick decision-making by the city manager helped speed the hire of an Interim Finance Director were engaged to meet the essential workloads in the Finance department. All major funds have performed within acceptable limits through proper stewardship and management.

Major Initiatives

Capital Improvements: Fiscal year 2022 marked another year of capital investment into the community with further resources applied to City-wide improvements. Some of the key capital expenditures of note during fiscal year 2022 include the following:

- \$2,161,056 – Annual Street & City Alley Resurfacing
- \$1,102,380 – Fremont Avenue Pavement Rehabilitation
- \$411,758 – Annual Street Slurry Seal and Stripping
- \$988,017- Annual Sewer System Repair Program
- \$911,682 – Los Altos Community Center Redevelopment
- \$514,711 – Community Chamber AV Equipment
- \$328,980 – Housing Element Update
- \$265,553 – Police Records Management & Dispatch system

Pedestrian Safety, Roads, and Walkways: Los Altos invests a significant amount of resources on a variety of roadway, pedestrian, and bikeway initiatives and improvements. Over \$3.6 million was applied to street rehabilitation, resurfacing, sidewalk repairs, and street lighting systems which enhanced safety lighting and street striping. These efforts support the City's highway condition index while increasing overall pedestrian, bicycle, and vehicle safety.

Civic Facilities: In fiscal year 2022, the City finished the construction phase state-of-the-art community center.

FINANCIAL CONTROLS AND PROCEDURES

Financial Policies: On an annual basis, the Council approves financial policies designed to promote sound financial management and ensure fiscal integrity over time. This ACFR reflects the implementation of these financial guidelines and presents all fund reserves and designations to define fund balance commitments and obligations as of the financial report date.

Internal Control Structure: City management is responsible for establishing and maintaining fiscal internal controls designed to safeguard the assets of the government from loss, theft, or misuse, and to ensure that accounting data is accurately compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of controls should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits require estimates and judgments by management.

Cash Management Policies: It is the City’s practice to “pool” available cash from all funds for investment purposes. In accordance with the annually adopted investment policy, available cash is invested with the goal of safety, meaning the protection of principal, as the priority, ensuring adequate liquidity as the second priority, and maximizing yield as the third priority. This past year, the Local Agency Investment Fund (LAIF) earnings rate averaged 0.6%. Staff continues to act on Council direction to engage investment advisory services and continues to diversify the City’s investment portfolio as a means of mitigating the impact of interest rate swings. As always, the emphasis remains on preserving the safety of principal.

Strengthening Key Fund Reserves: This financial report reflects the attainment of judicious fiscal reserves noting continued funding to both capital and economic safety fund balances. As projected in the budget process, the results herein place the City in a position to maintain at least 20% of budget expenditures in General Fund reserve. In fiscal year 2022, the City contributed \$5 million to CalPERS pension unfunded accrual liability (UAL) and \$1.5 million to the California Employer’s Retiree Benefit Trust (CERBT). The City will continue to prepare for the increase in the annual CalPERS payments and to rebuild the CalPERS Reserve.

Risk Management: The City is insured for general liability through the Bay Cities Joint Powers Insurance Authority that covers claims in an amount up to \$10 million with a deductible or uninsured liability of up to \$100,000 per claim. The City is self-insured for Workers’ Compensation and has an excess insurance policy for such claims up to the statutory limits. The City continues to maintain adequate funding levels to cover the cost of its actuarial obligations, but these rising cost areas will require continued attention in the coming years.

GASB 75 Compliance: This report complies with the provisions of Government Accounting Standard Board Statement #75 (GASB 75). This standard pertains to Other Post Employee Benefits (OPEB) and requires the completion of an actuarial study to account for post-employee benefit liabilities that exist. This reporting requirement is described in financial note 12 of the ACFR and the related liabilities reflected in the statements. As of June 30, 2022, the City’s net OPEB obligation was valued at \$0.78 million, an amount reflected in the government-wide statements. The City has contributed \$1.5 million in CERBT in fiscal year 2022.

EXECUTIVE FINANCIAL OVERVIEW

This executive financial overview is presented as a supplement to the more detailed and comprehensive analysis presented in the MD&A. This section highlights key financial performance indicators for our major funds.

General Fund

The General fund, the primary operating fund of the City, favorably exceeded expectations with an operating surplus of \$ 1.6 million (includes onetime American rescue plan act, ARPA funds of \$3.6) million before transfers, for fiscal year 2022. At year end, the total General fund balance equaled \$19.6 million with an unassigned fund balance of \$9.1 million after commitments and assignments.

As planned for in the budget process, this surplus must be allocated to maintain the City’s Operating Reserve at 20% and allocating major funding to capital improvements, such as street maintenance and annual facilities improvements. At year end, the City’s Operating Reserve is at \$8.8 million, 20.6%, and the Capital Project fund reserve is at \$11.8 million. Non-operating and transfer activities are as follows:

- \$230,000 transfer in from Public safety grant funds and others
- \$292,614 transfer in from Enterprise fund to pay portion of the CalPERS UAL
- \$903,013 transfer out for equipment replacement
- \$3,932,956 transfer out for capital projects
- \$23,939 transfer out for Storm drain fund
- \$384,000 transfer out for funding Internal Service fund

The General fund's key revenue streams continue to grow at a steady pace. Property tax, which accounts for nearly 57.8% of the City's revenues, continues to be the strongest driver with an increase of 5.4% in fiscal year 2022 over the prior year.

Table of Revenues compared to Last Year and Current Year Budget

Revenues (in Millions)	FY2021 Actual	FY22 Budget	FY22 Actual	Actual Var%	Budget Var%
Property tax	28.5	30.3	30.1	5.7%	-0.7%
Sales tax	3.0	3.5	3.7	24.8%	8.3%
Utility users	2.9	2.7	3.1	6.1%	13.3%
Other tax	2.3	2.4	3.5	53.7%	50.3%
Licenses, permits and fees	4.4	4.2	4.6	5.3%	11.0%
Grants and donations (Including ARPA)	4.0	3.6	3.9	-2.2%	8.4%
Charges for services	3.0	2.8	3.6	23.1%	32.4%
Fines and forfeitures	0.1	0.1	0.2	30.5%	33.5%
Interest and rentals	0.2	0.4	-0.9	-616.0%	-364.5%
Other	0.1	0.1	0.2	76.0%	61.6%
Total Revenues	48.4	50.0	52.0	7.4%	4.1%

Other Tax Revenues details

Other Tax Revenues (In Millions)	FY20 Actual	FY21 Actual	FY22 Actual	Actual Var%
Transient Occupancy Tax	2.4	0.7	1.8	168.7%
Motor Vehicle Tax	0.0	0.0	0.0	55.6%
Business License Tax	0.5	0.5	0.6	14.0%
Documentary Transfer Tax	0.6	0.9	1.0	7.0%
Construction Tax	0.1	0.2	0.1	-19.3%
Total Other Tax	3.6	2.3	3.5	53.7%

General fund revenues increased by 7.4% overall in contrast to a 6.4% increase in the prior year. Revenues came in above the annual budget estimates with Sales Tax, UUT, and Other Tax category being the front runners, 50.3% above the budget. Interest income had a large loss. The majority of the interest income loss was unrealized loss of the fair market value recognition on the investment portfolio at the June 30, 2022, measurement date. Property Tax grew with an increase of 5.7% from the prior year. Sales tax increased by 24.8%. In the City's other taxes category, Transient Occupancy Tax (TOT) increased by 168.7% on actuals witness the recovery of the economy during the current COVID-19 pandemic. Real estate transfer tax and

documentary transfer tax, grew 7.0% primarily driven by higher real estate activity. Business license tax, license and permit fees increased based on development activity and timing of payments within the City. Recreation programs increased 317.8% due to the opening of the new Community Center and other city's facilities.

General fund expenditures were 4.6% lower than final budget. The General Fund expenditures came in below General fund revenues by \$1.6 million with one-time revenues related to grants American Rescue Plan Act (ARPA).

Other Funds

Capital Projects Fund: Expenditures in the Capital Projects fund were \$7.4 million. The year end fund balance stood at \$11.8 million. Based on commitments in the Capital budget for the period FY 22-26, the reserves will be insufficient to fulfill commitments at the end of the FY2023 unless additional funding sources are identified and/or Capital projects are deferred or canceled.

Special Revenue, Internal and Enterprise Funds: All other Governmental and Business Type funds results were as expected. In Lieu Park Land, special revenue funds ended the year with a combined balance of \$14.9 million while Enterprise funds ended the year with a combined net position of \$30.3 million.

Fiduciary Funds: The City acts as a custodian of funds held for the benefit of others including the administration of the North County Library Authority (NCLA). The Blue Oak Lane Sewer special assessment district is classified in the custodial group in recognition of the limited nature of this debt which is fully collateralized by homeowner assessments without City obligation.

ECONOMIC TRENDS

Various factors influence our current economic outlook. Revenues overall were better than budget. The City's sales and use tax is gradually recovering from the pandemic. However, the hotel tax is recovering at a slower pace, 75% of pre-pandemic level. Expenses are up markedly, due primarily to inflationary pressures and open positions that required consultants. City's expenses increased 37% compared to FY2021.

Interest rates rose precipitously during the year. This was triggered by the Fed increasing interest rates in an effort to tackle high inflation. The Conference Board forecasts that economic weakness will intensify and spread more broadly throughout the US economy over the coming months with the possibility of a recession. This outlook is associated with persistent inflation and rising hawkishness by the Federal Reserve. The board forecasts that 2023 growth will slow to zero percent year-over-year.

The US Bureau of Statistics reported that job openings rose during 2022 from the prior fiscal year. Per California Employment Development Department (EDD), the California's unemployment rate¹ is at 4.1%.

The last quarter of the fiscal year 2020 and the entirety of fiscal year 2021 were marked by the impacts of the novel corona virus, COVID-19 pandemic. The declaration of local and state-wide emergencies and public health orders closed large parts of the economy to encourage physical distancing and protect public health. Since the initial public health orders, restrictions have been applied and lifted with regularity. This caused a severe impact on economic activity. However, for the past fiscal year sales tax has recovered to pre-pandemic levels. While transient occupancy tax continues to lag, it has improved substantially from fiscal year 2021 levels.

As of November of 2022, the national unemployment rate² was 3.6%, down from 6.0% in November of the prior year and down from peak pandemic unemployment of 14.8% in April 2020. The San Jose-Sunnyvale-Santa Clara Metropolitan statistical area reported an unemployment rate of 2.1% as of December 2022³.

As public health restrictions ease and City facilities and programs continue to reopen, the fiscal year 2022 & fiscal year 2023 budget includes increases in expenditures and additional staffing to support these changes. The economic recovery is expected to continue over the next two years. Accordingly, staff developed a budget for fiscal year 2022 that served as a bridge year between the deepest moments of the pandemic and the return to normalcy. We expect it to be a year of continued recovery from the economic recession triggered by the pandemic. Likewise, the budget for fiscal year 2023 will include the acknowledgment that some areas of operations are still likely to be in recovery, and not yet restored to pre-pandemic levels of operation.

The City continues to perform fairly but was unable to maintain target reserve levels without delaying or canceling capital projects. As we move forward, we remain constantly aware of the financial challenges that face all local municipalities in particular the financial challenges caused by the COVID-19 pandemic, the effects of which will continue to impact the City for multiple years to come. In addition, we continue to monitor and plan to address the significant rises in pension, healthcare, and construction costs. Given the reliance on property tax revenues and the higher revenues in Community Development and other revenue streams, we must remain ever vigilant in monitoring economic trends and long-term financial issues. Only through fiscal stewardship, proper budgeting and prudent use of our reserves, the City of Los Altos will be set to continue its commitment to taking care of its capital needs and residents for the foreseeable future.

1. https://edd.ca.gov/en/about_edd/news_releases_and_announcements/unemployment-november-2022/

2. <https://www.bls.gov/cps/>

3. <https://www.bls.gov/charts/metro-area-employment-and-unemployment/metro-area-unemployment-rates-map.htm#>

INDEPENDENT AUDIT

The public accounting firm of Maze and Associates performed the annual independent audit. The auditors' report on the City's financial statements is included in the financial section of this report.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its ACFR for the fiscal year ending June 30, 2021. In the last 16 years, the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of this report could not have been accomplished without the efficient and dedicated services of the Finance Division staff, Minh Nguyen, and Laura Knott. Every member of the department deserves recognition and thanks for their commitment to the City and their profession. We also want to thank Maze and Associates, our independent auditors, for their professionalism in performing this year-end financial audit, as well as the members of the Financial Commission for their dedication and expertise to help shape policies and procedures. We would also like to thank the members of the City Council, Jon Maginot and the Executive Team for their leadership and oversight in managing the financial operations of the City.

Respectfully submitted,



Gabriel Engeland
City Manager



June Du
Finance Director

City of Los Altos

List of Principal Officials

As of June 30, 2022

ELECTED OFFICIALS

Mayor Anita Enander
 Vice Mayor Sally Meadows
 City Council..... Jonathan Weinberg
 City Council..... Lynette Lee Eng
 City Council..... Neysa Fligor

APPOINTED OFFICIALS

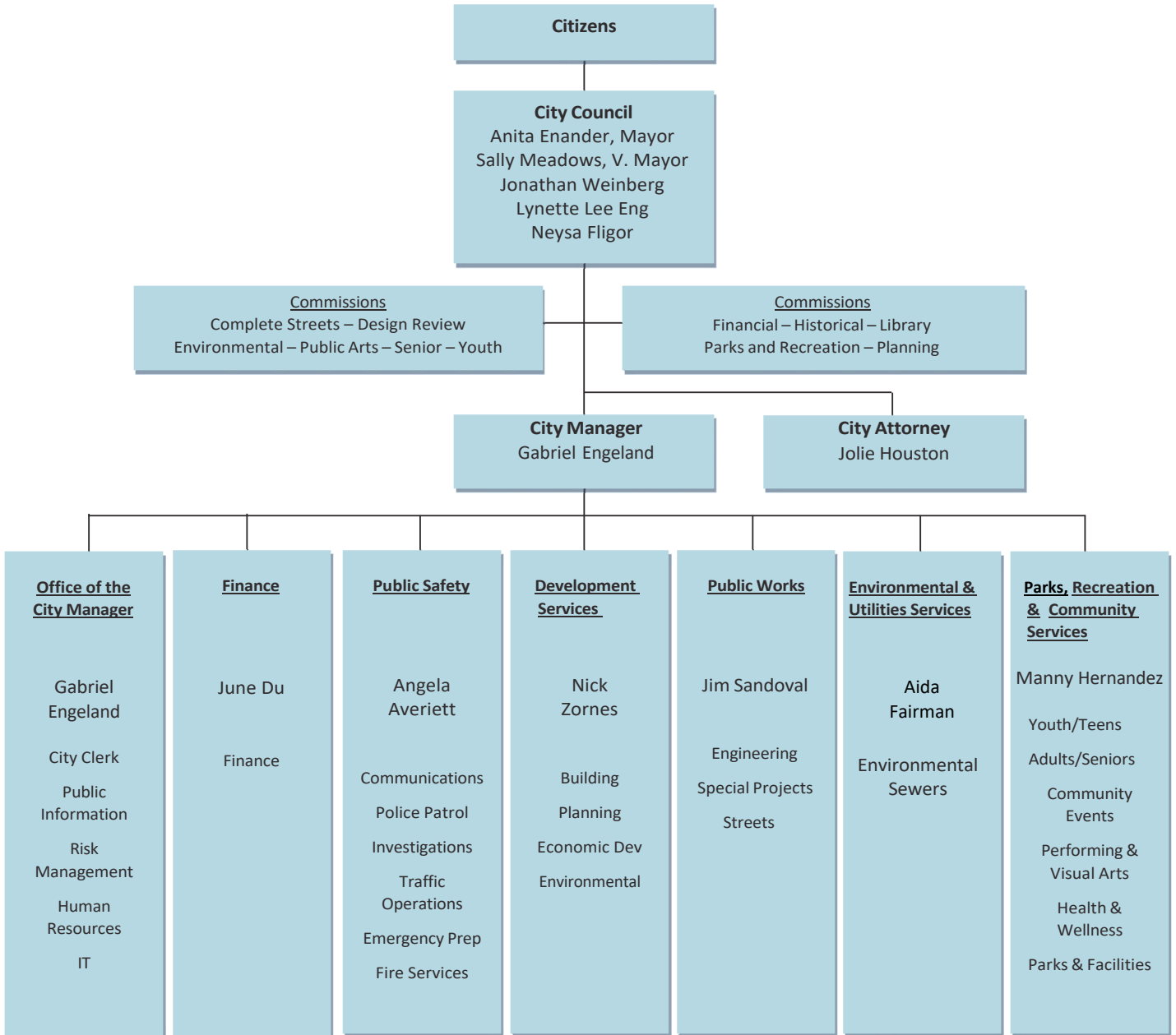
City Manager..... Gabriel Engeland
 City Attorney..... Jolie Houston

EXECUTIVE TEAM (As of January 1, 2023)

Assistant City Manager..... Jon Maginot
 Development Services Director..... Nick Zornes
 Chief of Police..... Angela Averiett
 Environmental and Utilities Services Director..... Aida Fairman
 Finance Director June Du
 Human Resources Director Irene Barragan Silipin
 Public Works Director Jim Sandoval
 Parks, Recreation & Community Services..... Manuel Hernandez



City of Los Altos





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Los Altos
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO



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INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the City Council
City of Los Altos, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Los Alto, California (City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of the Governmental Accounting Standards Board Statement No. 87 – Leases, which became effective during the year ended June 30, 2022.

As discussed in Note 10 to the financial statements, the beginning balances of leases receivable and deferred inflows of resources related to leases were restated and increased by \$6,649,732 as of July 1, 2021. As a result, the net effect on beginning fund balance was zero.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2023, on our consideration of the City’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
February 20, 2023

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

As management of the City of Los Altos (City), we offer readers of the City’s financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022, in accordance with standards established by the Governmental Accounting Standards Board. We encourage readers to consider the information presented here, in conjunction with the additional information furnished in the Letter of Transmittal, which can be found in the preceding introductory section of this report, and with the City’s basic financial statements and accompanying notes to those financial statements.

USING THIS ANNUAL REPORT

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting on the City as a Whole

Government-wide Financial Statements: The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances in a manner similar to a private sector business.

The *statement of net position* presents information on all City assets, deferred outflows of resources, liability, and deferred inflows of resources, with the difference between the assets plus deferred outflows of resources and liability plus deferred inflows of resources as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents how the City’s net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, maintenance, and public works services, planning, building, engineering, and recreation. The City’s business-type activities include sewer, solid waste, and storm drain.

The government-wide financial statements can be found on pages **27 to 31** of this report.

Reporting on the City’s Most Significant Funds

Fund Financial Statements: A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City’s funds can be divided into three categories: governmental funds; proprietary funds; and fiduciary funds.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Notes to the Basic Financial Statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information, such as budgetary comparison information relating to the City’s General Fund. The report added major special revenue fund, the schedule of changes in the City's net pension liability for the miscellaneous plan, the schedule of the City's proportionate share of the safety cost-sharing plan and the schedules of the City's pension contributions to each plan. This information is intended to furnish additional detail to support the basic financial statements.

Governmental Funds: *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, In-Lieu Park Land Special Revenue Fund, and Capital Project Fund, each of which are major funds. Data from the other 19 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the fund financial statements section of this report.

The City adopts a budget annually for the General Fund, Special Revenue Funds, (except for the Storm Drain Deposits Fund), and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year. A budgetary comparison statement has been provided for several key governmental funds.

The basic governmental fund financial statements can be found on pages 33 to 37 of this report.

Proprietary Funds: The City maintains two types of *proprietary funds*. Services for which the City charges customers a fee are generally reported in the City’s *enterprise funds*. These proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City’s various functions. The City uses internal service funds to account for its City dental plan and unemployment insurance, as well as Workers’ Compensation and Liability Insurance costs. Because these services predominantly benefit the governmental function, they have been included in the government-wide financial statements and, accordingly, the related intra-fund charges have been eliminated.

City of Los Altos Management’s Discussion and Analysis, Continued For the year ended June 30, 2022

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. All four internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report. The City’s three enterprise funds (Sewer, Solid Waste and Storm Drain) are considered major funds and are presented as such in the fund financial statements. The City follows the practice of adopting annual budgets for these operations as well.

The combining statements referred to earlier in relation to non-major governmental funds, proprietary and internal service funds, are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 109 to 119 of this report.

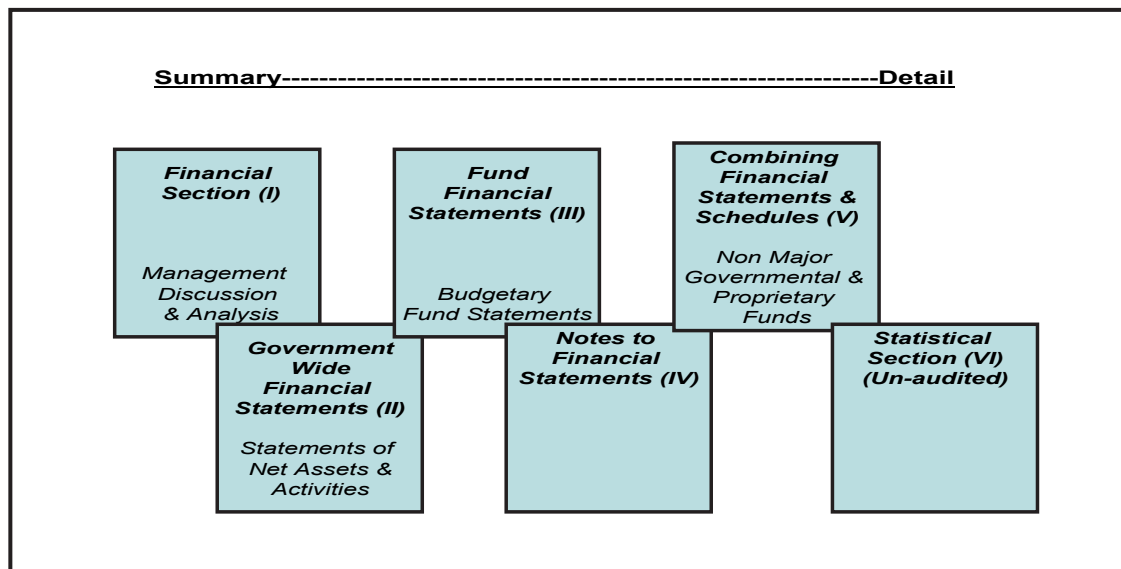
Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These can be found on pages 47 to 91 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City’s budget-to-actual financial comparisons for the General Fund. The City has elected to present this information within the basic financial statement and financial statement sections of the report.

The City as Trustee

Fiduciary Funds: The City is the trustee, or fiduciary, for the North County Library Authority (NCLA) and one special assessment districts –Blue Oak Sewer Lane improvements. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City’s own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

In summary, the various sections of this financial report are arranged as follows:



City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

FINANCIAL HIGHLIGHTS

Financial highlights for the year ended June 30, 2022, include the following:

The City ended its fiscal year on a government-wide basis with total revenues of \$67.3 million, which was an increase of \$5.8 million or 9.5% compared to the prior year, and total expenses of \$68.5 million, an increase of \$18.5 million or 37.0%. The results represent combined government and business operations, with an overall decrease in net position of \$1.2 million primarily due to a one-time \$6.5 million elective contribution to CalPERS, increased salary, benefits, and inflationary pressure on the supply chain. The payments to CalPERS will provide long-term stability to the City’s pension costs and future liabilities.(See tables 2 and 5 for additional information).

Operational revenue gains were predominantly in Community Development and recreation activities. Sales tax, utility tax, and hotel occupancy tax have gradually recovered to pre-pandemic levels and have exceeded the projected budget. Property tax increased by \$1.7 million. Sewer revenues increased by \$1.2 million as projected, and solid waste revenues were stable and positioned to facilitate future operational and capital needs.

The increase in Government-wide expenses is the result of salary and benefit adjustments and using consultants and overtime to address existing staff vacancies. Expense increases also reflect inflation caused by supply chain shortages related to COVID-19. Resource use continues to reflect an emphasis on public safety, infrastructure maintenance, quality of life, and community development activity.

The General Fund reported an operating surplus of \$1.6 million before transfers in/(out). The General Fund transferred funds to the Capital Projects Fund to support the rehabilitation and replacement of City’s infrastructure.

General Fund revenues increased to \$52.0 million, up \$3.6 million from the prior year's \$48.4 million. Expenditure increased to \$50.4 million, up \$9.5 million the from prior year's \$40.9 million.

General Fund unassigned/unrestricted fund balance for the current year totaled \$9.1 million, an increase of \$4.2 million or 85.7% when compared to prior year reported at \$4.9 million. The unassigned fund balance represents 18% of General Fund expenditures. The Government Finance Officers Association guidelines state that General Fund reserves should be 10% to 25%. The City of Los Altos ended the fiscal year 2022 on a healthy reserve balance for general services.

Other Post-Employment Benefits (OPEB) liabilities for the City of Los Altos decreased by \$0.8 million in the current fiscal year. The primary reason for the decrease in OPEB liabilities is due to an investment return of approximately \$545,000. The funding status for the OPEB liabilities increased from 54.9% in fiscal year 2021 to 76.4% in fiscal year 2022. The OPEB funding status is above average when compared to most agencies in the State of California.

Net Pension Liability for the City of Los Altos decreased by \$14.8 million to \$27.7 million when compared to prior year reported at \$42.4 million. The decrease is mostly attributable to the 21.3% investment earnings from California Public Employees’ Retirement System (CalPERS). It is important to note that in fiscal year 2023, the City expects to experience a loss based on the July 20, 2022, news release by CalPERS. CalPERS announced a preliminary -6.1% net return on investments for the 12-month period that ended June 30, 2022

The City made significant progress on many capital improvement initiatives, which include maintenance and street resurfacing, streetscape and intersection improvements, and pedestrian and traffic safety

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

enhancements throughout the City. The City has also made significant capital investments in the maintenance and improvement of the City-wide sewer systems.

Government-Wide View

This section focuses on the net assets and changes in net assets of the City's governmental activities and business-type activities presented in the Government-wide Statement of Net Position and Statement of Activities. Changes in net position may serve over time as a beneficial indicator of the City's financial position.

- City total assets increased by \$3.6 million to \$202.1 million, of which \$170.1 million represented governmental assets and \$32.1 million represented business-type assets.
- City total liabilities decreased by \$20.0 million to \$48.9 million, of which \$47.5 million were governmental liabilities and \$1.4 million were business-type liabilities.
- City total deferred outflows of resources related to its pension and OPEB obligations increased by \$3.7 million to \$ 13.5 million, of which \$12.8 million represented governmental deferred outflows and \$0.7 million were business-type deferred outflows.
- City total deferred inflows of resources related to the lease, pension, and OPEB increased by \$28.4 million to \$30.1 million, of which \$29.0 million represented governmental deferred inflows and \$1.1 million were business-type deferred inflows.
- City net position decreased by \$1.2 million to \$136.7 million, unrestricted net position increased \$6.3 million to \$10.1 million from \$3.8 million, of which -\$4.9 million represented governmental unrestricted net positions \$14.9 million were business type.
- Total government-wide revenues were \$67.3 million, an increase of \$5.8 million from the prior year's \$61.5 million. The City's governmental activities generated \$58.5 million in revenue, while the business-type activities generated \$8.8 million in revenue.
- Total government-wide expenses were \$68.5 million, an increase of \$18.5 million from the prior year's \$50.0 million. The City's governmental activities reported \$60.5 million in expenses, while the business-type activities reported \$8.0 million in expenses.
- Total governmental fund revenues increased \$5.1 million to \$58.5 million. Total governmental fund expenditures decreased to \$60.5 million in fiscal year 2021-22, a decrease of \$16.3 million from the prior year's \$44.2 million.
- As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Los Altos, the governmental activities total assets exceeded liabilities by \$106.4 million as of June 30, 2022, and \$107.7 million as of June 30, 2021. The net assets for governmental activities decreased by a total of \$1.3 million when compared to prior year.
- Recorded capital assets, including infrastructure, represent only a portion of the City's non-business-type assets. Of the total net assets, \$96.9 million is invested in capital assets, net of related debt, in the current year and \$95.5 million in fiscal year 2021.

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Fund Level View

- The General Fund realized an operating surplus of \$1.6 million. Revenue surplus came from property tax \$1.6 million, other taxes \$1.3 million, sales tax \$0.7 million, and charge for services \$0.7 million. These increases were offset by reduced interest and rental income \$1.1 million.
- Total governmental fund balances equaled \$46.3 million at fiscal year-end, a slight increase from prior year's fund balance of \$46.2 million.
- General government capital spending totaled \$6.7 million. The level of capital reinvestment in Los Altos reflects a sustained focus on the maintenance of streets, facilities, traffic calming efforts, and safety. The Capital Improvements Projects Fund balance increased by \$0.3 million from \$11.5 million in fiscal year 2021 \$11.8 million due to the transfer of a part of the unassigned general fund balance from the prior year to the end of the year.
- The In Lieu Park Land Fund ended the year with a fund balance of \$8.4 million with revenues of \$3.5 million with expenditures and transfers out of \$1.0 million spent on eligible projects and debt service payments.
- The Gas Tax Fund balance increased by \$0.2 million to \$1.8 million after funds were used for capital projects, including surplus revenue for the year.
- Sewer operations ended the year favorably with a net position of \$25.1 million. Operating expenses increased by \$1.6 million from \$5.3 million in fiscal year 2021 to \$6.9 million because of the planned activity to system maintenance.
- Solid waste operations ended the year favorably in net position of \$5.2 million. Operating expenses increased by \$0.7 million from \$0.4 million in fiscal year 2021 to \$1.1 million.
- As in the prior year, the Storm Drain Fund has been exhausted. These operations are now funded by the General Fund and will continue to be so unless and until a fee-based model is implemented.
- The Workers' Compensation Fund ended the year with an unrestricted net position of \$1.3 million, a decrease of \$0.3 million compared to prior year's \$1.6 million due to claim activity and not providing additional funding.
- The General Liability Fund ended the year with a small negative balance in unrestricted net position, a decrease of \$0.3 million compared to the prior year's balance.
- Other Non-Major Governmental Funds ended the year with a total combined fund balance of \$6.5 million, an increase of \$0.3 million from \$6.2 million in fiscal year 2021.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net position and changes in net position at the City-wide level as presented in the statement of net position and statement of activities which are summarized in the tables below as of June 30, 2022.

As noted earlier, the net position represents the difference between assets, the deferred outflow of resources and liabilities, and the deferred inflow of resources of the City's governmental activities and may over time serve as a useful indicator of the City’s financial position. The City’s governmental activities, assets, and deferred outflows exceeded liabilities and deferred inflows by \$106.4 million on June 30, 2022. Table 1 summarizes the City’s governmental wide activities net position.

Restricted net assets of \$14.4 million account for approximately 13.6% of the total net assets in the current year, which were \$24.0 million in FISCAL YEAR 2021. The total restricted assets decreased by \$9.6 million or 39.9% when compared to prior year. The decrease in restricted assets is primarily due to significant investments made by the City to improve the City’s infrastructure.

Table 1
Governmental Wide Activities Statement of Net Position (In Millions)

	Governmental Activities		Business- Type Activities	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Cash and investments	\$ 49.2	\$ 50.8	\$ 16.5	\$ 17.0
Other assets	7.3	9.8	0.3	0.4
Capital assets	<u>113.5</u>	<u>105.8</u>	<u>15.4</u>	<u>14.7</u>
Total assets	170.1	166.4	32.1	32.1
Deferred outflows of resources	<u>12.8</u>	<u>9.5</u>	<u>0.7</u>	<u>0.4</u>
Current liabilities	5.5	10.0	0.2	0.4
Non-current liabilities	<u>42.0</u>	<u>56.7</u>	<u>1.2</u>	<u>1.8</u>
Total liabilities	47.5	66.7	1.4	2.2
Deferred inflows of resources	<u>29.0</u>	<u>1.5</u>	<u>1.1</u>	<u>0.1</u>
Net Position				
Net investment in capital assets	96.9	95.5	15.4	14.7
Restricted	14.4	24.0	0.0	0.0
Unrestricted	<u>(4.9)</u>	<u>(11.8)</u>	<u>14.9</u>	<u>15.5</u>
Total net position	\$ 106.4	\$ 107.7	\$ 30.3	\$ 30.2

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Governmental Activities

Of the governmental activities total net position, \$96.9 million, or 91.0%, reflects its net investment in capital assets (e.g., land, infrastructure, buildings, and equipment). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

The governmental activities total Assets of \$170.1 million represent a \$3.6 million or a 2.2% increase, driven by higher receipts, capital activity, and lower spending due to the pandemic.

Capital Assets (net) increased by \$7.7 million or 7.2% compared to prior year primarily driven by additions from capital projects activity in the current year.

The governmental activities, total liabilities of \$47.5 million represent outstanding obligations for operations, capital projects, deposits held for development projects, long-term debt, and net pension liability. A portion of the governmental activities net position represents resources that are subject to restriction on how they may be used. Total liabilities decreased by \$19.1 million or 28.7%.

The governmental activities deferred outflows of resources and deferred inflows of resources are related to the lease, pension and OPEB obligations. The total deferred outflows of resources increased \$3.4 million, and deferred inflows of resources increased \$27.5 million compared to the prior year.

The following charts summarize governmental activities programs and general City revenues available for funding all City programs and major expense program categories.

For the fiscal year ended June 30, 2022, total revenues from all sources relating to governmental activities excluding transfers were \$58.5 million, and total expenses for all City programs relating to governmental activities were \$60.5 million.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

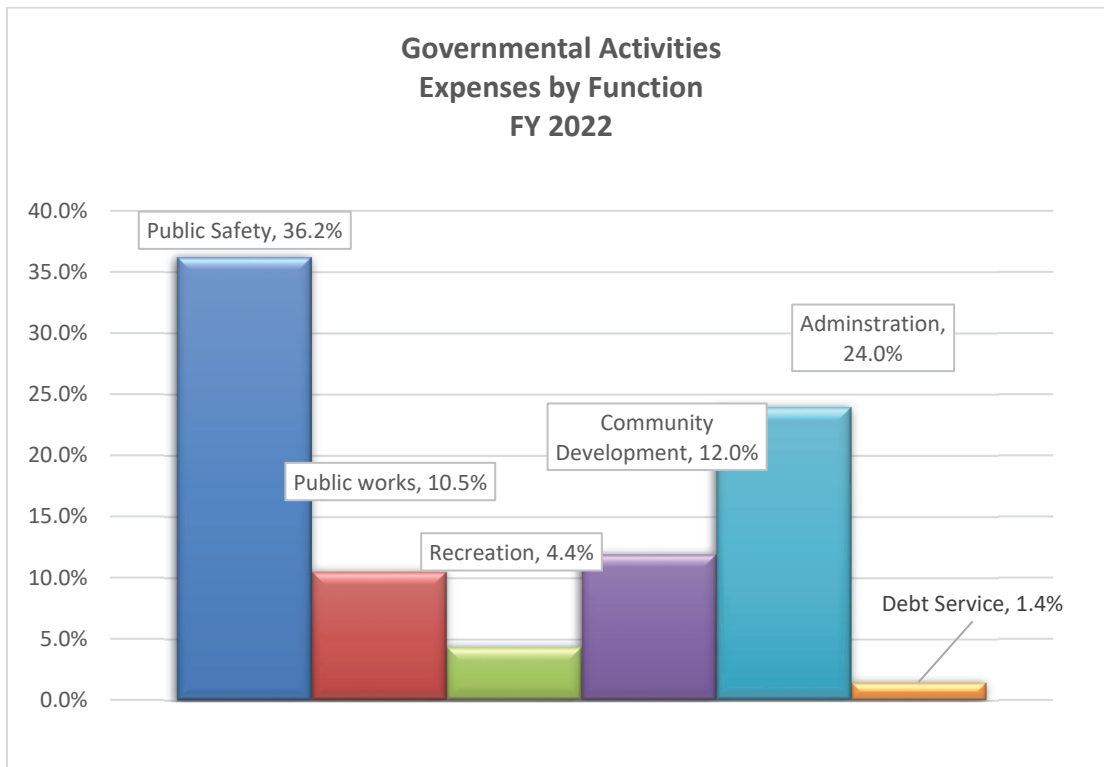
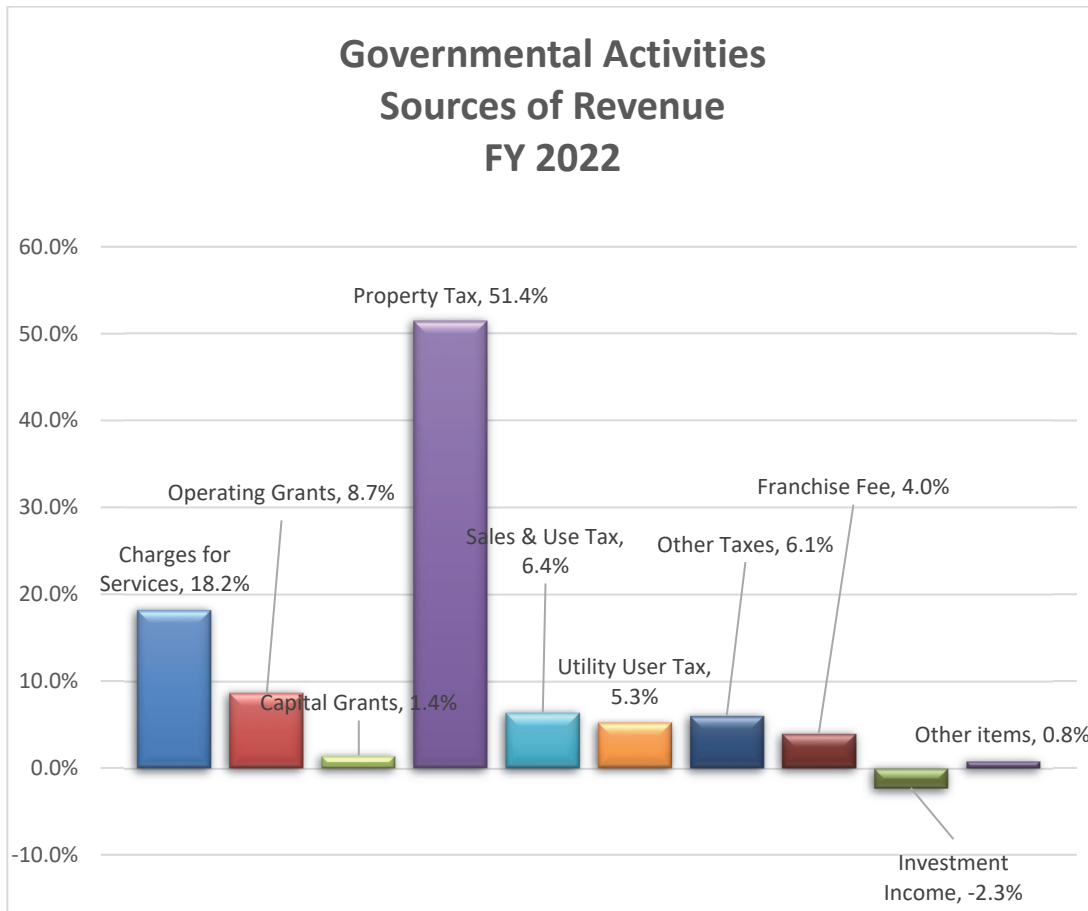


TABLE 2
Change in Net Position - Governmental Activities
(In Millions)

Revenues	2022	2021
Program revenues		
	\$	\$
Charges for service	10.7	7.3
Operating contributions and grants	5.1	4.8
Capital grants	0.8	1.8
Total program revenues	16.6	13.9
General revenues		
Taxes:		
Property	30.1	28.4
Sales and use	3.7	3.0
Utility User	3.1	2.9
Other taxes	3.5	2.3
Franchise fees	2.3	2.2
Investment income	(1.3)	0.2
Other	0.5	0.4
Total general revenues	41.9	39.5
Total revenues	58.5	53.4
Expenses		
Public Safety	23.8	21.4
Public works	11.5	4.7
Recreation	2.9	2.6
Community Development	7.6	7.0
Administration / Finance	14.3	8.3
Interest on Long Term Debt	0.3	0.2
Total expenses	60.5	44.2
Excess (deficiency) before transfers	(2.0)	9.1
Transfers (Net)	0.7	(2.8)
Change in net position - Governmental Activities	(1.3)	6.3
Net Position - Beginning of year	107.7	101.4
Net Position - End of year	\$ 106.4	\$ 107.7

Table 2 shows that governmental activities expenses, which totaled \$60.5 million, were lower than program revenues for governmental activities of \$58.5 million. These program revenues included \$10.7 million in charges for services, \$5.1 million in operating grants and contributions, and \$0.8 million in capital grants and contributions.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Governmental Fund Revenues

Charges for services include traffic safety fines, plan check fees, building inspection fees, other charges related to new construction, and fees charged for recreational activities and programs; these charges increased by \$3.4 million or 46.4% primarily due to the community development activity and recreation programs being robust during the year.

Operating grants and contributions include amounts contributed by developers and pandemic-related stimulus funds received from the federal government. Those funds are restricted to either grant requirements, or have been designated for one-time expenses, while capital grants and contributions are required to fund capital investments. General revenues, as shown in Table 2 on the previous page, are available to pay for expenses not fully covered by program-generated revenues. During the year the City was granted \$5.1 million in operating grants including the receipt of federal ARPA monies, while capital grants awarded decreased to \$0.8 million from \$1.8 million in fiscal year 2021 due to the impact of the pandemic.

Governmental Fund Expenditures

Public Safety expenditures increased by \$2.4 million or 11.4% from the prior year. This increase is primarily due to higher pension costs from the City’s share of the Safety pension pool and higher depreciation charges and fire service contract costs, partly offset by vacant positions that decreased other personnel and benefit costs.

Public works expenditures increased by \$6.8 million (144.6%) compared to the prior year primarily due to consultants filling vacant positions as well as higher operating and maintenance expenses due to inflation.

Community Development expenditures increased \$0.6 million or 9.1% from the prior fiscal year primarily attributable to larger expenses in the housing element and increased community development activity.

Recreation expenditures were \$0.3 million (13.2%) more than the prior year primarily due to an overall increase in operations and facilities costs, including costs related to the opening of the new community center.

Administration and Finance expenditures increased by \$6.0 million (71.9%) compared to the prior year primarily due to a one-time elective contribution of \$6.5 million to CalPERS and OPEB.

Table 3
Governmental Activities
Program Revenues and Net (Expense) Revenue From Services
(In Millions)

	Program Revenues		Net (Expense) Revenue	
	2022	2021	2022	2021
Public Safety	\$ 5.1	\$ 4.3	\$ (18.8)	\$ (17.0)
Public works	1.3	2.2	(10.2)	(2.5)
Recreation	1.1	0.3	(1.8)	(2.3)
Community Development	9.1	6.1	1.4	(0.9)
Administration / Finance	0.0	1.0	(14.2)	(7.4)
Interest on Long Term Debt			(0.3)	(0.2)
Totals	\$ 16.6	\$ 13.9	\$ (43.9)	\$ (30.3)

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Business-Type Activities

As shown in Table 4 below, the net position of the City’s business-type activities was \$30.3 million on June 30, 2022. Assets totaling \$32.1 million included a total of \$16.5 million in cash and investments, \$0.3 in receivables and other assets, and \$15.4 million in capital assets. Liabilities totaled \$1.4 million including \$0.2 million in current liabilities and \$1.2 million in non-current liabilities such as compensated absences and other liabilities.

Table 4
Business - Type Activities Statement of Net Position
(In Millions)

	2022	2021
Cash and investments	\$ 16.5	\$ 17.0
Other assets	0.3	0.4
Capital assets	15.4	14.7
Total assets	32.1	32.1
 Deferred outflows of resources	 0.7	 0.4
 Current liabilities	 0.2	 0.4
Non-current liabilities	1.2	1.8
Total liabilities	1.4	2.2
 Deferred inflows of resources	 1.1	 0.1
 Net Position		
Net investment in capital assets	15.4	14.7
Restricted	0.0	0.0
Unrestricted	14.9	15.5
Total net position	\$ 30.3	\$ 30.2

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Table 5 shows that Business type activities expenses, which totaled \$8.0 million, were augmented by revenues of \$8.8 million. These revenues included \$9.2 million in charges for services and a \$0.4 million reduction in interest earnings, and others, thus adding \$0.1 million to the net position at the end of the year.

Table 5
Change in Net Position - Business-type Activities
(In Millions)

	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 9.2	\$ 8.0
Total program revenues	9.2	8.0
General revenues		
Investment income and other	(0.4)	0.1
Total revenues	8.8	8.1
Expenses		
Outside Services	5.7	4.4
Employee services	2.0	0.9
Depreciation	0.3	0.4
Total expenses	8.0	5.7
Excess (deficiency) before transfers	0.8	2.4
Transfers	(0.7)	0.0
	0.1	2.4
Change in net position - Business-type Activities		
Net Position - Beginning of year	30.2	27.8
Net Position - End of year	\$ 30.3	\$ 30.2

The Joint Sewer System Authority (JSSA) formed in 1968 by a joint exercise of powers among the Cities of Palo Alto, Mountain View, and Los Altos, constructed, maintains, and operates sewage treatment facilities serving its member cities. The City of Palo Alto acts as administrator for JSSA and bills each member its share of the operating costs. Los Altos is obligated through the year 2022 under an operating agreement with the City of Palo Alto for the water treatment plant and sewer services. Payments under this agreement are based on expected usage and are adjusted annually based on actual use and site operating costs.

As projected in budgetary estimates and the prior year’s financial reports, the Storm Drain fund has exhausted its reserves. Currently, the Storm Drain and Urban Runoff Pollution Control Programs (URPP) are categorized as enterprise activities but lack a fee that pays for these services.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

FUND FINANCIAL STATEMENTS AND FINANCIAL ANALYSIS

These statements provide more detailed information about the City’s major funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a City’s or government agency’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government’s near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City has several governmental funds, of which three are considered major funds for presentation purposes. Each major fund is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance. The City’s three major funds are - the General Fund, the In Lieu Parkland Fund, and the Capital Investment Program Fund. Data from the other governmental funds are combined into a single, aggregated presentation.

The City Council adopts a biennial appropriated budget for its General Fund and other funds. Budgetary comparison statements have been provided in the Required Supplementary Information section for the general fund and major special revenue funds that demonstrate compliance with their budgets.

Proprietary funds

The City maintains two types of proprietary funds: Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in government-wide financial statements. The City uses enterprise funds to account for its Sewer, Solid Waste, and Storm Drain operations, all of which are classified as major funds in the City’s Statement of Net Position. Internal service funds are used to accumulate and allocate costs internally among the City’s various functions and to build up reserves for future liabilities related to the workforce. The City uses internal service funds to account for such activities as dental reimbursements, Unemployment Insurance, Workers’ compensation, and liability insurance. Because these services solely benefit the governmental function, they have been included within governmental activities in the government-wide financial statements.

Proprietary fund financial statements provide the same type of information as government-wide financial statements, only in more detail. All nine internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements in the Supplemental Information section of this report.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

Fiduciary Funds

The City is the agent for certain agencies and assessment districts, holding amounts collected that await payment as directed. The City’s fiduciary activities are reported in the separate Statement of Fiduciary Net Position. These activities are excluded from the City’s other financial statements because the City is acting as a trustee for these funds and cannot use these assets to finance its own operations. The City’s fiduciary funds include The North Country Library Authority, and the Blue Oak Lane Sewer special district.

Summary Analysis of Governmental Funds

On June 30, 2022, the City’s governmental fund balances were \$46.3 million, which is an overall increase of \$0.1 million, or 0.2 %, as compared to the prior fiscal year. The following describes the specifics related to this increase:

- A decrease of \$3.1 million in the General Fund fund balance, primarily due to the transfer of \$6.5 million as an elective additional payment to CalPERS and OPEB.
- The In-lieu Park Land fund had higher revenues from development activity of \$3.5 million that were offset by transfers to the Capital projects fund for eligible projects and debt service payments related to the community center and the 2004 general obligation bond of \$1.0 million.
- An increase of \$0.4 million in the capital projects funds was due to increased transfers from the general fund and the facilities reserve to fund capital projects such as facilities maintenance and construction of the Community Center

City of Los Altos
Management's Discussion and Analysis, Continued
For the year ended June 30, 2022

Table 6
Statement of Revenues, Expenditures and Other Financing Sources/Uses
Governmental Funds
(In Millions)

Revenues	2022	2021
Taxes:		
Property	\$ 30.1	\$ 28.5
Sales and Use	3.7	3.0
Utility Users	3.1	2.9
Other taxes	3.5	2.3
Licenses, permits and fees	4.9	4.6
Intergovernmental	5.8	4.2
Grants and Donations	0.5	4.0
Charges for services	4.1	3.2
Fines, forfeitures and penalties	0.2	0.1
Interest and Rentals	(1.3)	0.2
Other	3.8	0.4
	<hr/>	<hr/>
Total revenues	58.5	53.4
Expenditures		
Current:		
Public Safety	21.1	19.4
Public works	6.1	5.6
Recreation	2.5	1.8
Community Development	7.0	6.5
Adminstration / Finance	14.0	7.7
Capital Improvements	6.7	23.3
<i>Debt Service</i>		
Principal	0.5	0.6
Interest and Fiscal Charges	0.3	0.2
	<hr/>	<hr/>
Total expenditures	58.3	65.1
Excess (deficiency) before transfers	0.2	(11.7)
Other		
Transfers (net)	(0.1)	10.0
Net change in fund balance	0.1	(1.7)
Beginning Fund Balance* Reinstated	\$ 46.2	47.9
Ending Fund Balance	\$ 46.3	\$ 46.2

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

Detailed Analysis of Major Governmental Funds by Fund

General Fund

The General Fund is the chief operating fund of the City. For the year ending June 30, 2022, the total fund balance was \$19.6 million, \$10.5 million of which is non-spendable, restricted, or has been committed or assigned to cover contingencies, claims, encumbrances, advances to other funds, and other City projects. The unrestricted unassigned fund balance is \$9.1 million, an increase of \$4.1 million from the prior year.

Revenues were \$3.7 million higher in the fiscal year ended June 30, 2022, compared to last fiscal year, a change of 7.4%.

Expenditures increased \$6.8 million in the fiscal year ended June 30, 2022, compared to the last fiscal year, a change of 10.5%. Significant changes in revenues and expenditures that affected the General Fund balances are discussed below:

General Fund Revenues

Property Taxes overall increased by \$1.6 million, or 5.7% compared to the prior year. This increase is primarily attributable to continued increases in property values (assessed value) and residential sales activity that increased the tax roll.

Sales and Use Taxes overall increased by \$0.7 million, or 24.8% compared to the prior year. The revenue is almost recovered to the pre-pandemic level.

Utility user Taxes overall increased by \$0.2 million, or 6.7% compared to the prior year. This increase was due to inflationary increases rather than an increased tax base.

Charges for Services increased by \$0.7 million, or 23.1% compared to the prior year, mainly related to city facilities for recreational activities including the opening of the new Community Center.

Grants and donations decreased by \$0.1 million or 2.5% compared to the prior year, mainly due to a reduction in CARES Act stimulus funds allocated to the City in fiscal year 2022.

Other Taxes increased significantly by \$1.2 million, or 54.2% compared to the prior fiscal year, primarily due to the recovery from the pandemic of Transient Occupancy Taxes and real estate document transfer tax.

Interest and Rentals decreased by \$1.1 million compared to the prior fiscal year, primarily due to the significant reduction in market interest rates applicable to the City’s investment funds.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

General Fund Expenditures

Public Safety expenditures increased by \$1.7 million, or 8.9% compared to the prior year primarily due to increased personnel and benefit costs and fire services contract costs, offset by lower other expenses.

Public works expenditures increased by \$0.5 million, or 9.5% compared to the prior year, primarily due to salary increases.

Community development expenditures increased \$0.1 million, or 1.8% compared to the prior fiscal year, primarily attributable to salary adjustments.

Recreation expenditures were \$0.7 million, or 41.1% more than the prior year, primarily due to an overall increase in operations and the opening of the new Community Center and costs related to other city facilities.

Administration and Finance expenditures increased by \$6.3 million, or 81.4% compared to the prior year, primarily due to a one-time elective contribution of \$6.5 million to CalPERS Pension and OPEB.

In-lieu Parkland

The In-lieu Parkland Fund had revenues of \$3.8 million from In Lieu fees received during the year which was \$2.2 million higher than the prior year. Expenses included a transfer out to the capital projects fund of \$0.04 million and the debt service payments of \$0.9 million.

Capital Investment Program Fund

The Capital Investment Program Fund accounts for funds used for capital improvements and significant maintenance projects. As of June 30, 2022, its fund balance was \$11.8 million, primarily due to monies transferred from the General Fund.

The Capital budget also has planned appropriations of almost \$48.8 million over the fiscal year 2023-fiscal year 2026 CIP plan from various funding sources such as Gas tax, General fund, and enterprise funds.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

Summary Analysis of Proprietary Funds

As of June 30, 2022, the Enterprise Funds had a net position balance of \$30.3 million, an increase of \$0.1 million from the prior year. The net position balance of the Internal Service Funds is \$1.3 million, down \$1.0 million from the previous fiscal year, due to the underfunding of workers’ compensation and liability insurance.

**Table 7
Change in Fund Net Position - Proprietary Funds
(In Millions)**

	Total Enterprise Funds		Total Internal Service Funds	
	2022	2021	2022	2021
Operating revenues	\$ 9.2	\$ 8.0	\$ 1.6	\$ 0.3
Operating expenses	8.0	5.7	3.3	2.1
Operating income (loss)	1.2	2.3	(1.8)	(1.9)
Non-operating revenues (expenses)	(0.4)	0.1	0.0	0.0
Net income (loss) before contributions and operating transfers	0.8	2.4	(1.8)	(1.9)
Transfers in (out) and Capital Contributions	(0.7)	0.0	0.8	0.0
Change in net position	\$ 0.1	\$ 2.4	\$ (1.0)	\$ (1.9)

Sewer Fund

This fund accounts for the administration and operation of the City’s sewer system. The total net position is \$25.1 million, an increase of \$0.5 million.

Solid Waste Fund

This fund accounts for the administration and operation of the City’s solid waste system. The total net position is \$5.2 million, a decrease of \$0.4 million.

BUDGETARY HIGHLIGHTS OF THE CITY’S GENERAL FUND

Over the course of the year, the City Council revised the City’s budget with adjustments for various revenue and expenditure changes. After taking into account these adjustments, General Fund actual revenues were higher than the final budget by \$2.1 million, or 4.1%, which is primarily attributable to higher recreation fees, transient occupancy tax, sales tax, business License tax, and development fees offset by lower investment income.

General Fund actual expenditures were \$2.5 million or 4.6% under the final budget, with savings from Community Development of \$0.6 million, Public Works of \$0.6 million, Administrative Services of \$0.6 million, and Public Safety of \$1.0 million, partly offset by higher Recreation of \$0.7 million due to additional staff cost related to the reopening city’s facilities and the opening of the Community Center.

Net unassigned fund balance for the year was \$9.1 million after accounting for contributions to the Capital projects, Debt service, and others. This amount represents a \$4.1 million increase from the prior fiscal year.

City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

The City records all of its capital assets, including infrastructure in the Statement of Net Position. Infrastructure includes roads, bridges, signals, and similar assets used by the entire population. The City has recorded its capital assets at historical cost or estimated historical cost if the actual historical cost was not available. In addition, donated fixed assets have been valued at their estimated acquisition value on the date donated.

On June 30, 2022, the cost of infrastructure and other capital assets recorded on the City's financial statements is shown in Table 8 on the next page:

Table 8
Capital Assets
(in Millions)

	2022	2021
Governmental activities		
Land	\$ 11.7	\$ 14.5
Construction in progress	30.8	45.6
Buildings	21.6	21.6
Improvements	6.5	6.5
Machinery and equipment	7.2	7.1
Infrastructure	68.1	46.6
Less accumulated depreciation	(39.2)	(36.1)
Totals	\$ 106.7	\$ 105.8
 Business-type activities		
Construction in progress	\$ 2.0	\$ 1.4
Buildings	18.0	17.9
Machinery and equipment	1.1	1.1
Infrastructure	8.4	8.1
Less accumulated depreciation	(14.1)	(13.8)
Totals	\$ 15.4	\$ 14.7

On June 30, 2022, the City had assets of \$106.7 million, net of depreciation, invested in a broad range of capital assets used in governmental activities, and \$15.4 million, also net of depreciation, invested in Business-type activities assets, as shown in Table 8 above.

The City depreciates all its capital assets on a straight-line basis over their estimated useful lives. The purpose of depreciation is to spread the cost of a capital asset over the years of its useful life so that an allocable portion of the cost of the asset is borne by all users. Additional information on capital assets may be found in Notes 1 and 5 to the Basic Financial Statements.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

Long Term Debt

On June 30, 2022, the City's debt was comprised of the following:

**Table 9
Outstanding Debt
(In Millions)**

	2022	2021
Governmental activities		
2004 Certificate of Participation	\$ 0.8	\$ 0.9
Community Center Lease	9.1	9.5
Compensated Absences	1.5	1.9
Total governmental activities debt	\$ 11.3	\$ 12.3
 Business-type activities		
Compensated Absences	\$ 0.1	\$ 0.1
Total business-type activities debt	\$ 0.1	\$ 0.1
 Total debt	 \$ 11.4	 \$ 12.4

The City made all required debt service payments on the issues listed above.

ECONOMIC OUTLOOK AND MAJOR INITIATIVES

The City has enjoyed several consecutive strong financial years principally driven by growth in property tax. Economic development and the strength of the Bay Area and national economy have driven continued growth in revenues. Meanwhile, expenses have grown due to inflationary increases, negotiated wage increases, and pension cost increases.

In fiscal year 2022, Los Altos gradually recovered from COVID-19. Sales tax increased to \$ 3.7 million and Transit Occupancy Tax (TOT) increased to \$1.8 million from \$0.7 million in fiscal year 2021.

Even with the ongoing recovery from the COVID-19 pandemic, the city will continue to face financial challenges. There is economic uncertainty remaining from the pandemic and actions taken by the Federal Reserve to address inflationary pressures, and projected increases in pension costs. The City also faces the need to identify resources to replace aging capital infrastructure, which resources are presently inadequate to address all of the City’s forecast facilities needs.

The pension rate for fiscal year 2022 is based on information provided by the California Public Employee’s Retirement System (CalPERS). On July 20, 2022, CALPERS announced preliminary net investment rate of -6.1% for the fiscal year 2022¹. This action, coupled with other assumption changes made by CalPERS, is resulting in a substantial increase in pension contributions for employers.

To address increasing retirement obligations, the City Council approved an elective contribution of \$5 million to reduce future pension costs and \$1.5 million to reduce future retiree health costs.

**City of Los Altos
Management’s Discussion and Analysis, Continued
For the year ended June 30, 2022**

The City Council has also identified funding capital infrastructure as a high-priority area and is working to identify current and future facility needs and potential funding options to address those needs.

Major Capital Projects in construction for fiscal years 2022 and beyond include:

- \$2,161,056 – Annual Street & City Alley Resurfacing
- \$1,102,380.32 – Fremont Avenue Pavement Rehabilitation
- \$988,017- Annual Sewer System Repair Program
- \$911,682 – Los Altos Community Center Redevelopment
- \$514,711 – Community Chamber AV Equipment
- \$328,980 – Housing Element Update
- \$411,758 – Annual Street Slurry Seal and Stripping
- \$265,553 – Police Records Management & Dispatch system

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This Annual Comprehensive Financial Report is intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions about this report should be directed to the following address: City of Los Altos, Finance Department, 1 North San Antonio Road, Los Altos, California 94022.

A copy of this financial report can be found on the City’s website at <http://www.losaltosca.gov>, by selecting “Audited Financials” in the “Quick Links” section and then selecting “Other Financial Reports.”

1. <https://www.calpers.ca.gov/page/newsroom/calpers-news/2022/calpers-preliminary-investment-return-2021-22>

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**STATEMENT OF NET POSITION
AND STATEMENT OF ACTIVITIES**



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CITY OF LOS ALTOS
STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets:			
Cash and investments (Note 2)	\$49,243,191	\$16,453,261	\$65,696,452
Accounts receivable	6,921,334	277,202	7,198,536
Prepaid items and inventory (Note 1H)	214,134		214,134
Internal balances			
Total current assets	56,378,659	16,730,463	73,109,122
Noncurrent assets:			
Restricted cash and investments (Note 2)	172,209		172,209
Lease receivable (Note 13)	6,801,674		6,801,674
Capital assets (Note 5):			
Non-depreciable	42,390,055	2,023,475	44,413,530
Depreciable, net of accumulated depreciation	64,318,454	13,332,617	77,651,071
Total noncurrent assets	113,682,392	15,356,092	129,038,484
Total Assets	170,061,051	32,086,555	202,147,606
DEFERRED OUTFLOWS OF RESOURCES			
Related to pension (Note 11)	11,251,917	534,617	11,786,534
Related to OPEB (Note 12)	1,585,051	119,305	1,704,356
Total deferred outflows of resources	12,836,968	653,922	13,490,890
LIABILITIES			
Current liabilities:			
Accounts payable	2,559,299	207,723	2,767,022
Interest payable	5,313		5,313
Accrued liabilities	773,146		773,146
Other payable	159,316		159,316
Compensated absences, due in one year (Note 7)	363,325	26,845	390,170
Claims and judgments, due in one year (Note 9)	1,118,735		1,118,735
Long-term debt, due in one year (Note 6)	553,877		553,877
Total current liabilities	5,533,011	234,568	5,767,579
Noncurrent liabilities:			
Compensated absences, due in more than one year (Note 7)	1,089,973	65,423	1,155,396
Claims and judgments, due in more than one year (Note 9)	4,281,567		4,281,567
Net pension liability (Note 11)	26,578,991	1,062,360	27,641,351
Net OPEB liability (Note 12)	737,303	44,127	781,430
Long-term debt, due in more than one year (Note 6)	9,288,374		9,288,374
Total noncurrent liabilities	41,976,208	1,171,910	43,148,118
Total Liabilities	47,509,219	1,406,478	48,915,697
DEFERRED INFLOWS OF RESOURCES			
Related to leases (Note 13)	6,794,296		6,794,296
Related to pension (Note 11)	21,080,731	970,194	22,050,925
Related to OPEB (Note 12)	1,075,352	80,940	1,156,292
Total deferred inflows of resources	28,950,379	1,051,134	30,001,513
NET POSITION (Note 8)			
Net investments in capital assets	96,866,258	15,356,092	112,222,350
Restricted for:			
Debt service	370,388		370,388
Special revenue programs:			
Public safety	207,292		207,292
Recreation	8,350,611		8,350,611
Streets and roads	3,800,332		3,800,332
Public education	724,036		724,036
Parking	900,290		900,290
Other	73,670		73,670
Total Restricted Net Position	14,426,619		14,426,619
Unrestricted	(4,854,456)	14,926,773	10,072,317
Total Net Position	\$106,438,421	\$30,282,865	\$136,721,286

See accompanying notes to financial statements

CITY OF LOS ALTOS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Functions/Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental Activities:					
Public safety	\$23,843,123	\$396,464	\$4,654,649		\$5,051,113
Public works	11,493,177	9,322	427,145	\$839,082	1,275,549
Recreation	2,942,416	1,138,718			1,138,718
Community development	7,635,888	9,062,802	1,277		9,064,079
Admin / community services	14,264,504	47,107			47,107
Interest on long-term debt	306,747				
Total Governmental Activities	60,485,855	10,654,413	5,083,071	839,082	16,576,566
Business-type Activities:					
Sewer	6,899,605	8,282,326			8,282,326
Solid waste	1,092,457	928,788			928,788
Storm drain					
Total Business-type Activities	7,992,062	9,211,114			9,211,114
Total primary government	\$68,477,917	\$19,865,527	\$5,083,071	\$839,082	\$25,787,680
General revenues:					
Taxes:					
Property taxes					
Sales and use taxes					
Utility users' tax					
Other taxes					
Franchise fees					
Total taxes					
Interest income					
Miscellaneous					
Transfers (Note 3)					
Total general revenues					
Change in Net Position					
Net Position-Beginning					
Net Position-Ending					

See accompanying notes to financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
(\$18,792,010)		(\$18,792,010)
(10,217,628)		(10,217,628)
(1,803,698)		(1,803,698)
1,428,191		1,428,191
(14,217,397)		(14,217,397)
(306,747)		(306,747)
(43,909,289)		(43,909,289)
	\$1,382,721	1,382,721
	(163,669)	(163,669)
	1,219,052	1,219,052
(43,909,289)	1,219,052	(42,690,237)
30,086,157		30,086,157
3,738,113		3,738,113
3,093,784		3,093,784
3,545,907		3,545,907
2,339,196		2,339,196
42,803,157		42,803,157
(1,342,487)	(471,307)	(1,813,794)
484,686	44,027	528,713
668,675	(668,675)	
42,614,031	(1,095,955)	41,518,076
(1,295,258)	123,097	(1,172,161)
107,733,679	30,159,768	137,893,447
\$106,438,421	\$30,282,865	\$136,721,286



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MAJOR GOVERNMENTAL FUNDS

The funds described below were determined to be Major Funds by the City in fiscal 2022. Individual non-major funds may be found in the Supplemental section.

GENERAL FUND

Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in other funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

IN-LIEU PARK LAND FUND

Accounts for revenues received in lieu of park land dedications. The revenues are dedicated for purchasing or improving park or recreational facilities.

CAPITAL PROJECTS FUND

Accounts for the acquisition and construction of major capital projects and plans that are financed by resources other than proprietary funds.

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2022

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments (Note 2)	\$15,979,547	\$8,388,611	\$12,049,736	\$6,099,589	\$42,517,483
Restricted cash and investments (Note 2)				172,209	172,209
Receivables, net of allowance for uncollectibles:					
Accounts	5,842,234		239,870	803,287	6,885,391
Interest					
Prepays (Note 1H)	103,991				103,991
Lease Receivable (Note 13)	6,801,674				6,801,674
Inventory (Note 1H)	110,143				110,143
Due from other funds (Note 3)	392,175				392,175
Total Assets	<u>\$29,229,764</u>	<u>\$8,388,611</u>	<u>\$12,289,606</u>	<u>\$7,075,085</u>	<u>\$56,983,066</u>
LIABILITIES					
Accounts payable	\$1,892,952	\$38,000	\$438,647	\$158,609	\$2,528,208
Accrued liabilities	773,146				773,146
Other payable	159,316				159,316
Due to other funds (Note 3)				392,175	392,175
Total Liabilities	<u>2,825,414</u>	<u>38,000</u>	<u>438,647</u>	<u>550,784</u>	<u>3,852,845</u>
DEFERRAL INFLOWS OF RESOURCES					
Leases related (Note 13)	6,794,296				6,794,296
Total Deferred Inflows	<u>6,794,296</u>				<u>6,794,296</u>
FUND BALANCES					
Fund balance (Note 8):					
Nonspendable	214,134				214,134
Restricted		8,350,611		6,076,008	14,426,619
Assigned	10,337,346		11,850,959	683,947	22,872,252
Unassigned	9,058,574			(235,654)	8,822,920
Total Fund Balances	<u>19,610,054</u>	<u>8,350,611</u>	<u>11,850,959</u>	<u>6,524,301</u>	<u>46,335,925</u>
Total Liabilities, Deferred inflow of resources and Fund Balances	<u>\$29,229,764</u>	<u>\$8,388,611</u>	<u>\$12,289,606</u>	<u>\$7,075,085</u>	<u>\$56,983,066</u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
Reconciliation of the
GOVERNMENTAL FUNDS -- BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2022

Fund balances of governmental funds \$46,335,925

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets used in Governmental Activities are not current financial resources. Therefore, were not reported in the governmental funds balance sheet:

Land, buildings, property, equipment and infrastructure, net 106,708,509

Interest payable on long-term debt does not require current financial resources. Therefore, interest payable was not reported as a liability in the governmental funds balance sheet.

(5,313)

Deferred outflows below are not current assets of financial resources; and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.

Deferred outflows 12,836,968

Deferred inflows (22,156,083)

Long-term liabilities are not due and payable in the current period. Therefore, they were not reported in the governmental funds balance sheet.

Long-term debt - current portion (553,877)

Long-term debt - noncurrent portion (9,288,374)

Net pension liability (26,578,991)

Net OPEB liability (737,303)

Compensated absences - current portion (363,325)

Compensated absences - noncurrent portion (1,089,973)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the governmental-wide statement of net position.

1,330,258

NET POSITION OF GOVERNMENTAL ACTIVITIES

\$106,438,421

See accompanying notes to financial statements

CITY OF LOS ALTOS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2022

	General	In-Lieu Park Land Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property tax	\$30,086,157				\$30,086,157
Sales tax	3,738,113				3,738,113
Utility users	3,093,784				3,093,784
Other tax	3,545,907				3,545,907
Licenses, permits and fees	4,624,201			\$294,683	4,918,884
Intergovernmental		\$3,757,600	(\$57,085)	2,135,803	5,836,318
Grants and donations	3,899,739		239,870		4,139,609
Charges for services	3,642,018			453,085	4,095,103
Fines and forfeitures	171,611			12,691	184,302
Interest and rentals	(949,567)	(231,752)		(122,367)	(1,303,686)
Other	187,431				187,431
Total Revenues	52,039,394	3,525,848	182,785	2,773,895	58,521,922
EXPENDITURES					
General government					
Public safety	21,117,831				21,117,831
Public works	6,134,367				6,134,367
Recreation	2,540,420				2,540,420
Community development	6,620,784			346,373	6,967,157
Admin / community development	13,968,924				13,968,924
Capital improvements		38,000	6,671,936	3,123	6,713,059
Debt service:					
Principal				533,961	533,961
Interest and fiscal charges	49,438			258,880	308,318
Total Expenditures	50,431,764	38,000	6,671,936	1,142,337	58,284,037
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,607,630	3,487,848	(6,489,151)	1,631,558	237,885
OTHER FINANCING SOURCES (USES)					
Proceeds from Lease					
Transfers in (Note 3)	522,614		7,388,994	2,224,069	10,135,677
Transfers (out) (Note 3)	(5,243,908)	(917,515)	(531,566)	(3,558,013)	(10,251,002)
Total Other Financing Sources (Uses)	(4,721,294)	(917,515)	6,857,428	(1,333,944)	(115,325)
NET CHANGE IN FUND BALANCES	(3,113,664)	2,570,333	368,277	297,614	122,560
BEGINNING FUND BALANCES	22,723,718	5,780,278	11,482,682	6,226,687	46,213,365
ENDING FUND BALANCES	\$19,610,054	\$8,350,611	\$11,850,959	\$6,524,301	\$46,335,925

See accompanying notes to financial statements

CITY OF LOS ALTOS
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Net change in fund balances of governmental funds \$122,560

Amounts reported for governmental activities in the Statement of Activities are different because:

CAPITAL ASSETS TRANSACTIONS

Governmental Funds report capital outlays as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded in the current period.

Capital Asset Addition 6,852,326
Adjustment/retirement for capital assets (2,906,095)

Depreciation expense on capital assets is reported in the government wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in governmental funds. (3,077,205)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.
Principal payment 534,612

The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue or expenditures in governmental funds (net change):
Compensated absences 470,740
Interest payable 920
Net OPEB liability, and related deferred outflows and inflows of resources 1,408,695
Net pension liability, and related deferred outflows and inflows of resources (3,728,946)

Internal Service Funds are used by management to charge the costs of certain activities such as insurance, to individual funds. The net revenue of the internal service funds is reported with governmental activities. (972,865)

Changes in net position of governmental activities (\$1,295,258)

See accompanying notes to financial statements



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MAJOR PROPRIETARY FUNDS

Proprietary funds account for City operations financed and operated in a manner similar to a private business enterprise. The intent of the City is that the cost of providing goods and services be financed primarily through user charges.

The City reported all of its Enterprise Funds as major funds in fiscal 2022.

SEWER

To account for the operation (including wastewater treatment) of the City's sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

SOLID WASTE

To account for the collection and disposal of solid waste, a self-supporting activity that provides service on a user charge basis.

STORM DRAIN

To account for the operation of the City's urban runoff and storm drain activities.

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
ASSETS					
Current Assets:					
Cash and investments (Note 2)	\$11,372,023	\$5,080,436	\$802	\$16,453,261	\$6,725,708
Accounts receivable	159,224	117,978		277,202	35,943
Interest receivable					
Total Current Assets	11,531,247	5,198,414	802	16,730,463	6,761,651
Non-Current Assets:					
Capital assets (Note 5):					
Nondepreciable	2,023,475			2,023,475	
Depreciable	25,474,824		1,969,221	27,444,045	
Less accumulated depreciation	(12,142,207)		(1,969,221)	(14,111,428)	
Total capital assets, net	15,356,092			15,356,092	
Total non-current Assets	15,356,092			15,356,092	
Total Assets	26,887,339	5,198,414	802	32,086,555	6,761,651
DEFERRAL OUTFLOWS OF RESOURCES					
Related to pension (Note 11)	534,617			534,617	
Related to OPEB (Note 12)	93,740	8,522	17,043	119,305	
Total Deferred Outflows	628,357	8,522	17,043	653,922	
LIABILITIES					
Current Liabilities:					
Accounts payable	186,452	21,271		207,723	31,091
Accrued liabilities					
Compensated absences (Note 7)	26,845			26,845	
Claims and judgements (Note 9)					1,118,735
Total Current Liabilities	213,297	21,271		234,568	1,149,826
Long-Term Liabilities					
Compensated absences (Note 7)	65,423			65,423	
Claims and judgements (Note 9)					4,281,567
Net pension liabilities (Note 11)	1,062,360			1,062,360	
Net OPEB liabilities (Note 12)	34,672	3,153	6,302	44,127	
Total Noncurrent Liabilities	1,162,455	3,153	6,302	1,171,910	4,281,567
Total Liabilities	1,375,752	24,424	6,302	1,406,478	5,431,393
DEFERRAL INFLOWS OF RESOURCES					
Related to pension (Note 11)	970,194			970,194	
Related to OPEB (Note 12)	63,596	5,781	11,563	80,940	
Total Deferred Inflows	1,033,790	5,781	11,563	1,051,134	
NET POSITION (Note 8)					
Net investment in capital assets	15,356,092			15,356,092	
Unrestricted (deficit)	9,750,062	5,176,731	(20)	14,926,773	1,330,258
Total Net Position (Deficit)	\$25,106,154	\$5,176,731	(\$20)	\$30,282,865	\$1,330,258

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities-Enterprise Funds			Governmental Activities- Internal Service Funds	
	Sewer	Solid Waste	Storm Drain		Totals
OPERATING REVENUES					
Charges for services	\$8,282,326	\$928,788		\$9,211,114	\$1,580,646
Total Operating Revenues	8,282,326	928,788		9,211,114	1,580,646
OPERATING EXPENSES					
Outside services	4,986,448	700,303		5,686,751	54,237
Employee services	1,631,629	392,154		2,023,783	
Repairs and maintenance					
Claims and insurance					3,205,025
Administration					78,249
Depreciation	281,528			281,528	
Total Operating Expenses	6,899,605	1,092,457		7,992,062	3,337,511
Operating Income (Loss)	1,382,721	(163,669)		1,219,052	(1,756,865)
NONOPERATING REVENUES					
Interest income (expenses)	(299,580)	(171,727)		(471,307)	
Grants and donations		44,027		44,027	
Total Nonoperating Revenues	(299,580)	(127,700)		(427,280)	
OTHER FINANCING SOURCES (USES)					
Transfers in (Note 3)			\$23,939	23,939	1,234,000
Transfers (out) (Note 3)	(554,612)	(138,002)		(692,614)	(450,000)
Total Other Financing Sources (Uses)	(554,612)	(138,002)	23,939	(668,675)	784,000
Change in Net Position	528,529	(429,371)	23,939	123,097	(972,865)
BEGINNING NET POSITION	24,577,625	5,606,102	(23,959)	30,159,768	2,303,123
ENDING NET POSITION (DEFICIT)	\$25,106,154	\$5,176,731	(\$20)	\$30,282,865	\$1,330,258

See accompanying notes to financial statements

CITY OF LOS ALTOS
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2022

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Sewer	Solid Waste	Storm Drain	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$8,445,000	\$888,525		\$9,333,525	\$1,466,954
Cash payments to suppliers for goods and services	(5,159,292)	(703,252)		(5,862,544)	
Cash payment employees for services	(1,555,647)	(399,728)	(\$23,137)	(1,978,512)	
Cash payments to claimants					706,123
Insurance premiums, settlements and rebates					(2,861,646)
Cash Flows from (used for) Operating Activities	1,730,061	(214,455)	(23,137)	1,492,469	(688,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	(554,612)	(138,002)	23,939	(668,675)	784,000
Cash Flows (used for) Noncapital Financing Activities	(554,612)	(138,002)	23,939	(668,675)	784,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Acquisition of capital assets	(988,017)			(988,017)	
Grants and donations		44,027		44,027	
Cash Flows (used for) Capital and Related Financing Activities	(988,017)	44,027		(943,990)	
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest received	(275,295)	(159,399)		(434,694)	
Cash Flows from Investing Activities	(275,295)	(159,399)		(434,694)	
Net Cash Flows	(87,863)	(467,829)	802	(554,890)	95,431
Cash and investments at beginning of period	11,459,886	5,548,265		17,008,151	6,630,277
Cash and investments at end of period	\$11,372,023	\$5,080,436	\$802	\$16,453,261	\$6,725,708
Reconciliation of Operating Income (Loss) to Cash Flows from Operating Activities:					
Operating income (loss)	\$1,382,721	(\$163,669)		\$1,219,052	(\$1,756,865)
Adjustments to reconcile operating income to cash flows from operating activities:					
Depreciation	281,528			281,528	
Change in assets and liabilities:					
Receivables, net	162,674	(40,263)		122,411	(18,945)
Accounts payable and other accrued expenses	(172,844)	(2,949)	(\$21)	(175,814)	2,686
Due to other funds			(7,969)	(7,969)	(94,747)
Net pension liabilities and deferred inflows and outflows	174,404			174,404	
Net OPEB liabilities	(83,309)	(7,574)	(15,147)	(106,030)	
Compensated absences	(15,113)			(15,113)	
Claims and judgments					1,179,302
Cash Flows from (used for) Operating Activities	\$1,730,061	(214,455)	(23,137)	\$1,492,469	(688,569)

See accompanying notes to financial statements

FIDUCIARY FUNDS

The City of Los Altos only reports one type of Fiduciary Funds: Custodial Funds

Custodial Funds are custodial in nature and does not involve measurement of the results of operations. It is used to account for assets held in a custodial capacity for others and therefore cannot be used to support the City's programs.

CITY OF LOS ALTOS
FIDUCIARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2022

	<u>Custodial Funds Total</u>
ASSETS	
Cash and investments (Note 2)	\$38,195
Restricted cash and investments (Note 2)	<u>45,828</u>
Total Assets	<u>84,023</u>
NET POSITION	
Restricted for:	
Other governments	<u>84,023</u>
Total Net Position	<u><u>\$84,023</u></u>

See accompanying notes to financial statements

CITY OF LOS ALTOS
FIDUCIARY FUNDS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Custodial Funds Total</u>
ADDITIONS	
Fee collections	<u>\$56,346</u>
Total Additions	<u>56,346</u>
DEDUCTIONS	
Distributions	<u>863,346</u>
Total Deductions	<u>863,346</u>
Net increase(decrease) in net position	(807,000)
Net Position-Beginning	<u>891,023</u>
Net Position-Ending	<u><u>\$84,023</u></u>

See accompanying notes to financial statements



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CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Background

The basic financial statements of the City of Los Altos, California (the City), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City’s accounting policies are described below:

Reporting Entity

The City incorporated in 1952. The City operates under an elected Council and appointed City Manager form of government and provides the following services: public safety, recreation, community development, public works, capital improvements, and general supporting administrative services. The City has no component units.

B. Basis of Presentation

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts which includes its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with such provisions and managerial requirements.

Government-wide Statements: The City’s Government-wide Financial Statements include a Statement of Net Position and a Statement of Activities and Changes in Net Position. These statements present summaries of governmental activities and business-type activities for the City, the primary government, accompanied by a total column. Fiduciary activities of the City are not included in these statements.

These basic financial statements are presented on an “*economic resources*” measurement focus and the accrual basis of accounting. Accordingly, all of the City’s assets and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities and Changes in Net Position presents changes in the net position of the City. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability for goods or services is incurred.

Certain types of transactions are reported as program revenues for the city in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities and Changes in Net Position internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. The following inter-fund activities have been eliminated:

- Due to, due from other funds
- Transfers in, transfers out
- Internal service fund transactions

Fund Financial Statements: Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds in the aggregate. An accompanying schedule is included to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-Wide financial statements.

Governmental funds are accounted for on a spending or “current financial resources” measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally 60 days after year-end) are recognized when due. The City’s primary revenue sources, which have been treated as susceptible to accrual by the City, are: property tax, sales tax, hotel tax, special assessments, intergovernmental revenues, other taxes, interest revenue, rental revenue and certain charges for services. Expenditures are recorded in the accounting period in which the related fund liability is incurred and are accrued accordingly.

Deferred inflow of resources arise when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues arise when the government receives resources before it has a legal claim to them, as when grant monies are received prior to incurring qualifying expenditures. In subsequent periods when both revenue recognition criteria are met or when the government has a legal claim to the resources, the revenue is recognized.

The reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach of GASB Statement No. 34.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Financial Statements: Proprietary Fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

A column representing the City’s internal service funds, those funds that support agency wide shared service costs, is also presented in these statements. These internal service balances and activities are combined with the governmental activities in the Government-wide Financial Statements.

Proprietary Funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Change in Fund Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liability for goods or services is incurred.

Proprietary Funds distinguish operating revenues and expenses and non-operating items. Operating revenues and expenses generally result from providing services in connection with the fund’s principal ongoing operations. The principal operating revenues of the City’s enterprise and internal service funds are charges for customer services, including sewer charges, solid waste fees, and support charges. Operating expenses for enterprise funds and internal service funds include the cost of services, administrative expenses, and depreciation on capital assets. All other revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Fund Financial Statements: The City’s Fiduciary Funds are comprised of custodial funds used to account for the operating activities and for the special assessment collections pertaining to the North County Library Authority (NCLA) and Gutter Districts, and Blue Oak Lane Sewer Improvements. Custodial Funds are accounted for on the full accrual basis of accounting.

Internal Service Funds: Internal Service Funds account for services provided to other departments pertaining to the employee self-insurance dental program, unemployment insurance, workers’ compensation insurance and liability insurance, all of which are funded on a cost reimbursement basis as budget projections and valuations develop.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Major Funds

Major funds are defined as funds that have either assets, liabilities, revenues or expenditures/expenses equal to ten percent of their fund-type total and five percent of the grand total. The General Fund is always a major fund. The City may also select other funds it believes should be presented as major funds.

The City reported the following major governmental funds in the accompanying financial statements:

General Fund – Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another funds. The General Fund supports essential City services such as police, fire, street and park maintenance, public works, and community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

In-Lieu Park Land Fund – Accounts for revenues received in lieu of parkland dedications. The revenues are dedicated for purchasing or improving park or recreational facilities.

Capital Project Fund – Accounts for the acquisition and construction of major general government capital projects and plans that are financed by resources other than proprietary funds.

The City reported all of its enterprise funds as major funds in the accompanying financial statements:

Sewer Fund – Accounts for the operation (including waste water treatment) of the City’s sewer treatment activities, a self-supporting activity which provides services on a user charge basis.

Solid Waste Fund – Accounts for the administration and support of contracted solid waste services, a self-supporting user charge for services activity.

Storm Drain Fund – Accounts for operation of the City’s urban runoff and storm drain activities.

D. Recognition of Interest Payable

In the Governmental Fund Financial Statements, interest expenditures on long-term debt are recognized when payment is made. In the Government-wide Financial Statements and Proprietary Fund Financial Statements interest expense is recognized as the liability is incurred.

E. Use of Restricted and Unrestricted Net Position

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the City’s policy is to apply restricted net position first.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash, Cash Equivalents and Investments

The City pools its available cash for investment purposes. The City considers pooled cash and investment amounts, with original maturities of three months or less, to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in an investment pool managed by the State of California known as the Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-backed Securities are subject to market risk as to change in interest rates.

The City places liquid assets in a pooled investment account with the goal of enhancing the diversity of its investment holdings. This portfolio complies with state code investment requirements and is subject to a more restrictive City adopted investment policy. Such funds are held independently in City established investment custodial accounts.

For purposes of reporting cash flows, the City considers each fund's share in the cash and investments pool to be cash and cash equivalents including cash with fiscal agents.

G. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Inventories

Inventory, mainly consisting of vehicle fuel and prepaid supplies, is stated at cost on an average cost basis and is controlled by a perpetual inventory system which is adjusted to reflect periodic physical counts. Inventories are recorded as expenditures in the General Fund and charged to departments as consumed.

I. Restricted Cash

Fiscal agents acting on behalf of the City hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds, certificate of participation and have been invested only as permitted by specific State statutes or applicable City ordinance, resolution or bond indenture.

J. Compensated Absences

Government-wide Financial Statements: For governmental and business-type activities, compensated absences are recorded as expenses and liabilities as the time is earned by employees.

Fund Financial Statements: For Governmental Funds, compensated absences are recorded as expenditures in the years paid. The General Fund is typically used to pay out compensated absences that arise in the course of any one year. Unpaid and accumulated liabilities for some compensated absences accrue to future resources. In Proprietary Funds, compensated absences are expensed to the various funds in the period they are earned, and such fund's share of the unpaid liability is recorded as a long-term liability of the fund.

K. Property Taxes

Santa Clara County (County) assesses all properties in the City, and it bills, collects and distributes property taxes to the City. Both secured and unsecured property taxes are levied on January 1. The County assesses properties and it bills, collects and distributes property taxes to the City. The County remits the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax is due in two installments, on November 1 and February 1, and it becomes delinquent after December 10 and April 10, respectively. The City and the County adopted the "alternative method of property tax distribution" known as the Teeter Plan that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection and to retain all delinquent penalties and interest. Unsecured property tax is due on July 1 and becomes delinquent after August 31. Distribution of the unsecured property taxes is based on collections. Collection of delinquent accounts is the responsibility of the County, which retains all penalties. The County also distributes both penalties and interest collected for delinquent unsecured property taxes.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Capital Assets

Capital assets are valued at historical cost or estimated historical cost if actual historical cost was not available. Donated capital assets are valued at their estimated acquisition value on the date contributed. City policy has set the capitalization threshold for reporting capital assets at \$5,000 for equipment, \$25,000 for building and facility improvements and \$100,000 for infrastructure.

Depreciation is recorded on a straight-line basis over estimated useful lives of the assets as follows:

Buildings	50 years
Improvements	30-50 years
Machinery and Equipment	3-10 years
Infrastructure	30-100 years

In accordance with GASB Statement No. 34, the City has included all infrastructures in its Statement of Net Position.

The City defines infrastructure as basic physical assets that allow the City to function. The assets include the street system. Each major infrastructure system can be divided into subsystems. For example, the street system can be subdivided into pavement, streetlights and traffic control devices (signs, signals and pavement markings). These subsystems were not delineated in the Government-wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

For all infrastructure systems, the City has elected to use the Basic Approach, as defined by GASB Statement No. 34, for infrastructure reporting. The valuation of the City's infrastructure assets are determined based on the original cost using one of the following methods:

1. Use of historical records where available
2. Standard unit costs appropriate for the construction/acquisition date of the asset
3. Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date

Accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date, was computed on a straight-line method. The book value was then computed by deducting the accumulated depreciation from the original cost.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Long-Term Debt

Government-wide Financial Statements: Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

Fund Financial Statements: The Governmental Fund Financial Statements do not present long-term debt, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

Governmental Funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Proprietary Fund Financial Statements use the same principles as those used in the Government-wide Financial Statements.

N. Unearned Revenue

Government-wide Financial Statements: In the Government-wide Financial Statements, unearned revenue is recognized for transactions for which revenue has not yet been earned.

O. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position or balance sheet reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

P. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenses. Actual results could differ from these estimates and assumptions.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. OPEB Liabilities, OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City’s OPEB Plan and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by California Employers’ Retiree Benefit Trust (CERBT). For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

R. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2022.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB Statement No. 87 – In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The City implemented GASB 87 in the fiscal year 2022.

Future Governmental Accounting Standards (GASB) Pronouncements

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The City has not determined its effect on the financial statements.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The City has not determined its effect on the financial statements.

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

A. Cash Deposits

The City’s cash and investments at June 30, 2022 are presented as follows:

Cash and investments	\$65,696,452
Restricted cash and investments	172,209
Custodial funds:	
Cash and investments	38,195
Restricted cash and investments	45,828
	<u>45,828</u>
Total cash and investments	<u>\$65,952,684</u>

Cash and investments consist of the following as of June 30, 2022:

Cash on hand	\$2,170
Deposits with financial institutions*	8,780,358
Investments:	
Liquid investments	\$8,980,271
Managed investments	48,189,885
	<u>57,170,156</u>
Total cash and investments	<u>\$65,952,684</u>

*Workers' compensation imprest balances held by Tristar in trust for City.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Authorized Investments

Under the provisions of the City’s investment policy and in accordance with Section 53601 of the California Government Code, the City is authorized to invest or deposit in the following, with the limitations as they relate to interest rate risk, credit risk, and concentration of credit risk:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment In One Issuer	Minimum Legal Rating
Local Agency Investment Fund	N/A	100%	\$75 million	N/A
Money Market Mutual Funds	N/A	20%	10%	N/A
Certificates of Deposit	3 years	50%	10%	A
Bankers' Acceptances	180 days	20%	10%	N/A
Commercial Paper	270 days	25%	5%	A-1
Repurchase Agreements	180 days	20%	10%	N/A
U.S. Treasury Bills, Notes and Bonds	5 years	100%	N/A	N/A
Supra-National Agency Notes and Bonds	5 years	20%	N/A	AA
U.S. Government-Sponsored Enterprise Agencies	5 years	100%	20%	N/A
Medium-Term Corporate Notes	5 years	30%	3%	A
Asset-backed Securities	5 years	20%	3%	AAA

C. Interest Risk

Interest rate risk is the market rate changes that adversely affect the fair value of an investment. Generally, the sensitivity of an investment fair value to changes in market rates is greater when the maturity of the investment is longer.

Investments held in city treasury grouped by maturity date at June 30, 2022, are shown below:

Investment Type	One Year or Less	13 months to 24 months	25 months to 36 months	37 months to 60 months	Total
Money Market Mutual Fund	\$217,971				\$217,971
Government Sponsored Enterprise Agencies:					
Federal National Mortgage Association Notes (FNMA)	1,166,229	\$1,737,083			2,903,312
Federal Home Loan Mortgage Corporation (FHLMC)	298,476	3,675,736			3,974,212
FHMS		7,415	\$8,778		16,193
U.S. Treasury Notes		13,614,769	8,032,184		21,646,953
Supra-National Agency Notes and Bonds	430,760	409,261	505,777		1,345,798
Certificate of Deposit	990,129				990,129
Medium-Term Corporate Notes	275,225	2,163,079	7,012,744	\$1,278,693	10,729,741
Asset-Backed Securities		641,230	1,351,601	4,372,745	6,365,576
Local Agency Investment Funds (LAIF)	8,980,271				8,980,271
Total investments	<u>\$12,359,061</u>	<u>\$22,248,573</u>	<u>\$16,911,084</u>	<u>\$5,651,438</u>	57,170,156
Demand Deposits and Cash on Hand					8,782,528
Total cash and investments					<u>\$65,952,684</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

D. Fair Value Hierarchy

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the City as of June 30, 2022:

<i>Investments by Fair Value Level:</i>	Level 1	Level 2	Total
Government Sponsored Enterprise Agencies:			
Federal National Mortgage Association Notes (FNMA)		\$2,903,312	\$2,903,312
Federal Home Loan Mortgage Corporation (FHLMC)		3,974,212	3,974,212
FHMS		16,193	16,193
U.S. Treasury Notes	\$21,646,953		21,646,953
Supra-National Agency Notes and Bonds		1,345,798	1,345,798
Medium-Term Corporate Notes		10,729,741	10,729,741
Asset-backed Securities		6,365,576	6,365,576
Total Investments	\$21,646,953	\$25,334,832	46,981,785
 <i>Investments Measured at Amortized Cost:</i>			
Certificates of Deposit			990,129
Money Market Mutual Fund			217,971
California Local Agency Investment Fund (LAIF)			8,980,271
Cash in banks and on hand			8,782,528
Total Cash and investments			\$65,952,684

Investments above classified in Level 1 of the fair value hierarchy are valued using a quoted price in an active market for an identical asset. Investments above classified in Level 2 of the fair value hierarchy are valued using a quoted price in a non-active market for an identical asset. These prices are obtained from various pricing sources by the custodian bank. Certificates of Deposit, Money Market Mutual Fund and LAIF are valued at amortized cost and therefore, exempt from being classified under GASB 72.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

E. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is usually measured by the assignment of a rating by a nationally recognized statistical rating organization.

At June 30, 2022, the City’s deposit and investments were rated as follows:

Investment TyRe	Credit Quality Ratings		Market Value
	Moody's	S&R	
Securities of Government SRonsored EnterRrise Agencies:			
Federal National Mortgage Association Notes (FNMA)	Aaa	AA+	\$2,903,312
Federal Home Loan Mortgage CorRorate Notes (FHLMC)	Aaa	AA+	3,974,212
FHMS	Aaa	AA+	16,193
U.S. Treasury Notes	Aaa	AA+	21,646,953
Medium-Term Corporate Notes:			
PNC Bank NA Corp	A2	A	275,225
IBM Corp Notes	A2	A-	250,582
Goldman Sach Corp	A2	BBB+	150,514
Charles Schwab Corp (Callable)	A2	A	167,864
Comcast Corp (Callable)	A3	A-	200,572
Amazon.com Inc.	A1	AA	213,899
Citigroup Inc.	A3	BBB+	220,396
United Health Group Inc.	A3	A+	181,022
Caterpillar Financial Service	A2	A	260,790
Astrazeneca Finance LLC (Callable)	A3	A-	274,969
Hormel Foods (Callable)	A1	A	166,095
John Deere Capital Corp	A2	A	76,376
Target Corp.	A2	A	200,588
Bank of America (Callable)	A2	A-	198,743
Bristol Myers Squibb Co. (Callable)	A2	A+	82,479
American Express Co. (Callable)	A2	BBB+	219,157
American Honda Finance	A3	A-	173,967
PACCAR Financial Corp	A1	A+	136,418
Unilever Capital Corp. (Callable)	A1	A+	94,293
Goldman Sachs Group Inc.	A2	BBB+	143,675
Toyota Motor Credit Corp	A1	A+	188,037
Bank of America Corp (Callable)	A2	A-	262,274

(Continued)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

John Deere Capital Corp	A2	A	208,322
Cooperative Rabo Bank UA	Aa2	A+	235,255
American Honda Finance	A3	A-	237,462
Linde INC/CT (Callable)	A2	A	172,194
National Rural Utility Coop	A2	A-	167,488
Merck & Co. Inc.	A1	A+	128,293
Toyota Motor Credit	A1	A+	190,654
JP Morgan Chase & Co. (Callable)	A2	A-	160,220
American Express Co. (Callable)	A2	BBB+	144,393
Exxon Mobil Corp	Aa2	AA-	127,158
John Deere Capital Corp	A2	A	72,484
Abbott Laboratories Corp (Callable)	A1	AA-	162,805
Unilever Capital Corp (Callable)	A1	A+	124,895
Burlington North Santa Fe (Callable)	A3	AA-	123,257
Paccar Financial Corp	A1	A+	246,998
Amazon.com Inc	A1	AA	346,960
Home Depot Inc (Callable)	A2	A	39,148
Brown-Forman Corp Notes (Callable)	A1	A-	114,485
Bank of NY Mellon (Callable)	A1	A	492,157
Citigroup Inc.	A3	BBB+	163,900
Cintas Corporation No. 2 Corp Note (Callable)	A3	A-	175,252
Caterpillar Finl Service	A2	A	124,509
General Dynamics Corp (Callable)	A3	A-	164,532
Hershey Co. (Callable)	A1	A	120,494
JP Morgan Chase & Co. (Callable)	A2	A-	322,714
Honeywell Intl Corp (Callable)	A2	A	165,024
Trust Financial Corp (Callable)	A3	A-	230,009
National Australia BK/NY	Aa3	AA-	252,620
National Rural Utility Coop	A2	A-	99,431
JP Morgan Chase & Co. (Callable)	A2	A-	225,367
Morgan Stanley	A1	A-	84,979
Bank of America	A2	A-	223,762
Bristol Myers Squibb Co.	A2	A+	113,834
State Street Corp (Callable)	A1	A	105,660
Morgan Stanley (Callable)	A1	A-	278,352
State Street Corp (Callable)	A1	A	246,739
Certificates of Deposit			
DNB Bank ASA/NYLT	P-1	A-1+	573,403
Credit Suisse New York Cert	P-1	A-1	416,726
Asset-backed Securities	Aaa	AAA	2,258,093
Asset-backed Securities	Aaa	NR	994,006
Asset-backed Securities	NR	AAA	3,113,477
Supra-National Agency Notes and Bonds	Aaa	AAA	1,345,798
Money Market	Aaa	AAAm	217,971
Subtotal			48,189,885
Not Rated:			
Cash on hand	Not Rated	Not Rated	2,170
US Bank General Checking	Not Rated	Not Rated	8,473,534
Money Market (Sweep Account)	Not Rated	Not Rated	306,824
Local Agency Investment Funds (LAIF)	Not Rated	Not Rated	8,980,271
Total Investments			\$65,952,684

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

As of June 30, 2022, the City's bank balance was \$10,599,883 and the corresponding carrying book balance was \$9,115,138. Of the bank balance, \$250,000 was covered by federal depository insurance and \$8,865,138 was collateralized.

Investments: The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments.

G. Investment in State Investment Pool

The City is a voluntary participant in LAIF that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool as reported in the accompanying financial statements is based upon the Entity's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio).

As of June 30, 2022, the City held \$8,980,271 in LAIF. The LAIF fair value factor of 0.987125414 was used to calculate the fair value of the investments in LAIF and average maturity of 311 days.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 3 - INTERFUND TRANSACTIONS

A. Transfers

Transfers between funds during the fiscal year ended June 30, 2022 were as follows:

Fund Making Transfers	Fund Receiving Transfers	Amount	
General Fund	Non Major Governmental Fund	\$903,013	E
	Capital Projects Fund	3,932,956	A
	Storm Drain Fund	23,939	F
	Internal Services Funds	384,000	G
In-Liew Park Land Special Revenue Fund	Non Major Governmental Funds	789,490	D
	Capital Project Fund	128,025	A
Non-Major Governmental Funds	General Fund	230,000	C & H
	Capital Projects Fund	3,328,013	A
Capital Projects Fund	Non Major Governmental Funds	531,566	B
Sewer Fund	General Fund	254,612	G
	Internal Services Funds	300,000	G
	General Fund	38,002	G
Solid Waste Fund	Internal Services Funds	100,000	G
	Internal Services Funds	450,000	F
		\$11,393,616	

Interfund transfers were principally used for the following purposes,

- (A) To Fund Capital Projects
- (B) To Cover Negative Cash at June 30 2022
- (C) Public Safety Related Funds paid to the General Fund
- (D) To Maintain Minimum Fund Balance in Debt Service
- (E) Equipment Replacement
- (F) To Maintain Minimum Fund Balance
- (G) Additional Payment to PERS
- (H) Reimburse Expenses

B. Due to/from other funds

Current interfund balances arise in the normal course of business, to fund projects until the borrowing fund receives revenues to repay the lending fund and to assist funds with negative cash balance at the fiscal year end. The following is a summary of interfund balances as of June 30, 2022:

Due From Other Funds	Due To Other Funds	Amount
General Fund	Non-Major Governmental Funds	\$392,175

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 4 - NOTE RECEIVABLE

Upon the employment separation of the previous City Manager, the outstanding note receivable was paid in full as of June 30, 2022. The City entered into a loan agreement with the previous City Manager on November 1, 2016, to provide the City Manager a long-term loan of up to \$2,000,000 to finance the acquisition of his personal residence located within the City. The loan is secured by a deed of trust on the property. The loan is due upon sale of the property, within six to twelve months after the termination of the City Manager’s employment with the City depending on the cause of termination, or 30 years from the date of the loan agreement execution, whichever occurs first. The loan bears an interest rate at the 5 Year Treasury Rate as of September 1, 2016 amortized over a thirty-year period and recalculated to the 5 year Treasury Rate every five years of the original date of the loan.

NOTE 5 - CAPITAL ASSETS

A. Government-wide Financial Statements

At June 30, 2022, the City’s capital assets consisted of the following:

	Governmental Activities	Business-Type Activities	Total
Nondepreciable assets:			
Construction in progress	\$30,747,770	\$2,023,475	\$32,771,245
Land	11,642,285		11,642,285
Total nondepreciable assets	42,390,055	2,023,475	44,413,530
Depreciable assets:			
Buildings	21,637,868	17,959,980	39,597,848
Improvements	6,537,672		6,537,672
Machinery and equipment	7,233,195	1,066,804	8,299,999
Infrastructure	68,141,524	8,417,261	76,558,785
Total depreciable assets	103,550,259	27,444,045	130,994,304
Less accumulated depreciation	(39,231,805)	(14,111,428)	(53,343,233)
Total depreciable assets, net	64,318,454	13,332,617	77,651,071
Total capital assets	\$106,708,509	\$15,356,092	\$122,064,601

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets for governmental activities for the year ended June 30, 2022:

	Balance June 30, 2021	Additions	Transfers	Adjustments	Balance June 30, 2022
Governmental Activities:					
Capital assets, not depreciated:					
Land	\$14,500,134			(\$2,857,849) (A)	\$11,642,285
Construction in progress	45,660,831	\$6,665,769	(\$21,578,830)		30,747,770
Total capital assets, not depreciated	<u>60,160,965</u>	<u>6,665,769</u>	<u>(21,578,830)</u>	<u>(2,857,849)</u>	<u>42,390,055</u>
Buildings	21,637,868				21,637,868
Improvements	6,537,672				6,537,672
Machinery and equipment	7,094,884	186,557		(48,246)	7,233,195
Infrastructure	46,562,694		21,578,830		68,141,524
Total cost of depreciable assets	<u>81,833,118</u>	<u>186,557</u>	<u>21,578,830</u>	<u>(48,246)</u>	<u>103,550,259</u>
Less accumulated depreciation:					
Buildings	(11,428,307)	(398,477)			(11,826,784)
Improvements	(2,769,868)	(177,675)			(2,947,543)
Machinery and equipment	(5,275,823)	(305,258)			(5,581,081)
Infrastructure	(16,680,602)	(2,195,795)			(18,876,397)
Total accumulated depreciation	<u>(36,154,600)</u>	<u>(3,077,205)</u>			<u>(39,231,805)</u>
Net depreciable assets	<u>45,678,518</u>	<u>(2,890,648)</u>	<u>21,578,830</u>	<u>(48,246)</u>	<u>64,318,454</u>
Governmental Activity Capital Assets, Net	<u>\$105,839,483</u>	<u>\$3,775,121</u>		<u>(\$2,906,095)</u>	<u>\$106,708,509</u>

(A) Reclassification to land held for development per City Council decision

The governmental activities depreciation expenses for capital assets for the year ended June 30, 2022 are as follows:

Functions/Programs	Total
Public safety	\$151,431
Public works	2,262,153
Recreation	470,262
Community development	815
Admin / community services	192,544
Total depreciation expense	<u>\$3,077,205</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 5 - CAPITAL ASSETS (Continued)

The following is a summary of capital assets for business-type activities:

	Balance June 30, 2021	Additions	Transfers	Balance June 30, 2022
Business-Type Activities:				
Capital assets, not depreciated:				
Construction in progress	\$1,361,354	\$988,017	(\$325,896)	\$2,023,475
Total capital assets, not depreciated:	<u>1,361,354</u>	<u>988,017</u>	<u>(325,896)</u>	<u>2,023,475</u>
Capital assets, being depreciated:				
Buildings	17,959,980			17,959,980
Machinery and equipment	1,066,804			1,066,804
Infrastructure	8,091,365		325,896	8,417,261
Total cost of depreciable assets	<u>27,118,149</u>		<u>325,896</u>	<u>27,444,045</u>
Less accumulated depreciation:				
Buildings	(10,674,955)	(217,810)		(10,892,765)
Machinery and equipment	(876,090)	(55,571)		(931,661)
Infrastructure	(2,278,855)	(8,147)		(2,287,002)
Total accumulated depreciation	<u>(13,829,900)</u>	<u>(281,528)</u>		<u>(14,111,428)</u>
Net depreciable assets	<u>13,288,249</u>	<u>(281,528)</u>	<u>325,896</u>	<u>13,332,617</u>
Business-type Activity Capital Assets, Net	<u>\$14,649,603</u>	<u>\$706,489</u>	<u>\$ -</u>	<u>\$15,356,092</u>

Depreciation expense for business-type activities related to the Sewer Fund amounted to \$281,528 for the year ended June 30, 2022.

B. Fund Financial Statements

The Governmental Fund Financial Statements do not present capital assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position.

The capital assets of the Enterprise Funds in the Proprietary Fund Financial Statements are the same as those shown in the business-type activities of the Government-wide Financial Statements.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 - LONG-TERM OBLIGATIONS

A. Governmental Activities Long-Term Debt

Summary of changes in governmental activities long-term debt for the year ended June 30, 2022 is as follows:

	Balance at June 30, 2021	Retirements	Balance at June 30, 2022	Due Within One Year	Due in More Than One Year
2004 Certificate of Participation	\$880,000	(\$130,000)	\$750,000	\$140,000	\$610,000
Direct Borrowing-Community Center Lease	9,496,863	(404,612)	9,092,251	413,877	8,678,374
Total	<u>\$10,376,863</u>	<u>(\$534,612)</u>	<u>\$9,842,251</u>	<u>\$553,877</u>	<u>\$9,288,374</u>

2004 Refunding Certificate of Participation: On November 1, 1996, the City issued \$2,630,000 principal amount of Certificates of Participation (ABAG 38 COPs). The purpose of the ABAG 38 COPs was to finance the partial purchase of the 5.5 acre Saint William School site for public purposes and uses. During 2004 the City issued \$2,500,000 of 2004 Refunding Certificates of Participation to advance refund \$2,390,000 of outstanding principal on the ABAG 38 Certificates of Participation, set up reserve funds, and to pay related issuance costs. The entire ABAG 38 Certificates of Participation had been paid off by June 30, 2004. This advance refunding was undertaken to reduce total future debt service payments.

The Certificates of Participation are limited obligations of the City, payable from appropriations budgeted for in the City’s annual adopted budget. The Certificate covenants contain events of default that may result in the termination of the lease, collection of rent due and other monetary charges and terminate the City's right to possession of the leased property as applied by the Trustee and specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the City to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the City; or if any court or competent jurisdiction shall assume custody or control of the City. There were no such events occurred during the fiscal year ending June 30, 2022.

Direct Borrowing - Community Center Lease Agreement: On December 1, 2020, the City entered into Lease Agreements with the Public Property Financing Corporation of California, which subsequently assign the Agreement to Sterling National Bank (Assignee), under which the City leased certain facilities and the land on which the City’s Community Center is located, for which the Assignee made a one-time up-front lease payment to the City in the amount of \$10,000,000. Simultaneously, the City will lease back from the Assignee with annual lease payments over a lease term of 19 years, at a fixed interest rate of 2.290% per year. The Sublease is secured by the leased property. The Sublease is repayable in semi-annual payments beginning June 2021 through June 30, 2040. The pledge of repayment is from the General Fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 6 - LONG-TERM OBLIGATIONS (Continued)

At June 30, 2022, future debt service requirements were as follows:

Years ending June 30	2004 COP		Direct Borrowing Community Center Lease		Total
	Principal	Interest	Principal	Interest	
2023	\$140,000	\$31,875	\$413,877	\$208,213	\$793,965
2024	140,000	25,925	423,355	198,735	788,015
2025	150,000	19,975	433,050	189,040	792,065
2026	155,000	13,600	442,967	179,123	790,690
2027	165,000	7,012	453,111	168,979	794,102
2028-2032	-	-	2,426,030	684,418	3,110,448
2033-2037	-	-	2,716,829	393,620	3,110,449
2038-2040	-	-	1,783,032	82,257	1,865,289
Total	<u>\$750,000</u>	<u>\$98,387</u>	<u>\$9,092,251</u>	<u>\$2,104,385</u>	<u>\$12,045,023</u>

B. Non-City Obligations

The following bonds are not reported in the City’s financial statements as they are special obligations payable solely from and secured by specific revenue sources as described in the resolutions and official statements of the respective issues. Neither the faith and credit nor the taxing power of the City is pledged for payment of these obligations.

	Balance June 30, 2021	Retirements	Balance June 30, 2022	Due Within One Year	Due in More Than One Year
Blue Oak Lane	\$485,000	(\$15,000)	\$470,000	\$15,000	\$455,000
Total	<u>\$485,000</u>	<u>(\$15,000)</u>	<u>\$470,000</u>	<u>\$15,000</u>	<u>\$455,000</u>

Blue Oak Lane Special Assessment District: On November 5, 2009, Limited Obligation Improvement Bonds were issued for a newly formed Blue Oak Lane Sewer Assessment District (series 2009) to finance the acquisition and construction, by the City, of sanitary sewer improvements serving properties within the subject assessment District. These bonds are issued upon and secured by individual parcel levied assessments to be included in the annual property tax billings annually. The Bonds mature in 2039, were issued in a principal amount of \$662,880 and are subject to semi-annual debt service payments administered by the City.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 7 - COMPENSATED ABSENCES PAYABLE

The City’s compensated absences at June 30, 2022, were as follows:

	Governmental Activities	Business-type Activities	Total
Balance at July 1, 2021	\$1,924,038	\$107,381	\$2,031,419
Additions	215,462	36,390	251,852
Payments	(686,202)	(51,503)	(737,705)
Balance at June 30, 2022	<u>\$1,453,298</u>	<u>\$92,268</u>	<u>\$1,545,566</u>
Current Portion	<u>\$363,325</u>	<u>\$26,845</u>	<u>\$390,170</u>
Long-Term Portion	<u>\$1,089,973</u>	<u>\$65,423</u>	<u>\$1,155,396</u>

NOTE 8 - NET POSITION AND FUND BALANCES

A. Fund Balances

In the fund financial statements, governmental funds report the following classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision making authority for the City, can commit fund balances through the adoption of a formal action in accordance with the adoption of its annual Financial Policy. This formal action includes committing funds through budget adoption or by resolution. This policy authorizes the City Manager to assign fund balances and has set the budgetary level of control at the Fund and Capital Project level for the governing body and the department level for the City Manager and assignees.

B. General Fund Reserve

The City Council has established a General Fund Reserve goal level of 20% of annual operating expenditures has set funds aside accordingly through its annual budgetary actions. These funds would be **available for use in such conditions to mitigate negative economic fiscal impacts or State takeaways and can** be activated within any one budget cycle through Council action. An economic downturn would entail a projected and/or sudden drop in core revenues (major tax and service revenue loss) of equal to or greater than 5% (including the impact of inflation) and/or a change in economic parameters (such as interest rates, debt service rates, commodity prices, pension rates) that cause a material change in expenditures of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances of 5% or more, or the occurrence of a local natural disaster or unexpected financial claim requiring the immediate use of cash balances. In fiscal year 2020/2021, in line with budget approval, the City reallocated the pre-established State Budget Stabilization reserve into the aforementioned General Fund reserve. This results in the establishment of one Reserve balance to assist in periods of economic downturn or extraordinary need. The City’s reserve goal is at 17.5% during fiscal year 2020/21 based on total expenses for the year.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

C. Classifications

In the Government-wide Financial Statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

As prescribed by GASB Statement No. 54, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2022, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) 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, for example: inventories, prepaid amounts, long-term notes receivable and land.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – Committed fund balances include amounts that can be used only for the specific purposes determined by a formal action of the City Council's highest level of decision-making authority. The City Council can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.
- *Assigned Fund Balance* – comprised of amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) a body (for example: a budget or finance committee) or official to which the City Council has delegated the authority to assign amounts to be used for specific purposes.
- *Unassigned Fund Balance* – conveys the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. General fund is the only fund that reports a positive unassigned fund balance amount. In governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, a negative unassigned fund balance is reported in that fund.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

D. Policies

Order of Use

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent. The City considers restricted amounts to have been spent first when expenditures are incurred and both restricted and unrestricted fund balances are available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available. In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

Assignment and Commitment Authority

The City Council has approved by resolution a financial policy authorizing the City Manager to assign fund balances to facilitate year-end reporting requirements. The City Council, as the highest level of decision making authority for the City, has the ability to commit fund balances through the adoption by resolution. The same action must be taken to modify or rescind the commitment.

E. Fund Balances

Fund balances for all the major and non-major governmental funds as of June 30, 2022 were distributed as follows:

Fund Balance Classifications	General	In Lieu Park Land	Capital Projects	Other Governmental Funds	Total
Nonspendables:					
Inventory and prepaids	\$214,134				\$214,134
Total Nonspendable Fund Balances	214,134				214,134
Restricted for:					
Debt service				\$370,388	370,388
Special revenue programs and projects		\$8,350,611		5,705,620	14,056,231
Total Restricted Fund Balances		8,350,611		6,076,008	14,426,619
Assigned to:					
Emergency and operating	8,757,349				8,757,349
Veteran Memorial reserve	8,615				8,615
PERS and OPEB reserve	292,614				292,614
Technology reserve	1,278,768				1,278,768
Capital and equipment (Note 8I):					
Capital and equipment reserve				683,947	683,947
Construction in progress reserve			\$11,850,959		11,850,959
Total Assigned Fund Balances	10,337,346		11,850,959	683,947	22,872,252
Unassigned	9,058,574			(235,654)	8,822,920
Total Unassigned Fund Balances	9,058,574			(235,654)	8,822,920
Total Fund Balances	\$19,610,054	\$8,350,611	\$11,850,959	\$6,524,301	\$46,335,925

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 8 - NET POSITION AND FUND BALANCES (Continued)

F. Net Deficit

The funds listed in the table below had fund balance deficits at June 30, 2022. These deficits are expected to be eliminated by future revenues.

Fund	Fund Deficit
Vehicle Impound Special Revenue Fund	(\$7,309)
Proposition 1B Special Revenue Fund	(1,361)
Traffic Impact Fee Special Revenue Fund	(226,984)
Storm Drain Enterprise Fund	(20)
Liability Insurance Internal Service Fund	(27,720)

G. OPEB Reserves

As of June 30, 2022, \$1,500,000 in General Fund reserves have been assigned in recognition of existing Post-Retirement Health actuarial liability.

H. Encumbrances

The City utilized an encumbrance system during fiscal year 2022 to assist in controlling expenditures. Under this system, governmental funds are encumbered when purchase orders, contracts, or other commitments are signed or approved. The General fund had an encumbrance balance at June 30, 2022 of \$955,964, which is reflected in the fiscal year 2022 budget.

I. Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2022:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation	\$106,708,509	\$15,356,092	\$122,064,601
Minus: Capital-related long-term liabilities	(9,842,251)		(9,842,251)
Add: Unspent bond proceeds			
Net Investment in Capital Assets	\$96,866,258	\$15,356,092	\$112,222,350

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 - RISK MANAGEMENT

A. *Bay Cities Joint Powers Insurance Authority*

The City is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; errors and omissions; and floods for which the City is insured through Bay Cities Joint Powers Insurance Authority (Bay Cities).

The City has joined Bay Cities for general liability, property, errors and omissions, crimes and automobile physical damage coverage in the current year. Bay Cities is a public agency created in 1986 by and among various municipalities in Northern California to provide a pooled approach to liability insurance pursuant to the California Government Code. It is governed by a Board of Directors comprised of appointed officials from the member entities. The purpose of the pool is to provide various levels of liability coverage, claims administration, and loss control support to member agencies. Annually, each member pays an actuarially determined premium based on a formula which takes into account the prior three years' loss experience, annual payroll, and population.

Bay Cities provides coverage for its Members in excess of the member's retained limit, or self-insured retention (SIR), up to \$1,000,000 per occurrence. Each Member retains the portion of every loss that falls within their SIR, ranging from \$2,500 to \$1,000,000. Bay Cities is also a member of the California Affiliated Risk Management Authorities (CARMA), a risk sharing joint powers authority. When losses exceed the \$1,000,000 per occurrence limit, CARMA provides coverage up to \$28,000,000.

The City self-insures the first \$100,000 of each liability loss. Once the City's deductible is met, Bay Cities becomes responsible for payment of all claims up to the upper limit. During the year ended June 30, 2022, the City contributed \$6,609 or current year coverage.

The City continues to carry excess insurance policy for Workers' Compensation claims through the CSAC Excess Insurance Authority JPA up to the statutory limits and does so using the services of a contracted third-party administrator. The City has a \$250,000 deductible as of June 30, 2022. During the year, the City contributed \$1,355,225 for current year coverage.

As of June 30, 2022, \$115,207 of revolving funds was held in trust on behalf of the City by the workers' compensation third-party claims administrator. \$10,000 is also being held by Bay Cities in the procurement of liability and claims coverage. The City will receive these funds upon termination of services subject to final withdrawal adjustments.

The Bay Cities financial statements may be obtained from Bay Cities Joint Powers Insurance Authority, Bickmore, 1750 Creekside Oaks Drive Suite 200, Sacramento, CA 95833. CSAC Excess Insurance Authority financial statements may be obtained from CSAC Excess Insurance Authority, 75 Iron Point Circle Suite 200, Folsom, CA 95630.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 9 - RISK MANAGEMENT (Continued)

B. Liability for Uninsured Claims

The GASB requires municipalities to record their liability for uninsured claims and to reflect the current portion of this liability as an expenditure in their financial statements. As discussed in the section above, the City has coverage for such claims, but it has retained the risk for the deductible or uninsured portion, of these claims. The current accounting standards require that this amount be separately identified and recorded as a liability. Changes in the balances of claims liabilities during the past three years were as follows:

	June 30,		
	2022	2021	2020
Unpaid claims, beginning of year	\$4,221,000	\$3,750,000	\$3,492,000
Incurred claims and changes in estimates	1,282,326	873,276	816,675
Claim payments	<u>(103,024)</u>	<u>(402,276)</u>	<u>(558,675)</u>
Unpaid claims, end of year	<u>\$5,400,302</u>	<u>\$4,221,000</u>	<u>\$3,750,000</u>
Current Portion	<u>\$1,118,735</u>	<u>\$1,072,302</u>	<u>\$930,123</u>
Long-Term Portion	<u>\$4,281,567</u>	<u>\$3,148,698</u>	<u>\$2,819,877</u>

In conformance with current accounting standards the City obtained an independent actuarial valuation of all outstanding Workers Compensation and Liability claims. Both the Workers Compensation report and the General Liability report presented a valuation as of December 31, 2021 and projected values through fiscal years 2022 and 2023. The fiscal year 2021-2022 values presented above reflect the estimated present value of open claims as developed in this actuarial report, and those values do not represent the pending claims.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 10 - SELF-FUNDED REIMBURSEMENT DENTAL AND VISION PLAN

The City provides a self-funded reimbursement based dental and vision plans. The City’s contribution for these plans are accounted for in the Dental Reimbursement Fund. The City contributed \$75 per month for each fulltime budgeted position. The funds accumulated are used to reimburse full-time salaried employees and their dependents, as well as council members for covered dental and vision claims. There are no administrative charges for this plan. Contributions and reimbursements for the past five fiscal years as follows:

Fiscal year ended June 30,	Contribution Amount	Reimbursement Amount
2018	\$127,800	\$177,094
2019	125,324	238,064
2020	258,874	253,377
2021	264,121	308,786
2022	340,693	340,693
Total	<u>\$1,116,812</u>	<u>\$1,318,014</u>

The dental and vision plan year commences January 1st of each calendar year. An annual maximum dental and vision reimbursements of \$1,939 are provided for each employee and \$1,291 for each of their dependents. Any remaining balance in the fund for each plan year is carried forward to the following year. In subsequent years, the maximum coverage for both employees and dependents is increased annually based on the Consumer Price Index but not to exceed 3%.

NOTE 11 - PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plan (Plan) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plan

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the City’s Miscellaneous and Safety Tier I, Tier II and PEPRRA Employee Pension Rate Plan. The City’s Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees’ Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as “risk pools”), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three miscellaneous and three safety rate plans. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plan’s provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous - Tier 1
Hire date	Prior to January 1, 2012
Benefit formula	2.7% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	8.000%
Required employer contribution rates	14.020%

	Miscellaneous - Tier 2
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	2% @ 60
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 67
Monthly benefits, as a % of eligible compensation	1.092% - 2.418%
Required employee contribution rates	7.000%
Required employer contribution rates	8.650%

	Miscellaneous - PEPR A
Hire date	On or after January 1, 2013
Benefit formula	2% @ 62
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	52 - 67
Monthly benefits, as a % of eligible compensation	1.000% - 2.500%
Required employee contribution rates	6.750%
Required employer contribution rates	7.590%

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 11 - PENSION PLAN (Continued)

	<u>Safety - Tiers 1 and 2</u>
Hire date	Prior to January 1, 2012
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	23.710%
	<u>Safety - Tier 3</u>
Hire date	January 1, 2012 - December 31, 2012
Benefit formula	3% @ 55
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55
Monthly benefits, as a % of eligible compensation	2.400% - 3.000%
Required employee contribution rates	9.000%
Required employer contribution rates	20.640%
	<u>Safety - PEPRA</u>
Hire date	On or after January 1, 2013
Benefit formula	2.7% @ 57
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 57
Monthly benefits, as a % of eligible compensation	2.000% - 2.700%
Required employee contribution rates	13.000%
Required employer contribution rates	13.130%

Beginning in fiscal year 2018, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The City's required contribution for the unfunded liability and side fund was \$5,172,564 in fiscal year 2022.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	\$3,953,914	\$3,293,372	\$7,247,286

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2022, the City reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$15,176,554
Safety	12,464,797
Total Net Pension Liability	\$27,641,351

The City’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The City’s proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous	Safety
Proportion - June 30, 2020	0.55%	0.29%
Proportion - June 30, 2021	0.80%	0.36%
Change - Increase (Decrease)	0.25%	0.07%

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

For the year ended June 30, 2022, the City recognized pension expense of \$3,903,350. At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Miscellaneous Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,953,914	
Differences between actual and expected experience	1,701,888	
Changes in assumptions	-	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(\$190,794)
Net differences between projected and actual earnings on plan investments		(13,248,329)
Adjustments due to differences in proportion	272,790	(389,524)
Miscellaneous Total	\$5,928,592	(\$13,828,647)

Safety Plan

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$3,293,372	
Differences between actual and expected experience	2,129,600	
Changes in assumptions	-	
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions		(\$803,328)
Net differences between projected and actual earnings on plan investments		(7,418,950)
Adjustments due to differences in proportion	434,970	
Safety Total	\$5,857,942	(\$8,222,278)
Grand total	\$11,786,534	(\$22,050,925)

\$7,247,286 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	Total
	Annual Amortization	Annual Amortization	Annual Amortization
2023	(\$2,483,955)	(\$895,011)	(\$3,378,966)
2024	(2,673,916)	(1,146,063)	(3,819,979)
2025	(3,034,943)	(1,575,042)	(4,609,985)
2026	(3,661,155)	(2,041,592)	(5,702,747)
	(\$11,853,969)	(\$5,657,708)	(\$17,511,677)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liability was determined by rolling forward the June 30, 2020 total pension liability. The June 30, 2020 total pension liability is based on the following actuarial methods and assumptions:

	Miscellaneous & Safety
Valuation Date	6/30/2020
Measurement Date	6/30/2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increase	(1)
Investment Rate of Return	7.15% (2)
Mortality	Derived using CalPERS' Membership Data for all funds (3)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a December 2018 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects the expected real rates of return by asset class.

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%		-0.92%
Total	100%		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety
1% Decrease	6.15%	6.15%
Net Pension Liability	\$26,170,547	\$21,485,896
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$15,176,554	\$12,464,797
1% Increase	8.15%	8.15%
Net Pension Liability	\$6,087,978	\$5,055,079

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 11 - PENSION PLAN (Continued)

Pension Plan Fiduciary Net Position – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Reduction of CalPERS Discount Rate - In July 2021, CalPERS reported a preliminary 21.3% net return on investments for the 12-month period that ended June 30, 2021. Under the Funding Risk Mitigation Policy approved by the CalPERS Board of Administration in 2015, the 21.3% net return was under the original expected return of 21.7%, which will trigger a reduction in the discount rate used to calculate employer and Public Employees' Pension Reform Act (PEPRA) member contributions. The Funding Risk Mitigation Policy seeks to reduce CalPERS funding risk over time, in which CalPERS investment performance that significantly outperforms the discount rate will trigger adjustments to the discount rate, expected investment return, and strategic asset allocation targets. This is the first time it has been triggered. The discount rate, or assumed rate of return, will drop to 6.8%, from its current level of 7%.

Based on these preliminary fiscal year returns, the CalPERS has announced the funded status of the overall PERF is an estimated 82%. This estimate is based on a 7% discount rate. Under the new 6.8% discount rate, however, CalPERS indicated the funded status of the overall PERF drops to 80%. This is because existing assets are assumed to grow at a slightly slower rate annually into the future. As intended under the Funding Risk Mitigation Policy, the lower discount rate increases the likelihood that CalPERS can reach its target over the longer term. The CalPERS Board of Administration will continue to review the discount rate through its Asset Liability Management process during the rest of the calendar year. CalPERS' final fiscal year 2021 investment performance will be calculated based on audited figures and will be reflected in contribution levels for contracting cities, counties, and special districts in fiscal year 2024.

**CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022**

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

A. General Information about the City’s Other Post Employment Benefit (OPEB) Plan

Plan Description – The City’s Post Employment Benefit Plan is an agent-multiple-employer defined benefit healthcare plan administered by the California Employers’ Retiree Benefit Trust (CERBT).

Benefits Provided – The provisions and benefits of the City’s Other Post Employment Benefit Plan in effect at June 30, 2022, are summarized as follow:

	All Bargaining Units						
Eligibility	Retire directly from the City under CalPERS (age 50 ¹ and 5 years of service or disability)						
Benefit	- 5% of active contribution times years in PEMHCA (increase each year not greater than \$100 per month) - Joined PEMHCA in 2001 - 100% of PEMHCA minimum in 2022 - Monthly amounts: <table style="margin-left: 40px; border-collapse: collapse;"> <tr> <td style="text-align: center;"><u>Year</u></td> <td style="text-align: center;"><u>Actives</u></td> <td style="text-align: center;"><u>Retirees</u></td> </tr> <tr> <td style="text-align: center;">2022</td> <td style="text-align: center;">\$ 132</td> <td style="text-align: center;">\$ 124</td> </tr> </table>	<u>Year</u>	<u>Actives</u>	<u>Retirees</u>	2022	\$ 132	\$ 124
<u>Year</u>	<u>Actives</u>	<u>Retirees</u>					
2022	\$ 132	\$ 124					
Surviving Spouse Benefit	Surviving spouse coverage continues based on CalPERS retirement plan election						
Other	- No dental, vision & life or Medicare reimbursement - Implicit rate subsidy included						

¹ Age 52 for Miscellaneous PEPRAs members

For the year ended June 30, 2022, the City’s contributions to the Plan were \$132,024.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active employees	144
Inactive employees or beneficiaries currently receiving benefit payments	73
Inactive employees entitled to but not yet receiving benefit payments	95
Total	312

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The City net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated January 1, 2021 that was rolled forward using standard update procedures to determine the total OPEB liability as of June 30, 2021, based on the following actuarial methods and assumptions:

Actuarial Assumptions	June 30, 2021 Measurement Date
Valuation Date	January 01, 2021
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Contribution Policy	• City contributes full Actuarial Determined Contribution through CERBT #1
Discount Rate and Long Term Expected Rate of Return on Assets	• 6.25% at June 30, 2021
	• 6.75% at June 30, 2020
	• Expected City contributions projected to keep sufficient plan assets to pay all benefits from trust
General Inflation	• 2.50% annually
Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-2021
Salary Increases	• Aggregate - 2.75% annually
	• Merit - CalPERS 2000-2019 Experience Study
Medical Trend	• Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	• Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
	• Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
PEMHCA Minimum Increases	• 4% annually
Healthcare participation	• 60%

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	59.0%	4.56%
Fixed income	25.0%	0.78%
TIPS	5.0%	-0.08%
Commodities	3.0%	1.22%
REITs	8.0%	4.06%
Total	100.0%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2020 Measurement Date	\$3,607,820	\$1,982,361	\$1,625,459
Changes Recognized for the Measurement Period:			
Service Cost	201,852		201,852
Interest on the total OPEB liability	252,731		252,731
Changes in benefit terms			-
Differences between expected and actual experience	(617,999)		(617,999)
Changes of assumptions	(5,045)		(5,045)
Contributions from the employer		132,024	(132,024)
Net investment income		545,286	(545,286)
Benefit payments	(131,033)	(131,033)	-
Administrative expenses		(1,742)	1,742
Net changes	(299,494)	544,535	(844,029)
Balance at June 30, 2021 Measurement Date	<u>\$3,308,326</u>	<u>\$2,526,896</u>	<u>\$781,430</u>

The City paid \$131,033 for retiree healthcare plan benefits, including \$84,033 in premium payments for retirees, \$47,000 for implied subsidies, and \$991 for administrative costs. The plan does not issue separate financial statements.

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1%	Current Discount Rate	Discount Rate +1%
5.25%	6.25%	7.25%
\$1,231,979	\$781,430	\$408,816

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 12 - OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

The following table presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point or 1-percentage-point higher than the current healthcare cost trend rates.

The healthcare cost trend are as follows:

- Non-Medicare: 6.50% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.
- Medicare (Non-Kaiser): 5.65% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.
- Medicare (Kaiser): 4.60% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years.

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$338,360	\$781,430	\$1,332,770

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the City recognized OPEB expense of \$1,514,725. At June 30, 2022, the City reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	\$1,626,491	
Net differences between projected and actual earnings on plan investments		(\$292,929)
Differences between expected and actual experience		(858,941)
Changes in assumptions	77,865	(4,422)
Total	\$1,704,356	(\$1,156,292)

\$1,626,491 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$201,775)
2024	(196,776)
2025	(198,947)
2026	(211,259)
2027	(108,140)
Thereafter	(161,530)
Total	(\$1,078,427)

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 13 - LEASES

A. Policies

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of \$300,000 or more for all funds, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 13 - LEASES (Continued)

Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

As of June 30, 2022, the City has no leases over the threshold subject to GASB 87 as a lessee.

B. *Leases Receivable (City as Lessor)*

The provisions of GASB Statement 87 were implemented during fiscal year 2022. As part of the implementation of this Statement, the City has accounted for certain lessor transactions, which required the restatement and increase of General Fund leases receivable and deferred inflows in the amounts of \$6,862,926 as of July 1, 2021. As a result, the net effect on governmental activities beginning net position is zero.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 13 - LEASES (Continued)

The summary for the leases details and balances related to leases receivable and deferred inflows of resources recorded in the General Fund as of June 30, 2022 were:

<u>Lessee</u>	<u>Property</u>	<u>Original Lease Date</u>	<u>Lease Ending Date</u>	<u>Term Duration (Years)</u>	<u>Remaining Lease Term (years)</u>	<u>Expiration Date Including Options</u>
Los Altos School District	Blach Gym	8/30/2001	9/1/2121	120	100	9/1/2121
Los Altos School District	Egan Gym	8/30/2001	9/1/2121	120	100	9/1/2121

(Continued below)

<u>Lessee</u>	<u>Interest Revenue</u>	<u>Lease Revenue</u>	<u>Monthly Revenue as of June 30, 2022</u>	<u>Lease Receivable Balance at June 30, 2022</u>	<u>Deferred Inflow of Resources at June 30, 2022</u>
Los Altos School District	\$3,689	\$34,315	\$2,860	\$3,400,837	\$3,397,148
Los Altos School District	3,689	30,626	2,860	3,400,837	3,397,148
	<u>\$7,378</u>	<u>\$64,941</u>	<u>\$5,720</u>	<u>\$6,801,674</u>	<u>\$6,794,296</u>

The future principal and interest lease receivables as of June 30, were as follows:

<u>For the Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$61,317	\$7,312	\$68,629
2024	61,383	7,246	68,629
2025	61,449	7,180	68,629
2026	61,515	7,114	68,629
2027	61,582	7,048	68,629
2028-2032	308,902	34,244	343,146
2033-2037	310,566	32,580	343,146
2038-2042	312,239	30,907	343,146
2043-2047	313,921	29,225	343,146
2048-2052	315,612	27,534	343,146
2053-2057	317,312	25,834	343,146
2058-2062	319,021	24,125	343,146
2063-2067	320,740	22,407	343,146
2068-2072	322,467	20,679	343,146
2073-2077	324,204	18,942	343,146
2078-2082	325,951	17,196	343,146
2083-2087	327,706	15,440	343,146
2088-2092	329,472	13,675	343,146
2093-2097	331,246	11,900	343,146
2098-2102	333,031	10,116	343,146
2103-2107	334,824	8,322	343,146
2108-2112	336,628	6,518	343,146
2113-2117	338,441	4,705	343,146
2118-2121	672,144	2,451	674,595
Totals	<u>\$6,801,674</u>	<u>\$392,701</u>	<u>\$7,194,374</u>

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 14 - CONTINGENCIES

The City is presently involved in certain matters of litigation that have arisen in the normal course of conducting City business. City management believes, based upon consultation with the City Attorney, that these cases in the aggregate, although they could potentially result in a material adverse financial impact on the City, a reasonable estimate of the outcome and impacts could not be made at the financial statement issuance date.

The City participates in several Federal and State grant programs. These programs are subject to the audits by the City’s independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. In addition, these programs are subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

NOTE 15 - OTHER INFORMATION

A. Joint Powers Agreements

The City participates in joint ventures through Joint Powers Authorities (JPAs) established under the Joint Exercise of Powers Act of the State of California. As separate legal entities, these JPAs exercise full powers and authorities within the scope of the related Joint Powers Agreement, including the preparation of annual budgets, accountability for all funds, the power to make and execute contracts and the right to sue and be sued. Obligations and liabilities of the JPAs are not those of the City.

Each JPA is governed by a board consisting of representatives from each member agency. Each board controls the operations of its respective JPA, including selection of management and approval of operating budgets, independent of any influence of member agencies beyond their representation of the board.

City of Palo Alto Regional Water Quality Control Plant: The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant. It was formed in 1968 by a joint exercise of powers among the cities of Palo Alto, Mountain View, and Los Altos, constructed, maintains and operates sewage treatment facilities serving its member cities. The agreement provides that the City will purchase capacity for 50 years. The City of Palo Alto acts as administrator and bills each member its share of the operating costs. The audited financial statements can be obtained by contacting the City of Palo Alto at P.O. Box 10250, Palo Alto, CA 94303.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 15 - OTHER INFORMATION (Continued)

North County Library Authority (NCLA): The NCLA, formed in 1985 by a joint exercise of powers agreement between the City and the Town of Los Altos Hills, provides library services for member residents. The NCLA was created to provide financing for capital improvements and additional services by the public libraries serving the area. Although the City owns the libraries and their sites, the County of Santa Clara (County) is responsible for all library operations. However, since 1985, the NCLA has levied a voter approved special parcel tax to compensate for service reductions due to cutbacks by the County. The special tax has been collected by the County, transferred to the City, on behalf of NCLA, and then transferred back to the County for the specifically requested services provided by the libraries within the NCLA’s service area. The City performs administrative and accounting services for NCLA. In 1991, the NCLA issued Special Tax Bonds in the amount of \$3,645,000. The Special Tax Bonds were repaid off as of June 30, 2012. In 2010, NCLA successfully passed an updated twenty year parcel tax extending the assessment term to 2030. No new debt was issued in association with this election. The audited financial statements can be obtained by contacting the NCLA at One North San Antonio Road, Los Altos, CA, 94022.

Community Health Awareness Council (CHAC): CHAC was organized as a joint powers agency between the City of Los Altos, City of Mountain View, Town of Los Altos Hills, Los Altos School District, Mountain View Whisman School District, and Mountain View-Los Altos High School District. CHAC provides prevention and intervention services concentrating on positive alternatives to health abuse and self-destructive behaviors within the communities served. The audited financial statements can be obtained by contacting CHAC at P.O. Box 335, Mountain View, CA, 94042.

Silicon Valley Clean Energy Authority: The Silicon Valley Clean Energy Authority (SVCEA) was established in 2016 by 12 agencies in Santa Clara County including the City of Los Altos. The purpose of SVCEA is to enable the member agencies to pool the electricity demand within their jurisdictions to directly procure or generate electrical power supplies on behalf of the residents and businesses in their communities, thus allowing those agencies to provide a clean energy option for residents at a competitive price with traditional energy sources. As part of the implementation of SVCEA, the City of Los Altos paid \$100,000 for its portion of the start-up costs. These funds are to be reimbursed to the City once the Authority has achieved financial sustainability.

CITY OF LOS ALTOS
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2022

NOTE 16 - OTHER COMMITMENTS

A summary of remaining authorized CIP project balances at June 30, 2022 for all City funds by service area are as follows:

Construction in progress:	
Streets and Roadways	\$4,878,973
Pedestrian Safety	2,153,171
Infrastructure and Facilities	17,054,737
Parks	336,351
Sewer	3,775,426
Technology	1,767,511
Community Development	413,250
Storm Drain	323,069
Public Art	45,282
Total	\$30,747,770

NOTE 17 - SUBSEQUENT EVENT

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy approved by the CalPERS Board in 2015, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the CalPERS Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense, but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the CalPERS GASB 68 accounting valuation reports for the June 30, 2022, measurement date.



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REQUIRED SUPPLEMENTARY INFORMATION



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CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIO

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer’s covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer’s covered employee payroll and the pension plan’s fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer’s contributions to the plan which are actuarially determined, the employer’s actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

Schedule of Proportionate Share of the
 Net Pension Liability and Related Ratio as of the Measurement Date

Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years*

Measurement Date	Miscellaneous Pool							
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.42907%	0.50595%	0.20298%	0.51409%	0.52958%	0.54011%	0.55138%	0.79927%
Plan's proportion share of the Net Pension Liability (Asset)	\$10,604,408	\$13,880,661	\$17,564,072	\$20,265,838	\$19,958,437	\$21,628,592	\$23,257,604	\$15,176,554
Plan's Covered Payroll	7,736,180	7,806,721	8,434,058	8,337,461	9,734,936	9,569,932	10,185,806	10,715,749
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	137.08%	177.80%	208.25%	243.07%	205.02%	226.01%	228.33%	141.63%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%	78.28%	73.20%	75.39%	77.69%	77.73%	77.71%	81.77%

Measurement Date	Safety Pool							
	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.24026%	0.25820%	0.16023%	0.26642%	0.27582%	0.28041%	0.28686%	0.35517%
Plan's proportion share of the Net Pension Liability (Asset)	\$9,011,972	\$10,639,010	\$13,864,825	\$15,919,233	\$16,183,695	\$17,504,397	\$19,111,513	\$12,464,797
Plan's Covered Payroll	3,607,754	3,645,893	3,885,679	3,686,478	4,233,297	4,320,366	4,135,400	4,760,661
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	249.79%	291.81%	356.82%	431.83%	382.30%	405.16%	462.14%	261.83%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.46%	78.52%	73.96%	71.74%	73.39%	73.37%	73.12%	81.40%

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2022
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Pool							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	\$1,081,811	\$1,456,475	\$1,544,680	\$1,769,644	\$1,974,752	\$2,356,569	\$2,588,732	\$3,953,914
Contributions in relation to the actuarially determined contributions	(1,081,811)	(1,456,475)	(1,544,680)	(1,769,644)	(1,974,752)	(2,356,569)	(2,588,732)	(3,953,914)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$7,806,721	\$8,434,058	\$8,337,461	\$9,734,936	\$9,569,932	\$10,185,806	\$10,715,749	\$11,354,395
Contributions as a percentage of covered payroll	13.86%	17.27%	18.53%	18.18%	20.63%	23.14%	24.16%	34.82%
Notes to Schedule								
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2021

	Safety Pool							
	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022
Actuarially determined contribution	\$924,466	\$1,134,277	\$1,205,365	\$1,390,429	\$1,605,370	\$1,962,129	\$2,201,042	\$3,293,372
Contributions in relation to the actuarially determined contributions	(1,076,741)	(1,134,277)	(1,205,365)	(1,390,429)	(1,605,370)	(1,962,129)	(2,201,042)	(3,293,372)
Contribution deficiency (excess)	(\$152,275)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Covered payroll	\$3,645,893	\$3,885,679	\$3,686,478	\$4,233,297	\$4,320,366	\$4,135,400	\$4,760,661	\$4,327,156
Contributions as a percentage of covered payroll	29.53%	29.19%	32.70%	32.85%	37.16%	47.45%	46.23%	76.11%
Notes to Schedule								
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll
Remaining amortization period	15 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	(1)
Investment rate of return	7.15% (2)
Mortality	Derived using CalPERS Membership Data
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment
(2) Net of pension plan investment expenses, including inflation

* Fiscal year 2015 was the 1st year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
 Retiree Healthcare OPEB Plan – Agent Multiple Employer
 Last 10 Years*

Measurement Date	6/30/17	6/30/18	6/30/19	6/30/20	6/30/21
Total OPEB Liability					
Service Cost	\$154,000	\$158,000	\$162,743	\$195,973	\$201,852
Interest	207,000	223,000	238,629	231,856	252,731
Actual vs. expected experience			(524,133)		(617,999)
Assumption changes			128,646		(5,045)
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)	(131,033)
Net change in total OPEB liability	227,000	239,000	(155,115)	309,935	(299,494)
Total OPEB liability - beginning	2,987,000	3,214,000	3,453,000	3,297,885	3,607,820
Total OPEB liability - ending (a)	<u>\$3,214,000</u>	<u>\$3,453,000</u>	<u>\$3,297,885</u>	<u>\$3,607,820</u>	<u>\$3,308,326</u>
Plan fiduciary net position					
Contributions - employer	\$135,000	\$143,000	\$162,000	\$118,972	\$132,024
Net investment income	160,000	134,000	110,961	67,723	545,286
Administrative expense	(2,000)	(4,000)	(1,387)	(2,014)	(1,742)
Benefit payments	(134,000)	(142,000)	(161,000)	(117,894)	(131,033)
Net change in plan fiduciary net position	159,000	131,000	110,574	66,787	544,535
Plan fiduciary net position - beginning	1,515,000	1,674,000	1,805,000	1,915,574	1,982,361
Plan fiduciary net position - ending (b)	<u>\$1,674,000</u>	<u>\$1,805,000</u>	<u>\$1,915,574</u>	<u>\$1,982,361</u>	<u>\$2,526,896</u>
 Net OPEB liability - ending (a)-(b)	<u>\$1,540,000</u>	<u>\$1,648,000</u>	<u>\$1,382,311</u>	<u>\$1,625,459</u>	<u>\$781,430</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	52.1%	52.3%	58.1%	54.9%	76.4%
 Covered-employee payroll	<u>\$12,546,000</u>	<u>\$14,000,000</u>	<u>\$15,000,000</u>	<u>\$15,000,000</u>	<u>\$15,366,121</u>
 Net OPEB liability as a percentage of covered-employee payroll	<u>12.27%</u>	<u>11.77%</u>	<u>9.22%</u>	<u>10.84%</u>	<u>5.09%</u>

* Fiscal year 2018 was the first year of implementation.

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

SCHEDULE OF CONTRIBUTIONS
 Retiree Healthcare OPEB Plan – Agent Multiple Employer
 Last 10 Years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$304,000	\$313,000	\$333,000	\$343,000	\$316,000
Contributions in relation to the actuarially determined contribution	143,000	314,000	118,972	132,024	1,626,491
Contribution deficiency (excess)	\$161,000	(\$1,000)	\$214,028	\$210,976	(\$1,310,491)
Covered-employee payroll	\$14,000,000	\$15,000,000	\$15,000,000	\$15,366,121	\$16,416,717
Contributions as a percentage of covered-employee payroll	1.02%	2.10%	0.80%	0.9%	9.9%

* Fiscal year 2018 was the first year of implementation.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTION
Retiree Healthcare OPEB Plan - Agent Multiple Employer
Methods and Assumptions for Actuarially Determined Contribution

Valuation Date	• January 1, 2021
Actuarial Cost Method	• Entry Age Normal, Level Percentage of Payroll
Amortization Method	• Level percent of pay
Amortization Period	• 11-year average fixed period for 2021/22
Asset Valuation Method	• Investment gains and losses spread over 5-year rolling period
Discount Rate	• 6.25%
General Inflation	• 2.50%
Medical Trend	<ul style="list-style-type: none"> • Non-Medicare - 6.50% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Non-Kaiser) - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years • Medicare (Kaiser) - 4.60% for 2023, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Disability, Termination	• CalPERS 2000-2019 Experience Study
Mortality Improvement	• Mortality Improvement Scale MP-21
PEMHCA Minimum Increases	• 4% annually
Healthcare participation	• 60%

CITY OF LOS ALTOS
 GENERAL FUND
 SCHEDULE OF REVENUES AND EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property tax	\$30,309,225	\$30,309,225	\$30,086,157	(\$223,068)
Sales tax	3,451,879	3,451,879	3,738,113	286,234
Utility users	2,729,500	2,729,500	3,093,784	364,284
Other tax	2,360,000	2,360,000	3,545,907	1,185,907
Licenses, permits and fees	4,164,350	4,164,350	4,624,201	459,851
Grants and donations		3,598,964	3,899,739	300,775
Charges for services	2,750,150	2,750,150	3,642,018	891,868
Fines and forfeitures	128,500	128,500	171,611	43,111
Interest and rentals	359,000	359,000	(949,567)	(1,308,567)
Other	187,431	116,000	187,431	71,431
Total revenues	46,440,035	49,967,568	52,039,394	2,071,826
Expenditures:				
General government:				
Public Safety	21,682,657	21,682,657	21,117,831	564,826
Public Works	6,750,611	6,750,611	6,134,367	616,244
Recreation	2,471,738	2,471,738	2,540,420	(68,682)
Community development	7,409,836	7,409,836	6,620,784	789,052
Admin/community services	14,569,522	14,569,522	13,968,924	600,598
Debt service:				
Interest and fiscal charges			49,438	(49,438)
Total expenditures	52,884,364	52,884,364	50,431,764	2,452,600
Excess of revenues over expenditures	(6,444,329)	(2,916,796)	1,607,630	(380,774)
Other financing sources (uses):				
Proceeds from Lease				
Transfers in	8,481,196	8,481,196	546,266	(7,934,930)
Transfers out	(14,700,630)	(14,700,630)	(5,267,560)	9,433,070
Total other financing sources (uses)	(6,219,434)	(6,219,434)	(4,721,294)	1,498,140
Net change in fund balance	(\$12,663,763)	(\$9,136,230)	(3,113,664)	\$1,117,366
Fund balance at beginning of year			22,723,718	
Fund balance at end of year			\$19,610,054	

CITY OF LOS ALTOS
 IN-LIEU PARK LAND SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES:				
Interest and rentals			(\$231,752)	(\$231,752)
Intergovernmental	\$5,319,000	\$5,319,000	3,757,600	(1,561,400)
Total Revenues	5,319,000	5,319,000	3,525,848	(1,793,152)
Expenditures:				
Capital improvement	38,000	38,000	38,000	
EXCESS OF REVENUES OVER EXPENDITURES	5,281,000	5,281,000	3,487,848	(1,793,152)
OTHER FINANCING SOURCES (USES)				
Transfers (out)	(1,350,000)	(1,979,970)	(917,515)	1,062,455
Total other financing sources (uses)	(1,350,000)	(1,979,970)	(917,515)	1,062,455
NET CHANGE IN FUND BALANCE	\$3,931,000	\$3,301,030	2,570,333	(\$730,697)
Beginning fund balance			5,780,278	
Ending fund balance			\$8,350,611	

CITY OF LOS ALTOS
Notes to Required Supplementary Information
For the Year Ended June 30, 2022

BUDGET AND BUDGETARY ACCOUNTING

The City adopts a budget annually for General Fund, Special Revenue Funds, **(except for the Storm Drain Deposits Fund)**, and Equipment Replacement Capital Projects Fund that is effective July 1 for the ensuing fiscal year.

From the effective date of the budget, which is adopted and controlled at the fund level, the amounts stated therein as proposed expenditures become appropriations to the various City departments. The City Council may amend the budget during the fiscal year. The City Manager is authorized to transfer budgeted amount between departments and line items within any fund to achieve a balanced budget; however, any revisions which alter the total expenditures of any fund must be approved by the City Council. Transfers between funds must be approved by the City Council. All appropriations lapse at year-end unless otherwise authorized by the City Council and the City Manager, except for capital improvement projects and open purchase order commitments for which appropriations endure until the project or obligation is completed.

Budgets are adopted on a basis consistent with generally accepted accounting principles except for capital projects funds, which are adopted on a project length basis, which means budgets are used until the project's completion for the entire project amount.

SUPPLEMENTARY INFORMATION



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GENERAL FUND

General Fund – Accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in other funds. The General Fund supports essential City services such as police, fire, street and parks maintenance, maintenance services, community development and recreation activities. The General Fund also includes the Real Property Proceeds Funds, which accounts for the proceeds from the sale of real property and the Community Facilities Renewal Fund, which accounts for the revenues and expenditures related to the community facilities renewal efforts.

CITY OF LOS ALTOS
GENERAL FUND
COMBINING BALANCE SHEET
JUNE 30, 2022

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
ASSETS				
Cash and investments	\$15,979,547			\$15,979,547
Receivables, net of allowance for uncollectibles:				
Accounts	5,842,234			5,842,234
Interest				
Prepays	103,991			103,991
Notes receivable				
Lease receivable	6,801,674			6,801,674
Inventory	110,143			110,143
Due from other funds	410,863		(\$18,688)	392,175
Total Assets	\$29,248,452		(\$18,688)	\$29,229,764
LIABILITIES				
Accounts payable	\$1,892,952			\$1,892,952
Accrued liabilities	773,146			773,146
Other payable	159,316			159,316
Due to other funds		\$18,688	(\$18,688)	
Total Liabilities	2,825,414	18,688	(18,688)	2,825,414
DEFERRAL INFLOWS OF RESOURCES				
Leases related	6,794,296			6,794,296
Total Deferred Inflows	6,794,296			6,794,296
FUND BALANCES				
Fund balance:				
Nonspendable	214,134			214,134
Assigned	10,337,346			10,337,346
Unassigned	9,077,262	(18,688)		9,058,574
Total Fund Balances	19,628,742	(18,688)		19,610,054
Total Liabilities and Fund Balances	\$29,248,452		(\$18,688)	\$29,229,764

CITY OF LOS ALTOS
 GENERAL FUND
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022

	General	Real Property Proceeds	Intra-Fund Transaction Elimination	Total General Fund
REVENUES				
Property tax	\$30,086,157			\$30,086,157
Sales tax	3,738,113			3,738,113
Utility users	3,093,784			3,093,784
Other tax	3,545,907			3,545,907
Licenses, permits and fees	4,624,201			4,624,201
Intergovernmental				
Grants and donations	3,899,739			3,899,739
Charges for services	3,642,018			3,642,018
Fines and forfeitures	171,611			171,611
Interest and rentals	(907,226)	(\$42,341)		(949,567)
Other	187,431			187,431
Total Revenues	52,081,735	(42,341)		52,039,394
EXPENDITURES				
General government				
Public safety	21,117,831			21,117,831
Public works	6,134,367			6,134,367
Recreation	2,540,420			2,540,420
Community development	6,620,784			6,620,784
Admin / community development	13,968,924			13,968,924
Debt Service:				
Interest and fiscal charges	49,438			49,438
Total Expenditures	50,431,764			50,431,764
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,649,971	(42,341)		1,607,630
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in	522,614	23,652		546,266
Transfers (out)	(4,588,451)	(679,109)		(5,267,560)
Total Other Financing Sources (Uses)	(4,065,837)	(655,457)		(4,721,294)
NET CHANGE IN FUND BALANCES	(2,415,866)	(697,798)		(3,113,664)
BEGINNING FUND BALANCES	22,044,608	679,110		22,723,718
ENDING FUND BALANCES	\$19,628,742	(\$18,688)		\$19,610,054



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NON-MAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

VEHICLE IMPOUND FUND

To account for revenues collected from arrest and towing fees that are dedicated for public safety purposes.

SUPPLEMENTAL LAW ENFORCEMENT FUND

To account for revenues from the Citizen's Option for Public Safety Program in support of additional front-line law enforcement services.

GAS TAX FUNDS

To account for the revenues received from the State gas taxes under the provision of the Streets and Highways Codes. These revenues are restricted to uses related to construction and improvements, an maintenance and repair of local streets.

PROPOSITION 1B FUND

To account for the allocated bond fund amount from the State under the Proposition 1B provisions.

STORM DRAIN DEPOSITS FUND

To account for fees collected from new subdivision development. All funds are restricted to construction and improvement of the storm drain system.

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

To account for grant funds received from the federal government specifically for the housing rehabilitation loan programs, the human services programs through local nonprofit agencies, and the accessibility improvements in compliance with the American with Disabilities Act.

DOWNTOWN PARKING FUND

To account for revenues received from the lease of the public parking plazas and in-lieu program fees. The revenues are dedicated for the construction and improvement of downtown parking facilities.

TRAFFIC IMPACT FEE FUND

To account for revenues received from development. The revenues are dedicated for transportation improvements within the City.

ESTATE DONATION FUND

To account for donations received that are dedicated for purposes specified by the donors.

TDA FUND

To account for State Transportation Development Act, Article 3 funds for bike route and pedestrian facilities improvements.

NON-MAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE FUNDS (Continued)

PEG FUND

To account for fees collected by local Cable Television franchise. All funds are restricted for public education and government access programming.

VEHICLE REGISTRATION FEES FUND

To account for fees collected by the Department of Motor Vehicles from registrations in Santa Clara County. All funds are restricted to street projects.

SB 1 ROAD MAINTENANCE REHABILITATION FUND

To account for revenues received from the State Streets and Highways Codes. These revenues are restricted to address deferred maintenance on the State Highway System and the local street and road system.

TRAFFIC CONGESTION RELIEF PROGRAM FUND

To account for revenues received from the State. These revenues must be used only for maintenance or reconstruction costs on public streets or roads.



CAPITAL PROJECTS FUND

EQUIPMENT REPLACEMENT FUND

To account for the revenues and expenditures related to the replacement of certain City equipment and vehicles.

DEBT SERVICE FUND

GENERAL DEBT SERVICE

To account for the accumulation of revenues for periodic payment of principal and interest on Certificates of Participation and related authorized costs.



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CITY OF LOS ALTOS
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2022

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
ASSETS				
Cash and investments		\$207,292	\$1,755,933	
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts			59,030	
Total Assets		\$207,292	\$1,814,963	
LIABILITIES				
Accounts payable				
Due to other funds	\$7,309			\$1,361
Total Liabilities	7,309			1,361
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects		\$207,292	\$1,814,963	
Assigned				
Unassigned	(7,309)			(1,361)
Total Fund Balances	(7,309)	207,292	1,814,963	(1,361)
Total Liabilities and Fund Balances		\$207,292	\$1,814,963	

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
\$56,086		\$899,731		\$17,584	
		2,000			\$88,358
<u>\$56,086</u>		<u>\$901,731</u>		<u>\$17,584</u>	<u>\$88,358</u>
		\$1,441	\$226,984		
		1,441	226,984		
\$56,086		900,290		\$17,584	\$88,358
			(226,984)		
<u>56,086</u>		<u>900,290</u>	<u>(226,984)</u>	<u>17,584</u>	<u>88,358</u>
<u>\$56,086</u>		<u>\$901,731</u>		<u>\$17,584</u>	<u>\$88,358</u>

(Continued)

CITY OF LOS ALTOS
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2022

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SB1 Road Maintenance Rehabilitation	Traffic Congestion Relief Program
ASSETS				
Cash and investments	\$203,327	\$1,152,610	\$269,442	
Restricted cash and investments				
Receivables, net of allowance for uncollectibles:				
Accounts	22,419		57,265	
Total Assets	\$225,746	\$1,152,610	\$326,707	
LIABILITIES				
Accounts payable				
Due to other funds				
Total Liabilities				
FUND BALANCES				
Restricted:				
Debt service				
Special revenue programs and projects	\$225,746	\$1,152,610	\$326,707	
Assigned				
Unassigned				
Total Fund Balances	225,746	1,152,610	326,707	
Total Liabilities and Fund Balances	\$225,746	\$1,152,610	\$326,707	

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUNDS</u>		
<u>Measure B</u>	<u>Public Art</u>	<u>Equipment Replacement</u>	<u>General</u>	<u>Los Alto Community Center Lease</u>	<u>Total Non-major Governmental Funds</u>
	\$498,290	\$841,115	\$198,179 172,209		\$6,099,589 172,209
<u>\$574,215</u>					<u>803,287</u>
<u>\$574,215</u>	<u>\$498,290</u>	<u>\$841,115</u>	<u>\$370,388</u>		<u>\$7,075,085</u>
		\$157,168			\$158,609 392,175
<u>\$156,521</u>					<u>392,175</u>
<u>156,521</u>		<u>157,168</u>			<u>550,784</u>
			\$370,388		370,388 5,705,620 683,947 (235,654)
417,694	\$498,290	683,947			370,388 5,705,620 683,947 (235,654)
<u>417,694</u>	<u>498,290</u>	<u>683,947</u>	<u>370,388</u>		<u>6,524,301</u>
<u>\$574,215</u>	<u>\$498,290</u>	<u>\$841,115</u>	<u>\$370,388</u>		<u>\$7,075,085</u>

CITY OF LOS ALTOS
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS			
	Vehicle Impound	Supplemental Law Enforcement	Gas Tax	Proposition 1B
REVENUES				
Charges for services				
Licenses, permits and fees				
Intergovernmental		\$161,285	\$724,874	
Fines and forfeitures	\$12,691			
Interest and rentals			(72,366)	(\$1,361)
Other				
Total Revenues	12,691	161,285	652,508	(1,361)
EXPENDITURES				
Current:				
Public safety				
Community development				
Capital improvements				
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	12,691	161,285	652,508	(1,361)
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				
Transfers (out)	(20,000)	(100,000)	(858,013)	(44,542)
Total Other Financing Sources (Uses)	(20,000)	(100,000)	(858,013)	(44,542)
NET CHANGE IN FUND BALANCES	(7,309)	61,285	(205,505)	(45,903)
BEGINNING FUND BALANCES		146,007	2,020,468	44,542
ENDING FUND BALANCES	(\$7,309)	\$207,292	\$1,814,963	(\$1,361)

SPECIAL REVENUE FUNDS

Storm Drain Deposits	Community Development Block Grant	Downtown Parking	Traffic Impact Fee	Estate Donation	TDA
		\$67,569	\$227,114		\$88,358
		(16,453)	(2,785)	(\$554)	
		51,116	224,329	(554)	88,358
			833		
			833		
		51,116	223,496	(554)	88,358
	\$531,566	(40,000)	(472,122)		
	531,566	(40,000)	(472,122)		
	531,566	11,116	(248,626)	(554)	88,358
\$56,086	(531,566)	889,174	21,642	18,138	
\$56,086		\$900,290	(\$226,984)	\$17,584	\$88,358

(Continued)

CITY OF LOS ALTOS
 NON-MAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2022

	SPECIAL REVENUE FUNDS			
	PEG	Vehicle Registration Fees	SBI Road Maintenance Rehabilitation	Traffic Congestion Relief Program
REVENUES				
Charges for services	\$97,626			
Licenses, permits and fees				
Intergovernmental		\$593,625	\$567,661	
Fines and forfeitures				
Interest and rentals	(24,023)	29,584	(13,994)	(\$3,013)
Other				
Total Revenues	73,603	623,209	553,667	(3,013)
EXPENDITURES				
Current:				
Public safety				
Community development				
Capital improvements	3,123			
Debt service:				
Principal				
Interest and fiscal charges				
Total Expenditures	3,123			
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	70,480	623,209	553,667	(3,013)
OTHER FINANCING SOURCES (USES)				
Proceeds from Lease				
Transfers in				3,013
Transfers (out)	(584,771)		(500,000)	(106,129)
Total Other Financing Sources (Uses)	(584,771)		(500,000)	(103,116)
NET CHANGE IN FUND BALANCES	(514,291)	623,209	53,667	(106,129)
BEGINNING FUND BALANCES	740,037	529,401	273,040	106,129
ENDING FUND BALANCES	\$225,746	\$1,152,610	\$326,707	

<u>SPECIAL REVENUE FUNDS</u>		<u>CAPITAL PROJECTS FUND</u>	<u>DEBT SERVICE FUNDS</u>		
<u>Measure B</u>	<u>Public Art</u>	<u>Equipment Replacement</u>	<u>General</u>	<u>Los Alto Community Center Lease</u>	<u>Total Non-major Governmental Funds</u>
	\$355,459				\$453,085
					294,683
					2,135,803
					12,691
(\$16,757)			\$188		(121,534)
<u>(16,757)</u>	<u>355,459</u>		<u>188</u>		<u>2,774,728</u>
	6,414	\$339,959			346,373
					3,956
			130,000	\$403,961	533,961
			40,751	218,129	258,880
	<u>6,414</u>	<u>339,959</u>	<u>170,751</u>	<u>622,090</u>	<u>1,143,170</u>
(16,757)	<u>349,045</u>	<u>(339,959)</u>	<u>(170,563)</u>	<u>(622,090)</u>	<u>1,631,558</u>
		900,000	167,400	622,090	2,224,069
(550,000)	(16,883)	(265,553)			(3,558,013)
(550,000)	(16,883)	634,447	167,400	622,090	(1,333,944)
(566,757)	332,162	294,488	(3,163)		297,614
984,451	166,128	389,459	373,551		6,226,687
<u>\$417,694</u>	<u>\$498,290</u>	<u>\$683,947</u>	<u>\$370,388</u>		<u>\$6,524,301</u>

CITY OF LOS ALTOS
 VEHICLE IMPOUND FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Fines and forfeitures	\$20,000	\$12,691	(\$7,309)
Total Revenues	20,000	12,691	(7,309)
EXCESS OF REVENUES OVER EXPENDITURES	20,000	12,691	(7,309)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(20,000)	(20,000)	
Total other financing sources (uses)		(20,000)	
NET CHANGE IN FUND BALANCE		(7,309)	(\$7,309)
Beginning fund balance			
Ending fund balance		(\$7,309)	

CITY OF LOS ALTOS
 SUPPLEMENTAL LAW ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$100,000	\$161,285	\$61,285
Total Revenues	100,000	161,285	61,285
EXCESS OF REVENUES OVER EXPENDITURES	100,000	161,285	61,285
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(100,000)	(100,000)	
Total other financing sources (uses)	(100,000)	(100,000)	
NET CHANGE IN FUND BALANCE	61,285	61,285	\$61,285
Beginning fund balance		146,007	
Ending fund balance		\$207,292	

CITY OF LOS ALTOS
 GAS TAX FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$800,054	\$724,874	(\$75,180)
Interest and rentals		(72,366)	(72,366)
Total Revenues	800,054	652,508	(147,546)
EXPENDITURES			
Capital improvements			
Total Expenses			
EXCESS OF REVENUES OVER EXPENDITURES	800,054	652,508	(147,546)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(1,350,000)	(858,013)	491,987
Total other financing sources (uses)	(1,350,000)	(858,013)	491,987
NET CHANGE IN FUND BALANCE	(\$549,946)	(205,505)	\$344,441
Beginning fund balance		2,020,468	
Ending fund balance		\$1,814,963	

CITY OF LOS ALTOS
 PROPOSITION 1B FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Interest and rentals		(\$1,361)	(\$1,361)
Total Revenues		(1,361)	(1,361)
EXCESS OF REVENUES OVER EXPENDITURES		(1,361)	(1,361)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(\$44,542)	(44,542)	
Total other financing sources (uses)	(44,542)	(44,542)	
NET CHANGE IN FUND BALANCE	<u>(\$44,542)</u>	(45,903)	<u>(\$1,361)</u>
Beginning fund balance		<u>44,542</u>	
Ending fund balance		<u>(\$1,361)</u>	

CITY OF LOS ALTOS
 COMMUNITY DEVELOPMENT BLOCK GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$531,566	\$531,566	
Total other financing sources (uses)	531,566	531,566	
NET CHANGE IN FUND BALANCE		531,566	
Beginning fund balance		(531,566)	
Ending fund balance			

CITY OF LOS ALTOS
 DOWNTOWN PARKING FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Licenses, permits and fees	\$40,000	\$67,569	\$27,569
Interest and rentals		(16,453)	(16,453)
Total Revenues	40,000	51,116	11,116
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(428,883)	(40,000)	388,883
Total other financing sources (uses)	(428,883)	(40,000)	388,883
NET CHANGE IN FUND BALANCE	\$40,000	11,116	\$399,999
Beginning fund balance		889,174	
Ending fund balance		\$900,290	

CITY OF LOS ALTOS
 TRAFFIC IMPACT FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES:			
Licenses, permits and fees	\$411,693	\$227,114	(\$184,579)
Interest and rentals		<u>(3,618)</u>	<u>(3,618)</u>
Total Revenues	<u>411,693</u>	<u>223,496</u>	<u>(188,197)</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(428,883)</u>	<u>(472,122)</u>	<u>(43,239)</u>
NET CHANGE IN FUND BALANCE	<u><u>(\$17,190)</u></u>	<u>(248,626)</u>	<u><u>(\$231,436)</u></u>
Beginning fund balance		<u>21,642</u>	
Ending fund balance		<u><u>(\$226,984)</u></u>	

CITY OF LOS ALTOS
 ESTATE DONATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest		(\$554)	(\$554)
Total Revenues		(554)	(554)
EXCESS OF REVENUES OVER EXPENDITURES		(554)	(554)
NET CHANGE IN FUND BALANCE		(554)	(\$554)
Beginning fund balance		18,138	
Ending fund balance		\$17,584	

CITY OF LOS ALTOS
TDA FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Grants and donations	\$50,000	\$88,358	\$38,358
Total expenditures	50,000	88,358	38,358
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	50,000	88,358	38,358
NET CHANGE IN FUND BALANCE	\$50,000	88,358	\$38,358
Beginning fund balance			
Ending fund balance		\$88,358	

CITY OF LOS ALTOS
 PEG FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		(\$24,023)	(\$24,023)
Charges for services	\$100,000	97,626	(2,374)
Total revenues	100,000	73,603	(26,397)
EXPENDITURES			
Capital improvements		3,123	(3,123)
Total Expenses		3,123	(3,123)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	100,000	70,480	(23,274)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(170,000)	(584,771)	(414,771)
Total other financing sources (uses)	(170,000)	(584,771)	(414,771)
NET CHANGE IN FUND BALANCE	\$100,000	(514,291)	(\$23,274)
Beginning fund balance		740,037	
Ending fund balance		\$225,746	

CITY OF LOS ALTOS
 VEHICLE REGISTRATION FEES FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		\$29,584	\$29,584
Grants and donations	\$579,000	593,625	14,625
Total revenues	579,000	623,209	44,209
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	579,000	623,209	44,209
NET CHANGE IN FUND BALANCE	\$579,000	623,209	\$44,209
Beginning fund balance		529,401	
Ending fund balance		\$1,152,610	

CITY OF LOS ALTOS
 SB1 ROAD MAINTENANCE REHABILITATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		(\$13,994)	(\$13,994)
Intergovernmental	\$609,599	567,661	(41,938)
Total revenues	609,599	553,667	(55,932)
OTHER FINANCING SOURCES (USES)			
Transfers (out)		(500,000)	(500,000)
Total other financing sources (uses)		(500,000)	(500,000)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(609,599)	53,667	(555,932)
NET CHANGE IN FUND BALANCE	(\$609,599)	53,667	(\$555,932)
Beginning fund balance		273,040	
Ending fund balance		\$326,707	

CITY OF LOS ALTOS
 TRAFFIC CONGESTION RELIEF PROGRAM FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Interest income		(\$3,013)	(\$3,013)
Total revenues		(3,013)	(3,013)
OTHER FINANCING SOURCES (USES)			
Transfers in		3,013	3,013
Transfers (out)	(\$106,129)	(106,129)	
Total other financing sources (uses)		(103,116)	(103,116)
NET CHANGE IN FUND BALANCE		(106,129)	(\$106,129)
Beginning fund balance		106,129	
Ending fund balance			

CITY OF LOS ALTOS
 MEASURE B FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Intergovernmental	\$550,000		(\$550,000)
Interest income		(\$16,757)	(16,757)
Total revenues	550,000	(16,757)	(566,757)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(550,000)	(550,000)	
Total other financing sources (uses)	(550,000)	(550,000)	
NET CHANGE IN FUND BALANCE	550,000	(566,757)	(\$566,757)
Beginning fund balance		984,451	
Ending fund balance		\$417,694	

CITY OF LOS ALTOS
PUBLIC ART FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES:			
Charges for services	\$355,459	\$355,459	
Total revenues	355,459	355,459	
EXPENDITURES			
Community development	60,000	6,414	\$53,586
EXCESS OF REVENUES OVER EXPENDITURES	295,459	349,045	(53,586)
OTHER FINANCING SOURCES (USES)			
Transfers (out)	(70,000)	(16,883)	53,117
Total other financing sources (uses)	(70,000)	(16,883)	53,117
NET CHANGE IN FUND BALANCE	\$225,459	332,162	(\$469)
Beginning fund balance		166,128	
Ending fund balance		\$498,290	

CITY OF LOS ALTOS
 EQUIPMENT REPLACEMENT CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2022

	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES			
Community development	\$266,500	\$339,959	(\$73,459)
Capital improvements	91,000		91,000
Total expenditures	357,500	339,959	17,541
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(357,500)	(339,959)	17,541
OTHER FINANCING SOURCES (USES)			
Transfers in	900,000	900,000	
Transfers (out)	(560,332)	(265,553)	294,779
Total other financing sources (uses)	339,668	634,447	294,779
NET CHANGE IN FUND BALANCE	(\$17,832)	294,488	\$312,320
Beginning fund balance		389,459	
Ending fund balance		\$683,947	



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INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost-reimbursement basis (including depreciation).

DENTAL REIMBURSEMENT

To account for costs of the City's self-insurance dental program. Funds are provided primarily from charges to departments.

UNEMPLOYMENT INSURANCE

To account for the unemployment insurance premiums and claims made against the City. Funds are provided primarily from charges to departments.

WORKERS' COMPENSATION INSURANCE

To account for the premium costs and self-insured claim losses made against the City for workers compensation. Funds are provided primarily from charges to departments.

LIABILITY INSURANCE

To account for the premium costs and self-insured claim losses made against the City for property-related and general liability. Funds are provided primarily from charges to departments.

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
ASSETS					
Current Assets:					
Cash and investments	\$5,253	\$96,698	\$5,923,884	\$699,873	\$6,725,708
Accounts receivable			763	35,180	35,943
Total Assets	5,253	96,698	5,924,647	735,053	6,761,651
LIABILITIES					
Current Liabilities:					
Accounts payable			19,339	11,752	31,091
Claims and judgements			842,325	276,410	1,118,735
Noncurrent Liabilities:					
Claims and judgements			3,806,956	474,611	4,281,567
Total Liabilities			4,668,620	762,773	5,431,393
NET POSITION					
Unrestricted	5,253	96,698	1,256,027	(27,720)	1,330,258
Total Net Position	\$5,253	\$96,698	\$1,256,027	(\$27,720)	\$1,330,258

CITY OF LOS ALTOS
 INTERNAL SERVICE FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
OPERATING REVENUES					
Charges for services	\$340,693		\$738,119	\$501,834	\$1,580,646
Total Operating Revenues	340,693		738,119	501,834	1,580,646
OPERATING EXPENSES					
Outside services				54,237	54,237
Claims and insurance	340,693		1,548,151	1,316,181	3,205,025
Administration			78,249		78,249
Total Operating Expenses	340,693		1,626,400	1,370,418	3,337,511
Operating Income (Loss)			(888,281)	(868,584)	(1,756,865)
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000		576,000	558,000	1,234,000
Transfers out		(\$450,000)			(450,000)
Total Other Financing Sources (Uses)	100,000	(450,000)	576,000	558,000	784,000
Change in Net Position	100,000	(450,000)	(312,281)	(310,584)	(972,865)
BEGINNING NET POSITION	(94,747)	546,698	1,568,308	282,864	2,303,123
ENDING NET POSITION	\$5,253	\$96,698	\$1,256,027	(\$27,720)	\$1,330,258

CITY OF LOS ALTOS
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Dental Reimbursement	Unemployment Insurance	Workers' Compensation Insurance	Liability Insurance	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds	\$245,946		\$738,621	\$482,387	\$1,466,954
Cash payments to vendors	(340,693)		810,032	236,784	706,123
Insurance premiums, settlements, and rebates			(1,533,097)	(1,328,549)	(2,861,646)
Cash Flows from Operating Activities	(94,747)		15,556	(609,378)	(688,569)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from (to) other funds	100,000	(\$450,000)	576,000	558,000	784,000
Cash Flows (used for) Noncapital Financing Activities	100,000	(450,000)	576,000	558,000	784,000
Net Cash Flows	5,253	(450,000)	591,556	(51,378)	95,431
Cash and investments at beginning of period		546,698	5,332,328	751,251	6,630,277
Cash and investments at end of period	\$5,253	\$96,698	\$5,923,884	\$699,873	\$6,725,708
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Operating income (loss)			(\$888,281)	(\$868,584)	(\$1,756,865)
Adjustments to reconcile operating income to net cash flows from operating activities:					
Change in assets and liabilities:					
Accounts receivable			502	(19,447)	(18,945)
Accounts payable			15,054	(12,368)	2,686
Due to other funds	(94,747)				(94,747)
Claims and judgments payable			888,281	291,021	1,179,302
Cash Flows from Operating Activities	(94,747)		\$15,556	(\$609,378)	(\$688,569)

CUSTODIAL FUNDS

NORTH COUNTY LIBRARY AUTHORITY

This fund accounts for the operating activities and the special assessment collection pertaining to the North County Library Authority.

BLUE OAK LANE SEWER

This fund accounts for the accumulation of resources for payment of the debt service and installation of sanitary sewer systems on Blue Oak Lane funded via November 2009 limited obligation assessment district bonds. The revenue is derived from the special assessment levied to property owners within that improvement district.

CITY OF LOS ALTOS
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF NET POSITION
 JUNE 30, 2022

	Custodial Funds		Total
	North County Library Authority	Blue Oak Lane Sewer	
ASSETS			
Cash and investments (Note 2)		\$38,195	\$38,195
Restricted cash and investments (Note 2)		45,828	45,828
Total Assets		84,023	84,023
NET POSITION			
Restricted for:			
Other governments		84,023	84,023
Total Net Position		\$84,023	\$84,023

CITY OF LOS ALTOS
 CUSTODIAL FUNDS
 COMBINING STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Funds		Total
	North County Library Authority	Blue Oak Lane Sewer	
ADDITIONS			
Fee collections	\$8,598	\$47,748	\$56,346
Total Additions	8,598	47,748	56,346
DEDUCTIONS			
Distributions	818,816	44,530	863,346
Total Deductions	818,816	44,530	863,346
Net increase(decrease) in net position	(810,218)	3,218	(807,000)
Net Position-Beginning	810,218	80,805	891,023
Net Position-Ending	810,218	\$84,023	\$84,023



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STATISTICAL SECTION



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STATISTICAL SECTION

This part of the City’s Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health. In contrast to the financial section, the statistical section information is not subject to independent audit.

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time:

- 1. Net Position by Component
- 2. Changes in Net Position
- 3. Fund Balances of Governmental Funds
- 4. Changes in Fund Balances of Governmental Funds

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax:

- 1. Tax Revenues by Source, Governmental Funds
- 2. Assessed Value of Taxable Property
- 3. Assessed Value of Property by Use Code
- 4. Property Tax Dollar by Break Down
- 5. Property Tax Dollars by Recipient Group
- 6. Direct and Overlapping Tax Rates
- 7. Principal Property Taxpayers
- 8. Property Tax Levies and Collections

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future:

- 1. Ratios of Outstanding Debt by Type
- 2. Schedule of Direct and Overlapping Bonded Debt
- 3. Legal Debt Margin

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place:

- 1. Demographic Statistics
- 2. Principal Employers

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs:

- 1. Full-Time Equivalent City Employees by Function/Program
- 2. Full-Time Equivalent City Employees
- 3. Operating Indicators by Function/Program
- 4. Capital Asset Statistics by Function/Program
- 5. Trust and Agency Debt Administration

Sources

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

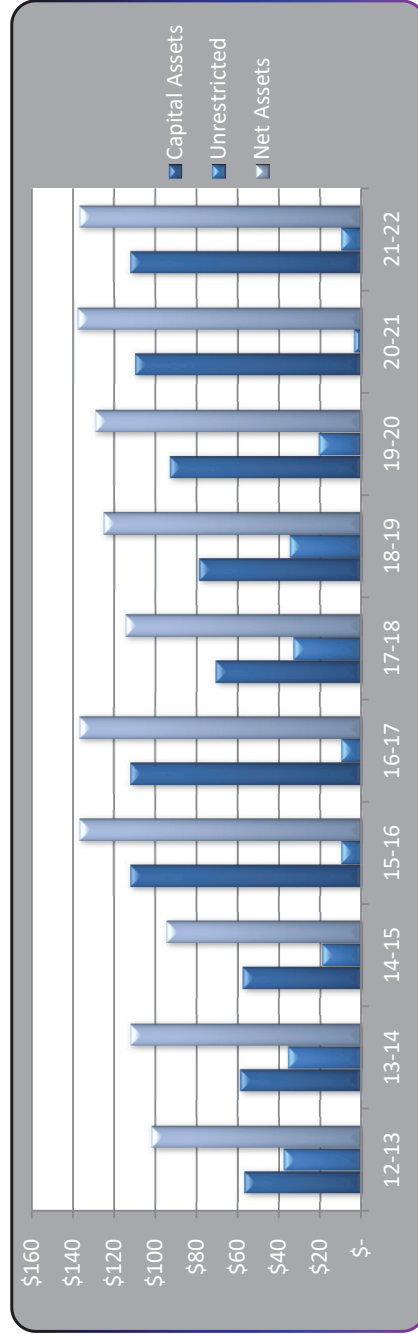


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**City of Los Altos
Net Position by Component
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2012-13 (a)	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental activities										
Net investment in capital assets	\$ 50,102	\$ 50,164	\$ 49,079	\$ 53,409	\$ 54,725	\$ 61,525	\$ 67,611	\$ 80,869	\$ 95,463	\$ 96,866
Restricted	7,406	17,629	17,815	14,447	11,498	10,620	11,381	15,365	24,021	14,427
Unrestricted	29,883	27,624	10,746	15,583	24,047	20,429	21,733	5,216	(11,750)	(4,855)
Total governmental activities net position	\$ 87,391	\$ 95,417	\$ 77,640	\$ 83,439	\$ 90,270	\$ 92,574	\$ 100,725	\$ 101,450	\$ 107,734	\$ 106,438
Business-type activities										
Net investment in capital assets	\$ 6,773	\$ 8,718	\$ 8,662	\$ 8,726	\$ 15,356	\$ 9,450	\$ 11,239	\$ 12,288	\$ 14,650	\$ 15,356
Unrestricted	7,843	8,087	8,472	11,259	14,927	12,644	13,135	15,500	15,510	14,927
Total business-type activities net position	\$ 14,616	\$ 16,805	\$ 17,134	\$ 19,985	\$ 30,283	\$ 22,094	\$ 24,374	\$ 27,788	\$ 30,160	\$ 30,283
Primary government										
Net investment in capital assets	\$ 56,875	\$ 58,882	\$ 57,741	\$ 62,135	\$ 112,222	\$ 70,975	\$ 78,850	\$ 93,157	\$ 110,113	\$ 112,222
Restricted	7,406	17,629	17,815	14,447	14,427	10,620	11,381	15,365	24,021	14,427
Unrestricted	37,726	35,711	19,218	26,842	10,073	33,073	34,868	20,716	3,760	10,072
Total primary government net position	\$ 102,007	\$ 112,222	\$ 94,774	\$ 103,424	\$ 136,722	\$ 114,668	\$ 125,099	\$ 129,238	\$ 137,894	\$ 136,721



Source:

City of Los Altos Finance Department

Note:

(a) The City implemented the provisions of GASB Statement 63 in fiscal year 2013, which replaced the term "Net Assets" with the term "Net Position"

City of Los Altos
 Changes in Net Position
 Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

	FISCAL YEAR									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Expenses										
Governmental activities:										
Public safety	\$ 15,144	\$ 14,884	\$ 15,636	\$ 15,791	\$ 15,224	\$ 19,928	\$ 18,945	\$ 21,217	\$ 21,384	\$ 23,843
Public works	5,557	6,453	7,058	5,816	7,882	6,217	6,534	7,659	4,741	11,494
Recreation	2,108	2,656	2,976	2,744	2,613	3,402	3,061	3,235	2,584	2,942
Community development	4,514	4,038	4,590	5,758	4,243	6,440	5,547	6,596	7,004	7,636
Admin/Community services	5,675	3,804	4,002	4,882	4,411	5,687	5,905	9,806	8,282	14,265
Interest on long-term activities	95	71	68	63	51	64	51	40	245	307
Total governmental activities expenses	33,093	31,906	34,330	35,054	34,374	41,738	40,043	48,553	44,240	60,487
Business-type activities:										
Sewer	4,529	4,574	4,789	4,607	6,754	4,970	5,273	5,527	5,268	6,900
Solid waste	355	366	347	376	438	461	465	426	394	1,092
Storm drain	232	165	215	-	1	1	-	-	-	-
Total Business-type activities expenses	5,116	5,105	5,351	4,983	7,193	5,432	5,738	5,953	5,662	7,992
Total primary government expenses	\$ 38,209	\$ 37,011	\$ 39,681	\$ 40,037	\$ 41,567	\$ 47,170	\$ 45,781	\$ 54,506	\$ 49,902	\$ 68,479
Program Revenues										
Governmental activities:										
Charges for services:										
Public safety	\$ 344	\$ 417	\$ 898	\$ 462	\$ 363	\$ 330	\$ 488	\$ 324	\$ 202	\$ 3,995
Public works	34	60	33	55	42	51	51	48	59	9
Recreation	1,865	1,952	2,167	2,123	2,070	2,021	1,963	847	271	1,139
Community development	7,431	5,196	3,625	3,412	3,112	4,589	4,027	3,498	5,793	9,063
Admin/Community services	947	942	954	1,033	1,082	950	753	1,200	954	47
Operating grants and contributions:										
Public safety	109	116	109	437	392	409	401	188	4,140	1,056
Public works	699	909	504	336	262	298	286	420	379	427
Recreation	-	-	-	2	5	5	5	-	-	-
Community development	59	36	343	8	148	170	-	-	306	1
Admin/Community services	58	6	-	-	-	-	-	-	-	-
Capital grants and contributions:										
Public safety	-	-	-	-	-	-	-	-	-	-
Public works	492	747	498	1,522	807	641	806	1,856	1,778	839
Recreation	-	-	-	-	-	-	-	-	-	-
Community development	80	3	30	7	-	62	-	-	31	-
Admin/Community services	-	83	-	-	-	-	-	-	-	-
Total governmental activities program revenues	12,118	10,467	9,161	9,397	8,283	9,526	8,780	8,381	13,913	16,383

Agenda Item # 11.

**City of Los Altos
Changes in Net Position
Last Ten Fiscal Years**

(accrual basis of accounting; amounts expressed in thousands)

FISCAL YEAR

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Business-type activities:										
Charges for services:										
Sewer	\$ 5,121	\$ 6,347	\$ 6,328	\$ 6,986	\$ 6,703	\$ 6,369	\$ 6,467	\$ 7,942	\$ 7,126	\$ 8,282
Solid waste	879	754	786	752	774	812	841	847	861	929
Storm drain	-	12	2	-	-	-	-	-	-	-
Total business-type activities program revenues	6,000	7,113	7,116	7,738	7,477	7,181	7,308	8,789	7,987	9,211
Total primary government program revenues	\$ 18,118	\$ 17,580	\$ 16,277	\$ 17,135	\$ 15,760	\$ 16,707	\$ 16,088	\$ 17,170	\$ 21,900	\$ 25,787
Net (expense)/revenue:										
Governmental activities	\$ (20,975)	\$ (21,439)	\$ (25,170)	\$ (25,657)	\$ (26,091)	\$ (32,212)	\$ (31,263)	\$ (40,172)	\$ (30,327)	\$ (43,911)
Business-type activities	884	2,008	1,766	2,755	284	1,749	1,570	2,836	2,325	1,219
Total primary government net (expense)/revenue	\$ (20,091)	\$ (19,431)	\$ (23,404)	\$ (22,902)	\$ (25,807)	\$ (30,463)	\$ (29,693)	\$ (37,336)	\$ (28,002)	\$ (42,692)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes	\$ 14,130	\$ 15,586	\$ 17,480	\$ 18,776	\$ 19,863	\$ 21,429	\$ 23,792	\$ 25,787	\$ 28,464	\$ 30,086
Sales taxes	2,926	2,809	2,943	3,196	3,278	3,244	3,461	3,373	2,996	3,738
Utility users taxes	2,600	2,600	2,523	2,672	2,680	2,732	2,744	2,839	2,917	3,094
Other taxes	3,301	3,542	3,732	3,909	4,330	4,535	4,514	3,598	2,304	3,546
Franchise fees	1,770	1,905	1,808	2,029	2,083	2,207	2,222	2,287	2,215	2,339
Sale of Capital Assets-net	(8)	2,846	-	-	-	-	-	-	-	-
Interest income	174	99	200	438	233	320	2,226	2,595	173	(1,342)
Miscellaneous	382	212	1,124	435	454	452	456	418	428	486
Transfers	(232)	(152)	(196)	-	-	-	-	-	-	669
Total governmental activities	25,043	29,447	29,614	31,455	32,921	34,919	39,415	40,897	39,497	42,616
Business-type activities:										
Interest income	10	-	-	-	-	-	-	579	47	(471)
Miscellaneous	-	28	40	96	40	70	477	-	-	44
Transfers	232	152	196	-	-	-	-	-	-	(669)
Total business-type activities	242	180	236	96	40	70	477	579	47	(1,096)
Total primary government	\$ 25,285	\$ 29,627	\$ 29,850	\$ 31,551	\$ 32,961	\$ 34,989	\$ 39,892	\$ 41,476	\$ 39,544	\$ 41,520
Change in Net Position										
Governmental activities	\$ 4,068	\$ 8,008	\$ 4,444	\$ 5,798	\$ 6,830	\$ 2,707	\$ 8,152	\$ 725	\$ 9,170	\$ (1,295)
Business-type activities	1,126	2,188	2,002	2,851	324	1,819	2,047	3,415	2,372	(1,211)
Total primary government	\$ 5,194	\$ 10,196	\$ 6,446	\$ 8,649	\$ 7,154	\$ 4,526	\$ 10,199	\$ 4,140	\$ 11,542	\$ (1,211)

Source:

City of Los Altos Finance Department

Agenda Item # 11.

**City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years**

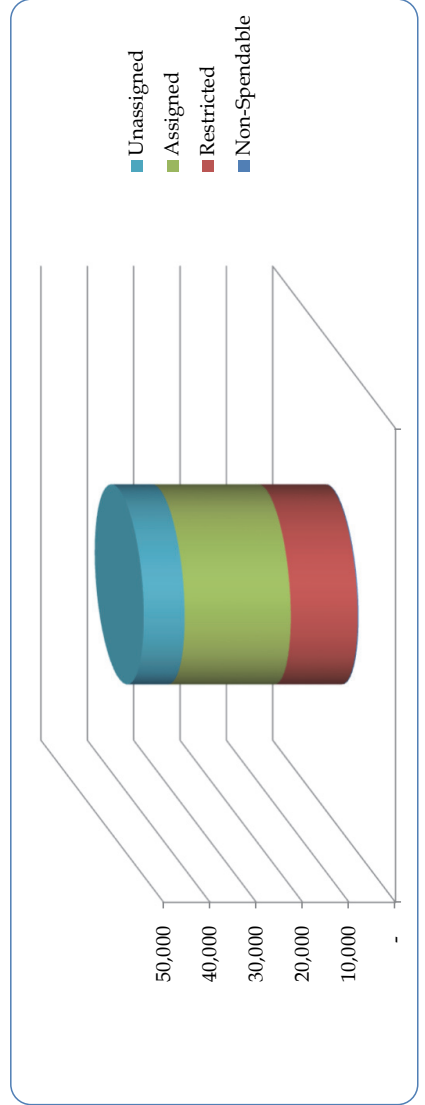
*(modified accrual basis of accounting; amounts expressed in thousands)
(Pre GASB 54 Presentation - For Years Before 2011-12)*

	FISCAL YEAR									
	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General fund										
Non-Spendable	\$ 46	\$ 49	\$ 35	\$ 445	\$ 524	\$ 38	\$ 1,932	\$ 1,882	\$ 1,836	\$ 1,859
Restricted	-	-	-	-	-	-	-	-	-	-
Committed	1,025	-	-	-	-	-	-	-	-	-
Assigned	4,700	6,025	27,161	29,565	29,064	37,630	38,040	39,020	25,773	15,937
Unassigned/Unrestricted	1,714	2,428	1,433	4,789	8,535	6,148	5,422	6,841	7,861	4,928
Total general fund	<u>\$ 7,485</u>	<u>\$ 8,502</u>	<u>\$ 28,629</u>	<u>\$ 34,799</u>	<u>\$ 38,123</u>	<u>\$ 43,816</u>	<u>\$ 45,394</u>	<u>\$ 47,743</u>	<u>\$ 35,470</u>	<u>\$ 22,724</u>
All other governmental funds										
Non-Spendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	7,406	7,406	10,008	10,614	9,969	9,645	10,107	9,939	10,890	12,149
Committed	4,611	3,630	-	-	-	-	-	-	-	-
Assigned	19,514	19,460	7,621	7,201	4,477	1,993	1,335	1,495	4,529	11,872
Unreserved/Unrestricted	-	-	-	-	-	(140)	(823)	(53)	(53)	(532)
Total all other governmental funds	<u>\$ 31,531</u>	<u>\$ 30,496</u>	<u>\$ 17,629</u>	<u>\$ 17,815</u>	<u>\$ 14,446</u>	<u>\$ 11,498</u>	<u>\$ 10,619</u>	<u>\$ 11,381</u>	<u>\$ 15,366</u>	<u>\$ 23,489</u>
Total all governmental funds	<u>\$ 39,016</u>	<u>\$ 38,998</u>	<u>\$ 46,258</u>	<u>\$ 52,614</u>	<u>\$ 52,569</u>	<u>\$ 55,314</u>	<u>\$ 56,013</u>	<u>\$ 59,124</u>	<u>\$ 50,836</u>	<u>\$ 46,213</u>

Source:
City of Los Altos Finance Department

**City of Los Altos
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)
(GASB 54 Presentation - 2021-22)**

	General Fund	In Lieu Park Land	Capital Projects	Other Govt Funds	Total
<i>Inventory & Prepaids</i>	\$ (214)	-	-	-	(214)
<i>Notes Receivable</i>	-	-	-	-	-
Non-Spendable	(214)	-	-	-	(214)
<i>Debt Service</i>	-	-	-	(370)	(370)
<i>Special Revenue Programs and Projects</i>	-	(8,351)	-	(5,706)	(14,057)
Restricted	-	(8,351)	-	(6,076)	(14,427)
<i>General Fund Reserve</i>	(8,757)	-	-	-	(8,757)
<i>Veteran Memorial</i>	(9)	-	-	-	(9)
<i>OPEB & PERS</i>	(293)	-	-	-	(293)
<i>Technology</i>	(1,279)	-	-	-	(1,279)
<i>Capital and Equipment</i>	-	-	-	(684)	(684)
<i>CIP Reserve</i>	-	-	(11,851)	-	(11,851)
<i>Capital Project Reserve - Community Center</i>	-	-	-	-	-
Assigned	(10,338)	-	(11,851)	(684)	(22,873)
<i>Unrealized Gain/(Loss)</i>	856	-	-	-	856
Unassigned	(9,915)	-	-	236	(9,679)
Total Unassigned Fund Balance	(9,059)	-	-	236	(8,823)
Total Fund Equity	\$ (19,611)	\$ (8,351)	\$ (11,851)	\$ (6,524)	\$ (46,337)



Source:
City of Los Altos Finance Department

City of Los Altos
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues										
Taxes	\$ 19,444	\$ 21,950	\$ 26,690	\$ 28,565	\$ 30,151	\$ 31,939	\$ 34,511	\$ 35,597	\$ 36,684	\$ 40,464
License, permits and park-in-lieu	3,312	4,531	3,925	3,784	3,786	4,195	4,207	4,209	4,545	4,919
Intergovernmental	4,513	4,861	1,027	973	742	2,087	1,557	1,358	4,155	5,836
Grants and donations	650	788	873	1,863	1,214	928	396	1,368	4,017	541
Charges for services	4,480	4,572	4,698	4,659	4,577	4,620	4,850	3,751	3,221	4,095
Fines and forfeitures	171	214	161	264	213	178	191	195	138	184
Interest and rentals	135	159	291	558	230	360	2,269	2,681	233	(1,303)
Other	4,616	2,989	1,306	187	291	137	214	119	418	3,786
Total revenues	37,320	40,064	38,971	40,853	41,204	44,444	48,195	49,278	53,411	58,522
Expenditures										
General government										
Public Safety										
Police	9,178	8,891	9,167	9,976	9,968	10,744	11,107	11,465	11,673	13,225
Fire Services	5,513	5,714	5,961	6,219	6,473	6,722	7,011	7,331	7,717	7,893
Public works	4,831	4,353	4,307	4,859	5,299	5,784	5,535	5,469	5,617	6,134
Recreation	2,102	2,186	2,389	2,423	2,343	2,509	2,469	2,313	1,782	2,540
Community development	4,553	3,885	4,221	6,087	4,653	5,747	5,361	5,896	6,445	6,967
Administration/Community services	3,655	3,552	3,770	4,852	4,567	4,773	5,673	8,515	7,702	13,969
Capital improvements	2,916	3,492	2,435	6,313	4,992	7,299	7,756	15,428	23,343	6,714
Debt service										
Principal	95	95	100	105	105	110	120	120	628	534
Interest and fiscal charges	75	72	69	64	60	56	52	47	239	308
Total expenditures	32,918	32,240	32,419	40,898	38,460	43,744	45,084	56,584	65,146	58,284
Excess (deficiency) of revenues over (under) expenditures	4,402	7,824	6,552	(45)	2,744	700	3,111	(7,306)	(11,735)	238
Other financing sources (uses)										
Debt issuance	-	-	-	-	-	-	-	-	10,000	-
Payment to refunded bonded escrow agent	-	-	-	-	-	-	-	-	-	-
Transfers in	2,443	2,119	3,632	1,752	760	5,714	8,243	17,747	31,551	10,136
Transfers out	(2,925)	(2,685)	(3,828)	(1,752)	(760)	(5,714)	(8,243)	(18,729)	(31,551)	(10,251)
Total Other financing sources (uses)	(482)	(566)	(196)	-	-	-	-	(982)	10,000	(115)

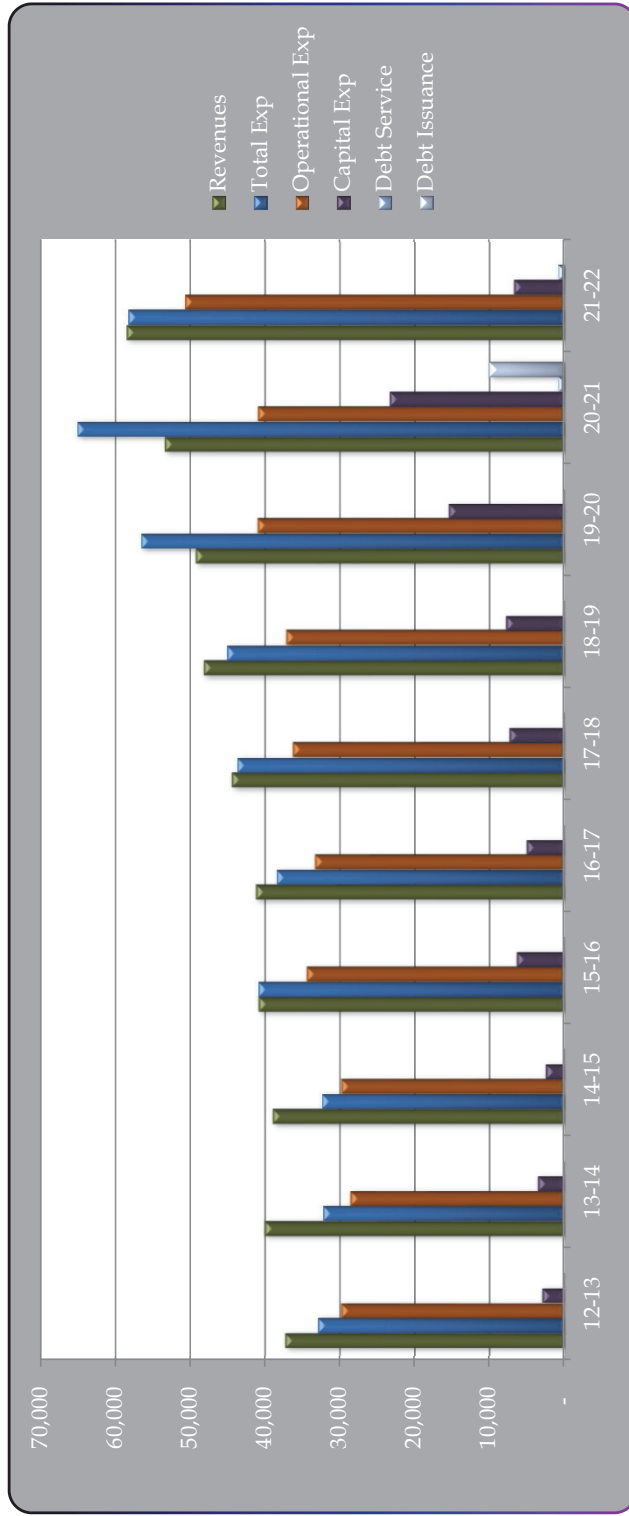
Agenda Item # 11.

City of Los Altos
 Changes in Fund Balances - Governmental Funds
 Last Ten Fiscal Years

(modified accrual basis of accounting; amounts expressed in thousands)

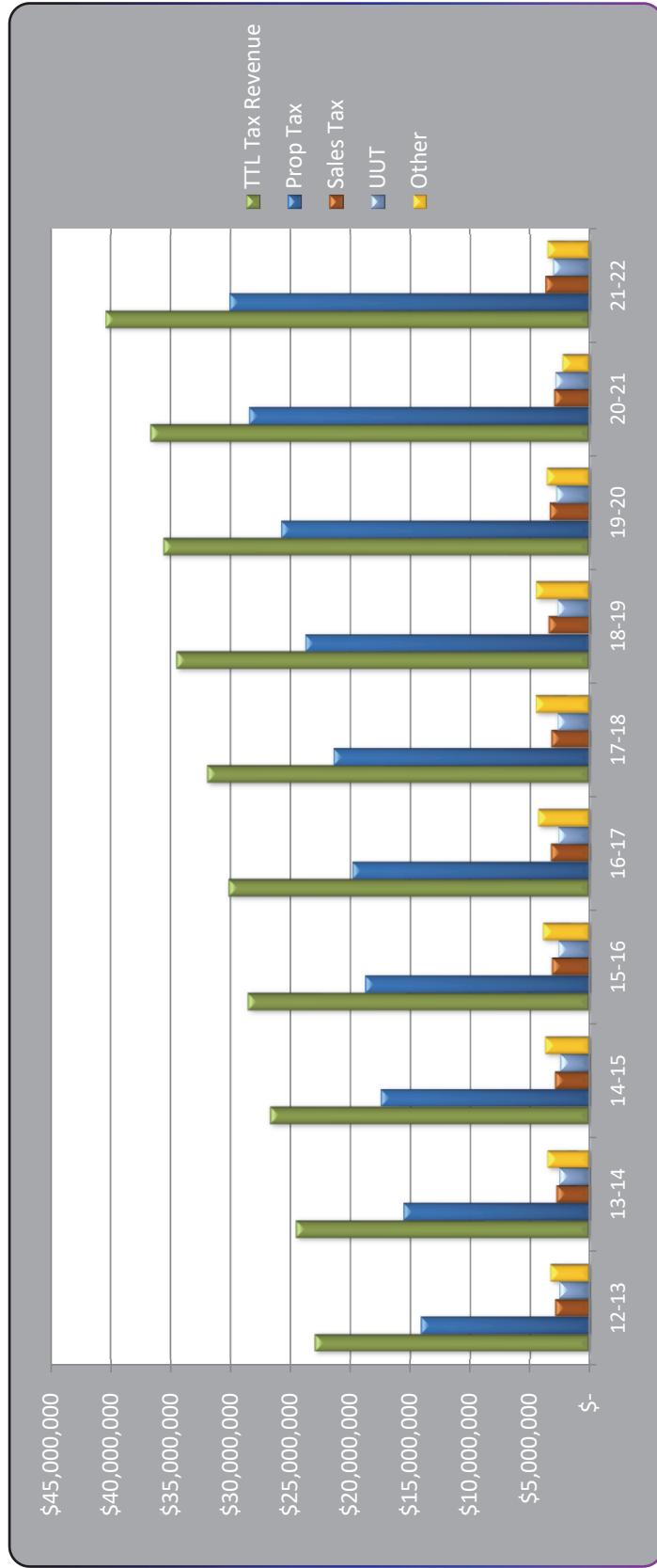
	Fiscal Year									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Special items										
CalPERS Side Fund Pay Down	(950)	-	-	-	-	-	-	-	-	-
Sale of capital assets-net	492	-	-	-	-	-	-	-	-	-
Total special items	(458)	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 3,462</u>	<u>\$ 7,258</u>	<u>\$ 6,356</u>	<u>\$ (45)</u>	<u>\$ 2,744</u>	<u>\$ 700</u>	<u>\$ 3,111</u>	<u>\$ (8,288)</u>	<u>\$ (1,735)</u>	<u>\$ 123</u>
Debt service as a percentage of non-capital expenditures	<u>0.6%</u>	<u>0.6%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>1.5%</u>	<u>0.5%</u>	<u>0.5%</u>	<u>0.4%</u>	<u>2.1%</u>	<u>1.6%</u>

Source:
 City of Los Altos Finance Department



City of Los Altos
 Tax Revenues by Source - Governmental Funds
 Last Ten Fiscal Years

Fiscal Year	Sales Tax		Business Licenses		Utility Users		Transient Occupancy		Real Estate Transfer Tax		Motor Vehicle License Tax		Building Development		Special Assessments		Total
	Property	Tax	Licenses	Users	Occupancy	Transfer Tax	License Tax	Development	Assessments	Total							
2012-13	14,130,040	2,926,441	519,828	2,600,054	1,946,484	587,422	15,102	247,992	-	22,973,363							
2013-14	15,586,329	2,809,489	475,298	2,600,034	2,168,556	583,581	12,639	314,271	-	24,550,197							
2014-15	17,479,882	2,942,764	453,201	2,522,536	2,450,488	616,500	12,281	212,187	-	26,689,839							
2015-16	18,775,472	3,195,628	520,687	2,672,236	2,608,368	617,355	12,119	162,981	-	28,564,846							
2016-17	19,863,197	3,278,430	539,989	2,679,961	2,985,201	668,242	14,046	122,071	-	30,151,137							
2017-18	21,428,501	3,243,554	547,065	2,732,325	3,072,982	732,409	16,530	165,900	-	31,939,265							
2018-19	23,791,531	3,461,298	540,262	2,743,570	3,166,067	679,424	15,054	113,589	-	34,510,795							
2019-20	25,786,599	3,373,391	517,818	2,838,664	2,359,762	579,948	24,686	115,994	-	35,596,861							
2020-21	28,464,193	2,996,325	537,089	2,917,252	662,132	931,856	22,646	150,170	-	36,681,663							
2021-22	30,086,157	3,738,113	612,218	3,093,784	1,778,966	996,702	35,247	121,242	-	40,462,429							



Source: City of Los Altos Finance Department

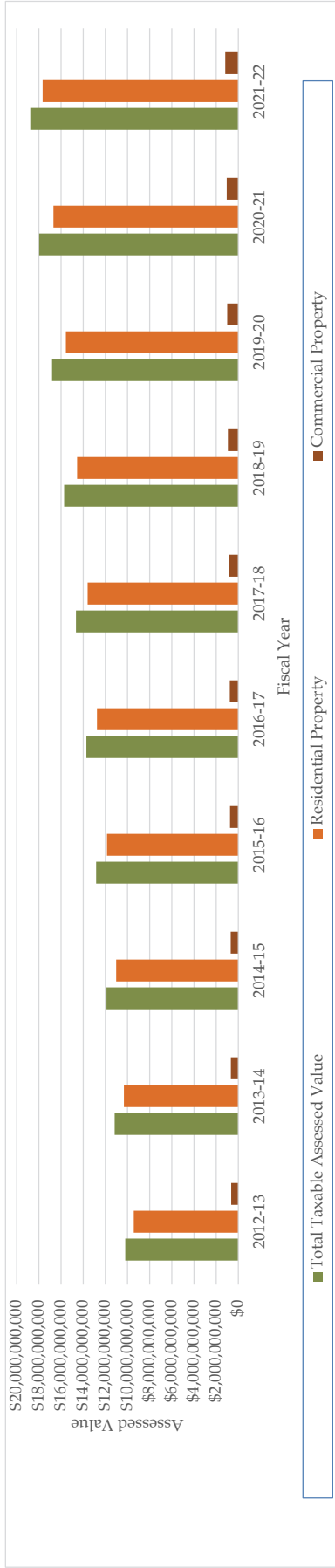
City of Los Altos
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	City of Los Altos				Total Direct Tax Rate (1)	% Change	Estimated Actual Taxable Value (2)		Factor of Taxable Assessed Value as a % of Actual Value		
	Residential Property	Commercial Property	Industrial Property	Other			Net Unsecured	Less Tax-Exempt Property	Total Taxable Assessed Value (1)	Estimated Actual Taxable Value (2)	Factor of Taxable Assessed Value (2)
2012-13	\$ 9,431,853,173	\$ 642,590,939	\$ -	\$ 45,608,509	\$ 82,124,561	\$ -	10,202,177,182	- \$	5.19%	- \$	-
2013-14	10,318,249,580	676,252,209	-	67,682,916	97,506,301	-	11,159,691,006	-	9.39%	-	-
2014-15	11,017,386,476	685,084,415	-	83,121,563	109,149,891	-	11,894,742,345	-	6.59%	-	-
2015-16	11,848,840,720	750,708,212	-	106,506,870	125,355,972	-	12,831,411,774	-	7.87%	-	-
2016-17	12,754,487,484	771,705,270	-	106,158,405	80,739,845	-	13,713,091,004	-	6.87%	-	-
2017-18	13,600,334,963	880,225,920	-	90,338,436	83,250,683	-	14,654,150,002	-	6.86%	-	-
2018-19	14,551,466,831	936,831,320	-	119,120,564	112,813,483	-	15,720,232,198	-	7.27%	-	-
2019-20	15,563,770,279	1,003,212,732	-	110,061,604	131,971,942	-	16,809,016,557	-	6.93%	-	-
2020-21	16,685,985,691	1,045,789,993	-	116,124,083	127,343,780	-	17,975,243,547	-	6.94%	-	-
2021-22	17,660,710,167	1,176,998,446	917,222	316,378,008	130,730,093	507,152,078	18,778,581,858	42,924,835,863	4.47%	2,285,840	43.75%

Source:

Santa Clara County Assessor data, MumServices, LLC, / Avenu Insights & Analytics
2020-21 and Prior Years, previous Published ACFR Report. (-) Data not available

- (1) Total direct tax rate is represented by TRA 11-000.
- (2) Estimated Actual Value is derived from a series of calculations comparing median assessed values from 1940 to current median sale prices. Based on these calculations a multiplier value was extrapolated and applied to current assessed values.



**City of Los Altos
Assessed Value of Property By Use Code
Last Ten Fiscal Years**

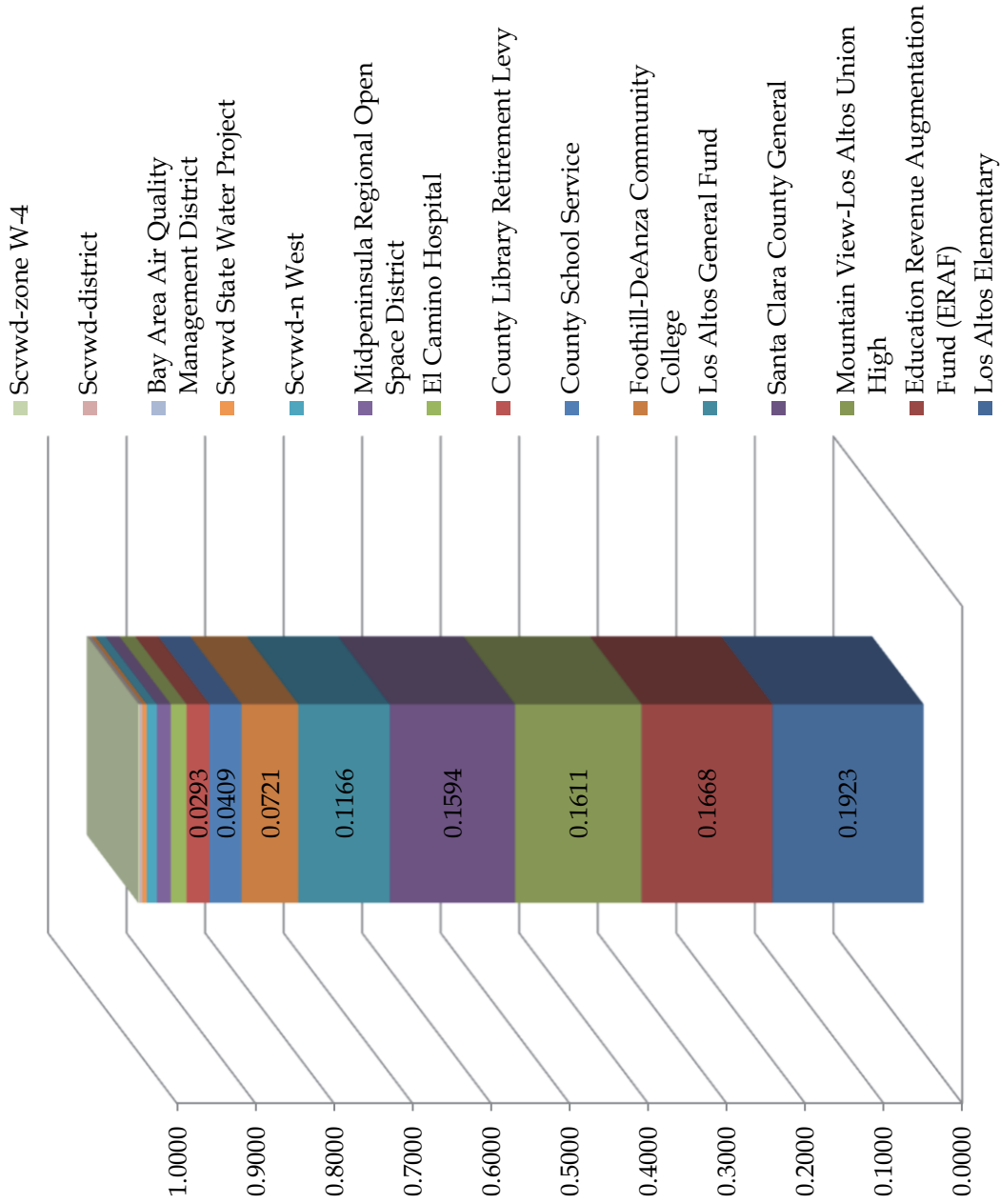
Category	2021-22
Residential	\$ 17,660,710,167
Commercial	1,176,998,446
Institution	195,945,908
Social	54,964,365
Vacant	39,484,106
Transportation	15,348,765
Public	4,714,699
Agriculture	4,549,755
Recreational	1,370,410
Industrial	917,222
Unknown	-
Gross Secured Value	19,155,003,843
Unsecured Value	130,730,093
Less Exemptions	507,152,078
Net Taxable Value	\$ 18,778,581,858

Source: Santa Clara County Assessor data, MuniServices, LLC, / Avenu Insights & Analytics

Use code categories are based on Santa Clara County Assessor's data

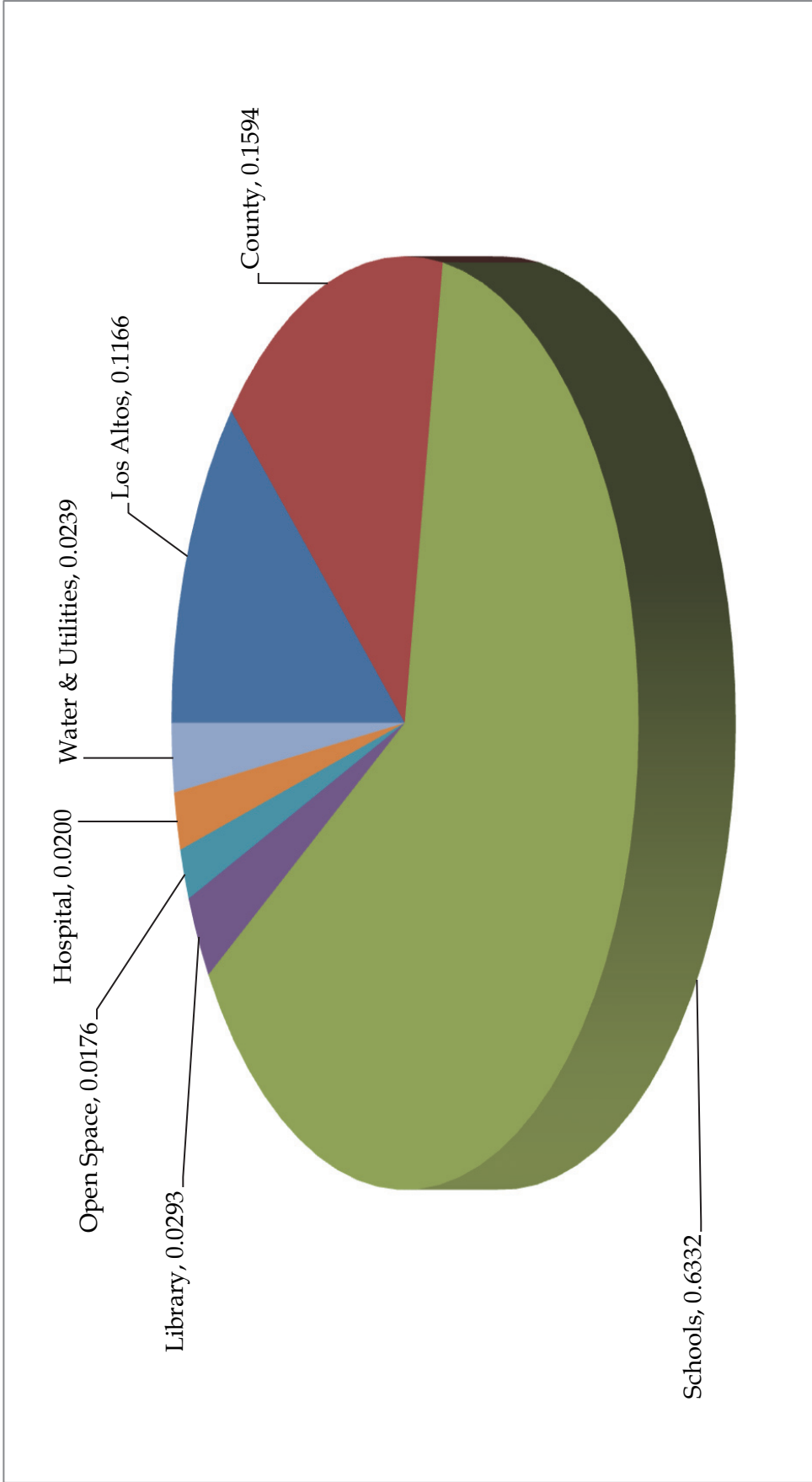
Historical data is unavailable

**City of Los Altos
Property Tax Dollar Breakdown
June 30, 2022**



Source:
City of Los Altos Finance Department

**City of Los Altos
Property Tax Dollars By Recipient Group
June 30, 2022**



Source:
City of Los Altos Finance Department

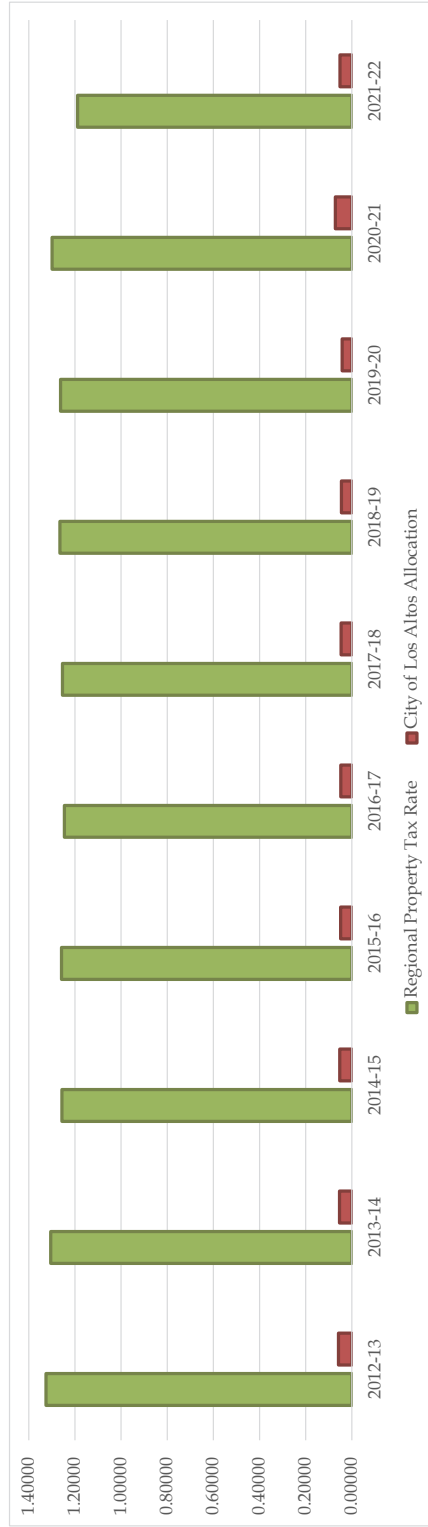
City of Los Altos
 Direct and Overlapping Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of taxable value)

Fiscal Year	Overlapping Rates (1)																	Total
	Basic County-Wide	Santa Clara Retirement	County Library	Los Altos Elementary School	Mountain View Elementary School	Cupertino Elementary School	Whisman School Bond	Foothill-College	Los Altos High School	Mountain View High School	Fremont Union High School	Santa Clara Valley District	Mid Peninsula Open Space	County Housing Bond	County Hospital Bonds	El Camino Hospital		
2012-13	1.0000	0.0388	0.0024	0.0579	0.0302	0.0598	0.0300	0.0287	0.0139	0.0390	0.0069	-	-	-	0.0051	0.0129	1.3256	
2013-14	1.0000	0.0388	0.0024	0.0534	0.0276	0.0525	0.0254	0.0290	0.0121	0.0405	0.0070	-	-	-	0.0035	0.0129	1.3051	
2014-15	1.0000	0.0388	0.0024	0.0524	-	0.0540	-	0.0276	0.0133	0.0396	0.0065	-	-	-	0.0091	0.0129	1.2566	
2015-16	1.0000	0.0388	0.0024	0.0485	-	0.0519	-	0.0240	0.0119	0.0525	0.0057	0.0008	-	-	0.0088	0.0129	1.2582	
2016-17	1.0000	0.0388	0.0024	0.0479	-	0.0509	-	0.0234	0.0112	0.0403	0.0086	0.0006	-	-	0.0086	0.0129	1.2456	
2017-18	1.0000	0.0388	0.0024	0.0463	-	0.0496	-	0.0220	0.0107	0.0464	0.0062	0.0009	0.0127	0.0082	0.0100	0.0100	1.2542	
2018-19	1.0000	0.0388	0.0024	0.0449	-	0.0397	-	0.0217	0.0409	0.0430	0.0042	0.0018	0.0105	0.0072	0.0100	0.0100	1.2651	
2019-20	1.0000	0.0388	0.0024	0.0418	-	0.0415	-	0.0208	0.0365	0.0479	0.0041	0.0016	0.0100	0.0069	0.0100	0.0100	1.2623	
2020-21	1.0000	0.0388	0.0024	0.0713	-	0.0403	-	0.0364	0.0400	0.0478	0.0037	0.0015	-	0.0069	0.0100	0.0100	1.2991	
2021-22	1.0000	0.0388	0.0024	0.0511	-	-	-	0.0331	0.0278	-	0.0051	0.0015	0.0127	0.0061	0.0100	0.0100	1.1886	

Source:

Santa Clara County Auditor data, MumServices, LLC, / Avenu Insights & Analytics

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Los Altos; however, not all of these overlapping rates apply to all Los Altos property owners.



City of Los Altos
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2021-22				2012-13			
	Total Assessed		% of City's		Total Assessed		% of City's	
	Value	Rank	Est. Total Property Tax Revenue	Rank	Value	Rank	Est. Total Property Tax Revenue	
RLJR Los Altos LP	\$ 69,060,441	1	0.37%					
Los Altos Gardens II LP	58,313,202	2	0.31%	\$ 28,185,439	2	0.28%		
Imperial Hornet Developers LLC	56,681,195	3	0.30%					
St Paul Fire & Marine Insurance Compan	54,607,198	4	0.29%	41,333,262	1	0.41%		
5150 ECR Group LLC	50,456,569	5	0.27%					
Cerebras Systems Inc	37,511,969	6	0.20%					
Richard T Spieker Trustee	35,456,061	7	0.19%					
Springwood Apartments LLC	33,893,351	8	0.18%	27,543,684	3	0.27%		
199 First Street Owner LLC	29,735,640	9	0.16%					
Safeway Inc	27,389,815	10	0.15%					
Compass Grand Los Altos LLC	-		-	21,839,716	4	0.22%		
KRC Los Altos LP	-		-	21,232,298	5	0.21%		
4 Seasons Assoc LLC	-		-	19,301,940	6	0.19%		
Palo Alto Medical Foundation	-		-	18,454,406	7	0.18%		
Los Altos Hotel Assoc LLC	-		-	17,143,589	8	0.17%		
Village Court Partners	-		-	15,620,965	9	0.15%		
Whole Foods Market	-		-	13,137,942	10	0.13%		
Top Ten Total	\$ 453,105,441		2.41%	\$ 223,793,241		2.21%		
City Total	\$ 18,778,581,858			\$ 10,147,980,382				

Source:

Santa Clara County Assessor data, MuniServices, LLC, / Avenu Insights & Analytics

Agenda Item # 11.

**City of Los Altos
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Santa Clara County									
	Total Tax Levy	Current Tax Collections			Levy Collected	Levy Collected of the Total Levy	Current Collections of the Levy	Delinquent Tax Collections		
		\$	\$	\$						
2012-13	\$ 3,877,675,089	\$ 301,164,764	\$ 292,131,302	\$ 292,131,302	7.53%	97.00%	3.00%			
2013-14	4,165,019,181	349,740,765	316,325,898	316,325,898	7.59%	90.45%	2.59%			
2014-15	4,463,179,149	344,291,093	339,731,930	339,731,930	7.61%	98.68%	0.98%			
2015-16	4,944,651,360	330,545,207	326,823,894	326,823,894	6.61%	98.87%	1.13%			
2016-17	5,278,067,434	359,152,852	346,454,876	346,454,876	6.56%	96.46%	1.89%			
2017-18	5,719,021,680	355,579,401	345,863,202	345,863,202	6.05%	97.27%	1.86%			
2018-19	6,070,435,575	402,557,998	394,623,618	394,623,618	6.50%	98.03%	1.46%			
2019-20	6,512,388,164	385,721,931	378,492,815	378,492,815	5.81%	98.13%	1.74%			
2020-21	6,920,087,868	422,454,897	413,409,481	413,409,481	5.97%	97.86%	1.80%			
2021-22	7,314,546,442	388,627,914	381,445,431	381,445,431	5.21%	98.15%	1.72%			

Source:
County of Santa Clara

Note:

The actual tax levy data for the City of Los Altos is not available because the Santa Clara County uses a factor known as the AB8 factors to apportion the 1% portion of the tax levies/collections to each of the jurisdictions within the county. The City's AB8 factors range from 0.0029 to 0.0033 for the past 10 years. Additionally, the City and the County adopted the "alternative method of property tax distributions" that authorizes the County to allocate 100% of the secured property tax based on levy instead of collection, and to retain all delinquent penalties and interest.

**City of Los Altos
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities									
	General Obligation Bond	Participation (1)	Capital Lease (1)	Total	Population (2)	Per Capita	Per Capita Personal Income (2)			
2012-13	\$ -	\$ 1,760,000	\$ -	\$ 1,760,000	29,792	\$ 59	\$ 74,570			
2013-14	-	1,665,000	-	1,665,000	29,969	56	79,102			
2014-15	-	1,565,000	-	1,565,000	29,884	52	83,041			
2015-16	-	1,460,000	-	1,460,000	31,353	47	80,407			
2016-17	-	1,355,000	-	1,355,000	31,402	43	86,558			
2017-18	-	1,245,000	-	1,245,000	31,361	40	93,010			
2018-19	-	1,125,000	-	1,125,000	31,190	36	96,333			
2019-20	-	1,005,000	-	1,005,000	30,876	33	104,649			
2020-21	-	880,000	9,496,863.00	10,376,863	30,510	340	115,433			
2021-22	-	750,000	9,092,251.00	9,842,251	31,526	312	132,589			

Sources:

- (1) City of Los Altos Finance Department
- (2) MuniServices, LLC, / Avenu Insights & Analytics, U.S. Census Bureau

Note: Special Assessment Debt is no longer presented as they involve limited obligation bonds that are secured by ad valorem assessments and carry no city obligation.

City of Los Altos
Schedule of Direct and Overlapping Bonded Debt
June 30, 2022

2020-22 Assessed Valuation: \$18,825,558,858

	Total Debt	%	City's Share of
<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>6/30/2022</u>	<u>Applicable (1)</u>	<u>Debt 6/30/22</u>
Santa Clara County	\$ 1,130,850,000	3.267%	\$36,944,870
Foothill-De Anza Community College District	657,878,325	9.254%	60,880,060
Fremont Union High School District	582,770,088	3.946%	22,996,108
Mountain View-Los Altos Union High School District	258,658,320	23.773%	61,490,842
Cupertino Union School District	271,768,303	7.200%	19,567,318
Los Altos School District	145,755,000	52.151%	76,012,690
El Camino Hospital District	111,240,000	16.481%	18,333,464
Midpeninsula Regional Park District	84,575,000	5.326%	4,504,465
Santa Clara Valley Water District Benefit Assessment District	48,150,000	3.267%	1,573,061
City of Los Altos 1915 Act Bonds	470,000	100.000%	<u>470,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$302,772,878
<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Santa Clara County General Fund Obligations	\$ 1,210,694,365	3.267%	39,553,385
Santa Clara County Pension Obligation Bonds	335,638,470	3.267%	10,965,309
Santa Clara County Board of Education Certificates of Participation	1,820,000	3.267%	59,459
Foothill-De Anza Community College District Certificates of Participation	21,380,000	9.254%	1,978,505
Mountain View-Los Altos Union High School District General Fund Obligati	2,154,552	23.773%	512,202
Los Altos School District General Fund Obligations	1,711,634	52.151%	892,634
City of Los Altos General Fund Obligations	9,842,902	100.000%	9,842,902
Midpeninsula Regional Park District General Fund Obligations	99,705,600	5.326%	5,310,320
Santa Clara County Vector Control District Certificates of Participation	1,505,000	3.267%	<u>49,168</u>
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 69,163,884
Less: Santa Clara County supported obligations			<u>590,633</u>
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$ 68,573,251
TOTAL DIRECT DEBT			\$ 9,842,902
TOTAL GROSS OVERLAPPING DEBT			\$ 362,093,860
TOTAL NET OVERLAPPING DEBT			\$ 361,503,227
GROSS COMBINED TOTAL DEBT			\$ 371,936,762 (2)
NET COMBINED TOTAL DEBT			\$ 371,346,129

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

**City of Los Altos
 Legal Debt Margin
 Last Ten Fiscal Years**

Fiscal Year	Assessed Valuation (1)	Debt Limit 15% of Assessed Valuation	Debt Applicable to Limit	Legal Debt Margin
2012-13	\$ 10,202,177,182	\$ 1,530,326,577	\$ -	1,530,326,577
2013-14	11,159,691,006	1,673,953,651	-	1,673,953,651
2014-15	11,894,742,345	1,784,211,352	-	1,784,211,352
2015-16	12,831,411,774	1,924,711,766	-	1,924,711,766
2016-17	13,713,091,004	2,056,963,651	-	2,056,963,651
2017-18	14,654,150,002	2,198,122,500	-	2,198,122,500
2018-19	15,720,232,198	2,358,034,830	-	2,358,034,830
2019-20	16,809,016,557	2,521,352,484	-	2,358,034,830
2020-21	17,975,243,547	2,696,286,532	-	2,696,286,532
2021-22	18,778,581,858	2,816,787,279	-	2,816,787,279

Source:
 City of Los Altos Finance Department
 MuniServices, LLC

**City of Los Altos
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	City Population ⁽¹⁾	Percentage Change	Personal Income ⁽²⁾	Personal Income ⁽²⁾	Per Capita		County		City		Median Age ⁽⁴⁾	% with High School Degree ⁽⁴⁾	% with Bachelor's Degree ⁽⁴⁾	Public School Enrollment ⁽⁵⁾
					Personal Income ⁽²⁾	Income ⁽²⁾	Unemployment Rate (%) ⁽³⁾	Unemployment Rate (%) ⁽³⁾	Unemployment Rate (%) ⁽³⁾	Rate (%) ⁽³⁾				
2012-13	29,792	1.13%	\$ 2,221,589	\$ 74,570	8.40%	3.2%	45.8	98.70%	76.70%	8,198				
2013-14	29,969	0.59%	2,370,608	79,102	6.80%	2.6%	46.1	98.70%	77.40%	8,303				
2014-15	29,884	-0.28%	2,481,597	83,041	3.80%	3.4%	46.2	98.80%	78.70%	8,284				
2015-16	31,353	4.92%	2,521,001	80,407	4.20%	2.7%	46.2	98.70%	79.00%	8,666				
2016-17	31,402	0.16%	2,718,094	86,558	3.80%	2.4%	45.7	98.70%	80.00%	8,606				
2017-18	31,361	-0.13%	2,916,887	93,010	2.60%	1.6%	45.7	98.70%	80.90%	8,685				
2018-19	31,190	-0.55%	3,004,626	96,333	2.10%	2.4%	45.9	98.60%	82.30%	8,610				
2019-20	30,876	-1.01%	3,231,143	104,649	11.00%	2.3%	45.8	98.60%	82.60%	8,513				
2020-21	30,510	-1.19%	3,521,861	115,433	7.00%	4.2%	46.1	98.40%	84.20%	7,693				
2021-22	31,526	3.33%	4,179,995	132,589	1.80%	1.4%	45.7	98.50%	87.60%	7,886				

Source: MuniServices, LLC, / Avenu Insights & Analytics, U.S. Census Bureau

Source: 2021 and prior, previously published ACFR Report

1) Population Projections are provided by the California Department of Finance Projections.

2) Per Capita Income Data is provided by the United States Census Data and is adjusted for inflation.

Personal Income has been restated from prior years.

3) Unemployment Data is provided by the EDD's Bureau of Labor Statistics Department.

4) Data provided by the United States Census Data Sets Tables.

5) Student Enrollment reflects the total number of students enrolled in Los Altos Elementary and Mountain View-Los Altos Union High.

**City of Los Altos
Principal Employers
Current Year and Four Years Ago**

Employer	2021-22			2017-2018 (Latest Available)		
	Number of Employees (1)	Rank	% of Total City Employment	Number of Employees (4)	Rank	% of Total City Employment
Los Altos School District	459	1	3.12%	568	1	4.26%
Los Altos Sub-Acute & Rehabilitation Center	241	2	1.64%	-	-	-
Whole Foods Market	233	3	1.59%	242	2	1.81%
Los Altos High School	212	4	1.44%	217	3	1.63%
Toyota Research Institute (HQ)	187	5	1.27%	-	-	-
Compass (formerly Alain Pinel Realtors)	166	6	1.13%	107	8	0.80%
The David and Lucile Packard Foundation	131	7	0.89%	100	9	0.75%
City of Los Altos	120	8	0.82%	133	5	1.00%
Adobe Animal Hospital	120	9	0.82%	129	7	0.97%
Palo Alto Medical Foundation	110	10	0.75%	135	4	1.01%
Coldwell Banker	-	-	-	130	6	0.97%
Trader Joes	-	-	-	71	10	0.53%
Top Ten Total	1,979		13.46%	1,832		13.73%
Total City Labor Force	14,700 (1)			13,341		

Sources:

MuniServices, LLC, / Avenu Insights & Analytics
 2018 data, from prior published ACFR. Historical data unavailable
 Results based on direct correspondence with city's local businesses.

(1) Total City Labor Force provided by EDD Labor Force Data.

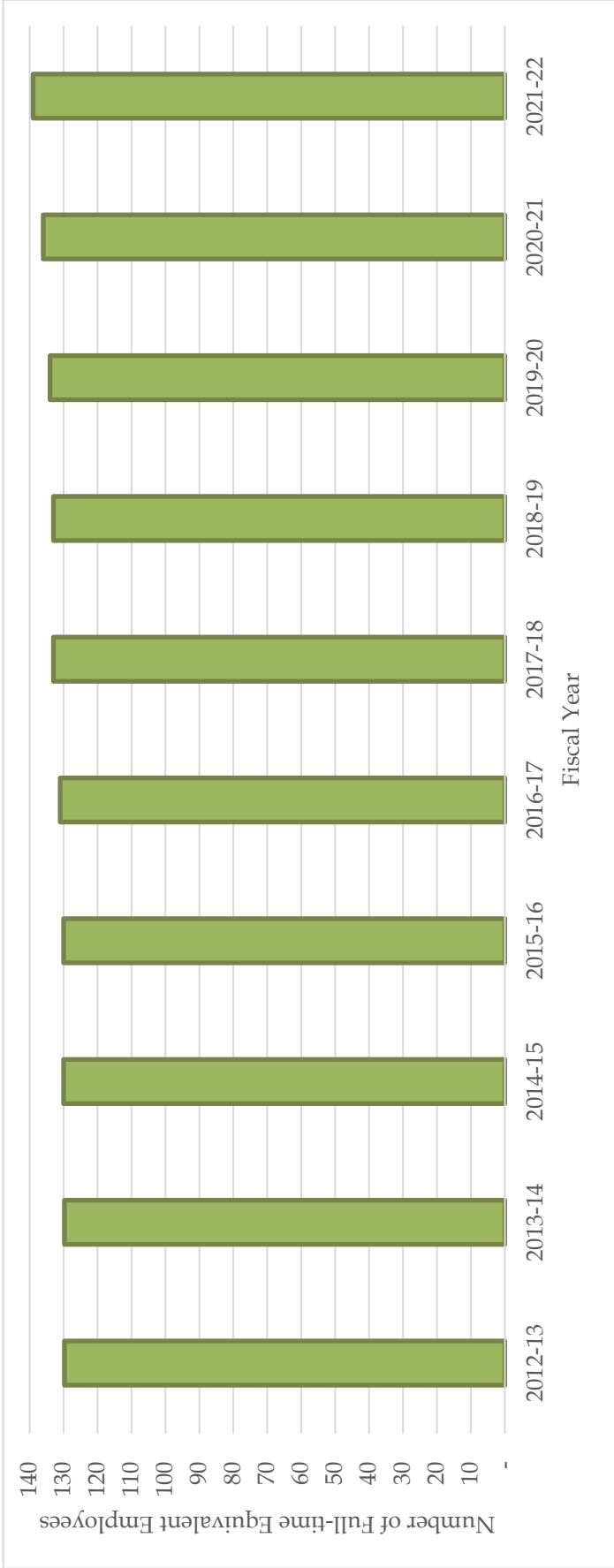
City of Los Altos
 Full-time Equivalent City Employees by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Public Safety</i>										
Police Operations	32.00	32.00	32.00	31.00	31.00	31.00	31.00	30.00	30.00	29.00
Police Traffic Safety	5.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Communications	11.00	11.00	11.00	11.00	11.00	11.00	11.00	13.00	13.00	13.00
<i>Maintenance Services</i>										
Maintenance Services	29.50	29.50	29.50	29.50	29.50	29.50	28.00	27.00	27.00	27.00
<i>Recreation</i>										
Recreation	7.00	7.00	7.00	8.00	8.00	8.00	8.00	8.00	8.00	10.00
<i>Community Development</i>										
Planning & Building	13.00	14.00	14.00	14.00	15.00	15.00	14.00	15.00	15.00	16.00
Engineering	9.00	9.00	9.00	9.00	10.00	10.00	12.25	13.25	13.25	12.25
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<i>Administration</i>										
City Management	4.75	5.00	5.00	5.00	5.00	5.00	6.00	6.00	6.00	6.00
Administration & Finance	10.00	10.00	10.00	12.00	12.00	12.00	11.00	11.00	11.00	13.00
<i>Sewer</i>										
Sewer	6.25	6.25	6.25	6.25	6.25	6.25	7.50	7.50	7.50	7.50
<i>Solid Waste</i>										
Solid Waste	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
<i>Storm Drain</i>										
Storm Drain	1.00	1.00	1.00	-	-	-	-	-	-	-
Total	129.75	130.00	130.00	131.00	133.00	133.00	134.00	136.00	136.00	139.00

Source:
 City of Los Altos Finance Department

Note: In FY09-10 Staffing assignments were recategorized in the revision of the budget process to align with functional areas.

**City of Los Altos
Full-time Equivalent City Employees
Last Ten Fiscal Years**



Source:
City of Los Altos

City of Los Altos
 Operating Indicators by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Police:										
Arrests	308	283	312	222	210	211	717	893	347	132
Moving citations issued	1,285	1,069	1,555	1,757	982	1,203	2,517	1474	1053	510
Parking citations issued	1,947	2,559	2,266	3,138	2,431	1,879	1,338	1573	543	1483
Municipal code violations issued	56	161	109	103	25	115	116	54	54	31
Public Works:										
Crack sealing in lineal feet	98,136	2,112	113,784	101,040	110,000	174,040	-	120,000	45,536	80,446
Street sign installed and replaced	511	949	596	457	100	320	1,025	1200	411	398
Recreation:										
Classes/programs	2,675	2,738	2,713	2,107	2,349	2,724	1,803	1559	1298	2164
Facility rentals	2,702	3,501	5,648	5,378	5,927	4,141	4,044	2246	1269	1108
Field/gymnasium permits	3,388	2,945	4,509	2,795	3,433	3,556	3,109	2383	1935	2633
Planning:										
Plan applications submitted	510	716	757	800	675	686	988	493	935	938
Building:										
Permits issued	1,817	1,757	1,751	1,927	1,769	1,795	1,939	1,695	2,036	1,897
Plan checks submitted	636	649	582	599	619	569	619	883	991	1036
Inspections	6,631	7,682	7,227	7,517	6,445	6,479	7,967	7,920	8,862	9,054
Sewer:										
Cleaning and flushing in lineal feet	777,285	667,415	683,552	759,456	585,273	713,795	585,095	601,543	768,557	681,779
Storm Drain:										
Catch basin/storm drain cleaned (measured in storm inlets cleaned)	1,202	1,898	1,350	1,350	1,350	1,350	1,350	2,000	1,350	1,500

Sources:
 City of Los Altos Quarterly Reports.
 Data for all fiscal years was provided by the corresponding departments.

City of Los Altos
 Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	FISCAL YEAR									
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
<i>Public Safety:</i>										
Police Station	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
<i>Recreation:</i>										
Number of Parks	10	10	10	10	10	10	10	10	10	10
Park Acreage	38	38	38	38	38	38	38	38	38	38
Number of Libraries	2	2	2	2	2	2	2	2	2	2
Number of History Museums	1	1	1	1	1	1	1	1	1	1
<i>Maintenance Services:</i>										
Miles of Streets	127	127	127	127	127	127	127	127	127	127
Number of Traffic Signals	13	13	13	13	13	16	16	16	16	16
<i>Sewer:</i>										
Miles of Sewer Mains	141	141	141	141	141	141	141	141	141	141
<i>Storm Drain:</i>										
Miles of Storm Drain Mains	58	58	58	58	58	58	58	58	58	58

Source:
 City of Los Altos

City of Los Altos
 Trust and Agency Debt Administration
 Last Ten Fiscal Years

Non-City Obligation Debt
 Special Assessment Debt Service

Fiscal Year	Avalon Dr. Curb & Gutter		Raymundo Curb & Gutter		Blue Oak Lane Sewer		Total Special Assessment Debt Service				
	Special	Principal	Special	Principal	Special	Principal	Special	Principal	Interest	Coverage	
2012-13	27,091	8,000	17,000	17,000	42,960	10,000	31,900	97,456	35,000	41,940	1.27
2013-14	10,044	8,000	18,000	18,000	46,491	10,000	31,629	83,876	36,000	40,392	1.10
2014-15	-	18,620	19,000	19,000	50,280	15,000	31,241	77,496	52,620	38,650	0.85
2015-16	-	-	20,000	20,000	48,024	15,000	30,741	77,616	35,000	36,460	1.09
2016-17	-	-	21,000	21,000	51,709	15,000	30,197	77,901	36,000	34,963	1.10
2017-18	-	-	21,000	21,000	49,802	15,000	29,610	76,019	36,000	33,400	1.10
2018-19	-	-	22,000	22,000	48,378	15,000	28,971	76,915	37,000	31,761	1.12
2019-20	-	-	23,999	23,999	47,868	15,000	28,341	75,609	38,999	30,062	1.09
2020-21	-	-	25,000	25,000	48,691	15,000	27,648	74,272	40,000	28,229	1.09
2021-22	-	-	-	-	47,993	15,000	26,926	47,993	15,000	26,926	1.14

Source:

City of Los Altos Finance Department

Note : This chart presents Limited Obligation Debt that the City Administers on a trust and Agency Basis. This debt does not represent City Obligations.



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CITY OF LOS ALTOS
MEMORANDUM ON INTERNAL CONTROL
FOR THE YEAR ENDED JUNE 30, 2022

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**CITY OF LOS ALTOS
MEMORANDUM ON INTERNAL CONTROL
For The Year Ended June 30, 2022**

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Status of Prior Years Schedule of Other Matters.....	15

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MEMORANDUM ON INTERNAL CONTROL

To the City Council of
the City of Los Altos, California

In planning and performing our audit of the basic financial statements of the City of Los Altos (City) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control included on the Status of Prior Year Significant Deficiencies to be significant deficiencies.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying Status of Prior Years Significant Deficiencies and Status of Prior Years Schedule of Other Matters. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
February 20, 2023

SCHEDULE OF OTHER MATTERS

2022-01: Fund Type

GAAP provide that enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services.

It appears Storm Drain Enterprise Fund has not charged fees to external users since FY2018.

This Fund might not longer qualify as a enterprise fund type.

We recommend the City evaluate the Storm Drain Fund and consider merging it into General Fund if it no longer qualifies as an enterprise fund, as applicable in the future years.

Management Response:

The City will evaluate this Fund to ensure proper fund type is reported in the future years.

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEARS 2022, 2023 and 2024:

GASB 99 – Omnibus 2022

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, Leases, as amended, related to the determination of the lease term, classification of a lease as a short term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, Subscription-Based Information Technology Arrangements, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short term SBITA, and recognition and measurement of a subscription liability.

SCHEDULE OF OTHER MATTERS

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.
- Terminology used in Statement 53 to refer to resource flows statements.

The Requirements of this Statement are Effective as Follows:

The requirements in paragraphs 26–32 related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.

The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

Earlier application is encouraged and is permitted by individual topic.

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability in the application of accounting and financial reporting requirements and will improve the consistency of authoritative literature. Consistent authoritative literature enables governments and other stakeholders to more easily locate and apply the correct accounting and financial reporting provisions, which improves the consistency with which such provisions are applied. The comparability of financial statements also will improve as a result of this Statement. Better consistency and comparability improve the usefulness of information for users of state and local government financial statements.

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – Conduit Debt Obligations

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having all of the following characteristics:

- There are at least three parties involved:
 - (1) an issuer
 - (2) a third-party obligor, and
 - (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor's debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

SCHEDULE OF OTHER MATTERS

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.
- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.
- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

SCHEDULE OF OTHER MATTERS

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator’s estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

SCHEDULE OF OTHER MATTERS

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator’s right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

GASB 96 – Subscription-Based Information Technology Arrangements

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

SCHEDULE OF OTHER MATTERS

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government’s incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government’s ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short- term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

SCHEDULE OF OTHER MATTERS

How the Changes in this Statement will Improve Financial Reporting

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government’s financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government’s SBITA activities and evaluate a government’s obligations and assets resulting from SBITAs.

EFFECTIVE FISCAL YEAR 2023/24:

GASB 100 – Accounting for Changes and Error Corrections

The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability

This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

SCHEDULE OF OTHER MATTERS

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles.

EFFECTIVE FISCAL YEAR 2024/25:

GASB 101 – Compensated Absences

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

Recognition And Measurement

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

SCHEDULE OF OTHER MATTERS

Notes to Financial Statements

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences.

How the Changes in this Statement Will Improve Financial Reporting

The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave.

The model also will result in a more robust estimate of the amount of compensated absences that a government will pay or settle, which will enhance the relevance and reliability of information about the liability for compensated absences.

STATUS OF PRIOR YEARS SCHEDULE OF SIGNIFICANT DEFICIENCIES

2020-01: Timely Preparation of Bank Reconciliations and Investment Reconciliations

Bank and investment reconciliations are an important element of the City’s internal control and bank reconciliations and related adjustments should be completed after month end, generally within 30-45 days.

During our testing of internal controls over bank and investment reconciliations, we selected bank and investments reconciliations for the months of January and February 2021 to test, however, these reconciliations were not ready as of August 2021. The June 2021 bank reconciliations were not completed until late December 2021, six months later.

According to the Finance staff, the delay was due to the staff shortage and turnover.

Without the timely completion of bank and investment reconciliations, errors or unauthorized transactions in these accounts might not be detected and remedied in a timely manner.

We recommend that the City ensure that the bank and investment reconciliations are prepared and reviewed timely within 30 to 45 days of the end of the reporting period.

Current Status: During the fiscal year 2022 audit, we noted that the Bank reconciliation for June 2022 was not completed until October 24, 2022.

Management Response on Current Status:

The management agreed with the recommendation. The Finance department experienced many turnovers during the past two years, which has caused delays in reconciliation. With the filling of Finance Director, Finance Manager and Accounting Technician positions in the early fiscal year 2023, the Finance department has since established procedures to catch up and strive to ensure the timeliness of the reconciliation moving forward.

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STATUS OF PRIOR YEARS SCHEDULE OF OTHER MATTERS

2021-01: Timely Invoice payments

The City should pay vendor invoices in a timely manner, within 30-45 days of receiving the invoices.

During our interim audit sampling testing, we noted that the City did not pay three invoices sampled in a timely manner. According to the Finance staff, the delay was due to the delayed approval by the Department.

Accounting records may not be properly reflected in the correct reporting periods if the invoices were not processed in a timely manner. Expenditures may be under stated and cash available may be overstated due to the delay.

We recommend the City should communicate with the other departments in the City and establish corresponding standard procedures to ensure timely submission of invoices to Finance.

Current Status: During the fiscal year 2022 audit, we noted that out of the twenty five samples tested, eight of them were posted more than 45 days after the transaction date.

Management Response on Current Status:

The City has decentralized the invoice payment processing in FY22. The finance staff has provided trainings citywide to ensure the timely invoices processing.

2021-03: Information System Risk Management Policy

Risk management policy is to provide guidance regarding the management of risk to support the achievement of the City's objectives, protect staff and business assets and ensure financial sustainability.

During the information system review with the City, we noted that the IT department has no written risk management policy.

Without specific Risk Management Policy, the City is leaving the determination of how to deal with cyberattacks to individual employees, which could impede financial statement reporting.

We recommend that the City to set up a formal written Information System Risk Management Policy to ensure the security of the financial system and be well prepared for unexpected cyberattacks.

Current Status: During the fiscal year 2022 audit, we noted that the City is in the process of drafting the Policy but has not finalized it yet.

Management Response:

The City staff has finalized the policy and conducted the risk management audit in fiscal year 2023.

STATUS OF PRIOR YEARS SCHEDULE OF OTHER MATTERS

2020-03: Journal Entries Preparation and Posting

Segregation of duties is an integral part in maintaining adequate effectiveness in an entity’s internal control environment. Journal entries are an important transaction cycle that affects all aspects of accounting and financial reporting. Prudent internal control concepts dictate that no single employee should have the ability to process a transaction without the involvement of another employee.

During our testing of journal entries, we noted that both the Financial Services Manager and Administrative Services Director can prepare and post the journal entries to the finance system directly.

It appeared that the Finance System was set up to allow both staff to prepare and post the journal entries.

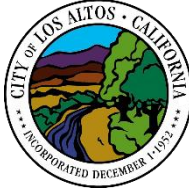
Allowing the preparer to post their own journal entries, even after review by a 2nd staff, could subject the City to the potential risk of the journal entries being manipulated or altered with further verification.

We recommend that the City establish proper procedures to ensure the segregation of duties to mitigate the potential risk of journal entries being altered without verification.

Current Status: During the fiscal year 2022 audit, we noted that out of the forty journal entry samples we tested, thirty of them were posted more than 45 days after the transaction date.

Management Response on Current Status:

The City staff has taken steps filling the existing vacancies to ensure the timely posting in fiscal year 2023.



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject Approve Purchase of Marked Patrol Vehicles

Prepared by: Katie Krauss, Police Captain
Reviewed by: Angela Averiett, Police Chief
Approved by: Gabriel Engeland, City Manager

- Attachment(s):**
1. Purchase Requisition
 2. Supplemental Budget Request
 3. Hybrid Patrol Vehicle 2023 Quote

Initiated by:
Los Altos Police Department

Previous Council Consideration:
N/A

Fiscal Impact:

The cost to purchase these vehicles is \$114,284.88, The funds are budgeted in the equipment replacement budget.

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does Council wish to approve purchase of two hybrid Ford Police Interceptor patrol vehicles?

Summary:

- The City is requesting to replace two police patrol vehicles from the fleet due to:
 1. Vehicles are out of warranty due to their age (2018 and 2019).

City Manager <i>GE</i>	Reviewed By: City Attorney <i>JH</i>	Reviewed By: Finance Director <i>JE</i>
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Subject: Title

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- 2. Vehicles are currently at 68,917 miles and 73,197. It is anticipated that vehicles will be at 75,000 miles by mid-summer.
 - The cost to purchase two hybrid patrol vehicles is now \$114,284.88
 - The vehicles were ordered from Folsom Lake Ford, which holds the State of California contract (#1-22-23-14C).

Staff Recommendation:

Staff recommends City Council approve the purchase of two marked hybrid Ford Police Interceptor patrol vehicle utilizing the equipment replacement budget funds in the current fiscal year budget.

Purpose

The Police Department wishes to purchase two marked hybrid patrol vehicles utilizing the equipment replacement budget funds that have already been incorporated into the budget.

Background

During the budget process the City planned to purchase three marked patrol vehicles to replace vehicles that were near the end of their expected operational life. Due to rising costs of equipment and vehicles, the pricing changed significantly from the original quote and the budgeted amount will only cover the cost of two vehicles.

The price per vehicle is \$57,142.44, an increase from the original quoted price of \$45,196.83. The two vehicles will cost \$114,284.88 to be paid directly to Folsom Lake Ford upon vehicle delivery, which holds the new State of California Enforcement Vehicle Contract (1-22-23-14C).

The annual ordering period for all Ford Interceptors is brief, approximately 30 days, and varies from year to year. For the 2023 hybrid Interceptor models, the final day to place an order was September 9, 2022. An order was placed on this date for two 2023 hybrid Ford Interceptor vehicles. The purchase of the vehicles occurs upon delivery. At the time of ordering, the estimated delivery date was spring of 2023.

Discussion/Analysis

The two vehicles in need of replacement are:

- Vehicle #111935, 2019 Ford Police Interceptor, current mileage of 73,197.



Subject: Title

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- Vehicle # 111836, 2018 Ford Police Interceptor, current mileage of 68,917.

These two vehicles are no longer under warranty and the cost of repairs is anticipated to increase as the vehicles age. The vehicles listed above are gas powered and will be replaced with more efficient and environmentally conscious hybrid vehicles. The new hybrid vehicles will be outfitted with the required emergency equipment in July 2023, and will replace our two retired vehicles in summer 2023. When the new hybrid Ford Police Interceptors are ready for field deployment, the older vehicles to be replaced are anticipated to have in excess of 75,000 miles at the time of retirement which is the current Los Altos standard for vehicle replacement in the Police Department.

It should be noted that some local police agencies are incorporating electric patrol vehicles (EVs) into their fleets. The Los Altos Police Department is unable to incorporate fully electric vehicles into our patrol fleet due to infrastructure needs. Electric vehicles require charging at varying intervals according to the size of the battery, the usage of the vehicle and speed of the charger.

Charging electric vehicles overnight is possible for unmarked police vehicles assigned to administration or detective personnel due to the significant down time between usage. Patrol personnel share police vehicles between day and night shift, effectively running the vehicles for almost 24 hours daily.

The current police facility is unable to accommodate electric vehicle charging stations. During the EOC planning process in 2020, EV charging stations were considered as an addition to the rear parking area of the police facility. However, JK Architecture concluded the current police department electrical system was not designed to and would not be able to handle the demands of multiple EV charging stations.

The vehicles are due for delivery in spring of 2023. The two hybrid vehicles will be outfitted and incorporated into the fleet in late summer to replace the out of warranty gas powered police patrol vehicles.

Recommendation

The staff recommends Council approve the purchase of two hybrid Ford Police Interceptor vehicles.

**CITY OF LOS ALTOS
PURCHASE REQUISITION**

Agenda Item # 12.

<p>VENDOR'S NAME AND ADDRESS</p> <p>1 <u>Folsom Lake Ford</u></p> <p><u>12755 Folsom Blvd.</u></p> <p><u>Folsom, CA 95630</u></p> <p>2 <u>[State of CA Contract #1-18-23-14B]</u></p> <p>3 _____</p>	<p>DEPARTMENT: <u>Public Safety</u></p> <p>SHIP TO: <u>Police Department - Captain Krauss</u></p> <p>DATE REQUIRED: <u>ASAP</u></p> <p>ACCT. NO: <u>00065-6800</u></p> <p>P.O. NUMBER: _____</p> <p>PURPOSE: <u>Equipment Replacement (2 Police patrol vehicles)</u></p>
--	--

QTY	UNIT	DESCRIPTION	VENDOR 1		VENDOR 2		VENDOR 3	
			Unit Price	Total	Unit Price	Total	Unit Price	Total
2.0		2023 Ford Interceptor Hybrid	52,065.00	104,130.00		-		-
2.0		California Tire Fee	8.75	17.50		-		-
2.0		Doc Fee	85.00	170.00		-		-
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		Sub-total		104,317.50		-		-
		Shipping		450.00				
		Handling						
		Tax (9.0%)		9,517.38				
		Grand Total		114,284.88		-		-

Tatie Krauss
REQUESTED BY

2/28/23
DATE

Angela Averiett
Authorized Signature

Mar 1, 2023
DATE



Supplemental Budget Request (2022/23)

<u>Public Safety</u>	<u>Patrol Services</u>	<u>00065-6800</u>
Department	Program Name	Account Number
<u>Andy Galea</u>	<u>2022/23</u>	<u>1</u>
Contact Person	Fiscal Year	Department Priority

<u>Equipment</u>	<u>Replacement</u>	<u>3.0</u>
Request Category	Request Type	Number Requested

Description:

Replacement of (3) Police Patrol Vehicles, including emergency equipment and installation.

Justification:

Vehicles will be out of warranty; repair costs are increasing due to age and mileage. Price includes anticipated increased costs of vehicle and aging emergency equipment replacement

Estimated Cost

Price (including tax):	_____	\$142,500.00
Installation/Misc.:	_____	\$45,000.00
Trade-in/Savings:	_____	\$0.00
Total Cost:	_____	\$187,500.00
Per Unit Cost:	_____	62500

For Replacement Requests Only

PRICE QUOTATION
FOLSOM LAKE FORD
12755 FOLSOM BLVD.
FOLSOM, CA 95630
(916) 351-4202 - Direct

Date: 8/6/2020

To: Captain Scott McCrossin / Los Altos Police Department / Hybrid Patrol Vehicle
From: Mark A. Paoli / Government Sales Manager / Folsom Lake Ford
Subject: Pricing for 2021 Ford Interceptor (State of California Contract #1-18-23-14B)

- \$34,287.53 - Bid Price (2021 Ford Police Interceptor Utility AWD / 3.3L V6 Gas Engine)
- 3,688.00 - 3.3L V6 Hybrid Engine System w/10-Speed Auto Transmission (99W/44B)
- 935.00 - Front Headlamp Lighting Solution (66A) - Includes Pre-Wiring (60A)
- 569.00 - BLIS - Blind Spot Monitoring w/Cross Traffic Alert (55B)
- 476.00 - Rear Lighting Solution (66C)
- 350.00 - Underbody Deflector Plate (76D)
- 304.00 - Side Marker LED - Sideview Mirrors (63B)
- 194.00 - Police Wire Harness Connector Kit - Front/Rear (67V)
- 89.00 - Glass - Solar Tint 2nd Row Only (92R)
- 84.00 - Class III Trailer Tow Lighting Package (52T)
- 78.00 - Rear-Door Controls Inoperable - Locks/Handles/Windows (68G)
- 57.00 - OBD-II Split Connector (61B) - Recommended by Upfitters
- 54.00 - Keyed Alike - Code 1284X (59B)
- \$41,165.53 - Selling Price (C.H.P. Paint Scheme - Blue & White)
- 85.00 - Documentation Fee
- \$41,250.53 - Subtotal
- 3,712.55 - Sales Tax (9.00%)
- 225.00 - Delivery to Los Altos, CA
- 8.75 - California Tire Fee
- \$45,196.83 - Total Price (EACH) F.O.B. Los Altos, CA

Payment Terms: \$500.00 Discount Per Vehicle 20 Days or Net 30.

Note: Ballistic Door Panels (Level III+), Dark Car Feature, Dual Unity LED Spot Lamps, Ford Telematics (Includes Built In Modem and Complimentary Two-Year Subscription), Front License Plate Bracket, Noise Suppression, Rear View Camera (Displayed In Rear View Mirror), Reverse Sensing, SYNC (Bluetooth), Trailer Hitch (Class III), Upfitter Switches Mounted on Steering Wheel and a 5yr/100k/0ded Powertrain Warranty Included In Bid.



661 Garcia Avenue Pittsburg, CA 94565
 Phone: 925-370-2144 Fax: 925-370-2087

Quote Number: 22419
 Document Date: 2/24/2020
 Terms: Net 30
 Payment Method:

Sell Los Altos Police Department - Attn: AP/V LEH02/PD
 To: Capt. Scott McCrossin
 1 N San Antonio Road
 Los Altos, CA 94022
 Phone: 650-947-2700

Ship Los Altos Police Department - Attn: AP/V LEH02/PD
 To: Capt. Scott McCrossin
 1 N San Antonio Road
 Los Altos, CA 94022
 Phone:

Ship Via Installation
 Location: Lehr - Pittsburg
 Blanket PO:

Customer ID 51315
 SalesPerson Mary Pagliero

Vehicle Information:

2020 FORD UTILITY

Item No.	Description	Category	Quantity	Unit Price	Total Price
Front End Equipment					
BK2019IU20	PB450L4 LIGHTED PUSH BUMPER 2020 UTIL	SETINALTP	1	854.67	854.67
SPKR-BKT-DS-PIU20	C3100 SPEAKER BKT D/S 2020 UTIL	CODE 3	1	36.11	36.11
EX0011	PATROL POWER HARNESS FRT MNT PI UTIL 2020	PATROLPO	1	625.00	625.00
	Customer Supplied Materials				
	SIREN SPEAKER				
I	INSTALLATION FOR FRONT END EQUIPMENT	LABOR	6		
Lightbar Mount Kit					
ADJBKT011-B	LIGHTBAR MOUNT KIT PIU20	CODE 3	1	36.11	36.11
AP-MMFCCWWGQS22222R	34-BL/ AP MULTIMAX FV 5 in 1 ANTENNA	ANTNAPLU	1	283.50	283.50
MB8U	CABLE 17' RG58U	RADIO	1	16.50	16.50
	Customer Supplied Materials				
	LIGHTBAR, RADIO ANTENNA WHIP				
I	INSTALLATION FOR ROOF EQUIPMENT	LABOR	3		
Drivers Compartment					
GK1409E	SINGLE BLAC-RAC 1082E NO T-RAIL	SETINABLR	5	569.00	2,845.00
PA-TM-5500-PIU-20-B	UNDER SEAT BASE ONLY	HINT	1	210.36	210.36
PA-TM-5500-MID-05	MID-SECTION ONLY 2020 UTILITY	HINT	1	143.87	143.87
B00FFKIUJS	25' USB 2.0 EXT CABLE W/ACTIVE REPEATER	IT MISC	2	16.95	33.90
C-ARM-104	ARMREST LG FLIP UP PAD TRAK-MOUNT BASE	HAVIS	1	120.08	120.08
	Customer Supplied Materials				
	CONSOLE, COMPUTER MOUNT-UPPER & KEYBOARD TRAY,				
	RADIO, FLASHLIGHT CHARGER, GUN RACK, USB HUB				
I	INSTALLATION FOR DRIVER'S COMPARTMENT EQUIPMENT	LABOR	12		
Prisoner Compartment					



661 Garcia Avenue Pittsburg, CA 94565
 Phone: 925-370-2144 Fax: 925-370-2087

Quote Number: 22419
 Document Date: 2/24/2020
 Terms: Net 30
 Payment Method:

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 To: Capt. Scott McCrossin
 1 N San Antonio Road
 Los Altos, CA 94022
 Phone:

Ship Via Installation
 Location: Lehr - Pittsburg
 Blanket PO:

Customer ID 51315
 SalesPerson Mary Pagliero

Vehicle Information:

2020 FORD UTILITY

Item No.	Description	Category	Quantity	Unit Price	Total Price
PT2185ITU20TM	PARTITION TRANSFER KIT RP TALLMAN	SETINA	1	247.20	247.20
QK0635ITU20	REPL SEAT W/CENTER PULL BELTS & 12VS REAR PARTITON	SETINA	1	1,046.40	1,046.40
WK0514ITU20	WINDOW BARRIERS VS STEEL VERTICAL UTILITY 2020	SETINA	1	215.20	215.20
I	Customer Supplied Materials FRONT PARTITION INSTALLATION FOR PRISONER COMPARTMENT EQUIPMENT	LABOR	6.5		
<hr/>					
Back End Equipment					
TT0242ITU20	CAGO BOX TRANS. KIT 2020 PIU-	SETINA	1	67.99	67.99
TPA9289	CARGO BOX RADIO TRAY	SETINA	1	311.20	311.20
MCRNTA	MICRON AMBER STUD MOUNTED	WHELENPR	1	78.50	78.50
Z3	SIREN CONTROLLER	CODE 3	1	775.00	775.00
B-ECL555-AB	ECOLOCK UTILITY 16-20 W/HOOD SWITCH	INTRMOTI	1	677.85	677.85
DC-568P-25BLMB	25' CAT6 SNAGLESS CABLE-BLUE	IT MISC	1	16.95	16.95
Customer Supplied Materials CARGO BOX, (2) REAR SIDE WINDOW LIGHTS, (1) REAR WINDOW AMBER ION, (4) REAR CORNERS VERTEX-1 AMBER, 1-BLUE, 2-RED, & MODEM.					
I	INSTALLATION FOR BACK END EQUIPEMNT	LABOR	1	15.00	15.00
<hr/>					
INSTALL	INSTALL MATERIALS	OTHER	1	125.00	125.00
I	INSTALLATION CHARGES LABOR TO INSTALL EMERGENCY VEHICLE EQUIPEMNT & CUSTOMER SUPPLED PARTS. WIRE OEM FRONT LIGHTING 66A, SIDE MIRROR LIGHTS 63B, REAR LIGHTING 66C,	LABOR	1	3,740.00	3,740.00



661 Garcia Avenue Pittsburg, CA 94565
 Phone: 925-370-2144 Fax: 925-370-2087

Quote Number: 22419
 Document Date: 2/24/2020
 Terms: Net 30
 Payment Method:

Sell Los Altos Police Department - Attn: AP/V LEH02/PD
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 1 N San Antonio Road
 Los Altos, CA 94022
 Phone:

Ship Via Installation
 Location: Lehr - Pittsburg
 Blanket PO:

Customer ID 51315
 SalesPerson Mary Pagliero

Vehicle Information:

2020 FORD UTILITY

Item No.	Description	Category	Quantity	Unit Price	Total Price
I	SWAP REAR HATCH LIGHT FROM RED TO AMBER. INSTALLATION CHARGES	LABOR	1	600.00	600.00
L	LABOR TO INSTALL CUSTOMER SUPPLIED ALPR SYSTEM	LABOR	1	550.00	550.00
F	TO STRIP-OUT OLD PATROL UNIT Shipping Charges	OTHER	1	100.00	100.00

Amount Subject to Sales Tax 13121.39
 Amount Exempt from Sales Tax 650.00

Subtotal: \$13,771.39
 Total Sales Tax: \$1,180.93

Total: \$14,952.32

PRICE QUOTATION
FOLSOM LAKE FORD
12755 FOLSOM BLVD.
FOLSOM, CA 95630
(916) 351-4202 - Direct

Date: 10/11/2022

To: Captain Katie Krauss / Los Altos Police Department / Hybrid Patrol Vehicle
From: Mark A. Paoli / Government Sales Manager / Folsom Lake Ford
Subject: Pricing for 2023 Ford Interceptor (State of California Contract #1-22-23-14C)

- \$48,339.00 - Bid Price (2023 Ford Police Interceptor Utility AWD / 3.3L V6 Hybrid Eng)
- 935.00 - Front Headlamp Lighting Solution (66A) - Includes Pre-Wiring (60A)
- 620.00 - Spot Lamps - Dual Unity LED (51S)
- 569.00 - BLIS - Blind Spot Monitoring w/Cross Traffic Alert (55B)
- 476.00 - Rear Lighting Solution (66C)
- 350.00 - Underbody Deflector Plate (76D)
- 304.00 - Side Marker LED - Sideview Mirrors (63B)
- 194.00 - Police Wire Harness Connector Kit - Front/Rear (67V)
- 89.00 - Glass - Solar Tint 2nd Row Only (92R)
- 78.00 - Rear-Door Controls Inoperable - Locks/Handles/Windows (68G)
- 57.00 - OBD-II Split Connector (61B) - Recommended by Upfitters
- 54.00 - Keyed Alike - Code 1284X (59B)
- \$52,065.00 - Selling Price (C.H.P. Paint Scheme - Blue & White)
- 85.00 - Documentation Fee
- \$52,150.00 - Subtotal
- 4,758.69 - Sales Tax (9.125%)
- 225.00 - Delivery to Los Altos, CA
- 8.75 - California Tire Fee
- \$57,142.44 - Total Price (EACH)
- X2
- \$114,284.88 - Total Price (2 Interceptors) F.O.B. Los Altos, CA

Payment Terms: \$500.00 Discount Per Vehicle 20 Days or Net 30.

Note: Ballistic Door Panels (Level III+), Dark Car Feature, Ford Telematics (Includes Built In Modem and Complimentary Two-Year Subscription), Front License Plate Bracket, Noise Suppression, Rear View Camera (Displayed In Rear View Mirror), Reverse Sensing, SYNC (Bluetooth), Trailer Hitch (Class III - Includes Wiring), Upfitter Switches Mounted on Steering Wheel and a 5yr/100k/0ded Powertrain Warranty Included In Bid.



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276: Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance.

Prepared by: Tania Katbi, Sustainability Coordinator
Reviewed by: Aida Fairman, Director – Environmental Services and Utilities Dept.
Approved by: Gabriel Engeland, City Manager

Attachment:
1. Draft Ordinance 2023-XX

Initiated by:
City Staff

Previous Council Consideration:
N/A

Fiscal Impact:
AB 1276 imposes a state-mandated local program by creating a new infraction and imposing additional duties on local governing bodies. The City may incur costs for outreach, education, and enforcement of the law, as amended. By adopting an ordinance to enforce Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code, the City will be authorized to collect fines allowed under the legislation. Fines begin after the second notice of violation and include a fine of \$25 for each day in violation, but not to exceed an annual total of \$300.



Subject: Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276: Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance.

Except for any collected fines following the second notice of violation there should be no fiscal impact to food facilities. There is a potential for cost savings to food facilities from not providing single-use foodware or condiments to all customers.

Environmental Review:

The adoption of this Ordinance is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15308 (Actions by Regulatory Agencies for the Protection of the Environment) in that this Ordinance sets forth regulatory procedures for the protection of the environment including, more particularly, regulations prohibiting or limiting the use of foodware accessories and condiments that pose a substantial environmental threat for reasons set forth in this staff report. The adoption of this Ordinance does not involve construction activity or the relaxation of existing environmental standards, and none of the circumstances set forth in CEQA Guidelines Section 15300.2 applies.

Summary:

- On October 5, 2021, Governor Newsom signed Assembly Bill (“AB”) 1276 (Carillo) into law to prohibit a food facility from providing any single-use foodware accessory or standard condiment, as defined, to a consumer unless requested by the consumer.
- AB 1276, which amends Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code, requires a city, county, or city and county, to authorize an enforcement agency to enforce the new requirements.
- Santa Clara County does not have plans at this time to enforce AB 1276 requirements in cities within the County, except for mobile food facilities.
- In order to enforce the new law, staff recommend adopting the state law by reference to ensure that the language in the City’s Municipal Code remains consistent with the state law as it is currently written, and as it may be amended in the future. This approach will reduce the number of times that the City must revisit and readopt amended state law language. There are additional procedural steps that the City must follow to adopt a state law by reference, as further described below.



Subject: Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276: Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance.

AB 1276 Summary

- AB 1276 is designed to reduce excess packaging and undesired condiments and utensils from being given to a customer when eating on premises or taking food to go.
- The law, as amended, is intended to give consumers more choices about single-use foodware accessories and condiments in order to reduce waste.
- The law prohibits single-use foodware accessories from being bundled or packaged in a way that prohibits the customer from taking only the item desired.
- It authorizes a food facility to ask a drive-through customer if the customer wants a single-use foodware accessory in specified circumstances.
- The law requires a food facility using a third-party food delivery platform to list on its menu the availability of single-use foodware accessories and standard condiments and to only provide those items when requested.
- The law excludes from these requirements correctional institutions, health care facilities, residential care facilities, and public and private school cafeterias.

The main provisions of AB 1276 are summarized below:

1. A food facility is required to only provide single-use accessories to consumers upon request;
2. A food facility is required to avoid bundling of single-use accessories or condiments;
3. A food facility is required to only offer those single-use items needed to eat or prevent spillage of the ready-to-eat food at a drive-through as well as in a public use airport.
4. A third-party food delivery platform shall provide consumers with the option to request single-use accessories for ready-to-eat food;
5. A food facility that uses a third-party platform shall customize their menu with a list of available single-use accessories or condiments. Only those items chosen by the consumer



Subject: Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276: Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance.

will be delivered. If no single-use accessories or condiments are requested none will be provided;

6. Unwrapped, single-use foodware accessories that are self-serve, standard condiments that are self-serve, and/or bulk dispensed condiments may still be used; and
7. The first and second violations of the provisions result in a notice of violation, and any subsequent violation is an infraction punishable by a fine of \$25 for each day in violation, but not to exceed an annual total of \$300.

Ordinance Adopting State Law by Reference

In order to comply with AB 1276, the City must authorize an enforcement agency to enforce the provisions of this law. Staff propose that this be accomplished through adopting the entire state law (Attachment 1) by reference in the City’s Municipal Code. In order to adopt the state law by reference the City must follow the specific procedures required under Government Code Section 50022.1, et. seq.

Government Code Section 50022.4 requires any penalties to be set out in full. The proposed ordinance adopts the entire law by reference, authorizes the City and County to enforce the ordinance, and sets forth in full the penalties for violating the ordinance, establishing that the first and second violations of the provisions result in a notice of violation, and any subsequent violation is an infraction punishable by a fine of \$25 for each day in violation, but not to exceed an annual total of \$300.

Staff Recommendation:

1. Move to read the Ordinance by title only and waive the first reading beyond the title.
2. Introduce an Ordinance adding Chapter 6.45 (Single-Use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code to adopt by reference Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties.



Subject: Single-use Foodware Accessories and Condiments Ordinance in Compliance with AB 1276: Introduce and waive further reading of a Single-use Foodware Accessories and Condiments Ordinance, in compliance with AB 1276, of the City Council of the City of Los Altos adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties, and set a Public Hearing on April 11, 2023 for adoption of the Ordinance.

-
3. Set a Public hearing on April 11, 2023, for the adoption of the Ordinance pursuant to Government Code Section 50022.3.

ORDINANCE NO. 2023-

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
ADDING CHAPTER 6.45 (SINGLE-USE FOODWARE ACCESSORIES AND
CONDIMENTS) TO TITLE 6 (HEALTH AND SAFETY) OF THE LOS ALTOS
MUNICIPAL CODE ADOPTING BY REFERENCE CHAPTER 5.2 (COMMENCING
WITH SECTION 42270) OF PART 3 OF DIVISION 30 OF THE CALIFORNIA
PUBLIC RESOURCES CODE PROHIBITING A FOOD FACILITY FROM
PROVIDING ANY SINGLE-USE FOODWARE ACCESSORY OR STANDARD
CONDIMENT UNLESS REQUESTED BY CONSUMER AND AUTHORIZING CITY
AND COUNTY ENFORCEMENT AND PENALTIES**

ADOPTION BY REFERENCE OF STATE PROHIBITION ON PROVIDING SINGLE-
USE FOODWARE ACCESSORIES OR STANDARD CONDIMENTS

CHAPTER 5.2 (Commencing with Section 42270) of Part 3 of Division 30 of the Public
Resources Code, as written and amended, is adopted by reference in its entirety and
incorporated herein. The provisions of this chapter shall be enforced by the City of Los
Altos, and may be enforced by the County of Santa Clara.

**TOGETHER WITH CERTAIN AMENDMENTS, ADDITIONS, INSERTIONS,
DELETIONS AND CHANGES THERETO.**

WHEREAS, Governor Gavin Newsom signed Assembly Bill (“AB”) 1276 into law on
October 5, 2021, which prohibits a food facility or a third-party food delivery platform
from providing single-use food accessories, such as cutlery, straws and condiment packets,
to a customer unless requested by the customer.

WHEREAS, prior to adoption of AB 1276, state law (AB 1884 (adopted 2018))
prohibited a full- service restaurant from providing single-use plastic straws to customers
unless requested by the customer. The state law required the plastic straw regulation to be
enforced by the local health and environmental health officers and their agents.

WHEREAS, AB 1276 revised the state law by expanding the scope from full-service
restaurants to food facilities, which generally includes all retail food operations;
expanded the scope from single-use plastic straws to single-use foodware accessories,
which includes utensils, condiments, and straws (but does not include napkins); and
revised the enforcement obligation from the local health and environmental health
officers (as applicable to the City of Los Altos, this would be the Santa Clara County
health official) to whichever entity cities and counties deem appropriate.

WHEREAS, AB 1276 is designed to reduce excess packaging and undesired condiments
and implements from being given to a customer when eating on premises or taking food to
go, and prohibits single-use foodware accessories from being bundled or packaged in a
way that prohibits the customer from taking only the item desired. AB 1276 does,
however, authorize a food facility to ask a drive-through customer, if the customer wants a

single-use foodware accessory in specified circumstances.

WHEREAS, a food facility using a third-party food delivery platform is required to list on its menu the availability of single-use foodware accessories and standard condiments and only provide those items when requested. The law excludes from these requirements correctional institutions, health care facilities, residential care facilities, and public and private school cafeterias.

WHEREAS, AB 1276 specifies that the first and second violations of the provisions result in a notice of violation, and any subsequent violation is an infraction punishable by a fine of \$25 for each day in violation, but not to exceed an annual total of \$300.

WHEREAS, a city, county, or city and county, on or before June 1, 2022, is required to authorize an enforcement agency to enforce the requirements established under AB 1276.

WHEREAS, Santa Clara County Recycling and Waste Reduction Commission informed the City that they do not currently anticipate that they will be in a position to assume enforcement responsibilities for AB 1276 on behalf of cities in the county.

WHEREAS, in order to comply with the enforcement requirements of AB 1276, the City Council of the City of Los Altos now wishes to adopt an ordinance adding Chapter 6.45 (Single-use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference of Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer, and authorizing City and County enforcement.

WHEREAS, Government Code Section 50022.1, et. seq., sets forth the procedures by which a city may adopt a state law by reference.

WHEREAS, the City will comply with the procedures set forth in Government Code Section 50022.1, et. seq., including holding a public hearing at the second reading, following notice requirements under Government Code Section 6066, and making available the entire language of the state law to be adopted by reference.

WHEREAS, The adoption of this Ordinance is exempt from review under the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15308 (Actions by Regulatory Agencies for the Protection of the Environment) in that this Ordinance sets forth regulatory procedures for the protection of the environment including, more particularly, regulations prohibiting or limiting the use of foodware accessories and condiments that pose a substantial environmental threat for reasons set forth in this staff report. The adoption of this Ordinance does not involve construction activity or the relaxation of existing environmental standards, and none of the circumstances set forth in CEQA Guidelines Section 15300.2 applies.

NOW THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF CODE:

TITLE 6. HEALTH AND SAFETY

Chapter 6.45 SINGLE-USE FOODWARE ACCESSORIES AND CONDIMENTS

Section 6.45.010 Adding Chapter 6.45 (Single-Use Foodware Accessories and Condiments) to Title 6 (Health and Safety) of the Los Altos Municipal Code adopting by reference Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the California Public Resources Code prohibiting a food facility from providing any single-use foodware accessory or standard condiment unless requested by consumer and authorizing City and County enforcement and penalties as follows:

Section 6.45.020 Enforcement

A. The City Manager or the City Manager’s designee has primary responsibility for the enforcement of this chapter. The City Manager or the City Manager’s designee is authorized to promulgate regulations and to take any and all other actions reasonable and necessary to enforce this chapter, including, but not limited to, investigating violations, issuing fines, and entering the premises of any food facility during business hours. Other City staff may assist with this enforcement responsibility by entering the premises of a food facility as part of their regular inspection functions and reporting any alleged violations to the City Manager or the City Manager’s designee.

B. The County of Santa Clara and its agents are authorized to take any and all actions reasonable and necessary to enforce this chapter, including, but not limited to, investigating violations, issuing fines, and entering the premises of any food facility during business hours.

Section 6.45.030 Penalties

Pursuant to Public Resources Code Section 42272(b) as adopted by reference and incorporated herein, the first and second violations of Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code shall result in a notice of violation, and any subsequent violation shall constitute an infraction punishable by a fine of twenty-five dollars (\$25) for each day in violation, but not to exceed three hundred dollars (\$300) annually.

Section 6.45.040 Severability

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

Section 6.45.050 Effective Date

Pursuant to Government Code Section 50022.3, notice of the Council meeting at which this Ordinance is scheduled to be adopted shall be published pursuant to Government Code Section 6066 in a newspaper of general circulation in or nearest to the City. Prior to the public hearing, the City Clerk shall publish notice of the hearing once a week for two successive weeks, with at least five days intervening between the publication dates, not counting such publication dates. The notice shall state the time and place of the hearing, and include a description of the purpose and subject matter of the ordinance. The period of notice commences upon the first day of publication and terminates at the end of the fourteenth day. A copy of this Ordinance and a copy of Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code, being considered for adoption by reference, are on file with the City Clerk, and are open to public inspection, and the public notice shall state the same. Within fifteen (15) days after the adoption of this Ordinance, the City Clerk shall (1) publish a summary, and (2) post in the City Clerk's Office a certified copy of the full text of this Ordinance, and Chapter 5.2 (commencing with Section 42270) of Part 3 of Division 30 of the Public Resources Code, along with the names of those City Council members voting for and against this Ordinance or otherwise voting. This Ordinance shall become effective 30 days after its adoption.



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject 389 and 425 1st Street Administrative Appeal

Prepared by: Jolie Houston, City Attorney

Approved by: Gabriel Engeland, City Manager

Attachment(s):

- 1. Annotated Response to Appeal by City Attorney
- 2. Appellant’s Appeal
- 3. Los Altos Municipal Code section 12.68
- 4. Los Altos Municipal Code section 13.20.160
- 5. Correspondence between Appellant, City, and PG&E
 - Email Thread A
 - Email Thread B (including attachments)
 - Email Thread C (including attachments)
 - Email Thread D
 - Email Thread E
 - Email Thread F (including attachment)

Initiated by:

Jeff Warmoth – Appellant

Previous Council Consideration:

None

Fiscal Impact:

Undetermined

Environmental Review:

The Council’s consideration and action on this Appeal is exempt from environmental review under California Environmental Quality Act (CEQA), CEQA Guidelines Section 15061(b)(3) since there would be no possibility of a significant effect on the environment.

Policy Question(s) for Council Consideration:

- Is the Appellant’s request to move two utility poles consistent with the Los Altos Municipal Code?
- Shall the City Council overturn staff’s determination and grant the appeal?



Subject: 389 and 425 1st St Administrative Appeal

Summary:

Appellant has submitted an Appeal to the City Council of staff’s determination that the proposed relocation of two utility poles is not consistent with the Los Altos Municipal Code (“LAMC”), specifically LAMC chapter 12.68 and section 13.20.160. (See Attachments 3 and 4). Appellant asserts that the relocation is consistent with the City’s Municipal Code, including these relevant portions of the LAMC.

Staff has determined that the relocation of the two utility poles is not consistent with the LAMC because:

1. Chapter 12.68.020 states that the City’s intent is that relocated existing utility services are placed underground;
2. Section 13.20.160(G) prohibits relocations and extensions of existing overhead facilities;
3. Although Section 13.20.160(K) allows maintenance, repair, and alteration of overhead power systems built before August 24, 1965. Appellant is neither maintaining, repairing or altering the existing utility poles, nor is it undisputed that the relevant poles were built before the specified date; and
4. There is no community benefit exception to compliance with the LAMC.

The City Attorney conducted a separate review of this matter and determined that staff’s conclusion is consistent with the LAMC.

Appeal Hearing Procedures:

Pursuant to the City Council Norms and Procedures, Section 11.8, Appeal Procedures, Appellant will be given the opportunity to speak first for ten (10) minutes to present his position prior to the City’s opportunity to present its position. The City will also be given ten (10) minutes to present its position on the Appeal. The City Council may ask the Appellant or the City staff questions prior to public comments. After the public comments, Appellant shall be given up to five (5) minutes for rebuttal.

Recommendation

The City Council, after considering the full oral and written record before it, approve or deny the Appeal, or give such other direction as necessary.



Subject: 389 and 425 1st St Administrative Appeal

Appeal

LAMC section 1.12.010 provides the opportunity for any interested party to appeal to the City Council his or her objections to the whole or any portion of an administrative decision made by a City official that involves the exercise of administrative discretion or personal judgment. The City Council’s conduct of the appeal shall be *de novo* (i.e., anew, as if the decision had not been previously rendered) (LAMC § 1.12.060.). The Appeal is appropriate as the Appellant is appealing staff’s exercise of administrative discretion when it determined that the relocation of the two utility poles is not consistent with the LAMC.

Background

The Appellant has submitted two separate applications to the City which include plans to relocate two utility poles located in the alley behind 389 and 425 1st Street. However, staff has determined both applications to be incomplete. Because neither application has been deemed complete, staff has neither accepted nor denied the applications. Staff had been attempting to work with Appellant to complete the applications so staff could move forward with either accepting or denying the applications.

On February 1, 2023, Appellant submitted to the City Manager a letter and what appeared to be an appeal of staff’s statement in a call with Appellant and PG&E that relocating two existing utility poles would not be consistent with the LAMC. (See Attachment 5-B).

On February 27, 2023, at the request of Appellant, the City Manager forwarded both the letter and the apparent appeal to the City Attorney. (See Attachment 5-B). The City Attorney emailed Appellant on February 28, 2023, responding to this apparent Appeal requesting that the Appellant clarify the details of his Appeal. Appellant responded the same day stating that what he had submitted was a draft Appeal. (See Attachment 5-C).

On March 7, 2023, the City Attorney emailed Appellant’s attorney stating that she reviewed the LAMC and the materials submitted in Appellants draft Appeal and that she agreed with staff’s position that the relocation of the two utility poles would be inconsistent with the LAMC. (See Attachment 5-D).

On March 11, 2023, Appellant submitted a letter to the City Council regarding the relocation of the two utility poles. (See Attachment 5-E).

On March 17, 2023, Appellant filed the present Appeal of the City Attorney’s determination in her email dated March 7, 2023, where she agreed with staff’s conclusion that the relocation of the two poles would not be consistent with the LAMC. (See Attachment 5-F).

ATTACHMENT 1

ATTACHMENT 1



Subject: 389 and 425 1st St Administrative Appeal

Annotated Response to Appeal by City Attorney

Below are the City’s responses to each of the Appellant’s claims asserted in his Appeal.

Appellant’s Claim 1

We are the owners of the properties located at 389 and 425 1st Street in the City of Los Altos. Both properties currently are under construction and are scheduled to be completed in May 2023. Upon completion, the two projects would provide 30 much-needed housing units in the City, four of which will be affordable. For years, these two projects have been designed to PG&E's plan for utility undergrounding, which (in addition to undergrounding the new services to the two new buildings themselves) would underground over 325 feet of overhead power and communications lines located along the alley that runs behind the buildings between 1st Street and 2nd Street. This undergrounding would be done at no cost to the City and would result in a significant undergrounding of lines in a highly visible downtown area. It also is the first step in eventually undergrounding the entirety of the alley running from Lyell Street to Whitney Street.

Only recently, Public Works and the City Attorney have taken the position that the proposed undergrounding, which would require an adjustment to the location of two existing utility poles in the alley, is inconsistent with the Los Altos Municipal Code. This interpretation, however, is contrary to the language and basic purpose of the Municipal Code’s undergrounding provisions and, if allowed to stand, not only would result in significant delay in completion of the two residential projects but also the only alternative would be to revise PG&E’s plans to have no undergrounding (other than to the new buildings themselves, as required).

City’s Response 1

Despite the current status of the two projects, requiring compliance with the LAMC regarding utility poles in the City does not impose any sort of undue burden on the Appellant. Additionally, Appellant cannot rely on being in compliance with PG&E’s plans/rules to avoid also being in compliance with LAMC requirements.

The completion of the two projects is also not contingent on the relocation of the two utility poles. In a call with City staff and PG&E, PG&E stated that there are multiple other alternatives to removing the two utility poles and erecting them elsewhere. Specifically, PG&E stated that one alternative is to place two underground transformers



Subject: 389 and 425 1st St Administrative Appeal

instead of relocating the two poles at issue after they are removed. Installing two underground transformers, instead of installing two new utility poles where there previously were none, would be consistent with the LAMC.

The undergrounding of utilities is consistent with the City’s overall goals found in the LAMC. Appellant’s claim of a community benefit of the voluntary undergrounding of utilities cannot be used to evade the prohibition of relocating the existing poles under the LAMC. There is no community benefit exception to LAMC sections 12.68 or 13.20.160.

The LAMC sections at issue here have been in place since the start of these projects. City staff and the City Attorney have had consistent interpretations of the applicable LAMC sections.

Appellant’s Claim 2

By way of background, the City's undergrounding provisions are in Municipal Code chapter 12.68 ("Undergrounding Utilities") and Municipal Code section 13.20.160 ("Utilities"). Under the City's requirements, our two projects only are required to underground service from the existing overhead utility poles to our two newly constructed buildings. In addition to this work, however, we also voluntarily began the Rule 20 process with PG&E to underground over 325 feet of overhead utility lines that also run along the alley in this highly visible area of Los Altos and across Lyell Street. We originally submitted the PG&E-approved Rule 20 plans to the City on November 11, 2021. PG&E had submitted the plans sometime prior to that date.

The proposed work, including the two utility poles to be moved, has always been shown on the submitted plans. To facilitate the undergrounding of the over 325 feet of overhead power and communication lines, the two poles would need to be moved as follows: (i) the pole currently behind 389 151 Street would be moved about 20+/- feet north; and (ii) the pole currently behind 425 1st Street would be moved across Lyell Street (to the east) next to another existing pole with a transformer on it, in the alley behind First Republic Bank. Both utility poles would remain within a public utility easement that has existed for at least 75 years in this location. PG&E's safety rules will not allow for termination of the undergrounding to the pole that already is behind First Republic Bank due to the transformer being there.

Once PG&E's utility undergrounding is complete, it will set the stage for the future undergrounding of the rest of the alley between Lyell Street and Whitney Street by the



Subject: 389 and 425 1st St Administrative Appeal

alley-adjacent property owners. When the current and future undergrounding projects are complete, the entire alley between Lyell Street and Whitney Street will have been undergrounded at no cost to the City. We also anticipate that the remainder of the overhead utility lines currently located in the alley behind First Republic Bank (including the transformer) would be undergrounded by the property owner of 400, 420 and 428 S. San Antonio Road when he ultimately redevelops those properties, as he has expressed to the City an interest in doing. In short, the work now proposed is an important first step toward what could be an even more significant future undergrounding.

City’s Response 2

The plans submitted by the Applicant on November 11, 2021 were deemed to be incomplete by staff. As a result, staff had been attempting to work with Applicant to complete the application to be able to move forward to the approval/denial phase. Applicant subsequently submitted another application, which staff also deemed incomplete.

The Appellant has provided no additional evidence to support his belief that “the entire alley between Lyell Street and Whitney Street will have been undergrounded at no cost to the City.” Furthermore, the Appellant wanting to relocate two utility poles, instead of installing underground transformers is not consistent with his vision of undergrounding all the facilities in the alley between Lyell Street and Whitney Street. Finally, the placement of the new, relocated utility poles will result in a foreseeable undue burden for a future developer who chooses to develop the parcels where the new utility poles are placed.

Appellant’s Claim 3

We did not learn that the City had a problem with the adjustment in location of the two utility poles until December 15, 2022. This position was further explained in a February 1, 2023, meeting, at which Public Works told PG&E that the proposed undergrounding is contrary to the LAMC. After that meeting, we sought out the input of the City Manager and, then, the City Attorney. On March 7, the City Attorney stated to us as follows:

After thoroughly reviewing Mr. Warmoth's letters and documents he submitted to the City Manager, I believe that the City's Public Works staff had the correct interpretation of the Los Altos Municipal Code (LAMC) and properly



Subject: 389 and 425 1st St Administrative Appeal

stated that the City would reject the permits allowing the relocation of the two utility poles. The removal of two utility poles and the installation of two new utility poles where there previously were no utility poles is inconsistent with the LAMC. Should you disagree with this position, your client may appeal the decision to the City Council pursuant to LAMC section 1.12.010.

Pursuant to the City Attorney's direction, we have filed this appeal to the City Council pursuant to Municipal Code section 1.12.010, which broadly allows for appeals of decisions or determinations by City officials where such action involves exercise of administrative discretion or personal judgment under any of the provisions of the Municipal Code. This appeal was timely filed within 15 days of the City Attorney's March 7, 2023, e-mail. (Muni. Code, § 1.12.030.)

City's Response 3

Appellant may appeal this decision, pursuant to LAMC section 1.12, to the City Council. LAMC section 1.12 states that "Except where an appeals procedure is otherwise specifically set forth in this code, any interested person objecting to the whole or any portion of an administrative determination or decision made by a commission, committee or an official of the city, where such determination or decision involves the exercise of administrative discretion or personal judgment pursuant to any of the provisions of this code, may appeal to the city council by filing with the city clerk a notice of appeal clearly identifying the determination or decision from which the appeal is taken and stating the grounds for the appeal. The notice of appeal shall be accompanied by the payment of a filing fee in such amount as established from time to time by resolution of the city council." The City Attorney interpreted LAMC section 1.12 broadly and determined that this decision may reasonably be viewed as an "administrative determination or decision made by a commission, committee or an official of the city".

Appellant's Claim 4

For at least three reasons, the proposed work is consistent with the City's undergrounding provisions. First, the language likely being relied upon by Public Works and the City Attorney should not apply in the first instance. Municipal Code section 13.20.160, which addresses the relocation of poles, states: "The provisions of this section apply to new extensions of public or private utility distribution facilities for power and



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communication only *and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.*" (Muni. Code, § 13.20.160(K) [emphasis added].) PG&E has provided documentation to Public Works that overhead facilities have existed in this location for over 75 years (since at least 1947), well before August 24, 1965. The work now proposed would at most be an alteration of long-existing overhead lines, within a long-existing public utility easement, which alteration is required to now underground the lines, consistent with City goals. Nor does the proposed work otherwise constitute a "new extension" of utility distribution facilities.

City’s Response 4

LAMC 13.20.160 (K) in its entirety states that “The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.” (See Attachment 4).

LAMC 13.20.160(K) does not state that if a pole existed prior to 1965, it can be relocated. This interpretation of “alteration” is not consistent with LAMC 13.20.160(G) which prohibits any relocation or extension of existing facilities. The definition of “alteration” means change, adjustment, adaptation, modification, or variation to something or of something. Relocation of a pole is more than just a modification of an existing pole, thus it cannot be interpreted to merely be an “alteration.”¹

Furthermore, PG&E provided Appellant with an as-built from 1947 showing the facilities in the alley. However, emails from PG&E also state that facilities along the alley have been modified between 1971 and 2019. Emails from PG&E also stated that one of the poles to be relocated was modified in 1989. As a result, it is disputed whether the facilities that are represented in the as-built from 1947 are still in existence and whether the facilities presently in the alley can be traced back to the 1947 as-built. (See Attachments 5-A & 5-D).

¹ See *City of Walnut Creek v. County of Contra Costa* (1980) 101 Cal.App.3d 1012, 1021 (“There is a strong policy reason for allowing the governmental body which passed legislation to be given a chance to interpret or clarify its intention concerning that legislation.”)



Subject: 389 and 425 1st St Administrative Appeal

Appellant’s Claim 5

Second, even if the undergrounding requirements could apply, the work complies with such requirements. Indeed, the basic purpose of the City's undergrounding provisions is *"to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities."* (Muni. Code, § 12.68.010 [emphasis added].) That is precisely what is proposed—a significant section of overhead lines would be undergrounded and would facilitate further undergrounding in the future. While Municipal Code section 12.68.020 generally prohibits "relocations and extensions of existing overhead facilities" (which we presume is the language Public Works and the City Attorney are relying on), the fact that two poles would be moved to accommodate the undergrounding is neither a "relocation" nor an "extension" of overhead facilities. It simply is an adjustment of poles within an existing utility line orientation, to facilitate a significant undergrounding. The work would not "extend" existing overhead facilities; it simply would underground a portion of lines within an existing corridor. Nor would it "relocate" overhead facilities; the lines would remain within the existing public utility easement, along the same orientation, with the poles only being moved to allow a longer run of undergrounding than otherwise would be possible given the existing site conditions. The work also plainly furthers City goals toward undergrounding.

City’s Response 5

LAMC 12.68.010 states that “The purpose of this chapter is to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities.” (See Attachment 3).

*LAMC 12.68.020 clearly states that “It is the intent of the city to ensure that **all new utility services and relocated existing utility services are placed underground...**” (See Attachment 3).*

LAMC 12.68.020(B) states that “Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted in some instances pursuant to Section 13.20.160 of this municipal code.” (See Attachment 3).



Subject: 389 and 425 1st St Administrative Appeal

LAMC section 12.68 supports the general prohibition on the relocation of existing overhead facilities except as provided under LAMC section 13.20.160. The LAMC section 13.20.160 (G) and (K) exceptions do not apply for reasons discussed above and below. Appellant will be relocating two utility poles to two new locations where there were previously no poles, not replacing the two utility poles in the same location they are currently in.

Appellant’s Claim 6

Third, even if undergrounding requirements could apply *and* the language prohibiting "relocations and extensions of existing overhead facilities" was triggered, relocation of the poles *still* would be permitted under Municipal Code section 13.20.160(G), which allows for individual pole relocations (when they do not constitute an extension or reconstruction) where "required to accommodate the location of ... other overhead or underground utilities in the public right-of-way." (See also Muni. Code, § 12.68.020(B) [refencing section 13.20.160(G)].) Here, the two poles would be moved to, among other things, accommodate the undergrounding of lines under Lyell Street, a public right-of-way, and eliminate overhead lines currently above that portion of Lyell Street, resulting in an aesthetic upgrade. Again, this is the type of outcome envisioned in the undergrounding requirements and is consistent with the stated purpose.

City’s Response 6

LAMC section 13.20.160 (G) in its entirety states that “Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted, when they do not constitute an extension or reconstruction of existing facilities, as follows:

- 1. Where up to a maximum of four pole relocations shall reduce the total number of poles on a public right-of-way; and*
- 2. Where individual pole relocations are required to accommodate the location of driveways, trees, hydrants, pathways, curbs, and gutters, curb returns, storm drains, sewers, and other overhead or underground utilities in the public right-of-way.” (See Attachment 4).*

In addition to undergrounding some utility lines, Appellant is also relocating utility poles which is not permitted. The two poles being relocated are not extensions or reconstructions of existing facilities. The existing facilities are being removed in favor of erecting two new poles elsewhere. The current pole locations are not affecting the right-



Subject: 389 and 425 1st St Administrative Appeal

of-way in the alley and the poles may remain in place without any impact to the right-of-way in the alley.

Appellant’s Claim 7

For each of the above reasons, we therefore ask the City Council to direct staff to allow the proposed Rule 20 undergrounding reflected in the submitted plans and to issue all needed approvals for such work to occur. The work would underground a considerable portion of line in furtherance of the City's undergrounding goals (at no cost to the City), would be consistent with City requirements, and would facilitate the further undergrounding of lines in the future. It also would be done in the context of a project supplying much-needed housing in the City.

City’s Response 7

As discussed above, the City maintains that the relocation of the two utility poles is inconsistent with the LAMC.

Furthermore, the lack of a net increase in utility poles as a result of this pole relocation effort is not applicable. Nevertheless, the net number of new utility poles is irrelevant to the LAMC requirements. Two utility poles being removed while two new utility poles are erected elsewhere does not change the fact that two utility poles are being erected where none previously were.

Moreover, receiving consent from the current landowners to place new utility poles on those parcels does not permit Appellant to avoid the requirements of the LAMC.

Options

- 1. Deny Appeal

Advantages: Denies the Appeal and upholds City staff’s determination that the Appellant may not relocate the two utility poles at issue because such an action is inconsistent with the LAMC.

Disadvantages: Appellant may not relocate two utility poles as a part of his development projects.



Subject: 389 and 425 1st St Administrative Appeal

2. Grant Appeal

Advantages: Grants the Appeal and overturns City staff’s determination that the Appellant may not relocate the two utility poles at issue because such an action is inconsistent with the LAMC. Provides for the undergrounding of the two utility poles.

Disadvantages: Ignores City staff’s and the City Attorney’s interpretation of the LAMC. May result in more developers seeking to relocate utility poles, instead of undergrounding them pursuant to the language and intent of the LAMC. May impose hardship on future developer of a parcel where one of the two utility poles was relocated to.

Recommendation

The City Council, after considering the full record before it, approve or deny the Appeal, or give such other direction as necessary.

ATTACHMENT 2

ATTACHMENT 2



CITY OF LOS ALTOS APPEAL FORM
1 North San Antonio Road, Los Altos, CA 94022; (650) 947-2700

NOTE TO APPLICANT:

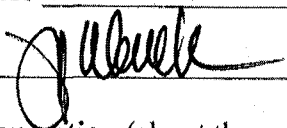
Please attach any supplemental documents to this form as part of your appeal.

Type of Appeal:

<input checked="" type="checkbox"/> Appeal of Administrative Determination	Fees – Please Refer to Master Fee Schedule: https://www.losaltosca.gov/communitydevelopment/page/forms-and-handouts-0
<input type="checkbox"/> Appeal of Development Review Commission Decision	
<input type="checkbox"/> Appeal of Planning Commission Decision	

Appellant Contact Information:

Name: Jeff Warmoth Telephone Number: (650) 400-6293
Mailing Address: PO Box 1087, Santa Barbara, CA 93102
Email Address jeffwarmoth@gmail.com

Signature: 

Project Information (about the project for which the appeal is being submitted):

Planning Commission/DRC Meeting Date: _____
Administrative Determination Date: March 7, 2023
Planning Division File #: _____
Property Address: 389 and 425 1st Street, Los Altos
Assessor's Parcel Number: 167-41-066 and 167-41-019 (Can be found on staff report)

Reason for Appeal / Explanation of Error or Abuse of Discretion.

Please describe the alleged error or abuse, or how the decision is not supported by substantial evidence in the record. Please identify if this appeal will be under Chapter 1.12 of the Municipal Code (Appeal Ordinance) or an appeal under Section 14.76.100 of the Municipal Code (Design Review Appeal). Attach additional pages if necessary.
Please see attached

The Los Altos Planning Department Counter is open Monday – Friday (closed alternate Fridays)
From 7:30 p.m. – 5:00 p.m.
Telephone: (650) 947-2700
If you need assistance from the City Clerk's office, please call 650-947-2610.

Appeal of City Attorney Determination Regarding Proposed Utility Undergrounding
Reason for Appeal / Explanation of Error or Abuse of Discretion

We are the owners of the properties located at 389 and 425 1st Street in the City of Los Altos. Both properties currently are under construction and are scheduled to be completed in May 2023. Upon completion, the two projects would provide 30 much-needed housing units in the City, four of which will be affordable. For years, these two projects have been designed to PG&E's plan for utility undergrounding, which (in addition to undergrounding the new services to the two new buildings themselves) would underground over 325 feet of overhead power and communications lines located along the alley that runs behind the buildings between 1st Street and 2nd Street. This undergrounding would be done at no cost to the City and would result in a significant undergrounding of lines in a highly visible downtown area. It also is the first step in eventually undergrounding the entirety of the alley running from Lyell Street to Whitney Street.

Only recently, Public Works and the City Attorney have taken the position that the proposed undergrounding, which would require an adjustment to the location of two existing utility poles in the alley, is inconsistent with the Los Altos Municipal Code. This interpretation, however, is contrary to the language and basic purpose of the Municipal Code's undergrounding provisions and, if allowed to stand, not only would result in significant delay in completion of the two residential projects but also the only alternative would be to revise PG&E's plans to have no undergrounding (other than to the new buildings themselves, as required).

By way of background, the City's undergrounding provisions are in Municipal Code chapter 12.68 ("Undergrounding Utilities") and Municipal Code section 13.20.160 ("Utilities"). Under the City's requirements, our two projects only are required to underground service from the existing overhead utility poles to our two newly constructed buildings. In addition to this work, however, we also voluntarily began the Rule 20 process with PG&E to underground over 325 feet of overhead utility lines that also run along the alley in this highly visible area of Los Altos and across Lyell Street. We originally submitted the PG&E-approved Rule 20 plans to the City on November 11, 2021. PG&E had submitted the plans sometime prior to that date.

The proposed work, including the two utility poles to be moved, has always been shown on the submitted plans. To facilitate the undergrounding of the over 325 feet of overhead power and communication lines, the two poles would need to be moved as follows: (i) the pole currently behind 389 1st Street would be moved about 20+/- feet north; and (ii) the pole currently behind 425 1st Street would be moved across Lyell Street (to the east) next to another existing pole with a transformer on it, in the alley behind First Republic Bank. Both utility poles would remain within a public utility easement that has existed for at least 75 years in this location. PG&E's safety rules will not allow for termination of the undergrounding to the pole that already is behind First Republic Bank due to the transformer being there.

Once PG&E's utility undergrounding is complete, it will set the stage for the future undergrounding of the rest of the alley between Lyell Street and Whitney Street by the alley-adjacent property owners. When the current and future undergrounding projects are complete, the entire alley between Lyell Street and Whitney Street will have been undergrounded at no cost to the City. We also anticipate that the remainder of the overhead utility lines currently located in

the alley behind First Republic Bank (including the transformer) would be undergrounded by the property owner of 400, 420 and 428 S. San Antonio Road when he ultimately redevelops those properties, as he has expressed to the City an interest in doing. In short, the work now proposed is an important first step toward what could be an even more significant future undergrounding.

We did not learn that the City had a problem with the adjustment in location of the two utility poles until December 15, 2022. This position was further explained in a February 1, 2023, meeting, at which Public Works told PG&E that the proposed undergrounding is contrary to the Municipal Code. After that meeting, we sought out the input of the City Manager and, then, the City Attorney. On March 7, the City Attorney stated to us as follows:

After thoroughly reviewing Mr. Warmoth's letters and documents he submitted to the City Manager, I believe that the City's Public Works staff had the correct interpretation of the Los Altos Municipal Code (LAMC) and properly stated that the City would reject the permits allowing the relocation of the two utility poles. The removal of two utility poles and the installation of two new utility poles where there previously were no utility poles is inconsistent with the LAMC. Should you disagree with this position, your client may appeal the decision to the City Council pursuant to LAMC section 1.12.010.

Pursuant to the City Attorney's direction, we have filed this appeal to the City Council pursuant to Municipal Code section 1.12.010, which broadly allows for appeals of decisions or determinations by City officials where such action involves exercise of administrative discretion or personal judgment under any of the provisions of the Municipal Code. This appeal was timely filed within 15 days of the City Attorney's March 7, 2023, e-mail. (Muni. Code, § 1.12.030.)

For at least three reasons, the proposed work is consistent with the City's undergrounding provisions. First, the language likely being relied upon by Public Works and the City Attorney should not apply in the first instance. Municipal Code section 13.20.160, which addresses the relocation of poles, states: "The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only *and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.*" (Muni. Code, § 13.20.160(K) [emphasis added].) PG&E has provided documentation to Public Works that overhead facilities have existed in this location for over 75 years (since at least 1947), well before August 24, 1965. The work now proposed would at most be an alteration of long-existing overhead lines, within a long-existing public utility easement, which alteration is required to now underground the lines, consistent with City goals. Nor does the proposed work otherwise constitute a "new extension" of utility distribution facilities.

Second, even if the undergrounding requirements could apply, the work complies with such requirements. Indeed, the basic purpose of the City's undergrounding provisions is "to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities." (Muni. Code, § 12.68.010 [emphasis added].) That is precisely what is proposed—a significant section of overhead lines would be

undergrounded and would facilitate further undergrounding in the future. While Municipal Code section 12.68.020 generally prohibits “relocations and extensions of existing overhead facilities” (which we presume is the language Public Works and the City Attorney are relying on), the fact that two poles would be moved to accommodate the undergrounding is neither a “relocation” nor an “extension” of overhead facilities. It simply is an adjustment of poles within an existing utility line orientation, to facilitate a significant undergrounding. The work would not “extend” existing overhead facilities; it simply would underground a portion of lines within an existing corridor. Nor would it “relocate” overhead facilities; the lines would remain within the existing public utility easement, along the same orientation, with the poles only being moved to allow a longer run of undergrounding than otherwise would be possible given the existing site conditions. The work also plainly furthers City goals toward undergrounding.

Third, even if undergrounding requirements could apply *and* the language prohibiting “relocations and extensions of existing overhead facilities” was triggered, relocation of the poles *still* would be permitted under Municipal Code section 13.20.160(G), which allows for individual pole relocations (when they do not constitute an extension or reconstruction) where “required to accommodate the location of . . . other overhead or underground utilities in the public right-of-way.” (See also Muni. Code, § 12.68.020(B) [refencing section 13.20.160(G)].) Here, the two poles would be moved to, among other things, accommodate the undergrounding of lines under Lyell Street, a public right-of-way, and eliminate overhead lines currently above that portion of Lyell Street, resulting in an aesthetic upgrade. Again, this is the type of outcome envisioned in the undergrounding requirements and is consistent with the stated purpose.

For each of the above reasons, we therefore ask the City Council to direct staff to allow the proposed Rule 20 undergrounding reflected in the submitted plans and to issue all needed approvals for such work to occur. The work would underground a considerable portion of line in furtherance of the City’s undergrounding goals (at no cost to the City), would be consistent with City requirements, and would facilitate the further undergrounding of lines in the future. It also would be done in the context of a project supplying much-needed housing in the City.



From: Hamza, Muhammad M4HN@pge.com
Subject: RE: History of OVERHEAD POWER - Alley between 1st and 2nd, between Whitney and Lyell
Date: February 22, 2023 at 3:53 PM
To: Jeff Warmoth jeffwarmoth@gmail.com
Cc: Sonny Antonio s.antonio@sunshinedesignllc.net, Hamza, Muhammad M4HN@pge.com

Classification: Public

Good afternoon Jeff,

Records team was able to retrieve the intended document and it has been emailed to Jim Sandoval and Victor Chen from City of Los Altos. Based on the As-built that were provided to the city, it confirms that a section of the OH infrastructure was installed in 1940's. Attached pdf shows the sketch of the alley and I've highlighted some of the relevant data on it.

This document should be sufficient in addressing city's ask and our permit should be approved!

Best Regards,
Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Friday, February 17, 2023 4:58 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>
Subject: Re: History of OVERHEAD POWER - Alley between 1st and 2nd, between Whitney and Lyell

CAUTION: EXTERNAL SENDER!

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Would there be any service records for how PG&E serviced the adjacent buildings that were constructed in 1951?

Jeff Warmoth
(650) 400-6293

On Feb 17, 2023, at 4:39 PM, Hamza, Muhammad <M4HN@pge.com>

DATE WORK STARTED 4-1-47 DATE COMPLETED 4-1-47 SIGNED J.L. Johnson FOREMAN

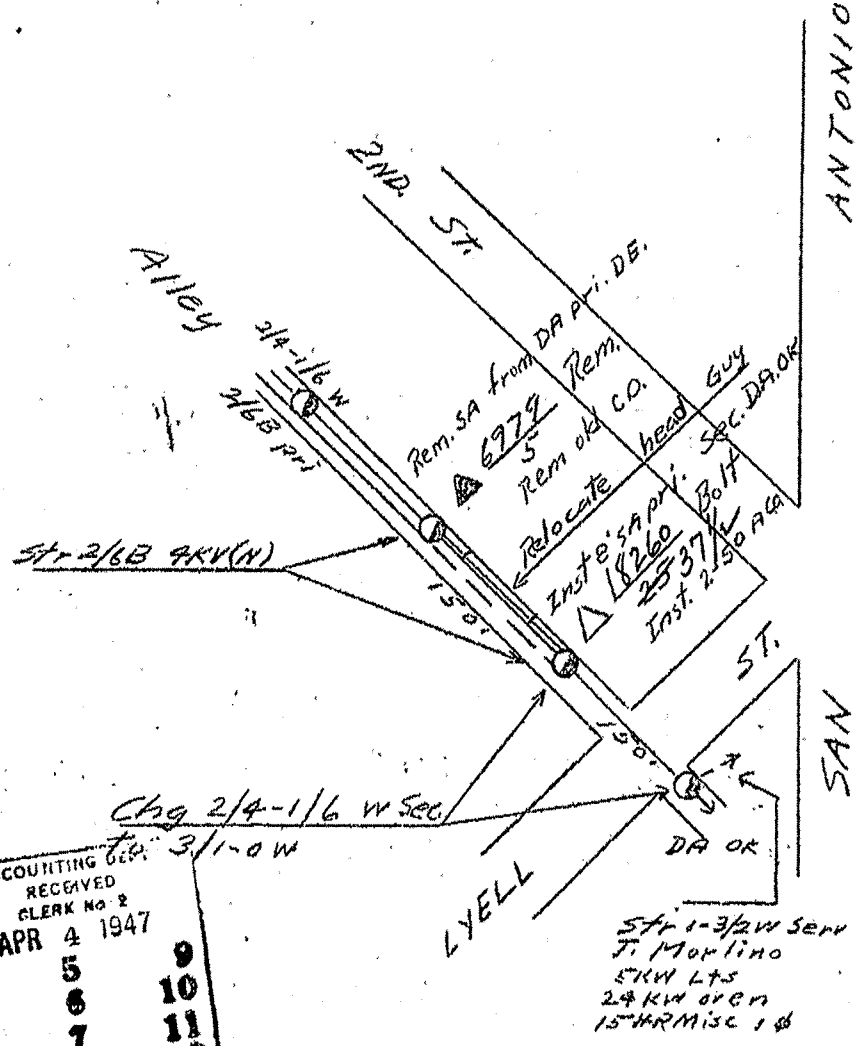
MATERIAL USED ON THIS WORK ORDER		LOC. PUR. ORD. NOS.	Show in this space the number and type of plant units installed such as frames, guys, platforms, manholes, etc. (show drawing number for platforms and other special structures) that cannot be identified from list of material. If estimate involves more than one location, show location of plant units.
DEBIT	CREDIT		
711479 ✓	22385-W03000		
✓480 ✓	22384		
✓481 ✓	- 83 ✓		
✓482 ✓	Overdrawn		
	22386 ✓		

SKETCH OF WORK—FOREMAN TO CORRECT IF CHANGES ARE MADE—OTHERWISE O. K. HERE _____ LIST TRANSFORMERS Co. Nos. & SIZES



EST.#
36964

LOAD
13L
5KW LTS
17 1/2 HP MISC. 1 φ
3-8KW OVEN S



ACCOUNTING RECEIVED
CLERK No. 2
APR 4 1947
5 6 7 8
9 10 11 12

307772
2-4 D
TA 79-13
S.C.L. Co.
3-29-47
RW Mongeon

Add all details not clearly shown by sketch in memo. form. Station _____ Circuit _____

ELECTRIC R20 PLAN
RULE 20 ALLEY UNDERGROUNDING
 445 FIRST ST. LOS ALTOS, CA
 LOS ALTOS, CALIFORNIA

SUNSHINE DESIGN
 AN INC CO.
 10000 N. CALIFORNIA AVE.
 SUITE 100
 LOS ALTOS, CA 94024
 TEL: (415) 947-1000
 FAX: (415) 947-1001

DESIGNED: D. LORIAN
 CHECKED: SA
 SCALE: 1"=20'
 DATE: 10/20/07
 SHEET: 20

PUBLIC NOTES:

- 1) WORK IN THE ONLY NEW EXISTING UNDERGROUND CITY.
- 2) ALL WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.
- 3) ALL WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.
- 4) ALL WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.
- 5) ALL WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.

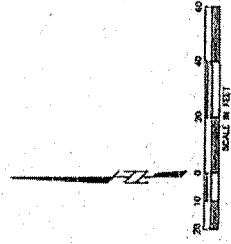
LEGEND

SYMBOL	DESCRIPTION
(Symbol)	1" = 20' SCALE
(Symbol)	2" = 20' SCALE
(Symbol)	3" = 20' SCALE
(Symbol)	4" = 20' SCALE
(Symbol)	5" = 20' SCALE
(Symbol)	6" = 20' SCALE
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(Symbol)	10" = 20' SCALE
(Symbol)	11" = 20' SCALE
(Symbol)	12" = 20' SCALE
(Symbol)	13" = 20' SCALE
(Symbol)	14" = 20' SCALE
(Symbol)	15" = 20' SCALE
(Symbol)	16" = 20' SCALE
(Symbol)	17" = 20' SCALE
(Symbol)	18" = 20' SCALE
(Symbol)	19" = 20' SCALE
(Symbol)	20" = 20' SCALE

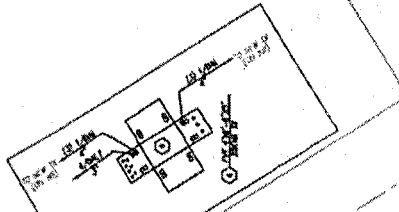
THE WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.

THIS WORK SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.

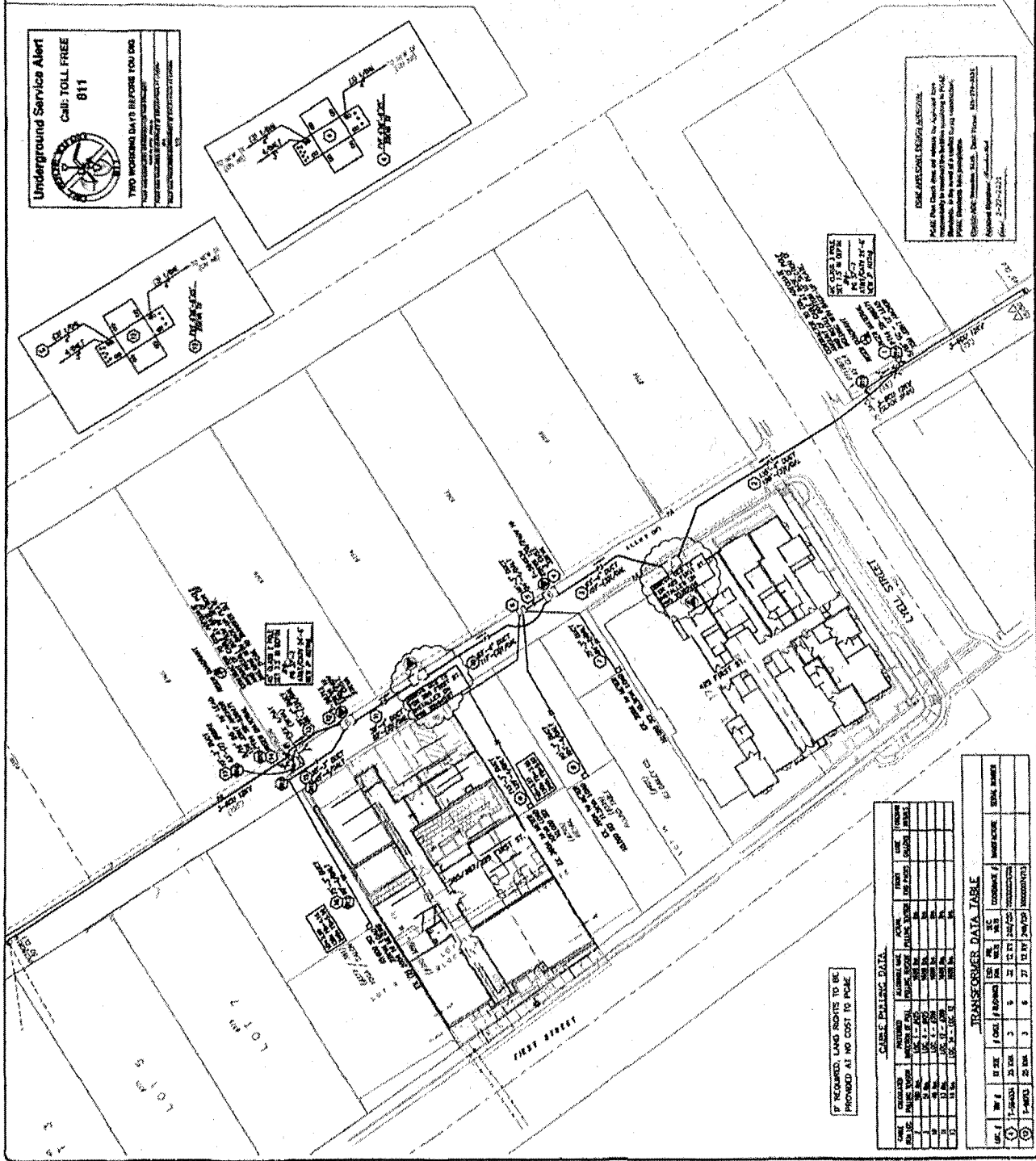
NO. 001.000000
 0701.000000
 0702.000000
 0703.000000
 0704.000000
 0705.000000
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 0712.000000
 0713.000000
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 0715.000000
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 0720.000000



Underground Service Alert
 Call: TOLL FREE 811
 TWO WORKING DAYS BEFORE YOU DIG
 FOR UNDERGROUND UTILITIES
 FOR INFORMATION CALL 811 OR VISIT WWW.CALL811.CA



PLEASE READ THESE NOTES AND REFER TO THE APPROVED DRAWINGS FOR THE PROJECT. THE DRAWINGS SHALL BE IN ACCORDANCE WITH THE CITY OF LOS ALTOS, CALIFORNIA, AND THE STATE OF CALIFORNIA, AND THE FEDERAL POWER COMMISSION.



IF REQUIRED, LAND RIGHTS TO BE PROVIDED AT NO COST TO POKE.

CABLE PLACING DATA

LINE	NO.	TYPE	LENGTH	DATE	BY	CHKD.
1	1	1"	100'	10/20/07	DL	SA
2	2	2"	200'	10/20/07	DL	SA
3	3	3"	300'	10/20/07	DL	SA
4	4	4"	400'	10/20/07	DL	SA
5	5	5"	500'	10/20/07	DL	SA
6	6	6"	600'	10/20/07	DL	SA
7	7	7"	700'	10/20/07	DL	SA
8	8	8"	800'	10/20/07	DL	SA
9	9	9"	900'	10/20/07	DL	SA
10	10	10"	1000'	10/20/07	DL	SA

TRANSFORMER DATA TABLE

LINE	NO.	TYPE	DATE	BY	CHKD.
1	1	1"	10/20/07	DL	SA
2	2	2"	10/20/07	DL	SA
3	3	3"	10/20/07	DL	SA
4	4	4"	10/20/07	DL	SA
5	5	5"	10/20/07	DL	SA
6	6	6"	10/20/07	DL	SA
7	7	7"	10/20/07	DL	SA
8	8	8"	10/20/07	DL	SA
9	9	9"	10/20/07	DL	SA
10	10	10"	10/20/07	DL	SA

ATTACHMENT 3

ATTACHMENT 3

Chapter 12.68 - UNDERGROUNDING UTILITIES

Footnotes:

--- (16) ---

Editor's note— *Ord. No. 2013-395, adopted Dec. 10, 2013, amended Ch. 12.68 in its entirety, in effect repealing and reenacting said chapter to read as set out herein. The former Ch. 12.68, §§ 12.68.010—12.68.030, pertained to similar subject matter and derived from Ord. No. 07-312, § 1 (part) and Ord. No. 10-359, § 28, adopted Nov. 23, 2010.*

12.68.010 - Purpose.

The purpose of this chapter is to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities.

(Ord. No. 2013-395, § 27, 12-10-2013; Ord. No. 2016-426, § 27, 11-8-2016; Ord. No. 2019-464, §§ 29, 30, 12-10-2019; Ord. No. 2022-487, §§ 31, 32, 11-29-2022)

12.68.020 - Undergrounding utilities.

It is the intent of the city to ensure that all new utility services and relocated existing utility services are placed underground, including additions exceeding fifty (50) percent of floor area and/or seven hundred and fifty (750) square feet or more, excluding basements and any non-habitable floor areas. For the purpose of this section, removal of roof framing with associated exterior walls down to, or below the subfloor/slab shall be included in the above calculations. Therefore, the following shall apply:

- A. In areas served by existing overhead facilities, all new service drops shall be installed underground from the most convenient existing pole.
- B. Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted in some instances pursuant to Section 13.20.160 of this municipal code.
- C. Residential properties that are served by utilities located in rear yards on standard lots with frontage on only one public right-of-way shall not be required to underground existing overhead services.
- D. The obligation to provide compliance with these underground utility regulations may not be evaded by performing a series of small additions undertaken over a three-year period and/or two code cycles. The original addition permit issuance date where these regulations were in effect shall be used for compliance.

1.

Any submittal for building permits which exceed fifty (50) percent and/or seven hundred and fifty (750) square feet of existing floor areas (area calculations shall not include existing basement floor areas and any non-habitable floor areas i.e., garages) during the three-year period shall comply with undergrounding of utility regulations.

- 2. No exception or waiver shall be granted from compliance with undergrounding utilities.
- E. The Building Official may only grant exceptions to these requirements in cases where access across adjacent property is necessary but is not legally or practically available.
 - 1. To demonstrate an exception the property owner shall provide a plan showing the required utility design, communication with adjacent property owners indicating the lack of access allowed, and a letter from the utility company which indicates that no alternative configuration for undergrounding of utilities is possible.
- F. Completion of Work. Undergrounding utilities shall be completed prior to Building Final Inspection, and issuance of Certificate of Occupancy. No exception or waiver shall be granted which allows for a property owner to evade compliance with this requirement.

(Ord. No. 2013-395, § 27, 12-10-2013; Ord. No. 2016-426, § 27, 11-8-2016; Ord. No. 2019-464, §§ 29, 30, 12-10-2019; Ord. No. 2022-487, §§ 31, 32, 11-29-2022)

12.68.030 - Definitions.

For the purpose of this chapter, certain words and phrases used herein are defined as follows:

"Tear-down" means existing portions of roof framing and/or exterior walls removed for the purpose of rebuilding and remodeling.

(Ord. No. 2013-395, § 27, 12-10-2013)

ATTACHMENT 4

ATTACHMENT 4

13.20.160 - Utilities.

- A. Water mains and fire hydrants connecting to existing systems shall be installed as required by the council for fire protection purposes. The location of water and gas mains and utility poles in street areas shall be subject to the approval of the city engineer.
- B. In all cases where trunk line sewer facilities are available, sanitary sewers and appurtenances shall be installed inside and outside subdivisions and connected to such trunk line sewer facilities. Such facilities shall be constructed in accordance with the Los Altos sewer master plan and in the location and to the grade approved by the city engineer. The installation shall be subject to the provisions set forth in Title 10 of this code.
- C. All new extensions of public utility facilities for power, street lighting, and communications shall be underground.

In residential areas, transformers, disconnect switches, fuses, junction boxes, and pedestal-mounted terminal boxes may be placed above-ground in enclosures as approved by the planning department.

- D. In commercial areas, transformers, disconnect switches, fuses, junction boxes, and pedestal-mounted terminal boxes may be placed aboveground provided a suitable location is found that will be essentially hidden from the general public view. Such locations shall be approved by the city planner.
- E. In areas served by existing overhead facilities, all new service drops shall be installed underground from the most convenient existing pole.
- F. In locations where existing overhead facilities are in a rear yard easement, a new service drop may be served overhead if this is the last possible lot that will be served by the particular pole. If two or more possible services may be served from the pole, they shall be underground, and an underground riser shall be installed adequate to serve all possible future services.
- G. Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted, when they do not constitute an extension or reconstruction of existing facilities, as follows:
 - 1. Where up to a maximum of four pole relocations shall reduce the total number of poles on a public right-of-way; and
 - 2. Where individual pole relocations are required to accommodate the location of driveways, trees, hydrants, pathways, curbs, and gutters, curb returns, storm drains, sewers, and other overhead or underground utilities in the public right-of-way.
- H. Relocation of more than four consecutive poles in a line shall require approval of the council.
- I. All underground facilities shall be owned and maintained by the utility except as provided by the utility's rules on file with the Public Utilities Commission of the state.
- J.

In all existing overhead areas, pole risers shall be owned and maintained by the utility except as provided by the utility's rules on file with the Public Utilities Commission of the state.

- K. The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.

(Prior code § 10-3.39)

ATTACHMENT 5-A

ATTACHMENT 5-A

Houston, Jolie

From: Jim Sandoval <jsandoval@losaltosca.gov>
Sent: Thursday, February 23, 2023 1:06 PM
To: Houston, Jolie; Nick Zornes; Gabriel Engeland; Victor Chen
Subject: FW: Pole Installation - 425 First St, Los Altos - PM 35194536
Attachments: As-Built Docs_1947.pdf

ALERT: This email is from an external source.

Although it may be irrelevant at this point, here is the as-build of the alleyway's power system installed in 1947.



Jim Sandoval, P.E. | Director | City Engineer
Public Works Department | City of Los Altos
1 N. San Antonio Road | Los Altos, CA | 94022
Ph: (650) 947-2780 | Fx: (650) 947-2732
jsandoval@losaltosca.gov

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Wednesday, February 22, 2023 3:40 PM
To: Jim Sandoval <jsandoval@losaltosca.gov>
Cc: Victor Chen <VChen@losaltosca.gov>; Hamza, Muhammad <M4HN@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

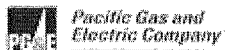
Good afternoon Jim,

Please find attached document which can referred to an as-built showing that the infrastructure in the alley was installed in 1940's. Please let me know if you have any questions.

Best Regards,

Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Jim Sandoval <jsandoval@losaltosca.gov>
Sent: Friday, February 10, 2023 10:43 AM
To: Hamza, Muhammad <M4HN@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

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Thanks so much, Hamza.

Jim



Jim Sandoval, P.E. | Director | City Engineer
Public Works Department | City of Los Altos
1 N. San Antonio Road | Los Altos, CA | 94022
Ph: (650) 947-2780 | Fx: (650) 947-2732
jsandoval@losaltosca.gov

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Friday, February 10, 2023 8:28 AM
To: Jim Sandoval <jsandoval@losaltosca.gov>
Cc: Victor Chen <VChen@losaltosca.gov>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

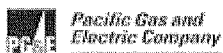
Classification: Public

Understood. I will reach out to my records dept. to attain this info for you. This will take some time.

Best Regards,

Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Jim Sandoval <jsandoval@losaltosca.gov>
Sent: Thursday, February 9, 2023 7:32 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Victor Chen <VChen@losaltosca.gov>
Subject: Re: Pole Installation - 425 First St, Los Altos - PM 35194536

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Thanks Hamza. I'm trying to understand the age of the distribution and/or generation overhead conductor system in the alley behind 425 1st. Not just the poles. It's complicated, but our municipal code has different rules for systems installed before or after 1965. Some old undated photos we have show overhead power lines in that alley, but that dates are not certain. Do you have that information?

Jim Sandoval | City of Los Altos
(510) 610-9301

Sent from my smartphone

On Feb 9, 2023, at 6:07 PM, Hamza, Muhammad <M4HN@pge.com> wrote:

Good evening Jim,

Newest pole in the alley behind 425 First St, Los Altos was installed in 2019 and the oldest was installed in 1971. Please let me know if this clarifies your ask. Feel free to reach out should you require more info.

Best Regards,

Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Jim Sandoval <jsandoval@losaltosca.gov>
Sent: Thursday, February 9, 2023 8:10 AM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Victor Chen <VChen@losaltosca.gov>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536
Importance: High

CAUTION: EXTERNAL SENDER!

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Hi Hamza,
We need a clarification on your 12/27 email below. Thanks for the installation date of the pole in question. Could you please tell us the installation date of the overhead power lines system in the alley behind 425 First St, Los Altos, which are being undergrounded by the developer?
Regards,
Jim



Jim Sandoval, P.E. | Director | City Engineer
Public Works Department | City of Los Altos
1 N. San Antonio Road | Los Altos, CA | 94022
Ph: (650) 947-2780 | Fx: (650) 947-2732
jsandoval@losaltosca.gov

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Tuesday, December 27, 2022 7:14 PM
To: Harun Musaefendic <hmosaefendic@losaltosca.gov>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>; Jim Sandoval <jsandoval@losaltosca.gov>; Victor Chen <VChen@losaltosca.gov>; Hamza, Muhammad <M4HN@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

Good evening Harun,

Based on the information in our database, pole in question is shown to be installed in 1989. Let me know if you require any additional info.

Best Regards,

Hamza

408.442.2983 (Mobile) | Muhammad.Hamza@pge.com



From: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Sent: Thursday, December 22, 2022 1:14 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>; Jim Sandoval <jsandoval@losaltosca.gov>; Victor Chen <VChen@losaltosca.gov>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

CAUTION: EXTERNAL SENDER!

This email was sent from an EXTERNAL source. Do you know this person? Are you expecting this email? Are you expecting any links or attachments? If suspicious, do not click links, open attachments, or provide credentials. Don't delete it. **Report it by using the "Report Phish" button.**

Good afternoon Hamza,

I've talked to the Public Works Director Jim Sandoval, copied on this email in regards to this project. We found some language in the municipal code that would apply here, see below:

K. The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.

We are under the impression that this would be alteration of the existing overhead power and communication system, but need confirmation that the facilities were installed before August 24, 1965. Please confirm installation date of these facilities and we will continue processing this permit submittal.

Thank you,

Harun Musaefendic, EIT
Assistant Civil Engineer
Public Works Department

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Wednesday, December 21, 2022 9:10 PM
To: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

Good evening Harun,

Please let us know if you heard back from your leadership on pole set. As you know, this is a critical task to be completed so the customer doesn't face any financial hardship. Your assistance is appreciated.

Best Regards,

Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Harun Musaefendic <hmosaefendic@losaltosca.gov>
Sent: Wednesday, December 14, 2022 7:44 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

CAUTION: EXTERNAL SENDER!

This email was sent from an EXTERNAL source. Do you know this person? Are you expecting this email? Are you expecting any links or attachments? If suspicious, do not click links, open attachments, or provide credentials. Don't delete it. **Report it by using the "Report Phish" button.**

I'll find time to attend this meeting.

Thank you,

Harun Musaefendic, EIT
Assistant Civil Engineer
Public Works Department

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Wednesday, December 14, 2022 5:41 PM
To: Harun Musaefendic <hmosaefendic@losaltosca.gov>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

Harun,

I sent out a meeting invite for tomorrow from 1500-1530, hopefully you're able to join. I'll have following attendees on the call:

Glen Fung – PG&E Elect. Engineer

Sonny Antonio – Customer's Design Engineer

Best Regards,
Hamza
408.442.2983 (Mobile) | Muhammad.Hamza@pge.com



From: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Sent: Wednesday, December 14, 2022 3:11 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

CAUTION: EXTERNAL SENDER!

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Sounds good. Looking forward to talking with you tomorrow.
Thank you,

Harun Musaefendic, EIT
Assistant Civil Engineer
Public Works Department

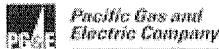
From: Hamza, Muhammad <M4HN@pge.com>
Sent: Wednesday, December 14, 2022 3:07 PM
To: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

Harun,

I'll be scheduling this meeting for sometime tomorrow, will get back to you with our availability.

Best Regards,
Hamza
408.442.2983 (Mobile) | Muhammad.Hamza@pge.com



From: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Sent: Tuesday, December 13, 2022 6:32 PM
To: Hamza, Muhammad <M4HN@pge.com>

Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>
Subject: RE: Pole Installation - 425 First St, Los Altos - PM 35194536

CAUTION: EXTERNAL SENDER!

This email was sent from an EXTERNAL source. Do you know this person? Are you expecting this email? Are you expecting any links or attachments? If suspicious, do not click links, open attachments, or provide credentials. Don't delete it. **Report it by using the "Report Phish" button.**

Hello Hamza,

My schedule is open tomorrow afternoon, let me know if that works for you. I am on counter duty all day Thursday, if that works better for your team let me know what time and I'll get coverage.
Thank you,

Harun Musaefendic, EIT
Assistant Civil Engineer
Public Works Department

From: Hamza, Muhammad <M4HN@pge.com>
Sent: Tuesday, December 13, 2022 5:09 PM
To: Harun Musaefendic <hmusaefendic@losaltosca.gov>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>; Fung, Glen <GYF1@pge.com>; Hamza, Muhammad <M4HN@pge.com>
Subject: Pole Installation - 425 First St, Los Altos - PM 35194536

Classification: Public

Good evening Harun,

I'd like to schedule a call with you to go over the pole installation on subject project. Ideally, we'd like to come up with a solution to avoid any delays to the customer. I'm OOO this Friday but pretty much open for rest of the week.

Best Regards,
Hamza | Industrial Power Engineer
☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



Call Before You Dig – www.call811.com
Online Application for New Project – www.pge.com/cco
PG&E Tariffs Reference – www.pge.com/tariffs
PG&E Greenbook Online – www.pge.com/greenbook
Inspection Desk (San Jose) – SJSPInspections@pge.com (408-299-1024)
Inspection Desk (De Anza) – DASPInspections@pge.com (408-725-2202)

You can read about PG&E's data privacy practices [here](#) or at PGE.com/privacy.

ATTACHMENT 5-B

ATTACHMENT 5-B

Houston, Jolie

From: Gabriel Engeland <gengeland@losaltosca.gov>
Sent: Monday, February 27, 2023 10:26 AM
To: Houston, Jolie; Bidgoli, Sam Atabay
Subject: FW: Meeting re Undergrounding of Overhead Utilities in Downtown Los Altos
Attachments: Letter to City Manager re Undergrounding Utilities (02_01_2023).pdf; Administrative Appeal (02_01_2023).pdf

ALERT: This email is from an external source.

Jolie and Sam,

Please see the attached and the below.

Thanks,

Gabe

Latest Los Altos news at your fingertips: [Sign up for the City Manager Weekly Update.](#)



Gabriel Engeland
City Manager, City of Los Altos

(650) 947-2740 | www.losaltosca.gov

1 N. San Antonio Road | Los Altos, CA 94022

From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Monday, February 27, 2023 9:40 AM
To: Gabriel Engeland <gengeland@losaltosca.gov>
Subject: Fwd: Meeting re Undergrounding of Overhead Utilities in Downtown Los Altos

Hi Gabe,

Please share this letter with the City Attorney.

Its clearly states that we were including a draft Administrative Appeal letter since Public Works Staff told PG&E that was our only recourse.

We disagree with the Public Works' staff conclusion, in a meeting proposed by PG&E is contrary to the City's Municipal Code. In the PG&E representative, City Public Works staff stated that I will file an Administrative Appeal to the City Council.

I am hoping that we can resolve this disagreement without having a hearing (for us and for the City) necessitated by an Administrative Appeal to further explain our position.

Thank you.

Jeff

Jeff Warmoth
(650) 400-6293

Begin forwarded message:

From: Jeff Warmoth <jeffwarmoth@gmail.com>
Subject: Meeting re Undergrounding of Overhead Utilities in Downtown Los Altos
Date: February 1, 2023 at 2:48:48 PM PST
To: gengeland@losaltosca.gov
Cc: Jeff Warmoth <jeffwarmoth@gmail.com>

Mr. Engeland,

Please see the attached letter in advance of our meeting.

Please let me know when you are able to confirm our meeting date and time.

Thank you.

Jeff

Jeff Warmoth
(650) 400-6293

February 1, 2023

Mr. Gabe Engeland
City Manager
Los Altos City Hall
1 N. San Antonio Road
Los Altos, CA 94022

Re: Downtown Los Altos - Utility Undergrounding Project

Dear Mr. Engeland,

I wanted to reach out to you prior to our in-person meeting to discuss the issue that we are having with our downtown utility undergrounding project for the two residential housing projects located at 389 1st Street and 425 1st Street. The City Public Works' staff position, if allowed to stand, would result in a significant delay in completing these two residential housing projects that together provide 30 much-needed housing units, four of which are affordable housing units.

We disagree with the Public Works' staff conclusion, in a meeting with PG&E today, that what is being proposed by PG&E is contrary to the City's Municipal Code. In a meeting with PG&E today, according to the PG&E representative, City Public Works staff stated that our only recourse was to file an Administrative Appeal to the City Council.

I am hoping that we can resolve this disagreement without having to expend the time and effort (both for us and for the City) necessitated by an Administrative Appeal. I have attached a draft Administrative Appeal to further explain our position.

I respectfully request that you review the following and the attached, and visit the area (the alley between 1st Street and 2nd Street and between Whitney Street and Lyell Street) to better understand the scope of the utility undergrounding project.

Our request is simply that the City approve (i) PG&E moving the pole behind 389 1st Street to a replacement pole location 20+/- feet north of the existing pole, and (ii) PG&E moving the pole behind 425 1st Street across Lyell Street to a replacement pole location adjacent to the existing pole (with the transformer on it) in the alley behind First Republic Bank.

PG&E's undergrounding would result in no new utility poles, and would result in the undergrounding over 250+ LF of power and communication lines in a highly-visible downtown area, at no cost to the City.

There are two utility poles along the alley currently, one behind 389 1st Street and one behind 425 1st Street. When PG&E's undergrounding is complete, there will still be two utility poles along the alley, one behind 377 1st Street and one behind 441 1st Street. PG&E's rules will not allow the termination of the undergrounding to the utility pole that is currently behind First Republic Bank because it has a transformer on it. Thus, a replacement utility pole is required to terminate the utility undergrounding project.

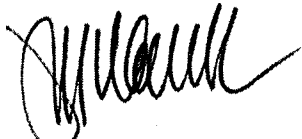
When PG&E's utility undergrounding is complete, it will set the stage for the planned undergrounding of the rest of the alley between 1st Street and 2nd Street and between Whitney Street and Lyell Street. When both utility undergrounding projects are completed, the entire block will have been undergrounded at no cost to the City.

Please note that the 250-plus linear feet of PG&E's undergrounding in this very visible downtown location is being done at our sole cost, and was not a Condition of Approval of either the 389 1st Street or 425 1st Street projects.

Unfortunately, since these two projects are almost complete, and since the projects were designed to PG&E's plan for utility undergrounding, the primary alternative is to revise PG&E's plan to serve the buildings and the buildings' two new, underground transformers, from the existing overhead utility poles behind 389 1st Street and behind 425 1st Street, with no resulting utility undergrounding (other than the services to the two buildings).

I respectfully request that after you review the City's Municipal Code, this letter, the attachments and visit the area in question, you determine that the City can approve PG&E's plans for undergrounding over 250-plus linear feet of existing, overhead power and communication lines in this very visible downtown Los Altos area.

Thank you for your consideration.



Jeff Warmoth
(650) 400-6293



CITY OF LOS ALTOS APPEAL FORM
1 North San Antonio Road, Los Altos, CA 94022; (650) 947-2700

NOTE TO APPLICANT:

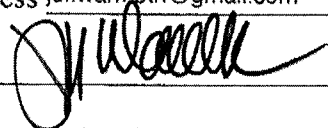
Please attach any supplemental documents to this form as part of your appeal.

Type of Appeal:

<input type="checkbox"/> Appeal of Administrative Determination	Fees – Please Refer to Master Fee Schedule: https://www.losaltosca.gov/communitydevelopment/page/forms-and-handouts-0
<input type="checkbox"/> Appeal of Development Review Commission Decision	
<input type="checkbox"/> Appeal of Planning Commission Decision	

Appellant Contact Information:

Name: Jeff Warmoth Telephone Number: (650) 400-6293
Mailing Address: PO Box 1087, Santa Barbara, CA 93102
Email Address jeffwarmoth@gmail.com

Signature: 

Project Information (about the project for which the appeal is being submitted):

Planning Commission/DRC Meeting Date: _____
Administrative Determination Date: February 1, 2023
Planning Division File #: _____
Property Address: 389 1st Street & 425 1st Street
Assessor's Parcel Number: 167-41-066 & 167-41-019 (Can be found on staff report)

Reason for Appeal / Explanation of Error or Abuse of Discretion.

Please describe the alleged error or abuse, or how the decision is not supported by substantial evidence in the record. Please identify if this appeal will be under Chapter 1.12 of the Municipal Code (Appeal Ordinance) or an appeal under Section 14.76.100 of the Municipal Code (Design Review Appeal). Attach additional pages if necessary.
Please see attached.

The Los Altos Planning Department Counter is open Monday – Friday (closed alternate Fridays)
From 7:30 p.m. – 5:00 p.m.
Telephone: (650) 947-2700
If you need assistance from the City Clerk's office, please call 650-947-2610.

Attachment to Appeal of Administrative Determination dated February 1, 2023

This appeal is pursuant to Chapter 1.12 of the Los Altos Municipal Code.

We hereby respectfully appeal the Public Works' staff Administrative Determination, stated in a meeting with PG&E today, that what is being proposed by PG&E is contrary to the City's Municipal Code. In a meeting with PG&E today, according to the PG&E representative, City Public Works staff stated that our only recourse was to file an Administrative Appeal to the City Council.

Attached are the relevant Los Altos Municipal Code Sections. Please note that only "[r]elocations and extensions of existing overhead facilities" shall be prohibited. In this case the proposed utility undergrounding clearly does not constitute a **relocation** or an **extension** "of existing overhead facilities". The over 250-plus linear feet of utility undergrounding is clearly a **removal/undergrounding** of existing overhead facilities.

If the City Council had wanted to prohibit the location or relocation of utility poles required in circumstances when "existing overhead facilities" are being **removed/undergrounded**, it would have clearly stated that intention in the City's Municipal Code.

Our request is simply that the City approve (i) PG&E **moving** the pole behind 389 1st Street to a **replacement pole** location 20+/- feet north of the existing pole, and (ii) PG&E **moving** the pole behind 425 1st Street across Lyell Street to a **replacement pole** location adjacent to the existing pole (with the transformer on it) in the alley behind First Republic Bank.

It is important to note that PG&E's undergrounding would result in no new utility poles, and would result in the undergrounding over 250+ LF of power and communication lines in a highly-visible downtown area, at no cost to the City.

There are two utility poles along the alley currently, one behind 389 1st Street and one behind 425 1st Street. When PG&E's undergrounding is complete, there will still be two utility poles along the alley, one behind 377 1st Street and one behind 441 1st Street.

PG&E's rules will not allow the termination of the undergrounding to the utility pole that is currently behind First Republic Bank because it has a transformer on it. Thus, the relocation of the utility pole currently located behind 425 1st Street is required to terminate the removal / undergrounding of the "existing overhead facilities.

When PG&E's utility undergrounding is complete, it will set the stage for the planned undergrounding of the rest of the alley between 1st Street and 2nd Street and between Whitney Street and Lyell Street. When both utility undergrounding projects are completed, the entire block will have been undergrounded at no cost to the City.

Please note that the 250-plus linear feet of PG&E's undergrounding in this very visible downtown location is being done at our sole cost, and was not a Condition of Approval of either the 389 1st Street or 425 1st Street projects.

The City Public Works' staff position, if allowed to stand, would result in a significant delay in completing these two residential housing projects that together provide 30 much-needed housing units, four of which are affordable housing units.

Unfortunately, since these two projects are almost complete, and since the projects were designed to PG&E's plan for utility undergrounding, the primary alternative is to revise PG&E's plan to serve the buildings and the buildings' two new, underground transformers, from the existing overhead utility poles behind 389 1st Street and behind 425 1st Street, with no resulting utility undergrounding (other than the services to the two buildings).

We respectfully request that after the Mayor and City Council members review the City's Municipal Code, this Appeal of Administrative Determination and visit the area in question, they determine that the City can approve PG&E's plans for undergrounding over 250-plus linear feet of existing, overhead power and communication lines in this very visible downtown Los Altos area.

12.68.020 - Undergrounding utilities.

It is the intent of the city to ensure that all new utility services and relocated existing utility services are placed underground, including additions exceeding fifty (50) percent of floor area and/or seven hundred and fifty (750) square feet or more, excluding basements and any non-habitable floor areas. For the purpose of this section, removal of roof framing with associated exterior walls down to, or below the subfloor/slab shall be included in the above calculations. Therefore, the following shall apply:

- A. In areas served by existing overhead facilities, all new service drops shall be installed underground from the most convenient existing pole.
- B. Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted in some instances pursuant to Section 13.20.160 of this municipal code.
- C. Residential properties that are served by utilities located in rear yards on standard lots with frontage on only one public right-of-way shall not be required to underground existing overhead services.
- D. The obligation to provide compliance with these underground utility regulations may not be evaded by performing a series of small additions undertaken over a three-year period and/or two code cycles. The original addition permit issuance date where these regulations were in effect shall be used for compliance.
 1. Any submittal for building permits which exceed fifty (50) percent and/or seven hundred and fifty (750) square feet of existing floor areas (area calculations shall not include existing basement floor areas and any non-habitable floor areas i.e., garages) during the three-year period shall comply with undergrounding of utility regulations.
 2. No exception or waiver shall be granted from compliance with undergrounding utilities.
- E. The Building Official may only grant exceptions to these requirements in cases where access across adjacent property is necessary but is not legally or practically available.
 1. To demonstrate an exception the property owner shall provide a plan showing the required utility design, communication with adjacent property owners indicating the lack of access allowed, and a letter from the utility company which indicates that no alternative configuration for undergrounding of utilities is possible.
- F. Completion of Work. Undergrounding utilities shall be completed prior to Building Final Inspection, and issuance of Certificate of Occupancy. No exception or waiver shall be

granted which allows for a property owner to evade compliance with this requirement.

(Ord. No. 2013-395, § 27, 12-10-2013; Ord. No. 2016-426, § 27, 11-8-2016; Ord. No. 2019-464, §§ 29, 30, 12-10-2019; Ord. No. 2022-487, §§ 31, 32, 11-29-2022)

13.20.160 - Utilities.

- A. Water mains and fire hydrants connecting to existing systems shall be installed as required by the council for fire protection purposes. The location of water and gas mains and utility poles in street areas shall be subject to the approval of the city engineer.
- B. In all cases where trunk line sewer facilities are available, sanitary sewers and appurtenances shall be installed inside and outside subdivisions and connected to such trunk line sewer facilities. Such facilities shall be constructed in accordance with the Los Altos sewer master plan and in the location and to the grade approved by the city engineer. The installation shall be subject to the provisions set forth in Title 10 of this code.
- C. All new extensions of public utility facilities for power, street lighting, and communications shall be underground.

In residential areas, transformers, disconnect switches, fuses, junction boxes, and pedestal-mounted terminal boxes may be placed above-ground in enclosures as approved by the planning department.

- D. In commercial areas, transformers, disconnect switches, fuses, junction boxes, and pedestal-mounted terminal boxes may be placed aboveground provided a suitable location is found that will be essentially hidden from the general public view. Such locations shall be approved by the city planner.
- E. In areas served by existing overhead facilities, all new service drops shall be installed underground from the most convenient existing pole.
- F. In locations where existing overhead facilities are in a rear yard easement, a new service drop may be served overhead if this is the last possible lot that will be served by the particular pole. If two or more possible services may be served from the pole, they shall be underground, and an underground riser shall be installed adequate to serve all possible future services.
- G. Relocations and extensions of existing overhead facilities shall be prohibited; provided, however, relocation of existing poles shall be permitted, when they do not constitute an extension or reconstruction of existing facilities, as follows:
 - 1. Where up to a maximum of four pole relocations shall reduce the total number of poles on a public right-of-way; and
 - 2. Where individual pole relocations are required to accommodate the location of driveways, trees, hydrants, pathways, curbs, and gutters, curb returns, storm drains, sewers, and other overhead or underground utilities in the public right-of-way.

- H. Relocation of more than four consecutive poles in a line shall require approval of the council.
 - I. All underground facilities shall be owned and maintained by the utility except as provided by the utility's rules on file with the Public Utilities Commission of the state.
 - J. In all existing overhead areas, pole risers shall be owned and maintained by the utility except as provided by the utility's rules on file with the Public Utilities Commission of the state.
- K. The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.

(Prior code § 10-3.39)

ATTACHMENT 5-C

ATTACHMENT 5-C

Houston, Jolie

From: Gabriel Engeland <gengeland@losaltosca.gov>
Sent: Tuesday, February 28, 2023 8:40 PM
To: Houston, Jolie
Subject: FW: Request for Approval of PG&E Encroachment Permit for PG&E Approved Plan for Undergrounding Overhead Power and Replacement / New Termination Poles
Attachments: 389 & 425 First - PG&E Approved Plans (02_26_2021).pdf; PG&E As-Built Docs_1947_1.pdf

ALERT: This email is from an external source.

Thanks,

Gabe

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Gabriel Engeland
City Manager, City of Los Altos

(650) 947-2740 | www.losaltosca.gov

1 N. San Antonio Road | Los Altos, CA 94022

From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Tuesday, February 28, 2023 8:10 PM
To: Jolie Houston <jolie.houston@berliner.com>
Cc: Gabriel Engeland <gengeland@losaltosca.gov>; Bidgoli, Sam Atabay <Sam.Bidgoli@berliner.com>; Clark Morrison <cmorrison@coxcastle.com>; Jeff Warmoth <jeffwarmoth@gmail.com>
Subject: Request for Approval of PG&E Encroachment Permit for PG&E Approved Plan for Undergrounding Overhead Power and Replacement / New Termination Poles

Dear Ms. Houston,

The following is in response to your email this evening. Once you have had the opportunity to review my response, I would welcome a chance to speak with you about PG&E's request for an encroachment permit / our request for an excavation permit to continue with the undergrounding of 325+ linear feet of existing overhead power and communications.

Draft Administrative Appeal

Please allow me to clear up some confusion about the draft Administrative Appeal that I included with my letter to City Manager Gabriel Engeland. As stated in my letter to Mr. Engeland, the draft Administrative Appeal was attached "to

further explain our position.” I have definitively not filed an Administrative Appeal at this time. The foll excerpt from that letter.

“We disagree with the Public Works’ staff conclusion, in a meeting with PG&E today, that what is being proposed by PG&E is contrary to the City's Municipal Code. In a meeting with PG&E today, according to the PG&E representative, City Public Worksstaff stated that our only recourse was to file an Administrative Appeal to the City Council.

I am hoping that we can resolve this disagreement without having to expend the time and effort (both for us and for the City) necessitated by an Administrative Appeal. I have attached a draft Administrative Appeal to further explain our position.”

PG&E Approved Plans

Over two years ago, on February 26, 2021, PG&E approved the design for the undergrounding of 325+ linear feet of existing overhead power and communications, including the installation of (i) a replacement pole behind 381 1st Street and (ii) a new termination pole behind 400 S. San Antonio Road. I have attached a copy of the PG&E approved plans (the “PG&E Approved Plans”).

Both PG&E’s Muhammad Hamza and I have been trying to get a written determination from the Public Works Department since December of 15, 2022. We still have not been able to get an approval for the PG&E Approved Plans, or even a “written determination and/or denial of a permit by the City.” PG&E has filed a request for an encroachment permit with the Public Works Department for the work shown on the PG&E Approved Plans. However, PG&E has been unable to get the Public Works Department to grant the encroachment permit for the PG&E work, including installation of the replacement termination pole and the new termination pole.

By way of background, I originally submitted the PG&E Approved Plans to the Public Works Department on November 11, 2021 for the purpose of obtaining an excavation permit. While I do not know the exact date, I do know that PG&E submitted the PG&E Approved Plans to the Public Works Department for the purpose of obtaining an encroachment permit prior to that date. The replacement termination pole and new termination pole were both shown on the PG&E Approved Plans that PG&E submitted to the Public Works Department. We did not learn that the City had a problem with the new termination pole in the alley on the other side of Lyell Street until December 15, 2022. We have been trying to get a determination from the Public Works Department since then.

We have installed all of the underground conduit set forth in the PG&E Approved Plans, which work has been fully inspected and approved by PG&E, including the conduit necessary to underground the existing overhead power and communication services to the buildings located at 377, 381, 389, 395, 399, 401 and 425 1st Street. The only remaining work to be completed, as shown on the PG&E Approved Plan, is (i) the trenching and installing conduit across Lyell Street, (ii) the installation of the replacement termination pole and new termination poles, (iii) the installation of the new power and communication lines in the conduit by PG&E, AT&T and Comcast, and (iv) the removal of the two existing poles and the existing overhead power and communication lines by PG&E, AT&T and Comcast.

Municipal Code

While not required by conditions of approval of the 389 1st Street and 425 1st Street projects, nor by the Los Altos Municipal Code Section 12.68 - Undergrounding Utilities, we voluntarily began the PG&E process to underground approximately 325+ linear feet of existing overhead power and communications lines in this very visible Downtown Los Altos location (including across Lyell Street). There has been overhead power in this location for over 75 years, at minimum.

In addition to being fully compliant with the actual language of Los Altos Municipal Code Section 12.68 - Utilities, we are fully in compliance with its purpose:

“The purpose of this chapter is to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities.

It is important to note that PG&E’s Muhammad Hamza provided proof directly to the City Public Works Director / City Engineer Jim Sandoval that overhead power and communication systems existed in this location for over 75 years (since at least 1947), and as a result, the provisions of Los Altos Municipal Code Section 13.20.160 – Utilities do not apply. That section provides: “The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965. Since the overhead power and communication systems in this location existed for at least 18 years before August 24, 1965, PG&E is not prohibited from altering the existing overhead power and communication system.

Request

We respectfully request that the City issue the pending PG&E encroachment permit, and my pending excavation permit, to allow the undergrounding of 325+ linear feet of existing overhead power and communications, including the installation of (i) a replacement termination pole behind 381 1st Street and (ii) a new termination pole behind 400 S. San Antonio Road.

Warm regards,

Jeff Warmoth
(650) 400-6293

On Feb 28, 2023, at 6:05 PM, Houston, Jolie <Jolie.Houston@berliner.com> wrote:

Mr. Warmoth

This is in response to your letter dated February 1, 2023, to City Manager Engeland and your Appeal of an Administrative Determination received by the City of Los Altos (City) on February 27, 2023. The City Appeal Form you submitted has an “Attachment to Appeal of Administrative Determination dated February 1, 2023.”

This Attachment states:

“Attachment to Appeal of Administrative Determination dated February 1, 2023.

This appeal is pursuant to Chapter 1.12 of the Los Altos Municipal Code.

We hereby respectfully appeal the Public Works’ staff Administrative Determination, stated in a meeting with PG&E today, that what is being proposed by PG&E is contrary to the City’s Municipal Code. In meeting with PG&E today, according to the PG&E representative, City Public Works staff stated that our only recourse was to file an Administrative Appeal to the City Council.”

The City’s Appeal Form requests that you identify the following:

“Reason for Appeal/Explanation of Error or Abuse of Discretion.

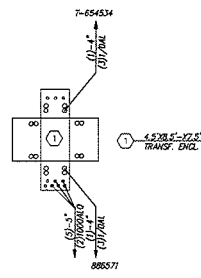
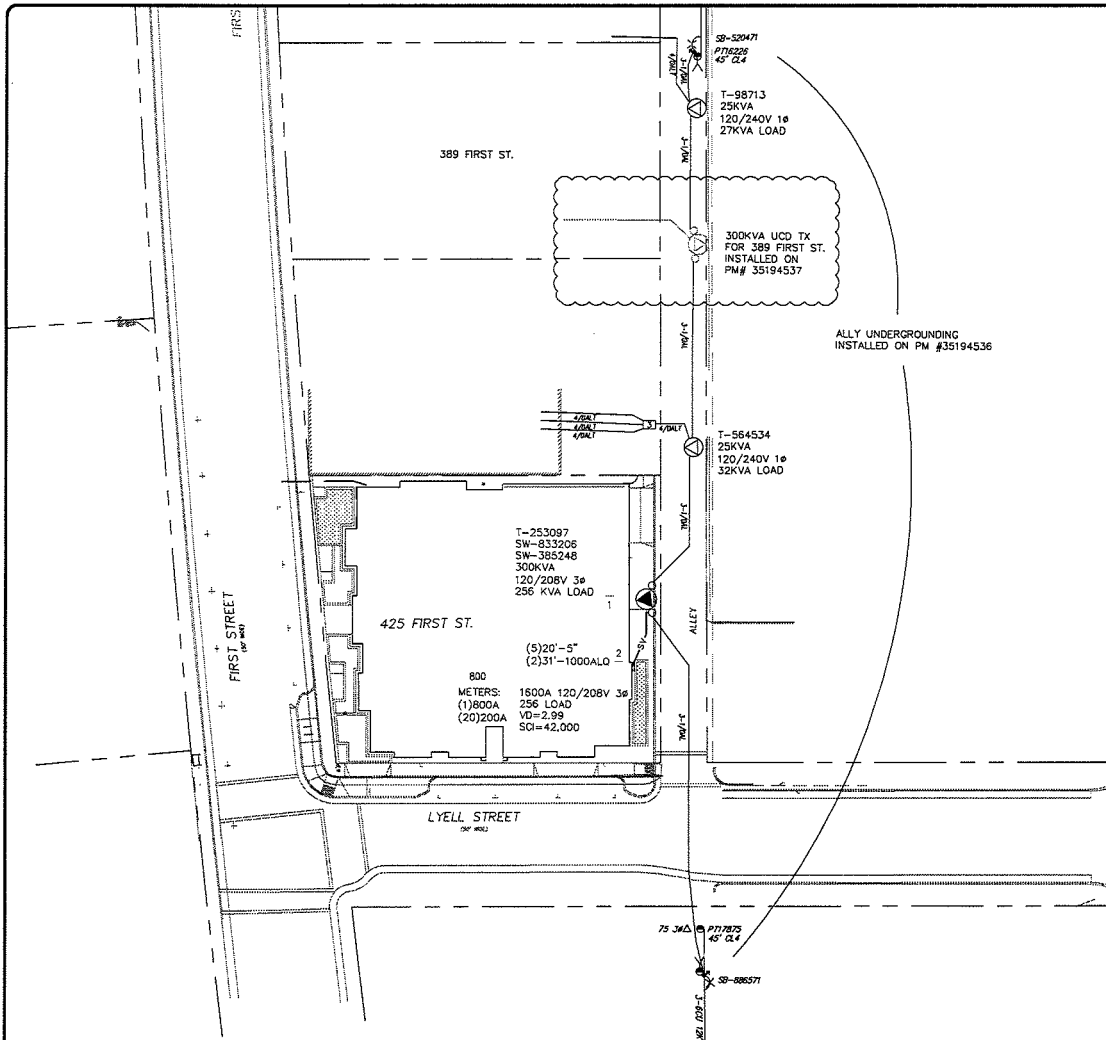
Please describe the alleged error or abuse, or how the *decision* is not supported by substantial evidence in the record. Please identify if this appeal will be under Chapter 1.12 of the Municipal Code (appeal Ordinance) or an appeal under Section 14.76. 100 of the Municipal Code (Design Review Appeal). Attached additional pages if necessary.”

I am requesting clarification of your statement “[w]e hereby respectfully appeal the Public Works’ staff Administrative Determination.” Please confirm this determination (decision). Currently, I am unaware of any written determination and/or denial of a permit by the City or PG&E. Please send this information to me since it will be necessary for an appeal to be taken to the City Council if one is authorized.

Your letter and the Appeal Form Attachment refers to the “PG&E plans for undergrounding over 250-pls linear feet of existing overhead power and communication lines” that you request the City to approve. Do you have any correspondence (plans) from PG&E that would allow the removal/undergrounding of existing overhead facilities, which would be achieved by the removal and relocating the utility poles.

Thank you,

Jolie Houston
Los Altos City Attorney



***TX VAULT INSTALLATION**
 WATER TABLE/CHLORIDE REPORTS DO NOT MEET THE REQUIREMENT FOR INSTALLATION OF SUBSURFACE TRANSFORMERS. WATERPROOFING IS REQUIRED.
 (PER DRAWING 072149 IN UG-1 GENERAL SECTION OF GREENBOOK DATED 12/1/19)

LEGEND

INSTALL	DESCRIPTION	
— SV —	SECONDARY CONDUCTOR/CABLE - (2) 1000 ALO KVM 600V	
EXISTING	DESCRIPTION	
—	ELECTRIC CONDUCTOR/CABLE - SIZE AS SHOWN	
INSTALL	EXISTING	DESCRIPTION
⊙	⊙	SUB-SURFACE UCD TRANSFORMER
⊙	⊙	SUB-SURFACE UCD TRANSFORMER 1ø
⊙	⊙	CUT-OUT
⊙	⊙	JOINT POLE
⊙	⊙	RISER
⊙	⊙	200A LB ELBOW
⊙	⊙	OVERHEAD TRANSFORMER

PG&E ALTERNATE GENERAL NOTES
 PG&E shall check form or review the installation time responsibility to conduct the location accepted in PG&E standards. In the event of a conflict during construction, PG&E standards shall prevail.
 Electric AGE: Ed Brown, Book Phone: 530-885-5046
 Approval Signature: [Signature]
 Date: 2/25/21

TRANSFORMER DATA TABLE

LOC #	TRF #	TX SIZE	# CUST.	# BUSINGS	ESD KM	PR. VOLTS	SEC. VOLTS	COORDINATE #	MANUFACTURE	SERIAL NUMBER
①	T-253097	300 KVA	1	6	256	12 KV	208/220	100000070515		

ELEC. NOTES: *SUB-SURFACE TRANSFORMERS*

- TRENCH TO BE JOINT WITH ELECTRIC, TELEPHONE AND CATV.
- THIS IS AN APPLICANT DESIGN AND APPLICANT INSTALLED JOB. APPLICANT TO INSTALL ALL SUBSTRUCTURES, CABLE, AND EQUIPMENT. PG&E TO DO TE-IN WORK.
- DESIGN CRITERIA: (20) 1028 SQ. FT. MULTI-FAMILY RESIDENCES = (2) COMMERCIAL 1600A U.S., (2) 1000A LD SERVICE IN (3) 1/2" PVC CONDUIT.
- WATERPROOFING IS REQUIRED BY APPLICANT DUE TO SOILS REPORT LACK OF ANY CHLORIDE TESTING. (PER PG&E STD. 072148)

THIS SKETCH IS INTENDED FOR ELECTRIC CONSTRUCTION ONLY. PLEASE SEE JOINT TRENCH COMPOSITE FOR TRENCHING DETAILS. THESE DRAWINGS ARE CONSIDERED PRELIMINARY AND AT RISK UNLESS STAMPED AND APPROVED BY PG&E AND P.E.

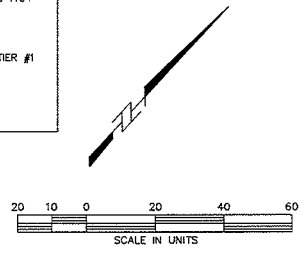
Underground Service Alert

Call: TOLL FREE 811

TWO WORKING DAYS BEFORE YOU DIG

PG&E GAS FACILITIES IDENTIFIED FOR THIS PROJECT: GAS METER SHAFT
 PG&E GAS FACILITIES IN COMPLIANCE WITH CALIFORNIA AT LOCAL: NONE
 PG&E GAS FACILITIES IN PROXIMITY TO EXCAVATION AT LOCUS: NONE

PM #35194536
 NOT #118725890
 S.S.D.: SW-78158
 PLAT SHEET: AP126 12KV
 MAINLINE FEEDER: LOS ALTOS 1104
 PRIMARY VOLTAGE AREA: 3
 INSULATION DISTRICT: B
 12KV NON-CORROSION AREA
 HIGH FIRE THREAT DISTRICT TIER #1
 SNOW LOADING: LIGHT
 RAPTOR ZONE: YES OR NO
 LIGHTNING ARR. DIST: 3
 CLIMATE ZONE: X (SC)



NO.	REVISIONS	BY	DATE	APPROVAL
1	REVISED PER PG&E ELECTRIC PLAN CHECK	AMH	02-11-21	SA
2	REVISED PER PG&E ELECTRIC PLAN CHECK	AMH	02-17-21	SA

SUNSHINE DESIGN
 AN IJCG CO.
 1000 S. GARDEN AVENUE
 LOS ANGELES, CA 90006
 (213) 442-1111

ELECTRIC PLAN
 425 FIRST ST.
 485 FIRST STREET GAS ALTOS, LLC
 LOS ALTOS CALIFORNIA

DESIGNED: A. HATHAWAY
 CHECKED: SA
 SCALE: 1"=20'
 DATE: 2/17/21
 JOB NO: 979-19-D
 SHEET NO: E2
 OF 2

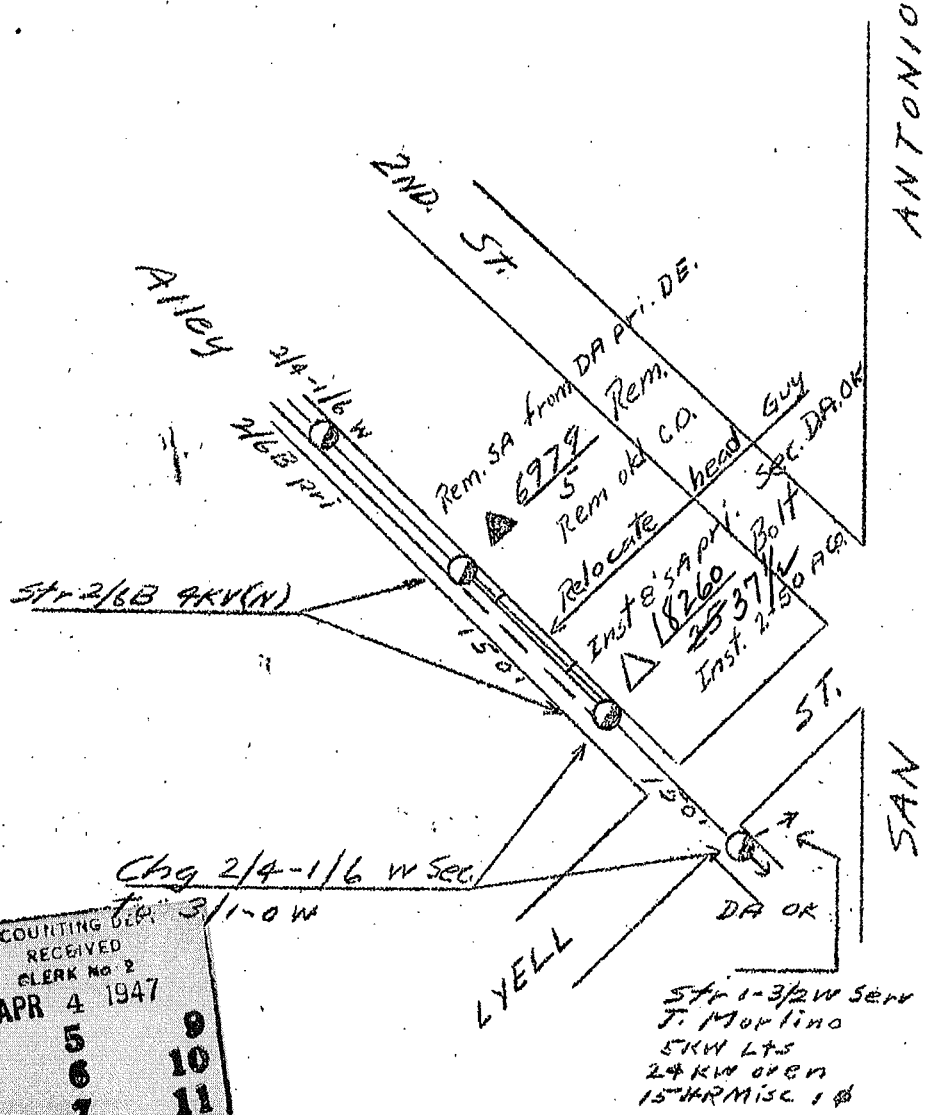
DATE WORK STARTED 4-1-47 DATE COMPLETED 4-1-47 SIGNED J. L. Johnson FOREMAN

MATERIAL USED ON THIS WORK ORDER		LOC. PUR. ORD. NOS.	Show in this space the number and type of plant units installed such as frames, guys, platforms, manholes, etc. (show drawing number for platforms and other special structures) that cannot be identified from list of material. If estimate involves more than one location, show location of plant units.
DEBIT	REQUISITION NUMBERS		
711479 ✓ ✓ 480 ✓ ✓ 481 ✓ ✓ 482 ✓	22385-W03000 22384 ✓ - 83 ✓ Overdrawn 22386 ✓		

SKETCH OF WORK—FOREMAN TO CORRECT IF CHANGES ARE MADE—OTHERWISE O. K. HERE _____ LIST TRANSFORMERS CO. NOS. & SIZES

EST. #
36964

LOAD
13L
5KW LTS
17 1/2 HP MISC. 1Ø
3-8KW OVENS



ACCOUNTING DEPT.
RECEIVED
CLERK No. 2
APR 4 1947
5 6 7 8
9 10 11 12

307772
2-4 D
TA 79-13
S.C.L. Co.
3-29-47
RW Mongeon

Add all details not clearly shown by sketch in memo. form, Station _____ Circuit _____

ATTACHMENT 5-D

ATTACHMENT 5-D

Houston, Jolie

From: Houston, Jolie
Sent: Tuesday, March 7, 2023 12:08 PM
To: Morrison, Clark
Cc: Gabriel Engeland (gengeland@losaltosca.gov); Bidgoli, Sam Atabay
Subject: Warmoth Response

Mr. Morrison

After thoroughly reviewing Mr. Warmoth's letters and documents he submitted to the City Manager, I believe that the City's Public Works staff had the correct interpretation of the Los Altos Municipal Code (LAMC) and properly stated that the City would reject the permits allowing the relocation of the two utility poles. The removal of two utility poles and the installation of two new utility poles where there previously were no utility poles is inconsistent with the LAMC. Should you disagree with this position, your client may appeal the decision to the City Council pursuant to LAMC section 1.12.010.

Thank you,

Jolie Houston
Los Altos City Attorney

ATTACHMENT 5-E

ATTACHMENT 5-E

Houston, Jolie

From: Gabriel Engeland <gengeland@losaltosca.gov>
Sent: Friday, March 10, 2023 10:00 AM
To: Houston, Jolie; Jon Maginot; Jim Sandoval; Nick Zornes
Subject: Fwd: Undergrounding 325 Feet of Overhead Power and Communication Lines in Downtown Los Altos
Attachments: City Council Letter re PG&E Rule 20 Undergrounding.pdf

ALERT: This email is from an external source.

Thanks,

Gabe

Gabriel Engeland
City Manager
City of Los Altos
(650) 947-2740 | www.losaltosca.gov
1 N. San Antonio Road | Los Altos, CA 94022

From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Saturday, March 11, 2023 1:50:21 AM
To: Sally Meadows <smeadows@losaltosca.gov>; Jonathan Weinberg <jweinberg@losaltosca.gov>; Pete Dailey <pdailey@losaltosca.gov>; Neysa Fligor <nfligor@losaltosca.gov>; Lynette Lee Eng <lleeeng@losaltosca.gov>
Cc: City Council <council@losaltosca.gov>; Gabriel Engeland <gengeland@losaltosca.gov>
Subject: Undergrounding 325 Feet of Overhead Power and Communication Lines in Downtown Los Altos

Dear Mayor Meadows and Honorable City Council Members,

Please see the attached letter regarding the undergrounding of over 325 feet of overhead power and communication lines in Downtown Los Altos.

I am available to discuss the letter and to answer any questions that you may have at your convenience.

Warm Regards,

Jeff Warmoth
(650) 400-6293

March 9, 2023

Dear Mayor Meadows and Honorable City Council Members,

We are the owners of the properties located at 389 and 425 1st Street. Both properties are currently under construction and are scheduled to be completed in May 2023. Upon completion, the two projects would provide 30 much-needed housing units in the City, four of which will be affordable. For years, these two projects have been designed to PG&E's plan for utility undergrounding, which (in addition to undergrounding services to the two new buildings) would underground over 325 feet of overhead power and communications lines located along the alley that runs behind the buildings between 1st Street and 2nd Street. This undergrounding would be done at no cost to the City and would result in significant undergrounding of lines in a highly-visible Downtown Los Altos area.

Only recently, Public Works and the City Attorney have taken the position that the proposed undergrounding, which would require an adjustment to the location of two poles located within the alley, is inconsistent with the Los Altos Municipal Code. This interpretation, however, is contrary to both the language and purpose of the City's Municipal Code and undergrounding requirements and, if allowed to stand, would result in significant delay in completion of the two projects. Moreover, if this interpretation is allowed to stand, the only alternative to the PG&E approved plans for undergrounding is to revise PG&E's plans to have no undergrounding of the overhead power and communications (other than the services to the two buildings). We are writing this letter to request the City Council's assistance in helping move these projects forward.

By way of background, we originally submitted the PG&E approved Rule 20 plans to the City on November 11, 2021. PG&E had submitted the plans sometime prior to that date. The proposed utility work, including the two poles to be moved, was always shown on these plans. To facilitate the undergrounding of the over 325 feet of overhead power and communication lines, we are requesting the City approve: (i) PG&E moving the pole located behind 389 1st Street to a location 20+/- feet north of the existing pole; and (ii) PG&E moving the pole behind 425 1st Street across Lyell Street to a location adjacent to another existing pole with a transformer on it in the alley behind First Republic Bank. Both poles would be installed within a public utility easement that has existed for at least 75 years. PG&E's safety rules will not allow for the termination of the undergrounding to the pole already behind First Republic Bank that currently has the transformer on it.

Once PG&E's utility undergrounding is complete, it will set the stage for the future undergrounding of the rest of the alley between Lyell Street and Whitney Street by the alley-adjacent property owners. When the current and future undergrounding projects are complete, the entire alley between Lyell Street and Whitney Street will have been undergrounded at no cost to the City. In addition, we would anticipate that the remainder of the overhead power and communication lines in the alley behind First Republic Bank (including the transformer) would

be undergrounded by the property owner of 400, 420 and 428 S. San Antonio Road when he redevelops those properties, as he has expressed to the City an interest in doing.

We did not learn that the City had a problem with the adjustment in location of the two utility poles until December 15, 2022. This position was further explained in a February 1, 2023, meeting, at which Public Works told PG&E that what PG&E proposes is contrary to the City's Municipal Code. After that meeting, we sought the input of the City Attorney, who, on March 7, stated as follows:

After thoroughly reviewing Mr. Warmoth's letters and documents he submitted to the City Manager, I believe that the City's Public Works staff had the correct interpretation of the Los Altos Municipal Code (LAMC) and properly stated that the City would reject the permits allowing the relocation of the two utility poles. The removal of two utility poles and the installation of two new utility poles where there previously were no utility poles is inconsistent with the LAMC. Should you disagree with this position, your client may appeal the decision to the City Council pursuant to LAMC section 1.12.010.

Under Chapters 12.68 and 13.20 of the Municipal Code, we are only required to underground service from the existing overhead power poles to our building. Despite that fact, we voluntarily began the Rule 20 process to additionally underground overhead power and communication lines along the alley in this highly visible area of Los Altos. PG&E has provided documentation to Public Works that overhead facilities have existed in this location for over 75 years (since at least 1947). Notably, the provisions of Municipal Code section 13.20.160, which, among other things, address relocation of poles, do not apply: "The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965." (Muni. Code, § 13.20.160(K) [emphasis added].) The proposed undergrounding simply needs to be facilitated by alterations to long-existing overhead power and communications systems.

Under all of the Municipal Code requirements, the proposed undergrounding work complies. Indeed, the basic purpose of the City's undergrounding provisions is "to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities." (Muni. Code, § 12.68.010.) That is precisely what is being proposed. The fact that two utility poles will need to be moved does not otherwise constitute a "relocation" or "extension" of existing overhead facilities as described in the Municipal Code. (See Muni. Code, § 12.68.020.) It is simply an adjustment within an existing utility line orientation, by which the long-existing overhead power and communications system will neither be relocated nor extended, in order to facilitate a significant undergrounding of overhead power and communications lines. Municipal Code section

13.20.160(G) also permits individual pole relocations where required to accommodate the location of underground utilities in the public right-of-way, and that same justification should apply here. Under the language of the Municipal Code, this is very plainly a removal/undergrounding of overhead power and communications lines. Practically, this also is a needed first step in undergrounding all overhead power and communications facilities running from South San Antonio Road to Whitney Street in the alley between 1st Street and 2nd Street.

For reasons that are not altogether clear, the City Attorney disagrees with our position and has told us that we need to file an administrative appeal. We intend to do just that if there is no more efficient way to resolve this matter. Before doing so, however, we are requesting the assistance of the City Council in helping to resolve this matter without the delay imposed by the administrative appeal process. The two projects are important projects that will provide much-needed housing in the City and which, in the course of construction, are proposing to further the City's goals toward undergrounding of a significant amount of overhead power and communications lines at no cost to the City.

Please do not hesitate to contact me if you would like to discuss this matter.

Warm Regards,

Jeff Warmoth
Owner of 425 1st Street

Steve Johnson
Owner of 389 1st Street

ATTACHMENT 5-F

ATTACHMENT 5-F

Houston, Jolie

From: Gabriel Engeland <gengeland@losaltosca.gov>
Sent: Friday, March 17, 2023 2:00 PM
To: Jeff Warmoth; Administration
Cc: Clark Morrison; Houston, Jolie; Jon Maginot; Angel Rodriguez
Subject: RE: Administrative Appeal
Attachments: Administrative Appeal (March 16, 2023).pdf

Importance: High

ALERT: This email is from an external source.

Thank you for the email, Mr. Warmoth. I am in receipt of your appeal. Please pay the fee of \$595.00. Once the fee is received we will schedule an appeal hearing pursuant to the City Code.

Thanks,

Gabe

Latest Los Altos news at your fingertips: Sign up for the City Manager Weekly Update.

Gabriel Engeland
City Manager, City of Los Altos

(650) 947-2740 | www.losaltosca.gov

1 N. San Antonio Road | Los Altos, CA 94022

-----Original Message-----

From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Thursday, March 16, 2023 4:14 PM
To: Administration <administration@losaltosca.gov>
Cc: Gabriel Engeland <gengeland@losaltosca.gov>; Jeff Warmoth <jeffwarmoth@gmail.com>; Clark Morrison <cmorrison@coxcastle.com>
Subject: Administrative Appeal

Please accept the attached Administrative Appeal.

Please schedule this Administrative Appeal for the next available City Council hearing.

If there is a filing fee required, please provide the amount of the fee and the best way to pay such fee.

Please confirm receipt of the attached Administrative Appeal by return email.

Warm regards,

Jeff Warmoth
(650) 400-6293



CITY OF LOS ALTOS APPEAL FORM
1 North San Antonio Road, Los Altos, CA 94022; (650) 947-2700

NOTE TO APPLICANT:

Please attach any supplemental documents to this form as part of your appeal.

Type of Appeal:

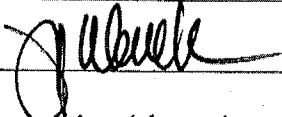
<input checked="" type="checkbox"/> Appeal of Administrative Determination	Fees – Please Refer to Master Fee Schedule: https://www.losaltosca.gov/communitydevelopment/page/forms-and-handouts-0
<input type="checkbox"/> Appeal of Development Review Commission Decision	
<input type="checkbox"/> Appeal of Planning Commission Decision	

Appellant Contact Information:

Name: Jeff Warmoth Telephone Number: (650) 400-6293

Mailing Address: PO Box 1087, Santa Barbara, CA 93102

Email Address jeffwarmoth@gmail.com

Signature: 

Project Information (about the project for which the appeal is being submitted):

Planning Commission/DRC Meeting Date: _____

Administrative Determination Date: March 7, 2023

Planning Division File #: _____

Property Address: 389 and 425 1st Street, Los Altos

Assessor's Parcel Number: 167-41-066 and 167-41-019 (Can be found on staff report)

Reason for Appeal / Explanation of Error or Abuse of Discretion.

Please describe the alleged error or abuse, or how the decision is not supported by substantial evidence in the record. Please identify if this appeal will be under Chapter 1.12 of the Municipal Code (Appeal Ordinance) or an appeal under Section 14.76.100 of the Municipal Code (Design Review Appeal). Attach additional pages if necessary.

Please see attached

The Los Altos Planning Department Counter is open Monday – Friday (closed alternate Fridays)
From 7:30 p.m. – 5:00 p.m.
Telephone: (650) 947-2700
If you need assistance from the City Clerk's office, please call 650-947-2610.

Appeal of City Attorney Determination Regarding Proposed Utility Undergrounding
Reason for Appeal / Explanation of Error or Abuse of Discretion

We are the owners of the properties located at 389 and 425 1st Street in the City of Los Altos. Both properties currently are under construction and are scheduled to be completed in May 2023. Upon completion, the two projects would provide 30 much-needed housing units in the City, four of which will be affordable. For years, these two projects have been designed to PG&E's plan for utility undergrounding, which (in addition to undergrounding the new services to the two new buildings themselves) would underground over 325 feet of overhead power and communications lines located along the alley that runs behind the buildings between 1st Street and 2nd Street. This undergrounding would be done at no cost to the City and would result in a significant undergrounding of lines in a highly visible downtown area. It also is the first step in eventually undergrounding the entirety of the alley running from Lyell Street to Whitney Street.

Only recently, Public Works and the City Attorney have taken the position that the proposed undergrounding, which would require an adjustment to the location of two existing utility poles in the alley, is inconsistent with the Los Altos Municipal Code. This interpretation, however, is contrary to the language and basic purpose of the Municipal Code's undergrounding provisions and, if allowed to stand, not only would result in significant delay in completion of the two residential projects but also the only alternative would be to revise PG&E's plans to have no undergrounding (other than to the new buildings themselves, as required).

By way of background, the City's undergrounding provisions are in Municipal Code chapter 12.68 ("Undergrounding Utilities") and Municipal Code section 13.20.160 ("Utilities"). Under the City's requirements, our two projects only are required to underground service from the existing overhead utility poles to our two newly constructed buildings. In addition to this work, however, we also voluntarily began the Rule 20 process with PG&E to underground over 325 feet of overhead utility lines that also run along the alley in this highly visible area of Los Altos and across Lyell Street. We originally submitted the PG&E-approved Rule 20 plans to the City on November 11, 2021. PG&E had submitted the plans sometime prior to that date.

The proposed work, including the two utility poles to be moved, has always been shown on the submitted plans. To facilitate the undergrounding of the over 325 feet of overhead power and communication lines, the two poles would need to be moved as follows: (i) the pole currently behind 389 1st Street would be moved about 20+/- feet north; and (ii) the pole currently behind 425 1st Street would be moved across Lyell Street (to the east) next to another existing pole with a transformer on it, in the alley behind First Republic Bank. Both utility poles would remain within a public utility easement that has existed for at least 75 years in this location. PG&E's safety rules will not allow for termination of the undergrounding to the pole that already is behind First Republic Bank due to the transformer being there.

Once PG&E's utility undergrounding is complete, it will set the stage for the future undergrounding of the rest of the alley between Lyell Street and Whitney Street by the alley-adjacent property owners. When the current and future undergrounding projects are complete, the entire alley between Lyell Street and Whitney Street will have been undergrounded at no cost to the City. We also anticipate that the remainder of the overhead utility lines currently located in

the alley behind First Republic Bank (including the transformer) would be undergrounded by the property owner of 400, 420 and 428 S. San Antonio Road when he ultimately redevelops those properties, as he has expressed to the City an interest in doing. In short, the work now proposed is an important first step toward what could be an even more significant future undergrounding.

We did not learn that the City had a problem with the adjustment in location of the two utility poles until December 15, 2022. This position was further explained in a February 1, 2023, meeting, at which Public Works told PG&E that the proposed undergrounding is contrary to the Municipal Code. After that meeting, we sought out the input of the City Manager and, then, the City Attorney. On March 7, the City Attorney stated to us as follows:

After thoroughly reviewing Mr. Warmoth's letters and documents he submitted to the City Manager, I believe that the City's Public Works staff had the correct interpretation of the Los Altos Municipal Code (LAMC) and properly stated that the City would reject the permits allowing the relocation of the two utility poles. The removal of two utility poles and the installation of two new utility poles where there previously were no utility poles is inconsistent with the LAMC. Should you disagree with this position, your client may appeal the decision to the City Council pursuant to LAMC section 1.12.010.

Pursuant to the City Attorney's direction, we have filed this appeal to the City Council pursuant to Municipal Code section 1.12.010, which broadly allows for appeals of decisions or determinations by City officials where such action involves exercise of administrative discretion or personal judgment under any of the provisions of the Municipal Code. This appeal was timely filed within 15 days of the City Attorney's March 7, 2023, e-mail. (Muni. Code, § 1.12.030.)

For at least three reasons, the proposed work is consistent with the City's undergrounding provisions. First, the language likely being relied upon by Public Works and the City Attorney should not apply in the first instance. Municipal Code section 13.20.160, which addresses the relocation of poles, states: "The provisions of this section apply to new extensions of public or private utility distribution facilities for power and communication only *and shall not prohibit the maintenance, repair, or alteration of overhead power and communication systems existing on August 24, 1965.*" (Muni. Code, § 13.20.160(K) [emphasis added].) PG&E has provided documentation to Public Works that overhead facilities have existed in this location for over 75 years (since at least 1947), well before August 24, 1965. The work now proposed would at most be an alteration of long-existing overhead lines, within a long-existing public utility easement, which alteration is required to now underground the lines, consistent with City goals. Nor does the proposed work otherwise constitute a "new extension" of utility distribution facilities.

Second, even if the undergrounding requirements could apply, the work complies with such requirements. Indeed, the basic purpose of the City's undergrounding provisions is "*to improve and maintain the visual quality and public and private views in the city, as well as to protect and enhance the health and quality of life of its citizens, by reducing hazards along with the visual blight created by overhead utilities.*" (Muni. Code, § 12.68.010 [emphasis added].) That is precisely what is proposed—a significant section of overhead lines would be

undergrounded and would facilitate further undergrounding in the future. While Municipal Code section 12.68.020 generally prohibits “relocations and extensions of existing overhead facilities” (which we presume is the language Public Works and the City Attorney are relying on), the fact that two poles would be moved to accommodate the undergrounding is neither a “relocation” nor an “extension” of overhead facilities. It simply is an adjustment of poles within an existing utility line orientation, to facilitate a significant undergrounding. The work would not “extend” existing overhead facilities; it simply would underground a portion of lines within an existing corridor. Nor would it “relocate” overhead facilities; the lines would remain within the existing public utility easement, along the same orientation, with the poles only being moved to allow a longer run of undergrounding than otherwise would be possible given the existing site conditions. The work also plainly furthers City goals toward undergrounding.

Third, even if undergrounding requirements could apply *and* the language prohibiting “relocations and extensions of existing overhead facilities” was triggered, relocation of the poles *still* would be permitted under Municipal Code section 13.20.160(G), which allows for individual pole relocations (when they do not constitute an extension or reconstruction) where “required to accommodate the location of . . . other overhead or underground utilities in the public right-of-way.” (See also Muni. Code, § 12.68.020(B) [refencing section 13.20.160(G)].) Here, the two poles would be moved to, among other things, accommodate the undergrounding of lines under Lyell Street, a public right-of-way, and eliminate overhead lines currently above that portion of Lyell Street, resulting in an aesthetic upgrade. Again, this is the type of outcome envisioned in the undergrounding requirements and is consistent with the stated purpose.

For each of the above reasons, we therefore ask the City Council to direct staff to allow the proposed Rule 20 undergrounding reflected in the submitted plans and to issue all needed approvals for such work to occur. The work would underground a considerable portion of line in furtherance of the City’s undergrounding goals (at no cost to the City), would be consistent with City requirements, and would facilitate the further undergrounding of lines in the future. It also would be done in the context of a project supplying much-needed housing in the City.



From: Hamza, Muhammad M4HN@pge.com
Subject: RE: History of OVERHEAD POWER - Alley between 1st and 2nd, between Whitney and Lyell
Date: February 22, 2023 at 3:53 PM
To: Jeff Warmoth jeffwarmoth@gmail.com
Cc: Sonny Antonio s.antonio@sunshinedesignllc.net, Hamza, Muhammad M4HN@pge.com

Classification: Public

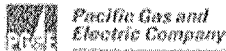
Good afternoon Jeff,

Records team was able to retrieve the intended document and it has been emailed to Jim Sandoval and Victor Chen from City of Los Altos. Based on the As-built that were provided to the city, it confirms that a section of the OH infrastructure was installed in 1940's. Attached pdf shows the sketch of the alley and I've highlighted some of the relevant data on it.

This document should be sufficient in addressing city's ask and our permit should be approved!

Best Regards,
Hamza

☎ 408.442.2983 (Mobile) | ✉ Muhammad.Hamza@pge.com



From: Jeff Warmoth <jeffwarmoth@gmail.com>
Sent: Friday, February 17, 2023 4:58 PM
To: Hamza, Muhammad <M4HN@pge.com>
Cc: Sonny Antonio <s.antonio@sunshinedesignllc.net>
Subject: Re: History of OVERHEAD POWER - Alley between 1st and 2nd, between Whitney and Lyell

CAUTION: EXTERNAL SENDER!

This email was sent from an EXTERNAL source. Do you know this person? Are you expecting this email? Are you expecting any links or attachments? If suspicious, do not click links, open attachments, or provide credentials. Don't delete it. **Report it by using the "Report Phish" button.**

Would there be any service records for how PG&E serviced the adjacent buildings that were constructed in 1951?

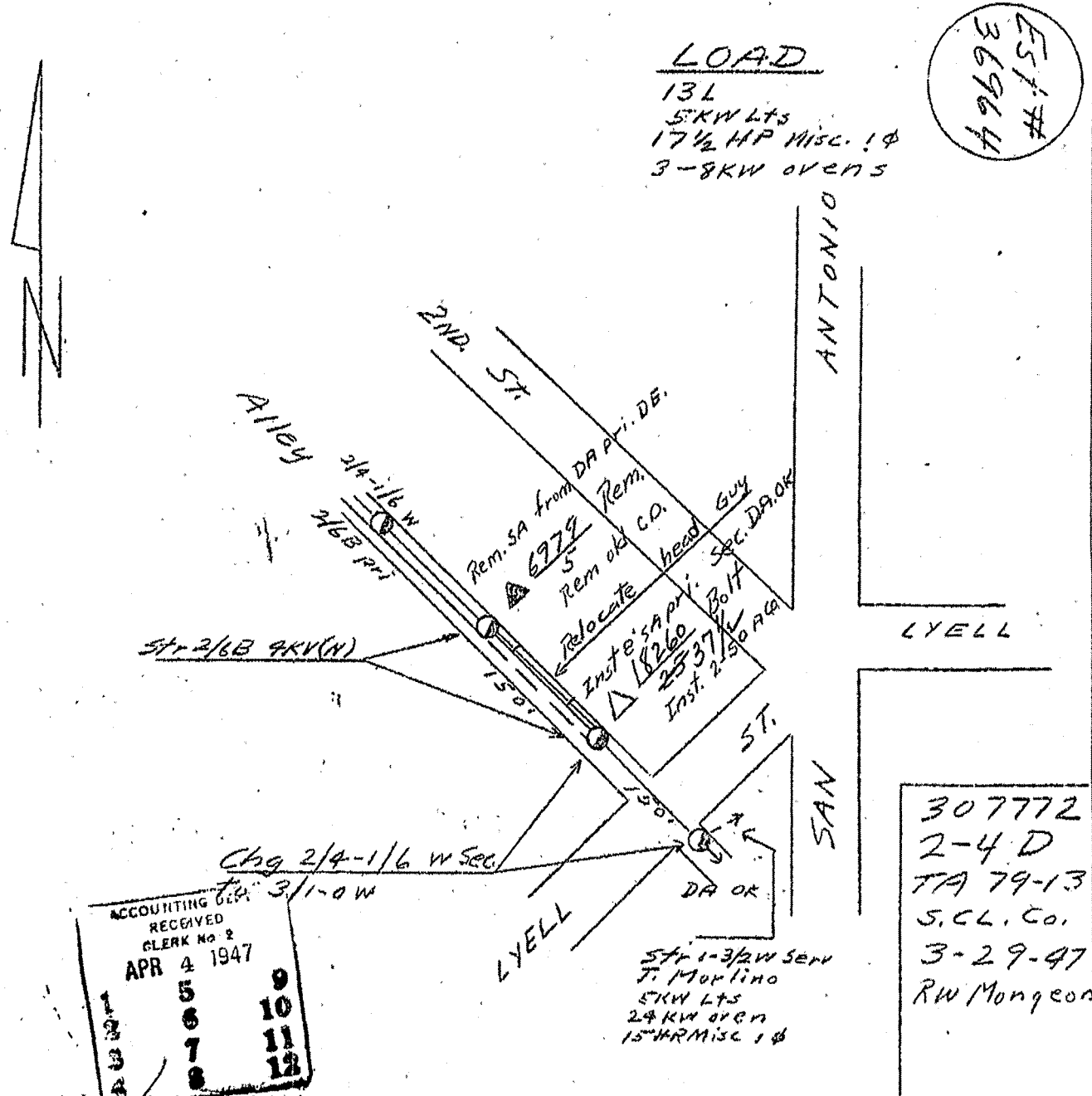
Jeff Warmoth
(650) 400-6293

On Feb 17, 2023, at 4:39 PM, Hamza, Muhammad <M4HN@pge.com>

DATE WORK STARTED 4-1-47 DATE COMPLETED 4-1-47 SIGNED J. L. Johnson FOREMAN

MATERIAL USED ON THIS WORK ORDER		LOC. PUR. ORD. NOS.	Show in this space the number and type of plant units installed such as frames, guys, platforms, manholes, etc. (show drawing number for platforms and other special structures) that cannot be identified from list of material. If estimate involves more than one location, show location of plant units.
DEBIT	CREDIT		
711479 ✓	22385-W03000		
✓ 480	22384		
✓ 481	- 83		
✓ 482	Overdrawn		
	22386		

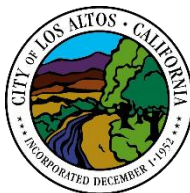
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AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject **AB 481 Military Equipment Use Annual Report:** Review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481 (K. Krauss)

Prepared by: Katie Krauss, Captain
Reviewed by: Angela Averiett, Chief of Police
Approved by: Jon Maginot, Assistant City Manager

Attachment(s):

- 1. AB 481 Annual Report 2022
- 2. Military Equipment Inventory
- 3. Los Altos Police Policy 709
- 4. AB 481 Full Text
- 5. Ordinance

Initiated by:
Police Department, per requirements of Assembly Bill 481

Previous Council Consideration:
September 20, 2022

Fiscal Impact:
There is no fiscal impact to the General Fund.

Environmental Review:
This Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations) (the activity will not result in a direct or reasonable foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change to environment, directly or indirectly).

City Manager	Reviewed By:	City Attorney	Finance Director
<u>JM</u>		<u>JH</u>	<u>JE</u>



Subject: AB 481 Military Equipment Use Annual Report

Policy Question(s) for Council Consideration:

1. Does the Council wish to review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481?
2. Does the Council wish to approve the acquisition of the replacement items of military equipment listed in the Annual Report?
3. Does the Council wish to approve the acquisition of the new items of military equipment listed in the Annual Report?

Summary:

- California Assembly Bill 481 requires the Los Altos Police Department to report annually on the inventory, procurement, use and misuse of covered military equipment items. The Annual Report also includes a description of new military equipment the police department seeks City Council approval for acquisition and funding for.
- Within a year of the initial approval, and at least annually thereafter, the City Council will review this ordinance and related resolutions. The City Council may, by resolution, make amendments, modifications or revisions to the military equipment use policy adopted by the Los Altos Police Department. The ordinance must be reviewed and renewed annually.

Staff Recommendation:

- Staff recommends review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481
- Staff recommends Council approve the acquisition of the replacement items of military equipment listed in the Annual Report
- Staff recommends Council approve the acquisition of the new items of military equipment listed in the Annual Report

Purpose

To review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481.



Subject: AB 481 Military Equipment Use Annual Report

Background

On September 30, 2021, Governor Newsom signed a series of eight (8) policing reform legislation aimed at increasing transparency of peace officer misconduct records and creates a system to decertify peace officers for serious misconduct, improving policing responsibility and accountability guidelines, raising eligibility standards, banning harmful restraint techniques, and creates a public forum for the funding, acquisition and use of military equipment. Assembly Bill 481 (AB 481) was authored by Assemblymember David Chiu (D-San Francisco) to address the funding, acquisition and use of military equipment.

California Government Section 7071 requires a law enforcement agency’s military equipment policy, which includes the type of equipment the department may acquire and use, to be approved by the governing body. “Military equipment” is not related to whether or not the equipment was acquired through military sources. The Los Altos Police Department does not possess any equipment specifically designed for military use, nor has the department acquired any equipment through a military surplus program, commonly known as the 1033 Program. Our “military equipment” is included in the attached policy under inventory, and includes items such as patrol rifles, several less lethal force options, and training flash bangs utilized as diversionary devices by our SWAT team.

As part of the approval process outlined in Assembly Bill 481, the proposed military equipment policy was made available on the department website at least 30 days prior to any public hearing concerning the military equipment at issue (Government Code § 7071). The police department also hosted a community meeting to discuss AB 481 on May 12th, 2022. The Military Equipment Use Policy was presented to Council on September 20, 2022 and was approved with minor amendments. The Annual Report, a requirement of AB 481, was presented to citizens at a Town Hall meeting on February 8, 2023.

Discussion/Analysis

California Assembly Bill 481, signed into law on September 30, 2021, requires police agencies to obtain City Council approval by the adoption of a military equipment use policy prior to taking certain actions relating to the funding, acquisition, or use of military equipment as defined by the legislature. The bill requires an annual report to the governing board regarding the military equipment. If an agency wishes to acquire additional equipment that is defined as military equipment, they must receive Council approval. The policy/ordinance governing military equipment use must be reviewed and renewed annually.



Subject: AB 481 Military Equipment Use Annual Report

Recommendation

Staff recommends Council review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481. Staff also recommends Council approve the acquisition of the replacement items of military equipment listed in the Annual Report. Staff further recommends Council approve the acquisition of the new items of military equipment listed in the Annual Report.



AB 481 Annual Report 2022

Captain Katie Krauss

Los Altos Police Department

Submitted March 14, 2023

Military Equipment Use AB 481 Compliance Requirements:

- Approval of the Military Use Policy (Completed 2022, Policy 709)
- Publishing the Policy (Completed 2022)
- Annual Report (see below)

Annual Report Description:

Assembly Bill 481 requires the police department report annually on the inventory, procurement, use and misuse of covered military equipment items. The annual report also includes a description of new military equipment the police department seeks City Council approval for acquisition and funding.

Per AB 481, the annual report must include the following:

- (1) A summary of how the military equipment was used and the purpose of its use.
- (2) A summary of any complaints or concerns received concerning the military equipment.
- (3) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.
- (4) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.
- (5) The quantity possessed for each type of military equipment.
- (6) If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

LAMC 7.30.010. Military equipment policy (Reviewed 9/20/22)

As required by AB 481, the City Council reviewed this section as an ordinance to approve a military equipment use policy. The City Council's approval shall remain effective for a period of one year, which approval may be revoked, extended, renewed, modified or amended by resolution of the City Council. Within a year of the initial approval, and at least annually thereafter, the City Council will review this section and related resolutions. The City Council may, by resolution, make amendments, modifications or revisions to the military equipment use policy adopted by the Los Altos Police Department. The ordinance must be reviewed and renewed annually.

A. The City Council has made the following determinations:

1. The military equipment inventoried and presented to the City Council is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety.
2. The proposed military equipment use policy (“Policy”) will safeguard the public’s welfare, safety, civil rights and civil liberties (said Policy is attached hereto as Exhibit “A” and incorporated by this reference).
3. The equipment is reasonably cost-effective compared to available alternatives that can achieve the same objective of officer and civilian safety (if any).
4. Prior military equipment use complied with the applicable equipment use policy (which included equipment now defined as military equipment) that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance.

Equipment Usage for 2022:

None of the equipment in the attached military equipment inventory was utilized in 2022, except in training situations including range and SWAT.

Summary of Complaints for 2022:

The Department did not receive any complaints concerning military equipment in 2022.

Violations of Policy 709:

An internal review revealed no violations of Policy 709, as none of the equipment was utilized in 2022 except in training situations.

Total Annual Cost for Military Equipment:

The estimated annual cost for the maintenance of the military equipment in the current inventory is \$4,800. This includes the cost of replacement parts, cleaning supplies, and the staff time to conduct inspections on the equipment.

Replacement Military Equipment Inventory List:

1. 40mm Launchers (Item #1 on current inventory list)

DESCRIPTION: PENN ARMS 40mm single shot launcher is a tactical single shot launcher that features a collapsible stock. It will fire standard 40mm less lethal ammunition, up to 6.0 inches in cartridge length. 40mm launchers are capable of firing a variety of munitions with maximum effective range of one hundred twenty (120) feet.

TOTAL PURCHASE COST: \$19,751.08, or \$1,975.11 each, Quantity 10. The proposal would be to purchase these additional launchers to replace the less lethal shotguns for patrol. We would remove the less lethal shotguns for patrol and use that credit from the shotguns to help purchase the additional 40mm launchers. We currently have three 40mm launchers in our approved inventory.

Increase our munition rounds from 14 to 150 rounds. These rounds will be divided up for each launcher for patrol and remaining rounds for the regional SWAT team with Mountain View Police Department.

2. Rifles for SWAT (Item #3 on Current Inventory List)

Proposed Weapon system to replace current rifles for SWAT: Daniel Defense V7s AR-15/M4, 5.56mm/.223 semiautomatic rifle. Quantity: 5

Currently six Colt AR15/M4 rifles are assigned to the SWAT team which have a fully automatic capability. These rifles are 18 to 20 years old and need to be replaced based on lifespan. (See section 3(d) under Inventory). We would like to turn in these rifles as credit and replace them with the rifle listed above, which are semi-automatic.

DESCRIPTION: Daniel Defense V7s rifles. These rifles will be assigned to a SWAT team member to be utilize for SWAT operations, training, and patrol. They offer a higher degree of accuracy at long distance. The ammunition used in rifles are also more effective at penetrating body armor (as some suspects have worn during high-profile shooting events in the country). They are normally kept secured in patrol vehicles, SWAT multi-use truck, or in the Police station and are only deployed on specific incidents where Officers believe guns or weapons are involved.

TOTAL REPLACEMENT COST: is \$15,832.24 for 5 rifles, or \$3,166.45 each rifle (based on current quote but could vary depending on time of purchase). We would apply any credit we would receive to this purchase for the rifles we are replacing.

PURPOSE: To be used as precision weapon to address a threat with more precision and/or greater distances than a handgun, if present and feasible.

AUTHORIZED USE: Members may deploy the rifle in any circumstance where the member can articulate a reasonable expectation that the rifle may be needed subjective to the Legal and Procedural Rules found below. Situations for the use of these weapon systems may include, but are not limited to the following:

- Situations where the member reasonably anticipates an armed encounter
- When a member is faced with a situation that may require accurate and effective fire at long range
- Situations where a member reasonably believes that there may be need to meet or exceed a suspect's fire power
- When a member reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage
- When a member reasonably believes that a suspect may be wearing body armor
- When authorized or requested by a supervisor
- When needed to euthanize an animal
- When an Officer is training at an approved range or other approved facility
- Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary reasonable, and proportional use of this weapon system.

LIFESPAN:

- Daniel Defense V7s AR-15/M4: Approximately 15-20 years
- 223 Caliber or 5.56mm rifle ammunition: No expiration

TRAINING: Officers must successfully complete a 24- hour patrol rifle course as well as regular Department firearms training and qualifications as required by law and policy. Firearm Instructors attend a 40-hour POST-approved rifle instructor class, and SWAT personnel must attend an 80-hour basic SWAT Team course.

FISCAL IMPACT: Annual Maintenance is approximately \$100 per rifle

LEGAL AND PROCEDURAL RULES: Use of patrol rifles and ammunition are subject to the requirements of POLICY 300 (USE OF FORCE), Policy 312.3.2(PATROL RIFLES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding use of force.

3. Sniper Rifles for SWAT (Item #4 on Current Inventory List)

Proposed Weapon system to replace current sniper rifles for SWAT: Make/Model - LWRC REPR MKII 7.62 NATO, .308 caliber sniper rifle. Quantity: 2

Currently we have two Remington 700 and one surveyed Heckler and Koch HK-91 sniper rifles (.308 caliber). These rifles are 15 years old and need to be replaced. Lifespan is 16 years as specified (4(d)).

DESCRIPTION: The sniper rifles can fire a .308 caliber bullet. This rifle may only be used by a SWAT Officer trained and certified to be a sniper (LAPD currently has two such Officers) and may be deployed to assist the SWAT team in a critical incident or emergency.

TOTAL REPLACEMENT COST: is \$13,621.94, or \$6,810.70 each (based on current quote but could vary depending on time of purchase). We would apply any credit we would receive to this purchase for the two Remington rifles. The HK-91 is a surveyed weapon and will be sent to be destroyed with approval of its replacement.

PURPOSE: This rifle may only be used by a SWAT Officer trained and certified to be a sniper and may be deployed to assist the SWAT team in a critical incident or emergency. The main use of this weapon is for observation of an incident and to be able to accurately and immediately be able to stop a threat to life.

AUTHORIZED USE: Subject to Legal and Procedural Rules listed below, examples of situations for deploying the sniper rifle may include, but are not limited to the following:

- Where the Officer reasonably anticipates an armed encounter
- When the Officer is faced with a situation that may require accurate and effective fire at a long distance
- Where an Officer reasonably believes that there may be a need to fire on a barricaded person or person with a hostage
- When an Officer reasonably believes that a suspect may be wearing body armor
- When an Officer is training at an approved range or other approved facility
- Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system.

LIFESPAN: .308 Caliber, LWRC REPR MKII 7.62 NATO: Approximately 15 years

TRAINING: In addition to patrol rifle and standard SWAT operator training, SWAT snipers must successfully complete a California POST- certified sniper course as well as regular SWAT sniper training and qualifications as required by law and policy.

FISCAL IMPACT: Annual maintenance is approximately \$100 per LWRC REPR MKII 7.62 NATO.

LEGAL AND PROCEDURAL RULES: Use of the sniper rifles and ammunition are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos, Policy 300 (USE OF FORCE), Policy 312.3.2 (PATROL RIFLES), Policy 312 (FIREARMS), and policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.

New Proposed Items for the Military Equipment Inventory List

1. Flashbangs: Noise Flash Diversionary Device (NFDD)

EQUIPMENT CAPABILITES: An NFDD, or flashbang, is a device that creates a bright flash or loud sound to temporarily divert the attention of subjects in the immediate area.

PURPOSE/AUTHORIZED USES: Flashbangs are used to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. The distraction gives Officers time to seize a moment and create an opportunity to take control of high-risk or dangerous situations. SWAT Operators that have received authorized training shall use Diversionary Devices only under the following:

- a. By officers who have been trained in their proper use.
- b. In hostage and barricaded subject situations.
- c. In high risk warrant (search/arrest) services where there may be extreme hazards to officers.
- d. During other high-risk situations where their use would enhance officer safety.
- e. During training exercises.

FISCAL IMPACT: No known annual maintenance cost

LEGAL PROCEDURAL RULES: All applicable State, Federal, and local laws governing police use of force. Various LAPD policies on use of force and firearms.

TRAINING REQUIRED: 8-hour flash diversionary devices instructor school

PROPOSED ITEMS:

- Flashbangs (Purchase Cost \$55.45 each, Quantity 36) Single Bang
- Flashbangs (Purchase Cost \$168.65 each, Quantity 12) 9 Bang

2. **CHEMICAL AGENTS:** Chemical agent munitions can be used as a nonlethal tool to deny a designated area to a suspect, force a suspect to move to a desired area, or to disorient a suspect.

PURPOSE/AUTHORIZED USES: Compel an individual to cease their actions when such munitions present a reasonable option; deny a designated area to a suspect, force a suspect to move to a desired area, or to disorient a suspect. Only officers who have received training from POST certified instructors in the use chemical agents are authorized to use chemical agents. To limit the escalation of conflict where employment of lethal force is prohibited or undesirable. Situations for use of the less lethal weapon systems may include, but are not limited to:

- a. Self-destructive, dangerous and/or combative individuals.
- b. Circumstances where a tactical advantage can be obtained.
- c. Potentially vicious animals.
- d. Training exercises or approved demonstrations.

FISCAL IMPACT: No known annual maintenance cost

LEGAL/PROCEDURAL RULES: All applicable State, Federal, and local laws governing police use of force. Various LAPD Policies on use of force and firearms.

TRAINING REQUIRED: 40-hour chemical agent instructor course

PROPOSED ITEMS:

- OC Grenades (Purchase Cost \$52.10 each, quantity 5): The Defense Technology OC Vapor Aerosol Grenade is for law enforcement and corrections use to deliver a high concentration of Oleoresin Capsicum (OC) in a powerful mist. The grenade is designed for indoor-use in confined areas and, once deployed, inflames the mucous membranes and exposed skin resulting in an intense burning sensation. The incapacitating effect of the OC Vapor on the subject is dramatic, yet requires minimal decontamination. Removing the subject from the affected area to fresh air will resolve respiratory effects within minutes. The OC Vapor Aerosol Grenade is ideal for cell extractions or barricade situations where the use of pyrotechnic, powder or liquid devices is not practical or desired.
- CTS 5230B Baffled CS chemical agent canister munition (purchase cost \$52.25 each, quantity 15): Pyrotechnic grenade designed for indoor use delivering a maximum amount of irritant smoke throughout multiple rooms with minimal risk of fire.
- CTS 5230 CS Chemical agent canister munition (Purchase price \$39.70 each, quantity 10): Large diameter burning grenade that discharges a high volume of smoke and chemical agent through multiple emission ports. Specifically for outdoor use and should not be deployed on rooftops, in crawl spaces or indoors due to potential fire hazard. Can be hand thrown or launched

PROJECTILE LAUNCHER AND MUNITIONS:

3. **12 gauge Shotgun Chemical Mmunition Launcher:** (Purchase Cost \$400, Quantity 1) to convert already existing shotgun to Chemical Mmunition Launcher.

DESCRIPTION: Used to deploy chemical munition (Baffled CS chemical munition) to be used to deny a designated area to a suspect, force a suspect to move to desired area, and to disable or disorient a suspect.

EQUIPMENT CAPABILITIES: Less Lethal systems that use smokeless powder to deliver projectiles from a safe distance

PURPOSE/AUTHORIZED USE: To help deescalate and limit the escalation of conflict where effective without the need for lethal force. Situations for use of the less-lethal weapon systems may include, but are not limited to:

- Self-destructive, dangerous, and/or combative individuals
- Circumstances where a tactical advantage can be obtained
- Potentially vicious animals
- Training exercises or approved demonstrations

FISCAL IMPACT: No known annual maintenance cost.

LEGAL/PROCEDURAL RULES GOVERNING USE: Use is established under LAPD Policy 308, It is the policy of the LAPD to utilize chemical agents only for official law enforcement purposes and pursuant to State and Federal Law, including those regarding the use of force.

TRAINING REQUIRED: 24-hour less lethal instructor course and/or 40-hour chemical instructor course.

709.9 MILITARY EQUIPMENT INVENTORY

The following constitutes a list and description of qualifying equipment for the Department:

1. **40 MM Launchers and Rounds:** 40mm Launchers are utilized by department personnel as a less lethal tool to launch impact rounds.
 - (a) Description, quantity, capabilities, and purchase cost
 - i. PENN ARMS GL-140-C, 40MM SINGLE SHOT LAUNCHER, cost: \$1,000, quantity: 3. The 40mm Single Launcher is a tactical single shot launcher that features a collapsible stock. It will fire standard 40mm less lethal ammunition, up to 6.0 inches in cartridge length. 40mm launchers are capable of firing a variety of munitions with a maximum effective range of one hundred twenty (120) feet.
 - ii. SAGE CONTROL ORDINANCES INC K041 STANDARD ENERGY IMPACT BATON PROJECTILE, cost: \$21.00, quantity: 14. A less lethal 40mm impact baton projectile fired from a single 40mm grenade launcher with a rifled barrel at 51-72 MPS (meters per second). The projectile provides accurate and effective performance when fired from the recommended firing distances of not less than 10 feet and no greater than 75 feet.
 - (b) Purpose: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable.
 - (c) Authorized Use: Subject to subsection (g) below, situations for use of the less lethal weapon systems may include, but are not limited to the following:
 - i. The suspect is armed with a weapon and the tactical circumstances allow for the safe application of approved munitions.
 - ii. The suspect has made credible threats to harm him/herself or others.
 - iii. The suspect is engaged in riotous behavior or is throwing rocks, bottles or other dangerous projectiles at people and/or officers.
 - iv. There is probable cause to believe that the suspect has already committed a crime of violence and is refusing to comply with lawful orders.
 - v. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of less lethal weapon system.
 - (d) Training: All personnel who are authorized to carry a control device must be properly trained and certified to carry the specific control device and are retrained or re-certified as necessary. Proficiency training shall be monitored and documented by a certified, control-device weapons or tactics instructor.
 - (e) Lifespan:
 - i. Penn Arms GL-140-C- No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear
 - ii. K041 Standard Energy Impact Batons-5 years

MILITARY EQUIPMENT INVENTORY

- (f) Fiscal Impact: Annual maintenance is approximately \$100 for each launcher.
 - (g) Legal and Procedural Rules: Use of the 40mm launcher and 40mm baton rounds are subject to the requirements of Policy 300 (USE OF FORCE), 308 (CONTROL DEVICES AND TECHNIQUES), 308.9 (KINETIC ENERGY PROJECTILE GUIDELINES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize the 40mm only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
2. **Less Lethal Shotgun and Rounds:** Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Beanbag Round.
- (a) Description, quantity, capabilities, and purchase cost
 - i. REMINGTON 870 LESS LETHAL SHOTGUN, cost: \$950, quantity: 11. The Remington 870 Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Beanbag Round up to a distance of 75 feet. The range of the weapon system helps to maintain space between officers and a suspect reducing the immediacy of the threat which is a principle of deescalation. The less lethal 12- gauge shotgun is distinguishable by an orange butt stock and fore grip.
 - ii. 12-GAUGE SUPER-SOCK BEANBAG ROUND 2581, cost: \$6, quantity: 90. A less lethal 2.4-inch 12-gauge shotgun round firing a ballistic fiber bag filled with 40 grams of lead shot at a velocity of 270-290 feet per second (FPS). CTS (Combined Tactical Systems) Super-Sock rounds are discharged from a dedicated 12- gauge shotgun that is distinguishable by an orange butt stock and fore grip. This round provides accurate and effective performance when fired from the approved distance of not fewer than five (5) feet. The maximum effective range of this munition is up to 75 feet from the target. The Model 2581 Super-Sock is in its deployed state immediately upon exiting the barrel. It does not require a minimum range to "unfold" or "stabilize." The Super-Sock is an aerodynamic projectile. However, accuracy is relative to the shotgun, barrel length, environmental conditions, and the operator. The Super-Sock is very accurate. However, effectiveness depends on many variables, such as distance, clothing, stature, and the point where the projectile impacts.
 - (b) Purpose: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable.
 - (c) Authorized Use - Subject to subsection (g) below, situations for use of the less lethal weapon systems may include, but are not limited to the following:
 - i. The suspect is armed with a weapon and the tactical circumstances allow for the safe application of approved munitions.
 - ii. The suspect has made credible threats to harm him/herself or others.
 - iii. The suspect is engaged in riotous behavior or is throwing rocks, bottles or other dangerous projectiles at people and/or officers.

MILITARY EQUIPMENT INVENTORY

- iv. There is probable cause to believe that the suspect has already committed a crime of violence and is refusing to comply with lawful orders.
- v. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of less lethal weapon system.
- (d) Lifespan:
 - i. Remington 970 Less Lethal Shotgun-25 years
 - ii. Super Sock Round Model 2581: No listed expiration date
- (e) Training: All personnel who are authorized to carry a control device must be properly trained and certified to carry the specific control device and are retrained or re-certified as necessary. Proficiency training shall be monitored and documented by a certified, control-device weapons or tactics instructor.
- (f) Fiscal Impact: Annual maintenance is approximately \$100 per shotgun.
- (g) Legal and Procedural Rules: Use of the less lethal shotgun and Super Sock rounds are subject to the requirements of Policy 300 (USE OF FORCE), 308 (CONTROL DEVICES AND TECHNIQUES), 308.9 (KINETIC ENERGY PROJECTILE GUIDELINES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize the less lethal shotgun only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
- 3. **5.56mm Semi-Automatic Rifles and Ammunition:** The Colt AR-15/M4 5.56 mm/.223 semiautomatic rifles are used for both patrol and the SWAT Team.
 - (a) Description, quantity, capabilities, and purchase cost
 - i. COLT AR RIFLES, cost: \$1200, quantity: 27. These rifles, equipped and locked in each patrol car or police motorcycle, offer a higher degree of accuracy at a longer distance. The ammunition used in rifles are also more effective at penetrating body armor (as some suspects have worn during high-profile shooting events in the country). They are normally kept secured in patrol cars or in the Police station and are only deployed on specific incidents where officers believe guns or weapons are involved.
 - ii. .223 CALIBER or 5.56MM RIFLE AMMUNITION, cost: \$280 per case of 500 rounds, quantity: 10,800 rounds. This rifle ammunition used in conjunction with an AR-15 type rifle provides officers the ability to engage hostile suspects at distances generally greater than the effective distance of their handguns. Rifle ammunition fired from AR-15 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation.
 - (b) Purpose: To address a threat with more precision and/or greater distances than a handgun, if present and feasible.
 - (c) Authorized Use - Members may deploy the patrol rifle in any circumstance where the member can articulate a reasonable expectation that the rifle may

MILITARY EQUIPMENT INVENTORY

be needed. Subject to subsection (g) below), situations for use of these weapon systems may include, but are not limited to the following:

- i. Situations where the member reasonably anticipates an armed encounter.
- ii. When a member is faced with a situation that may require accurate and effective fire at long range.
- iii. Situations where a member reasonably expects the need to meet or exceed a suspect's firepower.
- iv. When a member reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage.
- v. When a member reasonably believes that a suspect may be wearing body armor.
- vi. When authorized or requested by a supervisor.
- vii. When needed to euthanize an animal.
- viii. When an officer is training at an approved range or other approved facility
- ix. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system.

(d) Lifespan:

- i. Colt AR Rifles: Approximately 15-20 years
- ii. 223 Caliber or 5.56mm rifle ammunition: No expiration

(e) Training: Officers must successfully complete a 24-hour patrol rifle course as well as regular Department firearms training and qualifications as required by law and policy. Firearm Instructors attend a 40-hour POST-approved rifle instructor class, and SWAT personnel must attend an 80-hour basic SWAT Team course.

(f) Fiscal Impact: Annual maintenance is approximately \$100 per rifle.

(g) Legal and Procedural Rules: Use of the patrol rifles and ammunition are subject to the requirements of Policy 300 (USE OF FORCE), Policy 312.3.2 (PATROL RIFLES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.

4. **.308 Caliber Remington 700 and Heckler & Koch HK-91 Sniper Rifles and Ammunition:** The sniper rifles are capable of firing a .308 caliber bullet. This rifle may only be used by a SWAT Officer trained and certified to be a sniper (LAPD currently has two such officers) and may be deployed to assist the SWAT Team in a critical incident or emergency.

(a) Description, quantity, capabilities, and purchase cost

MILITARY EQUIPMENT INVENTORY

- i. .308 CALIBER REMINGTON 700 AND 700 LTR RIFLE, cost: \$1,000, quantity: 2. Remington 700: No cost, surveyed, Remington 700LTR \$1,000.
 - ii. .308 CALIBER HECKLER & KOCH HK-91 RIFLE, cost: No cost, surveyed, , quantity: 1.
 - iii. .308 AMMUNITION, cost: \$1.50 per round, quantity: 3,040 rounds. These nickel-plated bonded soft-point 308/7.62 cartridges from Speer Gold-Dot are resistant to corrosion, capable of expansion from barrels as short as 10", and retain accuracy from a variety of barrels lengths.
- (b) Purpose: This rifle may only be used by a SWAT Officer trained and certified to be a sniper and may be deployed to assist the SWAT Team in a critical incident or emergency. The main use of this weapon system is for observation of an incident and to be able to accurately and immediately be able to stop a threat to life.
- (c) Authorized Use: Subject to subsection (g) below, examples of situations for deploying the sniper rifle may include, but are not limited to the following:
- i. where the Officer reasonably anticipates an armed encounter;
 - ii. when the Officer is faced with a situation that may require accurate and effective fire at a long distance;
 - iii. where an Officer reasonably expects the need to meet or exceed the firearms and ammunition that a suspect is reported or believed to possess;
 - iv. when an Officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage;
 - v. when an Officer reasonably believes that a suspect may be wearing body armor.
 - vi. When an officer is training at an approved range or other approved facility
 - vii. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system.
- (d) Lifespan:
- i. .308 Caliber Remington 700/700LTR: Approximately 15 years
 - ii. .308 Caliber Heckler & Koch HK-91: Approximately 15 years
 - iii. .308 Ammunition: No expiration
- (e) Training: In addition to patrol rifle and standard SWAT operator training, SWAT snipers must successfully complete a California POST-certified sniper course as well as regular SWAT sniper training and qualifications as required by law and policy.
- (f) Fiscal Impact: Annual maintenance is approximately \$100 per Remington rifle. The HK is not used.

MILITARY EQUIPMENT INVENTORY

- (g) Legal and Procedural Rules: Use of the sniper rifles and ammunition are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos, Policy 300 (USE OF FORCE), Policy 312.3.2 (PATROL RIFLES), Policy 312 (FIREARMS), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
5. **Benelli M3Super90 12 gauge shotgun and ammunition: This firearm is not currently used by the department and is stored in the armory.** The Benelli M3 is a dual-mode (hybrid pump-action and semi-automatic) shotgun The ammunition for the shotgun is 00 Buck and slug rounds.
- (a) Description, quantity, capabilities, and purchase cost
- i. BENELLI M3SUPER90 12 GAUGE SHOTGUN, cost \$500, quantity: 1. The Benelli M3 is a combination Pump-Action and Semi-Automatic Shotgun. The shotgun can be chambered for 12 GA shells with a 20 inch barrel.
 - ii. 00 BUCK AMMUNITION, cost: \$1.80 per round, quantity: 600 rounds. A typical 12-gauge, 2 3/4-inch 00 Buckshot shell holds 8 pellets that are 0.33" in diameter. A 3-inch shell most often contains 12 of these same sized pellets.
 - iii. SLUG AMMUNITION, cost: \$1.40 per round, quantity: 100. The Foster-type shotgun slug features exterior rifled grooves which contact the shotgun's bore to give it spin; and, the slug's hollow-point design initiates expansion to augment stopping power.
- (b) Purpose: This shotgun is not currently utilized by the department. The only shotguns used by the Department are the less lethal shotguns. The ammunition is purchased solely for recruits in the police academy, where shotgun instruction occurs.
- (c) Authorized Use: There is currently no authorized use for the shotgun in our policy.
- (d) Lifespan:
- i. Benelli M3Super90 12 gauge shotgun: Approximately 15 years
 - ii. OO Buck Ammunition: No expiration
 - iii. Slug ammunition: No expiration
- (e) Training: Officers receive training in shotgun use in the police academy, and have to pass firearm qualifications. There is no further training with the Benelli shotgun or ammunition.
- (f) Fiscal Impact: None, the weapon is not utilized. When equipment is being used, yearly maintenance costs are estimated to be \$100.

MILITARY EQUIPMENT INVENTORY

- (g) Legal and Procedural Rules: Use of all firearms fall under the following policies: Policy 300 (USE OF FORCE) and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize firearms only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
6. **Remington 870 MCS 12 Gauge Breaching shotgun and breaching rounds: This firearm/ammunition is not currently used by the department and is stored in the SWAT armory.**
- (a) Description, quantity, capabilities, and purchase cost
- i. REMINGTON 870 MCS 12 GAUGE BREACHING SHOTGUN, cost: \$1,400, quantity: 1. Extremely compact breaching model 12 gauge with a ten inch cylinder bore breaching barrel with parkerized finish, a Knox recoil reducing breacher pistol grip stock, and synthetic modular fore-end.
 - ii. 12 GAUGE BREACHING ROUNDS, cost: \$5.00 per round, quantity: 25 rounds. The 12-Gauge TKO Breaching Round is a 12-Gauge shell loaded with a compressed zinc slug, utilizing smokeless powder as a propellant. The is a widely used method to breach door locks or hinges for entry during tactical operations.
- (b) Purpose: The breaching shotgun is used to safely gain entry into a structure. When properly deployed, the TKO breaching round is capable of defeating door lock mechanisms, door knobs, hinges, dead bolts, safety chains, and pad locks on both wooden or hollow core doors. Upon impact with the target, the zinc slug disintegrates in to a fine powder eliminating fragmentation. The Explosive Breaching Program, conducted in conjunction with the Mountain View Police Department, was established to provide the joint SWAT Team the ability to quickly create an opening in a wall or window to quickly enter a building for an emergency rescue of hostages. It is reserved for rescue operations only.
- (c) Authorized Use: Subject to subsection (g) below, this equipment would only be deployed during a SWAT incident, and its use would need specific authorization from the Incident Commander. The equipment may only be used by a "tactical breacher" on the SWAT team. We currently do not have any authorized users at the Department.
- (d) Lifespan:
- i. Remington 870 MCS 12 Gauge Breaching shotgun: Approximately 15 years
 - ii. 12-Gauge TKO Breaching Round: Approximately 5 years
- (e) Training: The training consists of an 80-hour course for a member of the SWAT Team specifically designated as the "breacher." At the conclusion of the course, the breacher must pass a test proctored by CAL/OSHA. The OSHA certification is valid for 5 years. Before the expiration of the certification, the breacher must retake and pass the test.

MILITARY EQUIPMENT INVENTORY

- (f) Fiscal Impact: None, the weapon is not utilized. When equipment is being used, yearly maintenance costs are estimated to be \$100.
 - (g) Legal and Procedural Rules: Use of the breaching shotgun and ammunition are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
7. **Kaiser Precision Vulcan II Munitions Pole: Telescoping tool utilized by SWAT personnel to safely deliver approved noise/diversionary devices.**
- (a) Description, quantity, capabilities, and purchase cost
 - i. KAISER PRECISION VULCAN II MUNITIONS POLE, cost: \$2,000, quantity: 1. The munitions pole is a multi-purpose breaching tool, constructed of lightweight aluminum square tubing used to deploy distraction devices and chemical munitions in order to gain entrance into a building, structure or even a vehicle.
 - (b) Purpose: The munitions pole is used to safely deploy diversionary devices, chemical munitions, or other objects (cell phones, cameras) during SWAT operations.
 - (c) Authorized Use: Subject to subsection (g) below, this equipment would be deployed during primarily during a SWAT incident, but could be utilized to gain entry into a residence during other high-risk operations on patrol.
 - (d) Lifespan: Approximately 10 years
 - (e) Training: Kaiser Precision provided an instructional video for individual and team training.
 - (f) Fiscal Impact: None, does not require annual maintenance
 - (g) Legal and Procedural Rules: Use of the munitions pole are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 317 (HIGH RISK OPERATIONS PROTOCOL), Policy 322 (SEARCH AND SEIZURE), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
8. **CTS Flash-bang Training Kit: The training flash-bangs are built and weigh exactly the same as it's equivalent live Flash-Bang, but have no flash charge.**
- (a) Description, quantity, capabilities, and purchase cost
 - i. CTS FLASH-BANG TRAINING KIT, cost: \$964, Quantity 1 kit (comes with 70 reload Training Fuzes, 1 body), current fuze inventory is 25. The training bodies are painted with a bright blue coating, and can be used an unlimited number of times. The M201FB fuze for this system has 10 times the output of a normal M201 fuze and it is threaded with a left hand thread so it can not

MILITARY EQUIPMENT INVENTORY

be accidentally used in any other munitions. The training devices produce an output of about 120db.

- (b) Purpose: Flash-bangs are used to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. The distraction gives Officers time to seize a moment and create an opportunity to take control of high-risk or dangerous situations.
 - (c) Authorized Use: Subject to subsection (g) below, SWAT operators may utilize the training flash-bangs as a training tool to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. Los Altos Police Department does not have any live flash-bangs in the inventory. Our operators use live flash-bangs while on SWAT events or at training with Mountain View Police Department.
 - (d) Lifespan: 5 years
 - (e) Training: These are a training tool. SWAT operators must attend and pass an 80-hour SWAT training class. Flash-bang training is provided by an instructor who has completed an 8-hour noise flash diversionary device course.
 - (f) Fiscal Impact: None, does not require annual maintenance
 - (g) Legal and Procedural Rules: Use of the **live** flash-bangs are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 317 (HIGH RISK OPERATIONS PROTOCOL), Policy 322 (SEARCH AND SEIZURE), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
9. **Specialty Impact Munition (SIM) weapons and ammunition:** Simunition® is the pioneer and world leader in providing military, law enforcement and approved range members with the most realistic and non-lethal force-on-force, short range, simulation training system.
- (a) Description, quantity, capabilities, and purchase cost
 - i. SIMUNITION GLOCK 17T, cost: \$500 each, quantity: 8. The GLOCK Training Pistols were developed with the purpose of enabling reality-based tactical operations training using color marking or plastic projectile ammunition. When utilized in a pistol caliber barrel training platform (9mm), SIMs have an effective range of 25 feet.
 - ii. SIM CONVERTED BERETTA 92, cost: \$500 each, quantity: 4. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized in a pistol caliber barrel training platform (9mm), SIMs have an effective range of 25 feet.

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- iii. HK MP5 CONVERSION KITS, cost: \$500 each, quantity 2. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized with a training munition bolt carrier group in a 5.56mm rifle platform, SIMs have an effective range of approximately 27 yards.
 - iv. SIMUNITION COLT AR-15 CARBINE RIFLE UPPERS, cost: \$1,000 each, quantity: 3. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized with a training munition bolt carrier group in a 5.56mm rifle platform, SIMs have an effective range of approximately 27 yards.
 - v. FX MARKING CARTRIDGES, cost: \$350 for 500 rounds, quantity: 3,500 rounds. The reduced-energy, non-lethal cartridges leave a detergent-based, water-soluble color-marking compound. The visible impacts allow accurate assessment of simulated lethality. They feature tactical accuracy up to 25 feet (7.6 meters).
- (b) Purpose: Enabling reality-based, force-on-force tactical operations training using color marking or plastic projectile ammunition.
- (c) Authorized Use: Subject to subsection (g) below, simunition weapons and marking rounds are non-operational rounds and non-operational weapons systems. These munitions provide for realistic close quarters firearms training while allowing the shooter to visually assess shot placement and accuracy in force on force training scenarios. These items are used for training purposes for all sworn staff members.
- (d) Lifespan:
- i. Simunition Glock 17T: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - ii. Sim Converted Beretta: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - iii. HK MP5 Conversion Kits: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - iv. Simunition Colt AR-15 Rifle Uppers: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - v. FX Marking Cartridges: Shelf life five (5) years.

MILITARY EQUIPMENT INVENTORY

- (e) Training: These are a training tool. Simunition Instructors attend an informative, three-day (24-hour) course designed to provide students with substantial hands-on experience with Simunition® FX® training ammunition technology, weapons conversion kits, and the Simunition® line of protective equipment. The course provides in-depth, hands-on instruction in scenario-based training program development and training methodology, and gives critical practical experience to students on the best use of Simunition® training products in a highly effective, realistic, extremely safe training program. Sworn staff members are given extensive firearms handling courses and weapons safety instruction to include the use of SIMs for training purposes.
- (f) Fiscal Impact: Annual maintenance cost is approximately \$500 for all of the simunition weapons to be inspected and repaired.
- (g) Legal and Procedural Rules: Use of the Simunition firearms and marking rounds are subject to the requirements of Policy 300 (USE OF FORCE) and Policy 312 (FIREARMS) while training. It is the policy of the Los Altos Police Department to utilize Simunition equipment only for official law enforcement training purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.

Military Equipment

709.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the approval, acquisition, and reporting requirements of military equipment (Government Code § 7070; Government Code § 7071; Government Code § 7072). Assembly Bill 481 (AB 481), signed into law on September 30, 2021, requires law enforcement agencies to create a policy establishing guidelines and requirements for the funding, acquisition, and use of "military equipment" (Government Code § 7070, 7071, and 7072), including requirements to host informational meetings with the public, generate annual "military equipment" use reports, and seek annual approval from their respective governing bodies. The purpose of this policy is to make sure that safeguards exist, including transparency, governing body oversight, and accountability measures, to ensure the funding, acquisition, and use of "military equipment" is consistent with the provisions set forth by the governing body and as outlined in AB 481. This policy will also provide the public with a transparent view of the "military equipment" utilized by the Los Altos Police Department. The military equipment use policy will safeguard the public's welfare, safety, civil rights and civil liberties.

709.1.1 DEFINITIONS

Definitions related to this policy include (Government Code § 7070):

Governing body – The Los Altos City Council for the adoption of this ordinance and the approval of the annual report

POST - Peace Officer Standards and Training

SWAT - Special Weapons and Tactics

Military equipment – Per AB 481, military equipment includes but is not limited to the following:

- (1) Unmanned, remotely piloted, powered aerial or ground vehicles.
- (2) Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers. However, police versions of standard consumer vehicles are specifically excluded from this subdivision.
- (3) High mobility multipurpose wheeled vehicles (HMMWV), commonly referred to as Humvees, two and one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached. However, unarmored all-terrain vehicles (ATVs) and motorized dirt bikes are specifically excluded from this subdivision.
- (4) Tracked armored vehicles that provide ballistic protection to their occupants and utilize a tracked system instead of wheels for forward motion.
- (5) Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.
- (6) Weaponized aircraft, vessels, or vehicles of any kind.

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(7) Battering rams, slugs, and breaching apparatuses that are explosive in nature. However, items designed to remove a lock, such as bolt cutters, or a handheld ram designed to be operated by one person, are specifically excluded from this subdivision.

(8) Firearms of .50 caliber or greater. However, standard issue shotguns are specifically excluded from this subdivision.

(9) Ammunition of .50 caliber or greater. However, standard issue shotgun ammunition is specifically excluded from this subdivision.

(10) Specialized firearms and ammunition of less than .50 caliber, including assault weapons as defined in Sections 30510 and 30515 of the Penal Code, with the exception of standard issue service weapons and ammunition of less than .50 caliber that are issued to officers, agents, or employees of a law enforcement agency or a state agency.

(11) Any firearm or firearm accessory that is designed to launch explosive projectiles.

(12) "Flashbang" grenades and explosive breaching tools, "tear gas," and "pepper balls," excluding standard, service-issued handheld pepper spray.

(13) Taser Shockwave, microwave weapons, water cannons, and the Long Range Acoustic Device (LRAD).

(14) The following projectile launch platforms and their associated munitions: 40mm projectile launchers, "bean bag," rubber bullet, and specialty impact munition (SIM) weapons.

(15) Any other equipment as determined by a governing body or a state agency to require additional oversight.

(16) Notwithstanding paragraphs (1) through (15), "military equipment" does not include general equipment not designated as prohibited or controlled by the federal Defense Logistics Agency.

709.2 POLICY

It is the policy of the Los Altos Police Department that members of the department comply with the provisions of Government Code § 7071 with respect to qualifying "military equipment". "Military equipment" should be used by members of the Department who have completed applicable training, including training required by the Commission on Peace Officer Standards and Training (POST). See the Military Equipment Inventory List (section 709.4) for associated "military equipment" training requirements.

"Military equipment", which has been approved for use by the governing body, shall be used in accordance with all other applicable department policies and laws. These policies and laws include, but are not limited to:

- Los Altos Police Department Policy 300 (Use of Force)
- Los Altos Police Department Policy 308 (Control Devices and Techniques)
- Los Altos Police Department Policy 312 (Firearms)

Military Equipment

- Los Altos Police Department Policy 414 (Hostage and Barricade Incidents)
- California Assembly Bill No. 48 (Use of Kinetic Energy Projectiles and Chemical Agents-Assemblies, Protests, and Demonstrations)
- California Penal Code Section 13652 (Use of Kinetic Energy Projectiles and Chemical Agents)

This policy expressly prohibits the use of "military equipment" on individuals or groups solely based on actual or perceived characteristics, such as race, ethnicity, national origin, religion, sex, sexual orientation, gender identity or expression, economic status, age, cultural group, or disability.

709.3 MILITARY EQUIPMENT COORDINATOR

The Chief of Police should designate a member of this department to act as the military equipment coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

- (a) Acting as liaison to the governing body for matters related to the requirements of this policy.
- (b) Identifying department equipment that qualifies as military equipment in the current possession of the Department, or the equipment the Department intends to acquire that requires approval by the governing body.
- (c) Conducting an inventory of all military equipment at least annually.
- (d) Collaborating with any allied agency that may use military equipment within the jurisdiction of Los Altos Police Department (Government Code § 7071).
- (e) Preparing for, scheduling, and coordinating the annual community engagement meeting to include:
 1. Publicizing the details of the meeting.
 2. Preparing for public questions regarding the department's funding, acquisition, and use of equipment.
- (f) Preparing the annual military equipment report for submission to the Chief of Police and ensuring that the report is made available on the department website (Government Code § 7072).
- (g) Establishing the procedure for a person to register a complaint or concern, or how that person may submit any questions about the use of a type of military equipment, and how the Department will respond in a timely manner.

709.3 APPROVAL

The Chief of Police or the authorized designee shall obtain approval from the governing body by way of an ordinance adopting the military equipment policy. As part of the approval process, the Chief of Police or the authorized designee shall ensure the proposed military equipment policy is submitted to the governing body and is available on the department website at least 30 days prior to any public hearing concerning the military equipment at issue (Government Code § 7071).

Military Equipment

The military equipment policy must be approved by the governing body before the Department engages in any of the following (Government Code § 7071):

- (a) Requests military equipment made available pursuant to 10 USC § 2576a.
- (b) Seeks funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.
- (c) Acquires military equipment either permanently or temporarily, including by borrowing or leasing.
- (d) Collaborates with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this department.
- (e) Uses any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body.
- (f) Solicits or responds to a proposal for, or enters into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.
- (g) Acquires military equipment through any means not provided above.

709.3.1 EXIGENCY- PROCUREMENT AND USE

Nothing in this policy shall prohibit the procurement or use of controlled equipment when exigent circumstances exist. In rare circumstances, exigent circumstances may occur where the immediate procurement and use of controlled equipment may be necessary to preserve life, prevent physical harm to officers or other persons, prevent the destruction of relevant evidence, prevent the escape of the suspect, or maintain public safety. In the event such an event occurs, the Chief of Police or the authorized designee may authorize the procurement and use of controlled equipment. Any exigent procurement and/or use of controlled equipment will be reported to the governing body, in writing, unless such information is confidential or privileged under local, state or federal law.

709.3.2 MAINTENANCE AND RESUPPLY OF CONTROLLED EQUIPMENT

In the event a previously approved supply of controlled equipment falls below the approved quantity, the Department may replenish the supply, as needed, without first obtaining additional approval from the Governing Body.

709.4 COORDINATION WITH OTHER JURISDICTIONS

Military equipment used by other law enforcement agencies that are providing mutual aid to this jurisdiction or otherwise engaged in law enforcement operations within this jurisdiction should comply with their respective military equipment policies in rendering mutual aid.

Military Equipment

709.5 ANNUAL REPORT

Upon approval of a military equipment policy, the Chief of Police or the authorized designee should submit a military equipment report to the governing body for each type of military equipment approved within one year of approval, and annually thereafter for as long as the military equipment is available for use (Government Code § 7072).

The Chief of Police or the authorized designee should also make each annual military equipment report publicly available on the department website for as long as the military equipment is available for use. The report shall include all information required by Government Code § 7072 for the preceding calendar year for each type of military equipment in department inventory.

709.6 POLICY COMPLIANCE AND SUBMITTING COMPLAINTS

The Chief of Police or the authorized designee will ensure that all Los Altos Police Department employees comply with this policy. Suspected violations of the provisions set forth in this policy, or in other laws or policies governing the use of "military equipment", should be handled in accordance with Los Altos Police Department Policy 340 (Standards of Conduct). Additionally, violations of the provisions set forth in this policy, or in other laws or policies governing the use of "military equipment", will be reported to the governing body via the annual Military Equipment Report.

Any member of the community can submit a complaint regarding the use of "military equipment" to any Los Altos Police Department employee or the Independent Intake Official. Complaints can be submitted in any form (e.g., in person, online, telephone, email, etc.). Once a complaint is received, it will be handled in accordance with Los Altos Police Department Policy 340 (Standards of Conduct) and LAPD Policy 1020 (Personnel Complaints). Formal complaints regarding alleged violations of this policy will be handled by an independent investigator.

Complaints may be made directly to the Independent Intake Official (IIO) Stephanie Atigh in one of the following ways:

Online Submission:

[Complaint IIO WEBFORM](#) (online)

By Email:

Fill out the appropriate Civilian Complaint Submission form (located online), save it to your computer and email as an attachment to stephatigh@sbcglobal.net

By Phone:

(831) 915-4643

Complaints may be made directly to the Los Altos Police Department in one of the following ways (for online options, please visit <https://www.losaltosca.gov/police/page/how-are-we-doing-0>):

In Person:

Los Altos Police Department

Military Equipment

1 N. San Antonio Road, Los Altos, CA 94022

Online Submission:

[Complaint PD WEBFORM](#)

By Email:

Fill out the appropriate Civilian Complaint Submission form (online), save it to your computer and email as an attachment to PoliceFeedback@losaltosca.gov

By Phone:

(650) 947-2770

709.7 COMMUNITY ENGAGEMENT

Within 30 days of submitting and publicly releasing the annual report, the Department should hold at least one well-publicized and conveniently located community engagement meeting, at which the Department should discuss the report and respond to public questions regarding the funding, acquisition, or use of military equipment.

709.9 MILITARY EQUIPMENT INVENTORY

See attachment: [MILITARY_EQUIPMENT_INVENTORY_709.9.pdf](#)

Attachments

MILITARY_EQUIPMENT_INVENTORY_709.9.pdf

709.9 MILITARY EQUIPMENT INVENTORY

The following constitutes a list and description of qualifying equipment for the Department:

1. **40 MM Launchers and Rounds:** 40mm Launchers are utilized by department personnel as a less lethal tool to launch impact rounds.
 - (a) Description, quantity, capabilities, and purchase cost
 - i. PENN ARMS GL-140-C, 40MM SINGLE SHOT LAUNCHER, cost: \$1,000, quantity: 3. The 40mm Single Launcher is a tactical single shot launcher that features a collapsible stock. It will fire standard 40mm less lethal ammunition, up to 6.0 inches in cartridge length. 40mm launchers are capable of firing a variety of munitions with a maximum effective range of one hundred twenty (120) feet.
 - ii. SAGE CONTROL ORDINANCES INC K041 STANDARD ENERGY IMPACT BATON PROJECTILE, cost: \$21.00, quantity: 14. A less lethal 40mm impact baton projectile fired from a single 40mm grenade launcher with a rifled barrel at 51-72 MPS (meters per second). The projectile provides accurate and effective performance when fired from the recommended firing distances of not less than 10 feet and no greater than 75 feet.
 - (b) Purpose: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable.
 - (c) Authorized Use: Subject to subsection (g) below, situations for use of the less lethal weapon systems may include, but are not limited to the following:
 - i. The suspect is armed with a weapon and the tactical circumstances allow for the safe application of approved munitions.
 - ii. The suspect has made credible threats to harm him/herself or others.
 - iii. The suspect is engaged in riotous behavior or is throwing rocks, bottles or other dangerous projectiles at people and/or officers.
 - iv. There is probable cause to believe that the suspect has already committed a crime of violence and is refusing to comply with lawful orders.
 - v. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of less lethal weapon system.
 - (d) Training: All personnel who are authorized to carry a control device must be properly trained and certified to carry the specific control device and are retrained or re-certified as necessary. Proficiency training shall be monitored and documented by a certified, control-device weapons or tactics instructor.
 - (e) Lifespan:
 - i. Penn Arms GL-140-C- No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear
 - ii. K041 Standard Energy Impact Batons-5 years

MILITARY EQUIPMENT INVENTORY

- (f) Fiscal Impact: Annual maintenance is approximately \$100 for each launcher.
 - (g) Legal and Procedural Rules: Use of the 40mm launcher and 40mm baton rounds are subject to the requirements of Policy 300 (USE OF FORCE), 308 (CONTROL DEVICES AND TECHNIQUES), 308.9 (KINETIC ENERGY PROJECTILE GUIDELINES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize the 40mm only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
2. **Less Lethal Shotgun and Rounds:** Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Beanbag Round.
- (a) Description, quantity, capabilities, and purchase cost
 - i. REMINGTON 870 LESS LETHAL SHOTGUN, cost: \$950, quantity: 11. The Remington 870 Less Lethal Shotgun is used to deploy the less lethal 12-gauge Super-Sock Beanbag Round up to a distance of 75 feet. The range of the weapon system helps to maintain space between officers and a suspect reducing the immediacy of the threat which is a principle of deescalation. The less lethal 12- gauge shotgun is distinguishable by an orange butt stock and fore grip.
 - ii. 12-GAUGE SUPER-SOCK BEANBAG ROUND 2581, cost: \$6, quantity: 90. A less lethal 2.4-inch 12-gauge shotgun round firing a ballistic fiber bag filled with 40 grams of lead shot at a velocity of 270-290 feet per second (FPS). CTS (Combined Tactical Systems) Super-Sock rounds are discharged from a dedicated 12- gauge shotgun that is distinguishable by an orange butt stock and fore grip. This round provides accurate and effective performance when fired from the approved distance of not fewer than five (5) feet. The maximum effective range of this munition is up to 75 feet from the target. The Model 2581 Super-Sock is in its deployed state immediately upon exiting the barrel. It does not require a minimum range to "unfold" or "stabilize." The Super-Sock is an aerodynamic projectile. However, accuracy is relative to the shotgun, barrel length, environmental conditions, and the operator. The Super-Sock is very accurate. However, effectiveness depends on many variables, such as distance, clothing, stature, and the point where the projectile impacts.
 - (b) Purpose: To limit the escalation of conflict where employment of lethal force is prohibited or undesirable.
 - (c) Authorized Use - Subject to subsection (g) below, situations for use of the less lethal weapon systems may include, but are not limited to the following:
 - i. The suspect is armed with a weapon and the tactical circumstances allow for the safe application of approved munitions.
 - ii. The suspect has made credible threats to harm him/herself or others.
 - iii. The suspect is engaged in riotous behavior or is throwing rocks, bottles or other dangerous projectiles at people and/or officers.

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- iv. There is probable cause to believe that the suspect has already committed a crime of violence and is refusing to comply with lawful orders.
- v. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of less lethal weapon system.
- (d) Lifespan:
 - i. Remington 970 Less Lethal Shotgun-25 years
 - ii. Super Sock Round Model 2581: No listed expiration date
- (e) Training: All personnel who are authorized to carry a control device must be properly trained and certified to carry the specific control device and are retrained or re-certified as necessary. Proficiency training shall be monitored and documented by a certified, control-device weapons or tactics instructor.
- (f) Fiscal Impact: Annual maintenance is approximately \$100 per shotgun.
- (g) Legal and Procedural Rules: Use of the less lethal shotgun and Super Sock rounds are subject to the requirements of Policy 300 (USE OF FORCE), 308 (CONTROL DEVICES AND TECHNIQUES), 308.9 (KINETIC ENERGY PROJECTILE GUIDELINES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize the less lethal shotgun only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
- 3. **5.56mm Semi-Automatic Rifles and Ammunition:** The Colt AR-15/M4 5.56 mm/.223 semiautomatic rifles are used for both patrol and the SWAT Team.
 - (a) Description, quantity, capabilities, and purchase cost
 - i. COLT AR RIFLES, cost: \$1200, quantity: 27. These rifles, equipped and locked in each patrol car or police motorcycle, offer a higher degree of accuracy at a longer distance. The ammunition used in rifles are also more effective at penetrating body armor (as some suspects have worn during high-profile shooting events in the country). They are normally kept secured in patrol cars or in the Police station and are only deployed on specific incidents where officers believe guns or weapons are involved.
 - ii. .223 CALIBER or 5.56MM RIFLE AMMUNITION, cost: \$280 per case of 500 rounds, quantity: 10,800 rounds. This rifle ammunition used in conjunction with an AR-15 type rifle provides officers the ability to engage hostile suspects at distances generally greater than the effective distance of their handguns. Rifle ammunition fired from AR-15 rifles offer advantages over handguns, such as increased accuracy potential and the ability to defeat soft body armor but are not appropriate for every situation.
 - (b) Purpose: To address a threat with more precision and/or greater distances than a handgun, if present and feasible.
 - (c) Authorized Use - Members may deploy the patrol rifle in any circumstance where the member can articulate a reasonable expectation that the rifle may

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be needed. Subject to subsection (g) below), situations for use of these weapon systems may include, but are not limited to the following:

- i. Situations where the member reasonably anticipates an armed encounter.
 - ii. When a member is faced with a situation that may require accurate and effective fire at long range.
 - iii. Situations where a member reasonably expects the need to meet or exceed a suspect's firepower.
 - iv. When a member reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage.
 - v. When a member reasonably believes that a suspect may be wearing body armor.
 - vi. When authorized or requested by a supervisor.
 - vii. When needed to euthanize an animal.
 - viii. When an officer is training at an approved range or other approved facility
 - ix. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system.
- (d) Lifespan:
- i. Colt AR Rifles: Approximately 15-20 years
 - ii. 223 Caliber or 5.56mm rifle ammunition: No expiration
- (e) Training: Officers must successfully complete a 24-hour patrol rifle course as well as regular Department firearms training and qualifications as required by law and policy. Firearm Instructors attend a 40-hour POST-approved rifle instructor class, and SWAT personnel must attend an 80-hour basic SWAT Team course.
- (f) Fiscal Impact: Annual maintenance is approximately \$100 per rifle.
- (g) Legal and Procedural Rules: Use of the patrol rifles and ammunition are subject to the requirements of Policy 300 (USE OF FORCE), Policy 312.3.2 (PATROL RIFLES), and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
4. **.308 Caliber Remington 700 and Heckler & Koch HK-91 Sniper Rifles and Ammunition:** The sniper rifles are capable of firing a .308 caliber bullet. This rifle may only be used by a SWAT Officer trained and certified to be a sniper (LAPD currently has two such officers) and may be deployed to assist the SWAT Team in a critical incident or emergency.
- (a) Description, quantity, capabilities, and purchase cost

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- i. .308 CALIBER REMINGTON 700 AND 700 LTR RIFLE, cost: \$1,000, quantity: 2. Remington 700: No cost, surveyed, Remington 700LTR \$1,000.
 - ii. .308 CALIBER HECKLER & KOCH HK-91 RIFLE, cost: No cost, surveyed, , quantity: 1.
 - iii. .308 AMMUNITION, cost: \$1.50 per round, quantity: 3,040 rounds. These nickel-plated bonded soft-point 308/7.62 cartridges from Speer Gold-Dot are resistant to corrosion, capable of expansion from barrels as short as 10", and retain accuracy from a variety of barrels lengths.
- (b) Purpose: This rifle may only be used by a SWAT Officer trained and certified to be a sniper and may be deployed to assist the SWAT Team in a critical incident or emergency. The main use of this weapon system is for observation of an incident and to be able to accurately and immediately be able to stop a threat to life.
- (c) Authorized Use: Subject to subsection (g) below, examples of situations for deploying the sniper rifle may include, but are not limited to the following:
- i. where the Officer reasonably anticipates an armed encounter;
 - ii. when the Officer is faced with a situation that may require accurate and effective fire at a long distance;
 - iii. where an Officer reasonably expects the need to meet or exceed the firearms and ammunition that a suspect is reported or believed to possess;
 - iv. when an Officer reasonably believes that there may be a need to fire on a barricaded person or a person with a hostage;
 - v. when an Officer reasonably believes that a suspect may be wearing body armor.
 - vi. When an officer is training at an approved range or other approved facility
 - vii. Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system.
- (d) Lifespan:
- i. .308 Caliber Remington 700/700LTR: Approximately 15 years
 - ii. .308 Caliber Heckler & Koch HK-91: Approximately 15 years
 - iii. .308 Ammunition: No expiration
- (e) Training: In addition to patrol rifle and standard SWAT operator training, SWAT snipers must successfully complete a California POST-certified sniper course as well as regular SWAT sniper training and qualifications as required by law and policy.
- (f) Fiscal Impact: Annual maintenance is approximately \$100 per Remington rifle. The HK is not used.

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- (g) Legal and Procedural Rules: Use of the sniper rifles and ammunition are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos, Policy 300 (USE OF FORCE), Policy 312.3.2 (PATROL RIFLES), Policy 312 (FIREARMS), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the Los Altos Police Department to utilize rifles only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
5. **Benelli M3Super90 12 gauge shotgun and ammunition: This firearm is not currently used by the department and is stored in the armory.** The Benelli M3 is a dual-mode (hybrid pump-action and semi-automatic) shotgun The ammunition for the shotgun is 00 Buck and slug rounds.
- (a) Description, quantity, capabilities, and purchase cost
- i. BENELLI M3SUPER90 12 GAUGE SHOTGUN, cost \$500, quantity: 1. The Benelli M3 is a combination Pump-Action and Semi-Automatic Shotgun. The shotgun can be chambered for 12 GA shells with a 20 inch barrel.
 - ii. 00 BUCK AMMUNITION, cost: \$1.80 per round, quantity: 600 rounds. A typical 12-gauge, 2 3/4-inch 00 Buckshot shell holds 8 pellets that are 0.33" in diameter. A 3-inch shell most often contains 12 of these same sized pellets.
 - iii. SLUG AMMUNITION, cost: \$1.40 per round, quantity: 100. The Foster-type shotgun slug features exterior rifled grooves which contact the shotgun's bore to give it spin; and, the slug's hollow-point design initiates expansion to augment stopping power.
- (b) Purpose: This shotgun is not currently utilized by the department. The only shotguns used by the Department are the less lethal shotguns. The ammunition is purchased solely for recruits in the police academy, where shotgun instruction occurs.
- (c) Authorized Use: There is currently no authorized use for the shotgun in our policy.
- (d) Lifespan:
- i. Benelli M3Super90 12 gauge shotgun: Approximately 15 years
 - ii. OO Buck Ammunition: No expiration
 - iii. Slug ammunition: No expiration
- (e) Training: Officers receive training in shotgun use in the police academy, and have to pass firearm qualifications. There is no further training with the Benelli shotgun or ammunition.
- (f) Fiscal Impact: None, the weapon is not utilized. When equipment is being used, yearly maintenance costs are estimated to be \$100.

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- (g) Legal and Procedural Rules: Use of all firearms fall under the following policies: Policy 300 (USE OF FORCE) and Policy 312 (FIREARMS). It is the policy of the Los Altos Police Department to utilize firearms only for official law enforcement purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.
6. **Remington 870 MCS 12 Gauge Breaching shotgun and breaching rounds: This firearm/ammunition is not currently used by the department and is stored in the SWAT armory.**
- (a) Description, quantity, capabilities, and purchase cost
- i. REMINGTON 870 MCS 12 GAUGE BREACHING SHOTGUN, cost: \$1,400, quantity: 1. Extremely compact breaching model 12 gauge with a ten inch cylinder bore breaching barrel with parkerized finish, a Knox recoil reducing breacher pistol grip stock, and synthetic modular fore-end.
- ii. 12 GAUGE BREACHING ROUNDS, cost: \$5.00 per round, quantity: 25 rounds. The 12-Gauge TKO Breaching Round is a 12-Gauge shell loaded with a compressed zinc slug, utilizing smokeless powder as a propellant. The is a widely used method to breach door locks or hinges for entry during tactical operations.
- (b) Purpose: The breaching shotgun is used to safely gain entry into a structure. When properly deployed, the TKO breaching round is capable of defeating door lock mechanisms, door knobs, hinges, dead bolts, safety chains, and pad locks on both wooden or hollow core doors. Upon impact with the target, the zinc slug disintegrates in to a fine powder eliminating fragmentation. The Explosive Breaching Program, conducted in conjunction with the Mountain View Police Department, was established to provide the joint SWAT Team the ability to quickly create an opening in a wall or window to quickly enter a building for an emergency rescue of hostages. It is reserved for rescue operations only.
- (c) Authorized Use: Subject to subsection (g) below, this equipment would only be deployed during a SWAT incident, and its use would need specific authorization from the Incident Commander. The equipment may only be used by a "tactical breacher" on the SWAT team. We currently do not have any authorized users at the Department.
- (d) Lifespan:
- i. Remington 870 MCS 12 Gauge Breaching shotgun: Approximately 15 years
- ii. 12-Gauge TKO Breaching Round: Approximately 5 years
- (e) Training: The training consists of an 80-hour course for a member of the SWAT Team specifically designated as the "breacher." At the conclusion of the course, the breacher must pass a test proctored by CAL/OSHA. The OSHA certification is valid for 5 years. Before the expiration of the certification, the breacher must retake and pass the test.

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- (f) Fiscal Impact: None, the weapon is not utilized. When equipment is being used, yearly maintenance costs are estimated to be \$100.
 - (g) Legal and Procedural Rules: Use of the breaching shotgun and ammunition are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
7. **Kaiser Precision Vulcan II Munitions Pole: Telescoping tool utilized by SWAT personnel to safely deliver approved noise/diversionary devices.**
- (a) Description, quantity, capabilities, and purchase cost
 - i. KAISER PRECISION VULCAN II MUNITIONS POLE, cost: \$2,000, quantity: 1. The munitions pole is a multi-purpose breaching tool, constructed of lightweight aluminum square tubing used to deploy distraction devices and chemical munitions in order to gain entrance into a building, structure or even a vehicle.
 - (b) Purpose: The munitions pole is used to safely deploy diversionary devices, chemical munitions, or other objects (cell phones, cameras) during SWAT operations.
 - (c) Authorized Use: Subject to subsection (g) below, this equipment would be deployed during primarily during a SWAT incident, but could be utilized to gain entry into a residence during other high-risk operations on patrol.
 - (d) Lifespan: Approximately 10 years
 - (e) Training: Kaiser Precision provided an instructional video for individual and team training.
 - (f) Fiscal Impact: None, does not require annual maintenance
 - (g) Legal and Procedural Rules: Use of the munitions pole are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 317 (HIGH RISK OPERATIONS PROTOCOL), Policy 322 (SEARCH AND SEIZURE), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
8. **CTS Flash-bang Training Kit: The training flash-bangs are built and weigh exactly the same as it's equivalent live Flash-Bang, but have no flash charge.**
- (a) Description, quantity, capabilities, and purchase cost
 - i. CTS FLASH-BANG TRAINING KIT, cost: \$964, Quantity 1 kit (comes with 70 reload Training Fuzes, 1 body), current fuze inventory is 25. The training bodies are painted with a bright blue coating, and can be used an unlimited number of times. The M201FB fuze for this system has 10 times the output of a normal M201 fuze and it is threaded with a left hand thread so it can not

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be accidentally used in any other munitions. The training devices produce an output of about 120db.

- (b) Purpose: Flash-bangs are used to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. The distraction gives Officers time to seize a moment and create an opportunity to take control of high-risk or dangerous situations.
 - (c) Authorized Use: Subject to subsection (g) below, SWAT operators may utilize the training flash-bangs as a training tool to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. Los Altos Police Department does not have any live flash-bangs in the inventory. Our operators use live flash-bangs while on SWAT events or at training with Mountain View Police Department.
 - (d) Lifespan: 5 years
 - (e) Training: These are a training tool. SWAT operators must attend and pass an 80-hour SWAT training class. Flash-bang training is provided by an instructor who has completed an 8-hour noise flash diversionary device course.
 - (f) Fiscal Impact: None, does not require annual maintenance
 - (g) Legal and Procedural Rules: Use of the **live** flash-bangs are subject to the requirements of the SWAT Standard Operating Procedures for Mountain View/Los Altos. Use is also under Policy 317 (HIGH RISK OPERATIONS PROTOCOL), Policy 322 (SEARCH AND SEIZURE), and Policy 414 (HOSTAGE AND BARRICADE INCIDENTS). It is the policy of the LAPD to utilize diversion devices only for official law enforcement purposes and pursuant to State and Federal law regarding the use of force.
9. **Specialty Impact Munition (SIM) weapons and ammunition:** Simunition® is the pioneer and world leader in providing military, law enforcement and approved range members with the most realistic and non-lethal force-on-force, short range, simulation training system.
- (a) Description, quantity, capabilities, and purchase cost
 - i. SIMUNITION GLOCK 17T, cost: \$500 each, quantity: 8. The GLOCK Training Pistols were developed with the purpose of enabling reality-based tactical operations training using color marking or plastic projectile ammunition. When utilized in a pistol caliber barrel training platform (9mm), SIMs have an effective range of 25 feet.
 - ii. SIM CONVERTED BERETTA 92, cost: \$500 each, quantity: 4. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized in a pistol caliber barrel training platform (9mm), SIMs have an effective range of 25 feet.

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- iii. HK MP5 CONVERSION KITS, cost: \$500 each, quantity 2. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized with a training munition bolt carrier group in a 5.56mm rifle platform, SIMs have an effective range of approximately 27 yards.
 - iv. SIMUNITION COLT AR-15 CARBINE RIFLE UPPERS, cost: \$1,000 each, quantity: 3. The Simunition® conversion kit, conversion bolt, bolt carrier assembly and safety-ring insert allow the FX® Marking Cartridges and the SecuriBlank® to be fired safely from the user's own service weapon. These easy-to-install kits help preclude the inadvertent chambering of live ammunition and ensure the proper operation and cycling of the weapons. When utilized with a training munition bolt carrier group in a 5.56mm rifle platform, SIMs have an effective range of approximately 27 yards.
 - v. FX MARKING CARTRIDGES, cost: \$350 for 500 rounds, quantity: 3,500 rounds. The reduced-energy, non-lethal cartridges leave a detergent-based, water-soluble color-marking compound. The visible impacts allow accurate assessment of simulated lethality. They feature tactical accuracy up to 25 feet (7.6 meters).
- (b) Purpose: Enabling reality-based, force-on-force tactical operations training using color marking or plastic projectile ammunition.
- (c) Authorized Use: Subject to subsection (g) below, simunition weapons and marking rounds are non-operational rounds and non-operational weapons systems. These munitions provide for realistic close quarters firearms training while allowing the shooter to visually assess shot placement and accuracy in force on force training scenarios. These items are used for training purposes for all sworn staff members.
- (d) Lifespan:
- i. Simunition Glock 17T: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - ii. Sim Converted Beretta: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - iii. HK MP5 Conversion Kits: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - iv. Simunition Colt AR-15 Rifle Uppers: – 24-month limited warranty. No lifespan indicated by manufacturer. Lifespan varies on operational usage and wear.
 - v. FX Marking Cartridges: Shelf life five (5) years.

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- (e) Training: These are a training tool. Simunition Instructors attend an informative, three-day (24-hour) course designed to provide students with substantial hands-on experience with Simunition® FX® training ammunition technology, weapons conversion kits, and the Simunition® line of protective equipment. The course provides in-depth, hands-on instruction in scenario-based training program development and training methodology, and gives critical practical experience to students on the best use of Simunition® training products in a highly effective, realistic, extremely safe training program. Sworn staff members are given extensive firearms handling courses and weapons safety instruction to include the use of SIMs for training purposes.
- (f) Fiscal Impact: Annual maintenance cost is approximately \$500 for all of the simunition weapons to be inspected and repaired.
- (g) Legal and Procedural Rules: Use of the Simunition firearms and marking rounds are subject to the requirements of Policy 300 (USE OF FORCE) and Policy 312 (FIREARMS) while training. It is the policy of the Los Altos Police Department to utilize Simunition equipment only for official law enforcement training purposes, in accordance with all requirements under State and Federal law, including those regarding the use of force.

Assembly Bill No. 481

CHAPTER 406

An act to add Chapter 12.8 (commencing with Section 7070) to Division 7 of Title 1 of the Government Code, relating to military equipment.

[Approved by Governor September 30, 2021. Filed with Secretary of State September 30, 2021.]

LEGISLATIVE COUNSEL'S DIGEST

AB 481, Chiu. Law enforcement and state agencies: military equipment: funding, acquisition, and use.

Existing law designates the Department of General Services as the agency for the State of California responsible for distribution of federal surplus personal property, excepting food commodities, and requires the department to, among other things, do all things necessary to the execution of its powers and duties as the state agency for the distribution of federal personal surplus property, excepting food commodities, in accordance with specified federal law. Existing law, the Federal Surplus Property Acquisition Law of 1945, authorizes a local agency, as defined, to acquire surplus federal property without regard to any law which requires posting of notices or advertising for bids, inviting or receiving bids, or delivery of purchases before payment, or which prevents the local agency from bidding on federal surplus property. Existing federal law authorizes the Department of Defense to transfer surplus personal property, including arms and ammunition, to federal or state agencies for use in law enforcement activities, subject to specified conditions, at no cost to the acquiring agency.

This bill would require a law enforcement agency, defined to include specified entities, to obtain approval of the applicable governing body, by adoption of a military equipment use policy, as specified, by ordinance at a regular meeting held pursuant to specified open meeting laws, prior to taking certain actions relating to the funding, acquisition, or use of military equipment, as defined. The bill would also require similar approval for the continued use of military equipment acquired prior to January 1, 2022. The bill would allow the governing body to approve the funding, acquisition, or use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The bill would require the governing body to annually review the ordinance and to either disapprove a renewal of the authorization for a type, as defined, of military equipment or amend the military equipment use policy if it determines, based on an annual military equipment report prepared by the law enforcement agency, as provided, that the military equipment does not comply with the above-described standards for approval. The bill would specify these provisions do not preclude a county or local municipality from implementing

additional requirements and standards related to the purchase, use, and reporting of military equipment by local law enforcement agencies.

This bill would also require a state agency, as defined, to create a military equipment use policy before engaging in certain activities, publish the policy on the agency’s internet website, and provide a copy of the policy to the Governor or the Governor’s designee, as specified. The bill would also require a state agency that seeks to continue use of military equipment acquired prior to January 1, 2022, to create a military equipment use policy.

This bill would also include findings that the changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

By adding to the duties of local officials with respect to the funding, acquisition, and use of military equipment, this bill would impose a state-mandated local program.

The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose.

This bill would make legislative findings to that effect.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) The acquisition of military equipment and its deployment in our communities adversely impacts the public’s safety and welfare, including increased risk of civilian deaths, significant risks to civil rights, civil liberties, and physical and psychological well-being, and incurment of significant financial costs. Military equipment is more frequently deployed in low-income Black and Brown communities, meaning the risks and impacts of police militarization are experienced most acutely in marginalized communities.

(b) The public has a right to know about any funding, acquisition, or use of military equipment by state or local government officials, as well as a right to participate in any government agency’s decision to fund, acquire, or use such equipment.

(c) Decisions regarding whether and how military equipment is funded, acquired, or used should give strong consideration to the public’s welfare, safety, civil rights, and civil liberties, and should be based on meaningful public input.

(d) Legally enforceable safeguards, including transparency, oversight, and accountability measures, must be in place to protect the public’s welfare, safety, civil rights, and civil liberties before military equipment is funded, acquired, or used.

(e) The lack of a public forum to discuss the acquisition of military equipment jeopardizes the relationship police have with the community, which can be undermined when law enforcement is seen as an occupying force rather than a public safety service.

SEC. 2. Chapter 12.8 (commencing with Section 7070) is added to Division 7 of Title 1 of the Government Code, to read:

CHAPTER 12.8. FUNDING, ACQUISITION, AND USE OF MILITARY EQUIPMENT

7070. For purposes of this chapter, the following definitions shall apply:

(a) “Governing body” means the elected body that oversees a law enforcement agency or, if there is no elected body that directly oversees the law enforcement agency, the appointed body that oversees a law enforcement agency. In the case of a law enforcement agency of a county, including a sheriff’s department or a district attorney’s office, “governing body” means the board of supervisors of the county.

(b) “Law enforcement agency” means any of the following:

(1) A police department, including the police department of a transit agency, school district, or any campus of the University of California, the California State University, or California Community Colleges.

(2) A sheriff’s department.

(3) A district attorney’s office.

(4) A county probation department.

(c) “Military equipment” means the following:

(1) Unmanned, remotely piloted, powered aerial or ground vehicles.

(2) Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers. However, police versions of standard consumer vehicles are specifically excluded from this subdivision.

(3) High mobility multipurpose wheeled vehicles (HMMWV), commonly referred to as Humvees, two and one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached. However, unarmored all-terrain vehicles (ATVs) and motorized dirt bikes are specifically excluded from this subdivision.

(4) Tracked armored vehicles that provide ballistic protection to their occupants and utilize a tracked system instead of wheels for forward motion.

(5) Command and control vehicles that are either built or modified to facilitate the operational control and direction of public safety units.

(6) Weaponized aircraft, vessels, or vehicles of any kind.

(7) Battering rams, slugs, and breaching apparatuses that are explosive in nature. However, items designed to remove a lock, such as bolt cutters,

or a handheld ram designed to be operated by one person, are specifically excluded from this subdivision.

(8) Firearms of .50 caliber or greater. However, standard issue shotguns are specifically excluded from this subdivision.

(9) Ammunition of .50 caliber or greater. However, standard issue shotgun ammunition is specifically excluded from this subdivision.

(10) Specialized firearms and ammunition of less than .50 caliber, including assault weapons as defined in Sections 30510 and 30515 of the Penal Code, with the exception of standard issue service weapons and ammunition of less than .50 caliber that are issued to officers, agents, or employees of a law enforcement agency or a state agency.

(11) Any firearm or firearm accessory that is designed to launch explosive projectiles.

(12) “Flashbang” grenades and explosive breaching tools, “tear gas,” and “pepper balls,” excluding standard, service-issued handheld pepper spray.

(13) Taser Shockwave, microwave weapons, water cannons, and the Long Range Acoustic Device (LRAD).

(14) The following projectile launch platforms and their associated munitions: 40mm projectile launchers, “bean bag,” rubber bullet, and specialty impact munition (SIM) weapons.

(15) Any other equipment as determined by a governing body or a state agency to require additional oversight.

(16) Notwithstanding paragraphs (1) through (15), “military equipment” does not include general equipment not designated as prohibited or controlled by the federal Defense Logistics Agency.

(d) “Military equipment use policy” means a publicly released, written document governing the use of military equipment by a law enforcement agency or a state agency that addresses, at a minimum, all of the following:

(1) A description of each type of military equipment, the quantity sought, its capabilities, expected lifespan, and product descriptions from the manufacturer of the military equipment.

(2) The purposes and authorized uses for which the law enforcement agency or the state agency proposes to use each type of military equipment.

(3) The fiscal impact of each type of military equipment, including the initial costs of obtaining the equipment and estimated annual costs of maintaining the equipment.

(4) The legal and procedural rules that govern each authorized use.

(5) The training, including any course required by the Commission on Peace Officer Standards and Training, that must be completed before any officer, agent, or employee of the law enforcement agency or the state agency is allowed to use each specific type of military equipment to ensure the full protection of the public’s welfare, safety, civil rights, and civil liberties and full adherence to the military equipment use policy.

(6) The mechanisms to ensure compliance with the military equipment use policy, including which independent persons or entities have oversight

authority, and, if applicable, what legally enforceable sanctions are put in place for violations of the policy.

(7) For a law enforcement agency, the procedures by which members of the public may register complaints or concerns or submit questions about the use of each specific type of military equipment, and how the law enforcement agency will ensure that each complaint, concern, or question receives a response in a timely manner.

(e) “State agency” means the law enforcement division of every state office, officer, department, division, bureau, board, and commission or other state body or agency, except those agencies provided for in Article IV (except Section 20 thereof) or Article VI of the California Constitution.

(f) “Type” means each item that shares the same manufacturer model number.

7071. (a) (1) A law enforcement agency shall obtain approval of the governing body, by an ordinance adopting a military equipment use policy at a regular meeting of the governing body held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable, prior to engaging in any of the following:

(A) Requesting military equipment made available pursuant to Section 2576a of Title 10 of the United States Code.

(B) Seeking funds for military equipment, including, but not limited to, applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

(C) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

(D) Collaborating with another law enforcement agency in the deployment or other use of military equipment within the territorial jurisdiction of the governing body.

(E) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body pursuant to this chapter.

(F) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of, military equipment.

(G) Acquiring military equipment through any means not provided by this paragraph.

(2) No later than May 1, 2022, a law enforcement agency seeking to continue the use of any military equipment that was acquired prior to January 1, 2022, shall commence a governing body approval process in accordance with this section. If the governing body does not approve the continuing use of military equipment, including by adoption pursuant to this subdivision of a military equipment use policy submitted pursuant to subdivision (b), within 180 days of submission of the proposed military equipment use policy to the governing body, the law enforcement agency shall cease its use of

the military equipment until it receives the approval of the governing body in accordance with this section.

(b) In seeking the approval of the governing body pursuant to subdivision (a), a law enforcement agency shall submit a proposed military equipment use policy to the governing body and make those documents available on the law enforcement agency’s internet website at least 30 days prior to any public hearing concerning the military equipment at issue.

(c) The governing body shall consider a proposed military equipment use policy as an agenda item for an open session of a regular meeting and provide for public comment in accordance with the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable.

(d) (1) The governing body shall only approve a military equipment use policy pursuant to this chapter if it determines all of the following:

(A) The military equipment is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety.

(B) The proposed military equipment use policy will safeguard the public’s welfare, safety, civil rights, and civil liberties.

(C) If purchasing the equipment, the equipment is reasonably cost effective compared to available alternatives that can achieve the same objective of officer and civilian safety.

(D) Prior military equipment use complied with the military equipment use policy that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance.

(2) In order to facilitate public participation, any proposed or final military equipment use policy shall be made publicly available on the internet website of the relevant law enforcement agency for as long as the military equipment is available for use.

(e) (1) The governing body shall review any ordinance that it has adopted pursuant to this section approving the funding, acquisition, or use of military equipment at least annually and, subject to paragraph (2), vote on whether to renew the ordinance at a regular meeting held pursuant to the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2) or the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5), as applicable.

(2) The governing body shall determine, based on the annual military equipment report submitted pursuant to Section 7072, whether each type of military equipment identified in that report has complied with the standards for approval set forth in subdivision (d). If the governing body determines that a type of military equipment identified in that annual military equipment report has not complied with the standards for approval set forth in subdivision (d), the governing body shall either disapprove a renewal of the authorization for that type of military equipment or require modifications

to the military equipment use policy in a manner that will resolve the lack of compliance.

(f) Notwithstanding subdivisions (a) to (e), inclusive, if a city contracts with another entity for law enforcement services, the city shall have the authority to adopt a military equipment use policy based on local community needs.

7072. (a) A law enforcement agency that receives approval for a military equipment use policy pursuant to Section 7071 shall submit to the governing body an annual military equipment report for each type of military equipment approved by the governing body within one year of approval, and annually thereafter for as long as the military equipment is available for use. The law enforcement agency shall also make each annual military equipment report required by this section publicly available on its internet website for as long as the military equipment is available for use. The annual military equipment report shall, at a minimum, include the following information for the immediately preceding calendar year for each type of military equipment:

(1) A summary of how the military equipment was used and the purpose of its use.

(2) A summary of any complaints or concerns received concerning the military equipment.

(3) The results of any internal audits, any information about violations of the military equipment use policy, and any actions taken in response.

(4) The total annual cost for each type of military equipment, including acquisition, personnel, training, transportation, maintenance, storage, upgrade, and other ongoing costs, and from what source funds will be provided for the military equipment in the calendar year following submission of the annual military equipment report.

(5) The quantity possessed for each type of military equipment.

(6) If the law enforcement agency intends to acquire additional military equipment in the next year, the quantity sought for each type of military equipment.

(b) Within 30 days of submitting and publicly releasing an annual military equipment report pursuant to this section, the law enforcement agency shall hold at least one well-publicized and conveniently located community engagement meeting, at which the general public may discuss and ask questions regarding the annual military equipment report and the law enforcement agency's funding, acquisition, or use of military equipment.

7073. (a) A state agency shall create a military equipment use policy prior to engaging in any of the following:

(1) Requesting military equipment made available pursuant to Section 2576a of Title 10 of the United States Code.

(2) Seeking funds for military equipment, including, but not limited to, applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.

(3) Acquiring military equipment either permanently or temporarily, including by borrowing or leasing.

(4) Collaborating with a law enforcement agency or another state agency in the deployment or other use of military equipment within the territorial jurisdiction of the governing body.

(5) Using any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body pursuant to this chapter.

(6) Soliciting or responding to a proposal for, or entering into an agreement with, any other person or entity to seek funds for, or to apply to receive, acquire, use, or collaborate in the use of, military equipment.

(7) Acquiring military equipment through any means not provided by this subdivision.

(b) No later than May 1, 2022, a state agency seeking to continue the use of any military equipment that was acquired prior to January 1, 2022, shall create a military equipment use policy.

(c) A state agency that is required to create a military equipment use policy pursuant to this section shall do both of the following within 180 days of completing the policy:

(1) Publish the military equipment use policy on the agency’s internet website.

(2) Provide a copy of the military equipment use policy to the Governor or the Governor’s designee.

7074. The Legislature finds and declares that ensuring adequate oversight of the acquisition and use of military equipment is a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this chapter applies to all cities, including charter cities and shall supersede any inconsistent provisions in the charter of any city, county, or city and county.

7075. Nothing in this chapter shall preclude a county or local municipality from implementing additional requirements and standards related to the purchase, use, and reporting of military equipment by local law enforcement agencies.

SEC. 3. The Legislature finds and declares that Section 1 of this act, which adds Chapter 12.8 (commencing with Section 7070) to Division 7 of Title 1 of the Government Code, furthers, within the meaning of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the purposes of that constitutional section as it relates to the right of public access to the meetings of local public bodies or the writings of local public officials and local agencies. Pursuant to paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution, the Legislature makes the following findings:

Requiring local agencies to hold public meetings prior to the acquisition of military equipment further exposes that activity to public scrutiny and enhances public access to information concerning the conduct of the people’s business.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district under this act would

result from a legislative mandate that is within the scope of paragraph (7) of subdivision (b) of Section 3 of Article I of the California Constitution.

O

ORDINANCE NO. 2023-489

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS ADDING A NEW CHAPTER 7.30, ENTITLED “MILITARY EQUIPMENT POLICY,” TO THE LOS ALTOS CITY CODE IN COMPLIANCE WITH ASSEMBLY BILL 481

WHEREAS, on September 30, 2021, Governor Gavin Newsom signed into law Assembly Bill 481 (“AB 481”) (creating Government Code, Section 7070, et seq.), relating to the use of military equipment by California law enforcement agencies; and

WHEREAS, AB 481 seeks to provide transparency, oversight, and an opportunity for meaningful public input on decisions regarding whether and how military equipment is funded, acquired, or used; and

WHEREAS, the Los Altos Police Department is in possession of certain items of equipment that qualify as “military equipment” under AB 481; and

WHEREAS, AB 481 requires that a law enforcement agency possessing and using such qualifying equipment prepare a publicly released, written military equipment use policy document covering the inventory, description, purpose, use, acquisition, maintenance, fiscal impacts, procedures, training, oversight, and complaint process applicable to the Los Altos Police Department’s use of such equipment; and

WHEREAS, the Policy and supporting information must be approved by the governing body by Ordinance and reviewed annually; and

WHEREAS, the City Council of the City of Los Altos, having received the information required under AB 481 regarding the Los Altos Police Department’s use of military equipment as defined in said law, deems it to be in the best interest of the City to approve the Military Equipment Policy as set forth herein.

NOW THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT TO CHAPTER 7 OF THE MUNICIPAL CODE. Section 7.30.010 is hereby added to the Los Altos Municipal Code to read as follows:

“7.30.010. Military equipment policy.

- A. The City Council has made the following determinations:
 1. The military equipment inventoried and presented to the City Council is necessary because there is no reasonable alternative that can achieve the same objective of officer and civilian safety.
 2. The proposed military equipment use policy (“Policy”) will safeguard the public’s welfare, safety, civil rights and civil liberties (said Policy is attached hereto as Exhibit “A” and incorporated by this reference).

3. The equipment is reasonably cost-effective compared to available alternatives that can achieve the same objective of officer and civilian safety (if any).
4. Prior military equipment use complied with the applicable equipment use policy (which included equipment now defined as military equipment) that was in effect at the time, or if prior uses did not comply with the accompanying military equipment use policy, corrective action has been taken to remedy nonconforming uses and ensure future compliance.

B. The Policy was considered by the City Council as an agenda item in an open session of regular meeting and noticed in accordance with the Ralph M. Brown Act, at which public comment was permitted.

C. The Policy shall be made publicly available on the Los Altos police department’s website for as long as the military equipment is available for use.

D. The Los Altos police department shall submit an annual military equipment report to the city council containing the information required in California Government Code, Section 7072, and the city council shall determine whether each type of military equipment identified in that report has complied with the standards for approval set forth in Paragraphs (a)(1)-(4) above.

E. The City Council shall review this Ordinance and vote on whether to renew it, on an annual basis at a regular meeting, in accordance with California Government Code Section 7071(e)(2).

F. The City Council approves the use of the Policy and finds that it satisfies the requirements of California Government Code Section 7070(d).”

SECTION 2. This Ordinance is not subject to the California Environmental Quality Act (“CEQA”) pursuant to Sections 15060(c)(2) of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations) (the activity will not result in a direct or reasonable foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines because it has no potential for resulting in physical change to environment, directly or indirectly).

SECTION 3. CONSTITUTIONALITY. If any section, subsection, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

SECTION 4. PUBLICATION. This Ordinance shall be published as provided in Government Code section 36933.

SECTION 5. EFFECTIVE DATE. This Ordinance shall be effective upon the commencement of the thirty-first day following the adoption date.

The foregoing Ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on _____, 2023 and was thereafter, at a regular meeting held on _____, 2023 passed and adopted by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM CITY CLERK



PUBLIC CORRESPONDENCE

The following is public correspondence received by the City Clerk's Office after the posting of the original agenda. Individual contact information has been redacted for privacy. This may *not* be a comprehensive collection of the public correspondence, but staff makes its best effort to include all correspondence received to date.

To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov

From: [Debra strichartz](#)
To: [Public Comment](#)
Subject: MEUP 03-14-23
Date: Monday, March 13, 2023 11:42:14 AM

CC 03-14-23

I am a long time resident of Los Altos and I am concerned with our compliance with (AB) 481 including public participation in the policy review and with proposed requests for additional military equipment.

California Assembly Bill (AB) 481 requires California law enforcement agencies to obtain approval of a Military Equipment Use Policy by their applicable governing body prior to taking certain actions related to the funding, acquisition, or use of military equipment as defined by the legislature. It also mandates annual review of both usage and acquisition of additional military equipment and annual review of the policy.

The Los Altos PD released their updated MEUP draft and submitted for discussion during the 09/20/22 council meeting.

I am concerned that policy 709.9 draft was not presented to the public for final discussion and review but was posted as final on 2/8/23 with changes.

I am also concerned with the new request for Flashbangs and Chemical Grenades. I have not seen data providing the need for this additional equipment that Los Altos has never had, and I therefore cannot endorse these acquisitions.

Flashbangs are used to distract and temporarily immobilize dangerous suspects by overwhelming their senses of vision and hearing. The distraction gives Officers time to seize a moment and create an opportunity to take control of high-risk or dangerous situations.

OC Grenades (Purchase Cost \$52.10 each, quantity 5): The Defense Technology OC Vapor Aerosol Grenade is for law enforcement and corrections used to deliver a high concentration of Oleoresin Capsicum (OC) in a powerful mist. The grenade is designed for indoor-use in confined areas and, once deployed, inflames the mucous membranes and exposed skin resulting in an intense burning sensation.

Debra Strichartz
Los Altos

Debra Strichartz

From: [Jill Woodford](#)
To: [Public Comment](#)
Subject: PUBLIC COMMENT AGENDA ITEM #8 - March 14, 2023
Date: Monday, March 13, 2023 11:57:10 AM

Dear Los Altos City Council,

I am writing about City Council Agenda Discussion Item 8. AB 481 Military Equipment Use Annual Report: **Review and renew** Ordinance No. 2023-489 by introducing and **waiving further reading** of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481 (K. Krauss)

[Assembly Bill 481](#) clearly states that Los Altos must hold open public meetings prior to taking action related to their military equipment use policy. Bill 481 also mandates that the governing body annually review and approve not only the equipment list but also the military equipment policy. The proposed annual “review and renew” should be a public discussion plus Council approval. My concern is that the proposed 709.9 military equipment policy must include public input, per the [Brown Act Chapter IV.1.C](#), on any and all changes, and must be approved by Council annually. Given the wording in the Council agenda, it seems, due process is being circumvented.

Furthermore, the [Brown Act](#) Chapter IV.1.A requires that all items on the Council agenda must be posted at least 72 hours before a public meeting, yet the [Los Altos Police Department Military Equipment Use Policy draft](#) that has been posted does not properly reflect all changes made since approval by Council in September 2022. There are additions that have not been disclosed to the public via highlight, thereby misleading the public as to the scope and extent of proposed changes. Specifically, 709.3.1 in the agenda draft does not exist in the minutes from the [approved edited version dated 09/07/2002](#) in the September 20, 2022 City Council minutes.

709.3.1 EXIGENCY- PROCUREMENT AND USE

Nothing in this policy shall prohibit the procurement or use of controlled equipment when exigent circumstances exist. In rare circumstances, exigent circumstances may occur where the immediate procurement and use of controlled equipment may be necessary to preserve life, prevent physical harm to officers or other persons, prevent the destruction of relevant evidence, prevent the escape of the suspect, or maintain public safety. In the event such an event occurs, the Chief of Police or the authorized designee may authorize the procurement and use of controlled equipment. Any exigent procurement and/or use of controlled equipment will be reported to the governing body, in writing, unless such information is confidential or privileged under local, state or federal law.

I am writing to ask that you revise the agenda to include public discussion, post the approved version of Policy 709 from September 2022 and the 2023 proposed version highlighting any changes for full transparency, and change the agenda item summary to reflect compliance with AB481, removing “review and renew” and “waive further reading” and ensuring annual review and approval of the Military Equipment Use policy and Military Equipment List. Military equipment seems extreme for a safe community like Los Altos, and I have concern about any policy that limits or attempts to remove public input from its formation and approval.

Thank you for considering my concerns.

Regards,
Jill Woodford

Sources:

March 14, 2023 City Council Agenda

Discussion Item 8. AB 481 Military Equipment Use Annual Report

<https://meetings.municode.com/adaHtmlDocument/index?cc=LOSALTOSCA&me=bbb5a83bd09b4178b9bf3b4d94623fd6&ip=True>

March 14, 2023 meeting link to proposed Policy 709 Military Equipment

<https://mccmeetingspublic.blob.core.usgovcloudapi.net/losaltosca-meet-bbb5a83bd09b4178b9bf3b4d94623fd6/ITEM-Attachment-001-ac799fc0ad154679adc2bc0afdb9180c.pdf>

September 20, 2022 City Council Agenda

Discussion Item 11: AB481 Military Equipment Use Policy

<https://meetings.municode.com/adaHtmlDocument/index?cc=LOSALTOSCA&me=a55392285efa4a4d8810b5cebcd8e78d&ip=True>

September 20, 2022 meeting link to edited Policy 709 Military Equipment

<https://mccmeetingspublic.blob.core.usgovcloudapi.net/losaltosca-meet-a55392285efa4a4d8810b5cebcd8e78d/ITEM-Attachment-002-836d2451a7864bb3bffbc7da828c773.pdf>

Brown Act

<https://oag.ca.gov/system/files/media/the-brown-act.pdf>

State Assembly Bill 481 -

https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=202120220AB481

“This bill would require a law enforcement agency, defined to include specified entities, to obtain approval of the applicable governing body, by adoption of a military equipment use policy, as specified, by ordinance at a regular meeting held pursuant to specified open meeting laws, prior to taking certain actions relating to the funding, acquisition, or use of military equipment, as defined. The bill would also require similar approval for the continued use of military equipment acquired prior to January 1, 2022. The bill would allow the governing body to approve the funding, acquisition, or use of military equipment within its jurisdiction only if it determines that the military equipment meets specified standards. The bill would require the governing body to annually review the ordinance and to either disapprove a renewal of the authorization for a type, as defined, of military equipment or amend the military equipment use policy if it determines, based on an annual military equipment report prepared by the law enforcement agency, as provided, that the military equipment does not comply with the above-described standards for approval.”

From: [Jeanine Valadez](#)
To: [Public Comment](#)
Cc: [Angel Rodriguez](#); [Kathryn Krauss](#); [Angela Averiett](#); [Gabriel Engeland](#)
Subject: PUBLIC COMMENT AGENDA ITEM #8 3/14/2023
Date: Monday, March 13, 2023 12:58:59 PM
Attachments: [2023_03_14 PUBLIC COMMENT AGENDA ITEM 8 J9 edits V.0.docx](#)
[2023_03_14 PUBLIC COMMENT AGENDA ITEM 8 J9 edits V.0.pdf](#)

Honorable Mayor, Vice-Mayor, and Councilmembers,

(Angel, please post this email and the PDF attachment to the public comment portal. Do not post the Word Document. That is for the councilmembers and staff, should they prefer it. Thanks!)

This letter comments on the AB481 Annual Report, dated 2023_03_14 and my overarching concerns with the ME 709 currently in the packet, while the attachment is my redline edit of the ME 709 Policy. That redline includes many bracketed commentaries airing either justifications for specific edits or written concerns I have.

AB481 Annual Report Concerns:

1. I and many members of the public were unable to find the ME 709 named in the opening lines of the Annual Report. We were expecting to find the Council-approved ME 709 dated on or about 9/23/2022, which was the date the revisions accepted by Council were approved in the 9/20/2022 Council meeting. But, instead, posted at the website we found a new ME 709 dated 2/8/2023. This document was markedly DIFFERENT from the one approved 9/20/2022. An no edit marks reflected the changes.
2. I scrutinized videos of the 9/20/2022 and the 2/8/2023 PD town hall and could find no PD mention or Council direction for some of those changes. How can this be? This violates the tenets of AB481 for transparent and public purview of proposed changes against prior revisions.
3. The Annual Report pages are unnumbered, so it makes commenting difficult. I will use page number in order: On Page 2, last para, it should be noted that the 9/20/22 revision will not stand for a whole year, but will come for review at this time. When we look back on this report from the future, this distinction will be important..
4. On Page 3, Item 2, it is unclear which version of the ME 709 policy is Exhibit A. Is it the 9/23/2022 version? or the 2/28/23 version? It absolutely should be the 9/23/2022 version since that is what the public had the chance to see. The earlier version had no exigency section, for example. My red lines explain these distinctions.
:
5. Equipment Usage for 2022: Is it a forgone conclusion that the training use of ME should not be documented here? Why not? Please explain.
6. Summary of Complaints for 2022: It seems reasonable that concerns received as written public comments be archived within this section? Or is this only for formal written complaints? Because AB481 says “complaints or concerns” (Sec 7072 (a) (2)).
7. Violations of Policy 709: Is there no independent oversight to verify the stated findings?:

8. All of the sections in the asks for replacements or new buys need to be written out in the standard outline format with same headings and subheadings of the inventory list in 709.9. It is very difficult to keep track of these items to verify that all data points are there.

9. 40mm launchers: Do the old 3 remain as is and in use in our armory? If not where do they go? Why change from bean bag shotguns to baton launchers? Are there usage data to support the significant increase in purchase or rounds here?

10. Rifles for SWAT: is there really any usable life remaining in these retired weapons? Aren't we afraid that low-grade mil equip could make it's way out to resale market and be dangerous? Why buy 5 rifles if we only have two SWAT officers? Pls itemize projected headcount timing to justify this expense.

11. Why do we need Flashbangs? Where is the MV usage data? Why do we have to pay for flashbangs that are never used here in Los Altos?

12. Chemical Agents: Wow. Why do we need chemical grenades? Where is the use data to support this need? Also, please add this clause to the Authorized uses for these munitions: "Other situations not listed here may also be deemed authorized use cases under applicable penal code and case law, and shall reflect necessary, reasonable, and proportional use of this weapon system."

Overall, and despite the weight given to less-lethal options, there seems to be a dramatic escalation of weaponry, munitions and violence-based aspects to the armory. The usage data absolutely does not support this escalation. Is this warranted? I cannot see the justification, other than replacing weapons at end of lifespan. And yet, if those weapons are good enough to sell to someone else, why aren't they good enough for us? I worry we are sending bad stuff to less fortunate agencies. Is this equitable? Wise?

Concerns about ME 709 in the Council Mtg Packet::

1) Lack of independent oversight per AB481 sec 7070 (d) (6) requires "(d) "Military equipment use policy" means...a document governing the use...that addresses, at a minimum, all of the following: ...(6) The mechanisms to ensure compliance with the ...policy, including which *independent* persons or entities have oversight."

Under no circumstances are the Chief ,or the City manager, or the Council an independent person or entity due to the reporting structure of our city; therefore, this criterion MUST be added to comply with AB481.

2) There are section-numbering errors. Also, the Annual Report sections that seek replacement and new Military Equipment acquisitions do not follow the standard formatting and paragraph requirements of the main inventory list in 709.9..

3) Section 709.3.1 (should be 709.4.1) describing acquisition of ME outside specified process as allowable due to "exigency" creates a massive loophole for on-the-ground decisions that acquire ME first and ask for permission later. But importantly, this section was added without public input and without meeting the public oversight requirements of AB481. It magically appeared after the Sept 2022 version was approved by Council and before the upcoming opportunity for the public to review new changes. In fact, the edit was never "blue-lined" as

new!

4) The same thing happened with another section 709.3.2 (should be 709.4.2), though the content of that section was more benign. However, it remains very troubling that our PD would slip in content without going through due public process.

5) There are ambiguities introduced about chain of command in Section 709.4 (should be 709.5) due to contradictions or lack of clarity with the wording of that section compared to the Intergovernmental Agreement between Mountain View and Los Altos PDs for the joint ("Regional") SWAT team..(see redlines for specifics)

6) Members of the public have two ways of submitting complaints in Los Altos: to the Independent Intake Official (who can assure confidentiality) and to the PD directly. Currently, the PD channel is listed first and the IIO channel second. CM Neysa Fligor requested in September of 2022 that these entities be reversed in their ordered listing in the policy and at our website. I agree.

Thank you,

Jeanine Valadez

[2023 03 13]

Military Equipment (**PUBLIC COMMENT v.0 JAV**)

709.1 PURPOSE AND SCOPE

The purpose of this policy is to provide guidelines for the approval, acquisition, and reporting requirements of military equipment (Government Code § 7070; Government Code § 7071; Government Code § 7072). Assembly Bill 481 (AB 481), signed into law on September 30, 2021, requires law enforcement agencies to create a policy establishing guidelines and requirements for the funding, acquisition, and use of "military equipment" (Government Code § 7070, 7071, and 7072), including requirements to host informational meetings with the public, generate annual "military equipment" use reports, and seek annual approval from their respective governing bodies. The purpose of this policy is to make sure that safeguards exist, including transparency, governing body oversight, independent oversight, [please do not summarily ignore this edit! It is justified and required per AB481 7070 (d) (6): "(d) "Military equipment use policy" means...a document governing the use...that addresses, at a minimum, all of the following: ... (6) The mechanisms to ensure compliance with the ...policy, including which **independent** persons or entities have oversight." Under no circumstances are the Chief, or the Council an independent person or entity due to the reporting structure of our city; therefore, this criterion **MUST** be added to comply with AB481. and accountability measures, to ensure the funding, acquisition, and use of "military equipment" is consistent with the provisions set forth by the governing body and as outlined in AB 481. This policy will also provide the public with a transparent view of the "military equipment" utilized by the Los Altos Police Department. The military equipment use policy will safeguard the public's welfare, safety, civil rights and civil liberties.

709.1.1 DEFINITIONS

Definitions related to this policy include (Government Code § 7070):

Governing body – The Los Altos City Council for the adoption of this ordinance and the approval of the annual report

POST - Peace Officer Standards and Training

SWAT - Special Weapons and Tactics

Military equipment – Per AB 481, military equipment ~~includes but is not limited to~~ means [wording per AB481] the following:

- (1) Unmanned, remotely piloted, powered aerial or ground vehicles.
- (2) Mine-resistant ambush-protected (MRAP) vehicles or armored personnel carriers. However, police versions of standard consumer vehicles are specifically excluded from this subdivision.
- (3) High mobility multipurpose wheeled vehicles (HMMWV), commonly referred to as Humvees, two and one-half-ton trucks, five-ton trucks, or wheeled vehicles that have a breaching or entry apparatus attached. However, unarmored all-terrain vehicles (ATVs) and motorized dirt bikes are specifically excluded from this subdivision.
- (4) Tracked armored vehicles that provide ballistic protection to their occupants and utilize a

tracked system instead of wheels for forward motion.

(5) Command and control vehicles that are either built or modified to facilitate the operation, control and direction of public safety units.

(6) Weaponized aircraft, vessels, or vehicles of any kind.

Military Equipment

(7) Battering rams, slugs, and breaching apparatuses that are explosive in nature. However, items designed to remove a lock, such as bolt cutters, or a handheld ram designed to be operated by one person, are specifically excluded from this subdivision.

(8) Firearms of .50 caliber or greater. However, standard issue shotguns are specifically excluded from this subdivision.

(9) Ammunition of .50 caliber or greater. However, standard issue shotgun ammunition is specifically excluded from this subdivision.

(10) Specialized firearms and ammunition of less than .50 caliber, including assault weapons as defined in Sections 30510 and 30515 of the Penal Code, with the exception of standard issue service weapons and ammunition of less than .50 caliber that are issued to officers, agents, or employees of a law enforcement agency or a state agency.

(11) Any firearm or firearm accessory that is designed to launch explosive projectiles.

(12) "Flashbang" grenades and explosive breaching tools, "tear gas," and "pepper balls," excluding standard, service-issued handheld pepper spray.

(13) Taser Shockwave, microwave weapons, water cannons, and the Long Range Acoustic Device (LRAD).

(14) The following projectile launch platforms and their associated munitions: 40mm projectile launchers, "bean bag," rubber bullet, and specialty impact munition (SIM) weapons.

(15) Any other equipment as determined by a governing body or a state agency to require additional oversight.

(16) Notwithstanding paragraphs (1) through (15), "military equipment" does not include general equipment not designated as prohibited or controlled by the federal Defense Logistics Agency.

709.2 POLICY

It is the policy of the Los Altos Police Department that members of the department comply with the provisions of Government Code § 7071 with respect to qualifying "military equipment". "Military equipment" should be used by members of the Department who have completed applicable training, including training required by the Commission on Peace Officer Standards and Training (POST). See the Military Equipment Inventory List (section 709.4) for associated "military equipment" training requirements.

"Military equipment", which has been approved for use by the governing body, shall be used in accordance with all other applicable department policies and laws. These policies and laws include, but are not limited to:

- Los Altos Police Department Policy 300 (Use of Force)
- Los Altos Police Department Policy 308 (Control Devices and Techniques)
- Los Altos Police Department Policy 312 (Firearms)

Military Equipment

- Los Altos Police Department Policy 414 (Hostage and Barricade Incidents)
- California Assembly Bill No. 48 (Use of Kinetic Energy Projectiles and Chemical Agents-Assemblies, Protests, and Demonstrations)
- California Penal Code Section 13652 (Use of Kinetic Energy Projectiles and Chemical Agents)

This policy expressly prohibits the use of "military equipment" on individuals or groups solely based on actual or perceived characteristics, such as race, ethnicity, national origin, religion, sex, sexual orientation, gender identity or expression, economic status, age, cultural group, or disability.

709.3 MILITARY EQUIPMENT COORDINATOR

The Chief of Police should designate a member of this department to act as the military equipment coordinator. The responsibilities of the military equipment coordinator include but are not limited to:

- (a) Acting as liaison to the governing body for matters related to the requirements of this policy.
- (b) Identifying department equipment that qualifies as military equipment in the current possession of the Department, or the equipment the Department intends to acquire that requires approval by the governing body.
- (c) Conducting an inventory of all military equipment at least annually.
- (d) Collaborating with any allied agency that may use military equipment within the jurisdiction of Los Altos Police Department (Government Code § 7071).
- (e) Preparing for, scheduling, and coordinating the annual community engagement meeting to include:
 1. Publicizing the details of the meeting.
 2. Preparing for public questions regarding the department's funding, acquisition, and use of equipment.
- (f) Preparing the annual military equipment report for submission to the Chief of Police and ensuring that the report is made available on the department website (Government Code § 7072).
- (g) Establishing the procedure for a person to register a complaint or concern, or how that person may submit any questions about the use of a type of military equipment, and how the Department will respond in a timely manner.

709.3 709.4 APPROVAL

The Chief of Police or the authorized designee shall obtain approval from the governing body by way of an ordinance adopting the military equipment policy. As part of the approval process, the Chief of Police or the authorized designee shall ensure the proposed military equipment policy is submitted to the governing body and is available on the department website at least 30 days prior to any public hearing or governing body discussion concerning the military equipment at issue (Government Code § 7071).

Military Equipment

The military equipment policy must be approved by the governing body before the Department engages in any of the following (Government Code § 7071):

- (a) Requests military equipment made available pursuant to 10 USC § 2576a.
- (b) Seeks funds for military equipment, including but not limited to applying for a grant, soliciting or accepting private, local, state, or federal funds, in-kind donations, or other donations or transfers.
- (c) Acquires military equipment either permanently or temporarily, including by borrowing or leasing.
- (d) Collaborates with another law enforcement agency in the deployment or other use of military equipment within the jurisdiction of this department.
- (e) Uses any new or existing military equipment for a purpose, in a manner, or by a person not previously approved by the governing body.
- (f) Solicits or responds to a proposal for, or enters into an agreement with, any other person or entity to seek funds for, apply to receive, acquire, use, or collaborate in the use of military equipment.
- (g) Acquires military equipment through any means not provided above.

709.3.1 709.4.1 EXIGENCY- PROCUREMENT AND USE

Nothing in this policy shall prohibit the procurement or use of controlled equipment when exigent circumstances exist. In rare circumstances, exigent circumstances may occur where the immediate procurement and use of controlled equipment may be necessary to preserve life, prevent physical harm to officers or other persons, prevent the destruction of relevant evidence, prevent the escape of the suspect, or maintain public safety. In the event such an event occurs, the Chief of Police or the authorized designee may authorize the procurement and use of controlled equipment. Any exigent procurement and/or use of controlled equipment will be reported to the governing body, in writing, unless such information is confidential or privileged under local, state or federal law. **[where did this section come from? This was NOT in the MEUP approved 2022 09 20! Videos of both the city council meeting of 2022 09 20 and the PD Town Hall of 2023 02 08 were scrutinized and no such mention of this section was vocalized by either Katie Krauss or Chief Averiett. Moreover, no edition was ever posted publicly with highlighting blue-lines signifying the change. Therefore, this section was added without public input and should be removed! This section is a substantive and alarming addition to our policy – it has never been part of our policy. Exigency has been used as an excuse by many bad actors to justify departure from policy. This unpublicized addition is in direct violation of the transparency requirements of AB481.]**

709.3.2 709.4.2 MAINTENANCE AND RESUPPLY OF CONTROLLED EQUIPMENT

In the event a previously approved supply of controlled equipment falls below the approved quantity **due to breakage (weapons) or having been expended (munitions) [want to make sure the reduction in inventory is not because of sale, loan or gifting elsewhere]**, the Department may replenish the supply, as needed, without first obtaining additional approval from the Governing

Military Equipment

Body. [this section was also added without being blue-lined in any edition for public review; when was this section added? In the 2022 09 20 City Council Meeting, at 3:05:16, Capt Krauss verbalizes this but the text was not in her blue-lined document presented to the public. This is an AB481 public-notice compliance problem as well, though we can accept the content as long as the proviso describing the reasons inventory might fall below spec above is accepted (I find it specifically inappropriate to let loss or having been stolen be a good enough reason to replenish absent stock of weapons/munitions.)]

709.4 709.5 COORDINATION WITH OTHER JURISDICTIONS

Military equipment used by other law enforcement agencies that are providing mutual aid to this jurisdiction or otherwise engaged in law enforcement operations within this jurisdiction should comply with their respective military equipment policies in rendering mutual aid. [There are ambiguities introduced with this section about chain of command and/or governing policy concerning use of ME due to contradictions or lack of clarity with the wording of the Intergovernmental Agreement between Mountain View and Los Altos PD for the joint ("Regional") SWAT team. The wording in this section implies that policies regarding ME use by outside agencies in Los Altos should adhere to their respective remote policies (and therefore chain of command), while the Joint Agreement maintains that the procedures and rules followed shall be those where the mutual aid is rendered. This ambiguity must be resolved before this policy is approved.]

Military Equipment

709.5 709.6 ANNUAL REPORT AND POLICY REVIEW

Upon approval of a military equipment policy, the Chief of Police or the authorized designee ~~should~~ shall submit a military equipment report to the governing body for each type of military equipment approved within one year of approval, and annually thereafter for as long as the military equipment is available for use (Government Code § 7072).

The Chief of Police or the authorized designee ~~should~~ shall also make each annual military equipment report publicly available on the department website for as long as the military equipment is available for use. The report shall include all information required by Government Code § 7072 for the preceding calendar year for each type of military equipment in department inventory.

709.6 709.7 POLICY COMPLIANCE AND SUBMITTING COMPLAINTS

The Chief of Police or the authorized designee will ensure that all Los Altos Police Department employees comply with this policy. Suspected violations of the provisions set forth in this policy, or in other laws or policies governing the use of "military equipment", should be handled in accordance with Los Altos Police Department Policy 340 (Standards of Conduct). Additionally, violations of the provisions set forth in this policy, or in other laws or policies governing the use of "military equipment", will be reported to the governing body via the annual Military Equipment Report.

Any member of the community can submit a complaint regarding the use of "military equipment" to the Independent Intake Official or any Los Altos Police Department employee ~~or the Independent Intake Official.~~ [This was CM Fligor's original request that was only partially carried out.] Complaints can be submitted in any form (e.g., in person, online, telephone, email, etc.). Once a complaint is received, it will be handled in accordance with Los Altos Police Department Policy 340 (Standards of Conduct) and LAPD Policy 1020 (Personnel Complaints). Formal complaints regarding alleged violations of this policy will be handled by an independent investigator whose authority rests outside the Department and Governing Body. [this addition is made in the spirit of trying to add some description and substance to what/who this investigator is; there is little substance to explain this role to the public.]

Complaints may be made directly to the Independent Intake Official (IIO) Stephanie Atigh in one of the following ways:

Online Submission:

[Complaint IIO WEBFORM](#) (online)

By Email:

Fill out the appropriate Civilian Complaint Submission form (located online), save it to your computer and email as an attachment to stephatigh@sbcglobal.net

By Phone:

(831) 915-4643

Military Equipment

Complaints may be made directly to the Los Altos Police Department in one of the following ways (for online options, please visit <https://www.losaltosca.gov/police/page/how-are-we-doing-0>):

In Person:

Los Altos Police Department

Military Equipment

1 N. San Antonio Road, Los Altos, CA 94022

Online Submission:

[Complaint PD WEBFORM](#)

By Email:

Fill out the appropriate Civilian Complaint Submission form (online), save it to your computer and email as an attachment to PoliceFeedback@losaltosca.gov

By Phone:

(650) 947-2770

709.7 709.8 COMMUNITY ENGAGEMENT

Within 30 days of submitting and publicly releasing the annual report, the Department ~~should~~ shall hold at least one well-publicized and conveniently located community engagement meeting, at which the ~~Department~~ General Public should discuss the report and ~~ask questions~~ respond to public questions regarding the funding, acquisition, or use of military equipment. [The modifications written just prior are the proper wording of the relevant section of AB481, Sec 7072 (b). Staff's wording materially sidesteps the law. And in fact, the PD Townhall on Feb 8, 2023 did not allow public discussion nor offer the public the opportunity to directly ask questions in an open forum. And finally, very little room was allowed for Q&A at all. All these factors caused the public to withhold their input in frustration. Moreover, staff should have posted both the 9/23/2022 and the 2/8/2023 versions of the MEUP 709 policy simultaneously so we could compare the before and after versions. They are clearly different, as has been proven in this review of the policy and some of the differences were never highlighted with edit marks. And finally, even if the 2/8/2023 version of the Policy was posted on 2/8, the accompanying Annual Report was not published until Fri 3/10, giving the public very little time to prepare its review and arguments in favor or against the revisions and new equipment requests. Staff and Council should notice that the body of the policy from 709.1-709.8 are dated 2023/02/08, while the attachment 709.9, the MEUP Inventory List is dated with the council approved 2022/09/23 original date; the dates should be reconciled with the signing of this ordinance. In all, the technical accuracy and the community engagement aspects of this year's policy have been insufficient and not in accordance with the letter and spirit of AB481]

709.9 MILITARY EQUIPMENT INVENTORY

See attachment: [MILITARY_EQUIPMENT_INVENTORY_709.9.pdf](#)

Attachments

MILITARY EQUIPMENT INVENTORY

Attachment

Los Altos Police Department Policy Manual

MILITARY_EQUIPMENT_INVENTORY_709.9.pdf

**NO EDITS SUGGESTED TO 709.9, SO
DID NOT INCLUDE IN THIS PUBLIC
COMMENT.**

From: [Cindy Sidaris](#)
To: [Public Comment](#)
Cc: [Angel Rodriguez](#); [Gabriel Engeland](#); [Angela Averiett](#); [Kathryn Krauss](#)
Subject: PUBLIC COMMENT AGENDA ITEM 8 - March 14, 2023
Date: Monday, March 13, 2023 1:10:36 PM

March 13, 2023

To: Los Altos City Council

CC: Gabriel Engeland, City Manager
Police Chief Angela Averiett
Police Captain Kathryn Krauss
Angel Rodriguez, City Staff

Re: Agenda Item 8: **“AB 481 Military Equipment Use Annual Report: Review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481 (K. Krauss)”**

I am very concerned that California’s Assembly Bill 481 law regarding Military Equipment Use by Police (MEUP) is not being properly followed by our Police Department and City staff. I’m urging City Council to **NOT** “renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment as mandated by Assembly Bill 481”. I believe Council and the City will be violating AB 481 if the policy is approved without proper advance availability of the draft version of the policy, and with no public comment forum and formal review prior to approval.

How did we get here? On Feb 8, 2023 Chief Averiett and Captain Krauss conducted a Town Hall titled **“Public Safety Update Virtual Meeting on February 8, 2023”** (video link below). This meeting announcement did not receive the publicity it should have, nor was the title informative enough - topics covered were MEUP and ALPRs. The meeting was announced on the Los Altos PD facebook page; it should have been described in the City Manager Weekly email.

During the Public Safety Update meeting, Captain Krauss conducted the “review” of the MEUP program. She said, **"Our [MEUP] policy has been approved and sent to all of our staff. Is also available online; no longer in draft form so you feel free to take a look at that..."**.

This statement cannot be correct because the City Council has not approved the policy in a public meeting as required by AB 481.

Here are the legal and process problems with what has apparently happened:

1.
The Police Dept posted the DRAFT of the 2023 policy (dated 2023/02/08) on the Los Altos PD website around Feb 08 as “approved”. That 2023/02/08 Draft Policy has NOT been approved by the City Council in a public meeting as required by AB 481.
2.
There have been changes to the MEUP Policy document (from 2022/09/23 version to the 2023/02/08 version) that are not marked as changes, such as the addition of section 709.3.1. What other changes were made that haven’t been marked as changes? This omission of change tracking has resulted in suspicion and concern. Council should require a fully change-tracked version of the proposed policy for review.
3.
The CURRENT approved MEUP Policy, dated 2022/09/23, is no longer available on the Los Altos PD website. It MUST be restored to public access.
4.
While the draft Policy (2023/02/08) was apparently available on the LA PD website, it was only made available through the City Council agenda on 3/10/23 - 4 days prior to the 3/14 meeting. This is insufficient time for public review.
5.
The availability of the 2023/02/08 version was not adequately announced by the City or PD. A much more rigorous process must be followed to announce new policies so that the public has proper time to access, evaluate and comment.

As to the specific request for replacement and new purchases of military equipment, I ask the Council to fully understand the following:

1.
Why the need to go from three (3) PENN ARMS 40mm single shot launchers to 10?
2.
Rifles for SWAT - during the Virtual meeting on Public Safety, Captain Krauss stated that the desired 5 Daniel Defense V7s AR-15/M4 will be used for patrol AND SWAT. Which is it - just SWAT or for all patrol too?
3.
The policy specifics around the NEW equipment being sought, ie, the information in the AB 481 Annual Report 2022 (in agenda packet), is not sufficient. The full policy update needs to be reviewed by Council.

I urge you to carefully review the proposed policy and allow public comment and participation in the process as AB481 demands.

Sincerely,
Cindy Sidaris
Los Altos resident

References:

Video of Public Safety Update Virtual Meeting on February 8, 2023

<https://www.youtube.com/watch?v=8RYSdzglV4>

From: [Toni Moos](#)
To: [Public Comment](#)
Cc: [Angel Rodriguez](#); [Gabriel Engeland](#)
Subject: 2023_03_14 Public Comment Agenda Item 8, Toni Moos
Date: Monday, March 13, 2023 1:19:43 PM

2023_03_14 PUBLIC COMMENT AGENDA ITEM 8 -- Toni Moos

Dear Mayor Meadows, Vice Mayor Weinberg, and Councilmembers,

Thank you for taking the time to listen to my concerns.

I am disappointed that the required annual Military Equipment Use Policy review was discussed at the Police Town Hall on February 8th, 2023, instead at a City Council Meeting where it would be posted and therefore more accessible to members of the public for public comment. In the interest of transparency, all changes from the approved September 2022 MEUP should have been noted to allow for public input.

I note, for example, that on today's Agenda regarding AB 481 Military Equipment Use Annual Report, the staff is "recommending a review and renew Ordinance No. 2023-489 by introducing and waiving further reading of Ordinance No. 2023-489 and approving Los Altos Police Policy 709 pertaining to the funding, acquisition, and use of military equipment." This does not subscribe to the legal requirements to elicit/allow public input/comments prior to approval.

In terms of the "ask" by the police for 36 Single Band and 12 9-BangFlashbangs, I would like to ask why the police feel that this is needed in our community. Have we ever used them in the past? Are we anticipating riots? I would caution against the approval of unnecessary military equipment.

As noted in the March 6th edition of *The Mercury News*, "The nation's largest state, progressive California has also led the nation in procuring military weaponry, despite a host of studies that have shown a link between the size of departments' armories and their rate of police shootings", [former Assemblymember David] Chiu said. "David Chiu, D-San Francisco, who authored AB 481, hopes the mindset is changing. He said the main goal of his legislation was to rebuild community trust in local law enforcement by increasing transparency, oversight and, eventually, accountability about how public dollars are being used."

I ask that the City Council provide sufficient time for the public to be able to review the changes in the MEUP before approving this edited policy and I ask the Los Altos Police Department for reasons to justify their need for the Flashbangs and chemical weapons that are being requested.

Thank you,

Toni Moos

From: [Maureen Griffin](#)
To: [City Council](#); [Public Comment](#)
Cc: [Maureen Griffin](#)
Subject: Military Equipment Usage Policy - Public Comment Agenda Item 8
Date: Monday, March 13, 2023 1:31:32 PM

To the Los Altos City Council Members –

I understand the Military Equipment Usage Policy (MEUP) has been added to the agenda for the Los Altos City Council meeting tomorrow night, Tuesday, 3/14/23, at 7pm.

This email is to address my concerns with this Policy:

1. I understand that Section 709.3.1 was added without public input and without meeting the public oversight requirements of [AB481](#). It appeared after the Sept 2022 version was approved by Council. The edit was never 'blue-lined' as new and the opportunity for public review and discussion of these new changes was not given. Section 709.3.1 describes the acquisition of military equipment outside of the specified process as allowable due to "exigency". Exigency -- a state of affairs that makes urgent demands.
 - **QUESTION:** What in the city of Los Altos required exigency? This is an extreme measure to take for our Bay Area city.
 - I am extremely disappointed this was added without public input and without meeting the public oversight requirement of AB481.
2. Per AB481 sec 7070 (d) (6) A provision of independent oversight is required. This provision is not indicated in the MEUP. The Chief of Police and City Council are not independent entities and an independent auditor must be added to this document.
 - **ASK:** an independent auditor must be added to this document.
3. In Section 709.4 there are ambiguities about the chain of command in the Intergovernmental Agreement for the joint regional Special Weapons and Tactics (SWAT) team between Mountain View Police Department and Los Altos Police Department.
 - **ASK:** add specific verbiage specifying the chain of command between Mountain View Police Department and Los Altos Police Department.

Thank you.

Maureen Griffin
23 Alma Court, Los Altos





AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

Prepared by: Nick Zornes, Development Services Director

Reviewed by: Jolie Houston, City Attorney
Jon Maginot, Assistant City Manager

Approved by: Gabe Engeland, City Manager

Attachment(s): 1. Draft City Council Ordinance with Appendix A, B, C, and D
2. CSC Comprehensive Review

Initiated by: Adopted 6th Cycle Housing Element 2023-2031 Program 3.H and 3.K

Fiscal Impact

No fiscal impacts to the City of Los Altos are associated with the draft ordinance. However, it is important to note that should the adoption of this ordinance not take place the City of Los Altos runs the risk of losing State funding (grants, etc.), and potential legal fees and penalties associated with housing element noncompliance.

Environmental Review

The proposed ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970.

Staff Recommendation

- A. Adopt, An Ordinance of the City Council of the City of Los Altos Amending Chapters 2.08, 12.44, 13.04, 14.76, and 14.78 of the Los Altos Municipal Code to Implement Certain Provisions of Program 3.H and 3.K of the Sixth Cycle Housing Element Update and consider findings that the City Council’s action in adopting the ordinance exempt from review under CEQA pursuant to CEQA Guidelines Section 15061(b)(3) and that none of the circumstances in CEQA Guidelines Section 15300.2 applies.

Prepared By:

Development Services Director

NZ



Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

OR

B. Introduce and Waive Further Reading of An Ordinance of the City Council of the City of Los Altos Amending Chapters 2.08, 12.44, 13.04, 14.76, and 14.78 of the Los Altos Municipal Code to Implement Certain Provisions of Program 3.H and 3.K of the Sixth Cycle Housing Element Update with an effectiveness date of January 1, 2024 for multimodal transportation review and consider findings that the City Council’s action in adopting the ordinance exempt from review under CEQA pursuant to CEQA Guidelines Section 15061(b)(3) and that none of the circumstances in CEQA Guidelines Section 15300.2 applies.

Summary and Key Considerations

The draft ordinance before the City Council is to implement adopted programs from the City’s 6th Cycle Housing Element 2023-2031. These actions are called out in the adopted housing element and were designed to remove any barriers or impediments to the creation of new housing within Los Altos. Additionally, there are amendments to the municipal which further clean up each Chapter which is required to be amended in order to implement the housing program.

Background

On January 24, 2023, the Los Altos City Council adopted the City’s 6th Cycle Housing Element 2023-2031. As required by law the adopted housing element has several housing programs contained within. The City of Los Altos identified specific programs in its housing element that will allow it to implement the stated policies and achieve the stated goals and objectives.

Programs must include specific action steps the City will take to implement its policies and achieve its goals and objectives. Programs must also include a specific timeframe for implementation, identify the agencies or officials responsible for implementation, describe the city’s specific role in implementation, and (whenever possible) identify specific, measurable outcomes.

Analysis

The City’s adopted 6th Cycle Housing Element 2023-2031, included Program 3.H. The housing program contains several deliverables of those the following necessitate the proposed



Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

ordinance amendments: 1. Consolidation of the Design Review Commission and Planning Commission, 2. Designate the Development Services Director as the review authority for projects of five or fewer residential units, 3. Limit the Number of Public Hearing to no more than three (3) for Design Review projects only, 4. Designate the City Council only as the Appeal Authority for Land Use decisions, 5. Clarify that appeal of decisions on housing developments shall be only on objective standards and must be filed within 14 calendar days (this has been highlighted in yellow below). The draft ordinance included in this agenda packet effectively completes these deliverables as explicitly called out within the housing program.

Program 3.H: Amend design review process and requirements.

The City’s Design Review Commission and Planning Commission had previously been one commission with a Design Review Committee comprised of two assigned Planning Commissioners. In recent years the purview of land use and design review was split into two separate commissions, currently the Planning Commission and Design Review Commission. The current structure of the Design Review Commission is a five-person body appointed by the City Council, while the Planning Commission is a seven-person body. Recent changes in State law drastically reduced the Design Review Commission’s purview, and the City’s well-developed objective design standards for a variety of development types (adopted in 2021) effectively created an Administrative Design Review that has been well implemented by City staff. In order to remove constraints arising from design review, the City will:

- *Consolidate the Design Review Commission and Planning Commission into one body comprised of a maximum of seven appointed residents which will review mixed-use, multi-family and commercial developments, consistent with the majority of jurisdictions throughout the County of Santa Clara;*
- *Eliminate 3rd party independent architect review (which applies to projects in the downtown);*
- *Amend its Zoning Code to allow any design review and discretionary approvals for a project of five or fewer units to be approved by the Development Services Director;*
- *When hearings are required, limit the number of hearings for solely design review approval (i.e., not including subdivision maps or other applications that may be involved) to no more than three hearings;*
- *Develop standard conditions of approval to provide consistency and certainty to applicants and approving bodies;*



Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

- *Modify its design review process and applicability thresholds so that City Council serves only as the decision-making authority for appeal of design review and land use decisions, consistent with the majority of jurisdictions throughout the County of Santa Clara;*
- *Clarify that decisions on appeals of housing developments must be based on objective standards consistent with State law and any appeal filed with the City shall be done within 14 calendar days post project approval; and*
- *Amend its Zoning Code to ensure that housing developments and emergency shelters are only subject to objective design standards consistent with State law.*

Responsible Body: *Development Services Department, Planning Commission, City Council*

Funding Source: *General Fund*

Time Frame: *Any code amendments required to be completed by December 2023; Design Review Commission to be dismissed and duties reassigned to Development Services Director upon local adoption of the 6th Cycle Los Altos Housing Element or sooner. Evaluate progress and take additional action if improvements in the design review process have not resulted by January 2027.*

Objective: *The time for City review of and action on residential, mixed-use and multi-family developments will be shortened compared to typical processing times (see Appendix C, Table C-8) with the reduction of discretionary reviews and commissions.*

Additionally, the City’s adopted 6th Cycle Housing Element 2023-2031, included Program 3.K. The housing program contains one overarching goal of streamlining the development review for multimodal transportation requirements. The proposed zoning ordinance implements the city’s adopted 6th Cycle Housing Element Program 3.K as the adopted program explicitly commits the City of Los Altos that housing developments will no longer undergo review by the Complete Streets Commission.

Program 3.K: Standardize multimodal transportation requirements.

An application for City Council design review is subject to a multimodal transportation review by the Complete Streets Commission as part of the approval process in order to assess potential project impacts to various modes of transportation. The City will streamline the Development Review process for multi-family housing projects by adoption of Development Standards for multimodal transportation such as bicycle, pedestrian, parking traffic and public transportation issues. The development of standards will no longer require housing development projects to be



Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

reviewed by the Complete Streets Commission. The City Council will utilize previous recommendations and approvals as a basis for the creation of the development standards in consultation with the appointed Complete Streets Commission. A recommendation by the Complete Streets Commission on Bicycle Stall, Storage and Charging shall be made timely and considered at no more than two hearings; final recommendation to the City Council shall be made no later than May 2023.

Responsible Body: Development Services Department, Complete Streets Commission, City Council

Funding Source: General Fund

Time Frame: December 2023

Objective: See Program 3.H.

Discussion

The actions included within the attached draft ordinance are requirements pursuant to the City’s adopted 6th Cycle Housing Element. Once a jurisdiction takes final action by adopting its housing element this requires immediate action in order to remain compliant with State housing law. The City of Los Altos Housing Element contains **26** major action items or milestones that must be completed within the first 12-months post adoption. The draft ordinance will effectively accomplish the majority of 2 of the 26 items or milestones to be achieved in the first 12-months. Some of the action items to be completed are quicker than others which is why these items are before the City Council now for adoption. The City of Los Altos does not have a robust or large Planning Division and several of the items to be completed within the first year will take a great amount of time; all items included in the draft ordinance are required to maintain compliance with HCD.

February 28, 2023, City Council Ordinance Introduction

On February 28, 2023, at the City Council public hearing the draft ordinance was introduced. The item was well discussed by the City Council and commented on by the public. The Development Services Director provided extensive analysis of the potential modifications to the draft ordinance and advised the City Council that in order to remain consistent with the recently adopted housing element and compliant with housing law they should introduce the draft ordinance as proposed.



Subject: Housing Element implementing ordinance for certain provisions of Housing Program 3.H and 3.K of the Adopted 6th Cycle Housing Element.

The City Council requested to modify the draft ordinance to allow for the effectiveness of the multimodal transportation review to begin on January 1, 2024.

Following additional discussion regarding multimodal transportation review the City Council was advised that the Complete Streets Commission **does not** have purview to review housing developments. The Complete Streets Commission serves as an advisory body appointed by the City Council and **does not** have quasi-judicial powers and duties as established in the Los Altos Municipal Code Section 2.08.160.

The Complete Street Commission was formed in late 2017 after it concurrently dissolved the Bicycle & Pedestrian Advisory Commission while also restructuring the purview of the Planning & Transportation Commission to only serve as a traditional Planning Commission. At that time the purview of the Complete Streets Commission was established by ordinance and assigned its powers and duties in Chapter 2.08.

In 2019, City Staff initiated a code amendment to clarify the role of the Complete Streets Commission within the Zoning Code as reflected in Section 14.78.090 however did not concurrently amend the powers and duties authorized within the municipal code. This has created an inconsistent municipal and zoning code.

Shortly after the above mentioned amendments were processed by staff, the governor signed into law Senate Bill No. 330 (SB330). In short SB330 does not allow any public agency to enforce a subjective standard, condition or policy on any housing development. In order to be applied equally and fairly to all housing projects a standard must be objective and in place prior to the initial submittal. *“Objective” means involving no personal or subjective judgment by a public official and being uniformly verifiable by reference to an external uniform benchmark or criterion available and knowable by both the development applicant or proponent and the public official.* (Government Code Section 65589.5(h)(8)). As extended by Senate Bill No. 8, all requirements of SB330 are in effect until January 1, 2030, which means that in order for the City of Los Altos to legally enforce requirements against any housing development the city must create objective standards to be equally applied to all projects.

As it remains today the City of Los Altos has very few adopted multimodal transportation standards which have been requested by the Complete Streets Commission at a public hearing. After review of all 57 meeting agendas of the Complete Streets Commission since the first meeting



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in January 2018 the commission has reviewed 15 different housing developments; 3 of the 15 were pre-application reviews which would allow the consideration and input of the Complete Streets Commission. After further analysis there is a clear trend of what the commission has “requested” or “recommended” of housing developments which includes: 1. Additional Bike Parking/Storage above the recommended amount by VTA, 2. Provide electrical outlets for e-Bike charging, 3. Increased Sidewalk Width adjacent to developments, 4. Additional EV Parking. Of the four main requested modifications to housing developments two (2) are being presented to the Complete Streets and Planning Commission on March 16, 2023. Of the remaining two items that are most frequently requested by the commission one (sidewalk widths) would be a modification of standards with the Public Works Department to require in the early design and development phases of a project, while the other (Number of EV Stalls) does not fall under the purview of the Complete Streets Commission and is something that is established by the Building Code, and local amendments recommended by the Environmental Commission. Attachment #2 provides a comprehensive review of what the Complete Streets Commission has reviewed over the last 5-years, while also providing detail of the requests or recommendations they have made of housing developments within the City of Los Altos.

As mentioned previously the Zoning Code Amendment for Bicycle Parking/Storage is set for hearing on March 16, 2023, and is two of the four main requests of the commission; one of the four (EV Stalls) is not of the purview of the commission. Until standards are codified into the Los Altos Municipal Code any recommendation or request of the Complete Streets Commission is unenforceable.

Penalties for Noncompliance of Adopted Housing Element:

Should the Los Altos City Council not introduce the draft ordinance the City will be vulnerable to penalties and consequences of housing element noncompliance. HCD is authorized to review any action or failure to act by a local government that it determines is inconsistent with an adopted housing element or housing element law. This includes failure to implement program actions included in the housing element. HCD may revoke housing element compliance if the local governments actions do not comply with state law. Examples of penalties and consequence of housing element noncompliance:

- General Plan Inadequacy: the housing element is a mandatory element of the General Plan. When a jurisdictions housing element is found to be out of compliance, its General Plan



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could be found inadequate, and therefore invalid. Local governments with an invalid General Plan can no longer make permitting decisions.

- Legal Suites and Attorney Fees: local governments with noncompliant housing elements are vulnerable to litigation from housing rights’ organization, developers, and HCD. If a jurisdiction faces a court action stemming from its lack of compliance and either loses or settles the case, it often must pay substantial attorney fees to the plaintiff’s attorneys in addition to the fees paid by its own attorneys. Potential consequences of lawsuits include: mandatory compliance within 120 days, suspension of local control on building matters, and court approval of housing developments.
- Loss of Permitting Authority: courts have authority to take local government residential and nonresidential permit authority to bring the jurisdiction’s General Plan and housing element into substantial compliance with State law. The court may suspend the locality’s authority to issue building permits or grant zoning changes, variances, or subdivision map approvals – giving local governments a strong incentive to bring its housing element into compliance.
- Financial Penalties: court-issued judgement directing the jurisdictions to bring its housing element into substantial compliance with state housing element law. If a jurisdictions housing element continues to be found out of compliance, courts can multiply financial penalties by a factor of six.
- Court Receivership: courts may appoint an agent with all powers necessary to remedy identified housing element deficiencies and bring the jurisdiction’s housing element into substantial compliance with housing element law.

Petition for Writ of Mandate – California Housing Defense Fund, Yes In My Back Yard v. City of Cupertino.

So that the City Council and public are well-informed the City of Los Altos has included this information with this agenda item so that all circumstances are understood as housing law is rapidly evolving.

As of Friday, February 3, 2023, Californians for Homeownership, California Housing Defense Fund, and YIMBY Law had filed 12 lawsuits in Contra Costa, Santa Clara, Marin, and San Mateo County Superior Courts with the intention to file more in the coming weeks. The cities and counties sued include: Belvedere, Burlingame, Cupertino, Daly City, Fairfax, Martinez, Novato, Palo Alto, Pinole, Pleasant Hill, Richmond, and Santa Clara County. Each municipality has been sued by one or two of the non-profits.

With the Bay Area’s 109 cities and counties at widely varied stages in the process of Housing Element adoption and compliance, these twelve lawsuits mark the first round of what will likely



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be many rounds of judicial review for noncompliance with state housing law in the Bay Area. The initial lawsuits focus on cities with a long history of exclusionary housing practices, cities that adopted housing elements unlawfully, and localities that have made little progress in developing their draft housing elements. The organizations will continue to file suits in the coming weeks, prioritizing cities with the most egregious violations in each organization’s judgment.

A Petition for Writ of Mandate in the State of California is used by superior courts, courts of appeal and the Supreme Court to command lower bodies (such as lower level of government agencies, in this case a city) to do or not do specific actions. In this case, a Writ of Mandate can result in the city being directed to adopt a compliant housing element or other associated actions in order to comply with State law. A Writ of Mandate could also be petitioned for and direct a city to specifically implement programs that were included in their adopted housing element.

Given the current legal climate around housing element law it is vital for the City of Los Altos to expeditiously implement the adopted 6th Cycle Housing Element 2023-2031. As noted above the potential legal risks associated with housing element noncompliance could be further enforced by similar legal actions.

Planning Commission Recommendation (February 16, 2023)

The Planning Commission considered this item on February 16, 2023, at its regularly scheduled meeting. During the consideration of this item the Planning Commission accepted the draft ordinance with staff recommended amendments as well as providing further clarifying amendments which have been incorporated into the draft ordinance. At that time no public comments were received which spoke in opposition to the adoption of the changes presented within the draft ordinance.

Next Steps

The Draft Ordinance becomes effective 30-days post adoption.

ORDINANCE NO. 2023-__

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LOS ALTOS
AMENDING CHAPTERS 2.08, 12.44, 13.04, 14.76, AND 14.78 OF THE LOS ALTOS
MUNICIPAL CODE TO IMPLEMENT CERTAIN PROVISIONS OF PROGRAM 3.H
AND 3.K OF THE SIXTH CYCLE HOUSING ELEMENT UPDATE**

WHEREAS, the City Council is empowered pursuant to Article XI, Section 7 of the California Constitution to make and enforce within the City all local, police, sanitary, and other ordinances and regulations not in conflict with general laws; and

WHEREAS, on January 24, 2023, the City Council approved the City’s Sixth Cycle Housing Element Update; and

WHEREAS, the Housing Element Update includes programs to eliminate unnecessary governmental constraints to housing development within the City of Los Altos; and

WHEREAS, Program 3.H of the Housing Element Update calls for the dissolution of the Design Review Commission, and indicates that housing development projects of five or fewer units should be subject to staff-level review and approval; and

WHEREAS, Program 3.H of the Housing Element Update calls for the modification of the design review process and applicability so that City Council serves only as the decision-making authority for appeal of design review and land use decisions; and

WHEREAS, Program 3.H of the Housing Element Update sets a maximum of 14 calendar days post project approval to file an appeal on decisions of housing developments, and sets forth that any appeal filed shall be on the basis of objective standards consistent with State law; and

WHEREAS, Program 3.K of the Housing Element Update calls for the standardization of multimodal transportation review to be incorporated into the Los Altos Zoning Code allowing for transparent and consistent application of the code; and

WHEREAS, Public Hearing Notice shall be consistent with Government Code Section 65091 to effectively further implement the Housing Element Update by eliminating impediments in the creation of housing; and

WHEREAS, having committed itself to implement Housing Element Update in its entirety, the City Council now desires to adopt this Ordinance; and

WHEREAS, this Ordinance is exempt from environmental review pursuant to Section 15061(b)(3) of the State Guidelines implementing the California Environmental Quality Act of 1970, as amended; and

WHEREAS, this Ordinance and Design Review Regulations shall be reviewed for its effectiveness no later than two (2) years post adoption;

NOW, THEREFORE, the City Council of the City of Los Altos does hereby ordain as follows:

SECTION 1. AMENDMENT OF CHAPTER 2.08 OF THE MUNICIPAL CODE. Certain provisions of Chapter 2.08 of the Los Altos Municipal Code are hereby amended as set forth in Appendix D to this Ordinance, ~~strikeout~~ indicating deletion and underline indicating addition.

SECTION 2. AMENDMENT OF CHAPTER 12.44 OF THE MUNICIPAL CODE. Certain provisions of Chapter 12.44 of the Los Altos Municipal Code are hereby amended as set forth in Appendix A to this Ordinance, ~~strikeout~~ indicating deletion and underline indicating addition. Except as otherwise shown in Appendix A, no other provision of Chapter 12.44 is amended hereby.

SECTION 3. AMENDMENT OF CHAPTER 13.04 OF THE MUNICIPAL CODE. Section 13.04.030 are hereby added to the Los Altos Municipal Code to read as follows: “Notwithstanding any other provision of this title, the approval authority for any tentative or parcel map for a housing development project of five or fewer units shall be the zoning administrator, as further set forth in section 14.78.020.D of this code.”

SECTION 4. AMENDMENT OF CHAPTER 14.76 OF THE MUNICIPAL CODE. Chapter 14.76 of the Los Altos Municipal Code are hereby amended as set forth in Appendix B to this Ordinance, ~~strikeout~~ indicating deletion and underline indicating addition.

SECTION 5. AMENDMENT OF CHAPTER 14.78 OF THE MUNICIPAL CODE. Chapter 14.78 of the Los Altos Municipal Code are hereby amended as set forth in Appendix C to this Ordinance, ~~strikeout~~ indicating deletion and underline indicating addition.

SECTION 6. CONSTITUTIONALITY; AMBIGUITIES. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions hereof. Any ambiguities in the Los Altos Municipal Code created by this Ordinance shall be resolved by the Director of Development Services, in their reasonable discretion, after consulting the City Attorney.

SECTION 7. PUBLICATION. This Ordinance shall be published as provided in Government Code Section 36933.

SECTION 8. EFFECTIVE DATE. This Ordinance shall be effective upon the commencement of the thirty-first day following the adoption hereof.

The foregoing Ordinance was duly and properly introduced at a regular meeting of the City Council of the City of Los Altos held on __, 2023, and was thereafter, at a regular meeting held on __, 2023, passed and adopted by the following vote:

- AYES:
- NOES:
- ABSENT:
- ABSTAIN:

Sally Meadows, MAYOR

Attest:

Angel Rodriguez, INTERIM City Clerk

**APPENDIX A
AMENDMENTS TO CHAPTER 12.44**

**APPENDIX B
AMENDMENTS TO CHAPTER 14.76**

**APPENDIX C
AMENDMENTS TO CHAPTER 14.78**

**APPENDIX D
AMENDMENTS TO CHAPTER 2.08**

Chapter 12.44 HISTORIC PRESERVATION¹

Sections:

Article 1. General Provisions

12.44.010 Purpose.

It is hereby declared as a matter of public policy that the recognition, preservation, enhancement and use of historic resources within the City of Los Altos is required in the interest of health, economic prosperity, cultural enrichment and general welfare of the people. The purpose of this chapter is to:

- A. Safeguard the heritage of the city by providing for the protection of irreplaceable historic resources representing significant elements of its history;
- B. Enhance the visual character of the city by encouraging the compatibility of architectural styles which reflect established architectural traditions;
- C. Encourage public knowledge, understanding and appreciation of the city's past, and foster civic and neighborhood pride and sense of identity based upon the recognition and use of the city's historic resources;
- D. Stabilize and improve property values within the city and increase the economic and financial benefits to the city and its inhabitants derived from the preservation, rehabilitation, and use of historic resources;
- E. Integrate the conservation of historic resources into the public and private development process and identify as early as possible and resolve conflicts between the preservation of such resources and alternative land uses; and
- F. Fulfill the city's responsibilities for Federal Section 106 reviews and for the California Environmental Quality Act.

(Ord. No. 2011-363, § 1, 3-8-2011)

12.44.020 Area of application.

This chapter shall apply to all historic resources listed in the historic resources inventory, historic landmarks and properties, and structures.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437, § 1, 3-13-2018)

¹Editor's note(s)—Ord. No. 2011-363, § 1, adopted March 8, 2011, amended Ch. 12.44 in its entirety to read as herein set out. The former Ch. 12.44, §§ 12.44.010—12.44.220, pertained to similar subject matter and derived from Ord. No. 04-257, § 1(part) and Ord. No. 08-324, § 2(part). Previously, said chapter derived from §§ 2-8.101, 2-8.102 and 2-8.301—2-8.504 of the prior code.

12.44.030 Definitions.

For the purposes of this chapter, the following words and phrases shall have the meanings respectively ascribed to them in this section, unless the context or the provision clearly requires otherwise:

"Alteration" means any act or process that changes any portion of the exterior architectural appearance of a structure or object, including, but not limited to, the erection, construction, reconstruction, removal of exterior architectural features or details, or the addition of new structures, but does not include painting, ordinary maintenance and landscaping.

"California Historical Building Code" is Part 8 of Title 24 (State Building Standards Code) and applies to all qualified historic structures and sites, designated under federal, state and local authority. It provides alternative building regulations for the rehabilitation, preservation, restoration or relocation of structures designated as qualified historic buildings.

"California Office of Historic Preservation" means the governmental agency primarily responsible for the statewide administration of the historic preservation program in California.

"California Register of Historical Resources" is a comprehensive listing of California's historical resources, including those of local, state and national significance.

"Character defining features" means the defining elements, such as prominent architectural features, materials, craftsmanship or other elements, that, individually or in combination, identify a historic property, building or landscape.

"Commission staff" means the staff liaison assigned to the historical commission.

"DPR 523" means the California Department of Parks and Recreation Historic Resource Inventory Forms used for historic evaluations. The DPR 523A form provides descriptive information about a resource. The DPR 523B form provides an evaluation of the resources and includes a determination as to whether the resource is eligible for the National or State Register of Historic Places or listing on the Los Altos Historic Resources Inventory.

"Exterior architectural feature" means the architectural elements embodying style, design, general arrangement and components of all the outer surfaces of an improvement, including but not limited to, the kind, size, shape and texture of building materials, and the type and style of windows, doors, lights, signs and other fixtures appurtenant to such improvement.

"Historic landmark" means a building, improvement, structure, natural feature, site or area of land, under single or common ownership that has significant historical, architectural, cultural, and/or aesthetic interest or value, and is designated as a historic landmark by the city council.

"Historic resource" is a property or structure that has been determined to be over fifty (50) years old, retains its physical integrity, has historical, architectural, cultural, and/or aesthetic value, and is listed on the historic resources inventory.

"Historic resources inventory" means the city's official inventory of the historic resources, as adopted and amended from time to time by resolution of the historical commission and/or the city council. A property or structure must be designated as a historic landmark or a historic resource in order to be listed.

"Historical commission" is a seven-member advisory commission appointed by the city council that is tasked with maintaining the historic resources inventory, making recommendations on historic landmarks, working with property owners on preservation, maintenance and other development activities related to historic resources, and other activities as identified in the municipal code.

"Improvement" means any building, structure, parking facility, wall, work of art or other appurtenance or addition thereto constituting a physical betterment of real property or any part of such betterment.

"Integrity" is the authenticity of the characteristics, also referred to as character defining features, from which resources derive their significance. Integrity is the composite of seven qualities: location, design, setting, materials, workmanship, feeling and association.

"Mills Act" is an economic incentive program in California for the restoration and preservation of qualified historic structures. Enacted in 1972, the Mills Act grants participating local governments the authority to enter into contracts with owners of qualified historic properties to reduce the property tax assessment in exchange for the restoration and maintenance of the historic resource.

"National Register of Historic Places" is the official inventory of districts, sites, buildings, structures and objects significant in American history, architectural, archeology and culture, maintained by the Secretary of Interior under the authority of the Historic Sites Act of 1935 and the National Historic Preservation Act of 1966.

"Preservation" means the act of identification, study, protection, reconstruction, restoration, rehabilitation or enhancement of historic and/or cultural resources.

"Reconstruction" means the act or process of reproducing by new construction, the exact form and detail of a vanished building, structure or any part thereof, as it appeared at a specific period of time.

"Rehabilitation" means the act or process of returning a property to a state of utility through repair or alteration that makes possible an efficient contemporary use while preserving those portions or features of the property which are significant to its historical, architectural and cultural value.

"Restoration" means the act or process of accurately recovering the form and details of a property and its setting as it appeared at a particular period of time by means of the removal of later work or by the replacement of missing earlier work.

"Secretary of Interior's Standards" are the Federal Standards for the Treatment of Historic Properties that are utilized in the identification, evaluation, registration and treatment of historic properties. The list of ten (10) Rehabilitation Standards, published as the Secretary of the Interior's Standards, is aimed at retaining and preserving those features and materials that are important in defining the historic character of a resource.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Article 2. Designation of Historic Resources

12.44.040 Criteria for designation.

A structure, property or object may be eligible for designation as a historic resource or historic landmark, if it/they satisfy each of the three criteria listed below:

- A. Age. A structure or property should be more than fifty (50) years in age. (Exceptions can be made to this rule if the building(s) or site(s) is/are truly remarkable for some reason - such as being associated with an outstanding architect, personage, usage or event).
- B. Determination of Integrity. A structure or property should retain sufficient historic integrity in most of the following areas:
 - 1. Design: The combination of elements that create the form, plan, space, structure and style of a property.
 - 2. Setting: The physical environment of a historic property.
 - 3. Materials: The physical elements that were combined or deposited during a particular period of time and in a particular pattern or configuration to form a historic property.

4. Workmanship: The physical evidence of the crafts of a particular culture or people during any given period in history or prehistory.
 5. Feeling: A property's expression of the aesthetic or historic sense of a particular period of time.
- C. Historic Significance. A structure or property should be clearly associated with one or more of the following areas of significance:
1. Event: Associated with a single significant event or a pattern of events that have made a significant contribution to broad patterns of local or regional history, or cultural heritage of California or the United States;
 2. Person/People: Associated with the lives of persons important to the local, California or national history;
 3. Architecture/Design: Embodies the distinctive characteristics of a design-type, period, region or method of construction, or represents the work of a master or possesses high artistic value; or
 4. Archaeology: Yields important information about prehistory or history of the local area, California or the nation.

The city's historic resource evaluation methodology, which provides more details about the above listed criteria, is available from the planning division.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

12.44.050 Applications for designation.

- A. Applications for designation as a historic landmark, or listing a historic resource on the historic resources inventory may be initiated by the owner or owners of a building, improvement, structure, natural feature, site or area of land, requesting designation of their property as a historic resource or historic landmark.
- B. The city council or the planning commission may, by resolution or motion, refer a proposed designation to the historical commission. The historical commission may also consider a proposed designation upon its own initiative or by referral by the ~~community~~ development services director.
- C. Applications for designation as a historic landmark, or listing a historic resource on the historic resources inventory shall be made to the historical commission. Applications must be accompanied by such historical and architectural information as is required by the historical commission in order to make an informed recommendation concerning the request.

Applications for designation shall be acted on as set forth in sections 12.44.050, 12.44.060 and 12.44.070 of this chapter.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

12.44.060 Historic resource listing.

- A. Once the application for designating a property as a historic resource and listing it on the historic resources inventory has been received, the historical commission shall consider the request at its next available scheduled meeting.
- B. The commission shall conduct a public hearing to consider the proposed listing. Notice of the hearing shall be given at least ten (10) days prior to the date of the hearing by mail to the applicant, to the owner or owners of the property and to the owners of abutting properties, and by posting a notice on the property near the front property line in accordance with the standards set by commission staff.

- C. The commission shall consider the proposed historic resource and determine whether or not the property satisfies the three criteria outlined in Section 12.44.040. The commission shall by motion either approve or disapprove the designation of the property as a historic resource and listing it in the historic resources inventory.
- D. If the commission approves the historic resource for listing on the historic resources inventory, the listing shall become effective immediately and the designated property shall be subject to the regulations set forth in this chapter.
- E. Until final action has been taken by the commission on the request to list a property, no building, alteration, grading, demolition or tree removal permit(s) shall be issued for any work to be performed upon or within the subject property, unless approved by the historical commission or the community development services director. This restriction shall become effective as of the time the application is submitted, and shall extend until the commission has taken action.
- F. Within fifteen (15) days of the action taken by the historical commission, the decision may be appealed to the city council. The appeal may be filed by the applicant or any interested party.

(Ord. No. 2011-363, § 1, 3-8-2011)

12.44.070 Historic landmark designation.

- A. Once the application for the proposed designation has been received, the historical commission shall consider the request at its next available scheduled meeting.
- B. The commission shall conduct a public hearing to consider the proposed designation. Notice of the hearing shall be given at least ten (10) days prior to the date of the hearing by publication in at least one newspaper of general circulation within the city, by mail to the applicant, to the owner or owners of the property, and to the owners of abutting properties, and by posting a notice on the property near the front property line in accordance with the standards set by commission staff.
- C. The commission shall make a recommendation to the city council on the proposed designation. In order to make a positive recommendation, the commission shall make the following findings:
 - 1. That the proposed historic landmark satisfies the three criteria outlined in Section 12.44.040; and
 - 2. That the proposed landmark has special historical, cultural, archeological, scientific, architectural or aesthetic interest or value as part of the heritage or history of the city, the county, the state or the nation.
- D. The city council shall consider the proposed designation at its next available regular meeting and determine whether or not to accept the historical commission's recommendation. The city council shall by resolution either approve the proposed designation, in whole or in part or as modified, or shall, by motion, disapprove the proposal in its entirety.
- E. If the city council approves the landmark designation, the resolution shall become effective immediately and the designated property shall be subject to the regulations set forth in this chapter and to such further restrictions or controls as may be specified in the designating resolution.
- F. Adoption of a designating resolution by the city council shall be based upon the findings outlined in subsection (C) of this section.
- G. Until final action has been taken by the city council on the proposed landmark, no building, alteration, grading, demolition or tree removal permit(s) shall be issued for any work to be performed upon or within the subject property, unless approved by the historical commission or the city council. This restriction shall

become effective as of the time the application is submitted, and shall extend until the designating resolution becomes effective.

(Ord. No. 2011-363, § 1, 3-8-2011)

12.44.080 Notice of designation.

- A. Following adoption by the city council of a resolution designating a historic landmark, the commission staff shall send notice of the designation, together with a copy of the resolution or ordinance, to the owner or owners of the designated historic landmark. The city council also shall send notice of the designation to:
 - 1. The Santa Clara County Historical Heritage Commission; and
 - 2. The California State Historic Preservation Officer.
- B. The designating resolution or ordinance shall be recorded with the county clerk-recorder.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Ord. No. 2017-437 , § 1, adopted March 13, 2018, repealed § 12.44.080, which pertained to historic district designation, and derived from Ord. No. 2011-363, § 1, adopted March 8, 2011, and subsequently renumbered the remaining sections 12.44.090—12.44.220 as 12.44.080—12.44.210. Historical notations for former sections have been retained for reference.

12.44.090 Termination of designation.

The only legitimate reason for terminating the designation of a historic resource or historic landmark is when clear evidence is presented that shows the resource no longer meets the criteria of Section 12.44.040 due to loss of integrity and/or historic significance.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.100, see editor's note § 12.44.080.

Article 3. Permits

12.44.100 Applicability.

- A. For historic landmark properties, a historical alteration permit (Section 12.44.150) is required in order to alter, demolish, remove, relocate or change any exterior architectural features of the designated landmark structure(s), or remove or relocate any improvements, structures or natural features that contribute to the integrity or the historic significance of the historic landmark.
- B. For historic resources listed on the historic resources inventory, an advisory review (Section 12.44.140) is required in order to alter, demolish, remove, relocate or otherwise change in any manner any exterior architectural feature or natural feature that contributes to the integrity or the historic significance of a historic resource.
- C. For subsection (B) of this section, the historical commission's review will take into account whether or not the proposed work adversely affects the physical integrity or the historic significance of the resource. The historical commission's recommendation to the ~~community~~ development services director, ~~design review commission~~, planning commission, or city council, shall be advisory only.

- D. For non-residential properties that are historic landmarks or historic resources, non-permanent improvements such as signage, awnings and landscaping that do not adversely affect the physical integrity or the historic significance of the resource may be exempted from historical commission review by the community development services director.
- E. For residential properties that are historic landmarks or historic resources, improvements such as swimming pools, fences, minor accessory structures such as trellises or barbecues, and landscaping that do not adversely affect the physical integrity or the historic significance of the resource may be exempted from historical commission review by the community development services director.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.110, see editor's note § 12.44.080.

12.44.110 Applications.

Applications for historical alteration permits or advisory review shall be submitted to the community development services director. Applications shall include the following information:

- A. A clear statement of the proposed work;
- B. A site plan showing all existing buildings, structures, trees over six inches in diameter, property lines, easements and the proposed work;
- C. Detailed plans showing both the existing and proposed exterior elevations, including a street elevation, photographs of windows and/or special features, materials and grading;
- D. Specifications describing all materials to be used and all processes that would affect the appearance or nature of the materials;
- E. Notes indicating any deviation from the Secretary of the Interior's Standards for Historic Rehabilitation; and
- F. Such other information or documents as may be requested by the community development services director or the historical commission.

Applications shall be noticed as set forth in section 12.44.120 and shall be acted on as set forth in section 12.44.130 and 12.44.140 of this chapter.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.120, see editor's note § 12.44.080.

12.44.120 Notice of public meetings.

- A. Notification shall be provided when an application for a historical alteration permit is required for a historic landmark. Applicants shall be responsible for providing notification via first class mail to the adjoining property owners, in the manner set forth by the commission staff, at least ten (10) days prior to the meeting at which the application is to be reviewed. The property owners who shall be mailed notice include, but are not limited to, the following:
 - 1. The two adjoining property owners on each side;
 - 2. The three adjoining rear property owners; and
 - 3. The five adjoining front property owners across the street.

- 4. As deemed appropriate or necessary, the commission staff may require that notification be mailed to a greater or lesser number of property owner(s) than are identified above based on the configuration of the properties adjoining the site of the application.
- 5. Notice shall also be posted on the project site near the front property line in accordance with the standards set by the commission staff.
- B. Notice shall be provided when an application for an advisory review is required for a historic resource. Applicants shall be responsible for posting a notice on the project site near the front property line in accordance with the standards set by the commission staff.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.130, see editor's note § 12.44.080.

12.44.130 Advisory review.

- A. For projects that require an advisory review, the historical commission shall complete its review and issue a recommendation at its next available scheduled meeting. In order to recommend approval, the commission shall find that:
 - 1. The project complies with all provisions of this chapter; and
 - 2. The project does not adversely affect the physical integrity or the historic significance of the subject property.
- B. The historical commission recommendation shall be forwarded to the ~~community~~ development services director, ~~the design review commission~~, the planning commission, or the city council to be considered as part of their decision.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.140, see editor's note § 12.44.080.

12.44.140 Historical alteration permit.

- A. For projects that require a historical alteration permit, the historical commission shall complete its review and issue a decision at its next available scheduled meeting. In order to approve a permit, the commission shall find that:
 - 1. The project complies with all provisions of this chapter; and
 - 2. The project does not adversely affect the physical integrity or the historic significance of the subject property.
 - 3. The project is in compliance with the Secretary of the Interior's Standards for the Treatment of Historic Properties.
- B. If the historical commission approves the historical alteration permit, or approves such permit subject to conditions, the ~~community~~ development services director shall issue the permit in accordance with the recommendation, provided that no other approval is required under this code. In the event the historical commission recommends denial of the permit, the ~~community~~ development services director shall notify the applicant that the requested permit will not be granted.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.1500, see editor's note § 12.44.080.

12.44.150 Appeal.

Within ~~fifteen~~~~fourteen~~ (154) days of any approval or denial by the historical commission, the decision may be appealed to the city council. The appeal may be filed by the applicant or any interested party and shall be accompanied by a fee to cover the administrative cost of handling the appeal as set by city council resolution.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.160, see editor's note § 12.44.080.

Article 4. Miscellaneous Provisions

12.44.160 Incentives for preserving historic resources.

- A. California Historical Building Code. It is the purpose of the state historical building code to provide regulations and standards for the rehabilitation, preservation, restoration (including related reconstruction) or relocation as applicable to all historical buildings, structures and properties deemed of importance to the history, architecture, or culture of an area by an appropriate local or state governmental jurisdiction. Such standards and regulations are intended to facilitate the restoration or change of occupancy so as to preserve their original or restored elements and features, to encourage energy conservation and a cost effective approach to preservation, and to provide for reasonable safety from fire, seismic forces or other hazards for occupants and users of such "buildings, structures and properties" and to provide reasonable availability and usability by the physically disabled. The state historical building code is defined in sections 18950 to 18961 of Division 13, Part 2.7 of Health and Safety Code (H&SC) Health and Safety Code, a part of California Law.
- B. Economic incentives. In order to carry out more effectively and equitably the purposes of this chapter, the city council may, by resolution, adopt a program of economic (i.e., Mills Act contracts) and other incentives to support the preservation, maintenance and appropriate rehabilitation of the city's historic resources.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.170, see editor's note § 12.44.080.

12.44.170 Hardship.

Notwithstanding the criteria of this chapter, the ~~community~~ development ~~services~~ director, on the recommendation of the historical commission ~~or design review commission~~, or the planning commission or city council on appeal, may approve an application for a permit to conduct any proposed work upon or within a historic resource or historic landmark if the applicant presents clear and convincing evidence demonstrating that a disapproval of the application will cause immediate and substantial hardship on the applicant because of conditions peculiar to the person seeking to carry out the proposed work or because of conditions peculiar to the particular improvement, building, structure, topography or other feature involved. If a hardship is found to exist under this section, the historical commission ~~or the design review commission~~ or the planning commission or city council shall make a written finding to that effect, and shall specify the facts and reasons relied upon in making such finding.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.180, see editor's note § 12.44.080.

12.44.180 Fees.

- A. No fee shall be charged for the filing, processing or public noticing of any application for designation.
- B. The city council shall by resolution adopt a schedule of fees to be charged for any application for termination of a designation, for the filing and processing of applications for any permit required under this chapter, and for appeals pursuant to this chapter.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.190, see editor's note § 12.44.080.

12.44.190 Ordinary maintenance and repair.

Nothing in this chapter shall be construed to prevent the ordinary maintenance, painting, landscaping or repair of any exterior feature in or upon any historic resource or historic landmark that does not involve a change in design, material or the external appearance thereof, nor does this chapter prevent the construction, reconstruction, alteration, restoration, demolition or removal of any historic resource or historic landmark which has been certified by the city building inspector, or fire chief, or other code enforcement officer as being in unsafe or dangerous condition which cannot be rectified through the use of the California State Historic Building Code.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.200, see editor's note § 12.44.080.

12.44.200 Duty to keep in good repair.

- A. The owner, occupant or the person in actual charge of a historic resource or a historic landmark shall keep and maintain in good condition and repair all exterior portions of the improvement or structure, and all interior portions thereof whose maintenance is necessary to prevent deterioration and decay of any exterior architectural feature or natural feature.
- B. It shall be the duty of the ~~development services director or their designee~~ **building official** to enforce this section.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.210, see editor's note § 12.44.080.

12.44.210 Enforcement.

The violation of any provision contained in this chapter is hereby declared to be unlawful and shall constitute a misdemeanor, subject to the penalties as prescribed in Title 1, Chapter 1.20 of this code.

(Ord. No. 2011-363, § 1, 3-8-2011; Ord. No. 2017-437 , § 1, 3-13-2018)

Editor's note(s)—Former § 12.44.220, see editor's note § 12.44.080.

Chapter 14.76 DESIGN REVIEW—SINGLE-FAMILY DISTRICTS¹

14.76.010 Purpose.

~~It is the policy of the city to review the proposed construction or exterior alterations of single-family dwellings and accessory structures under circumstances which include, but are not limited to, where such structures might constitute an unreasonable invasion of privacy, unreasonable interference with views, light and air, or create adverse impacts upon the aesthetic character of neighboring residential structures.~~ The purpose of this section is to establish a set of criteria, objectives and procedures to be followed with respect to the design review of any proposed single-family main or accessory structure, or addition or alteration thereto, and to insure that the new development occurs in a manner which is consistent with the objectives of this chapter, the objective design criteria of single-family residential objective design guidelines, and the goals and policies of the general plan.

(Ord. No. 2012-381, § 1, 5-22-2012)

14.76.020 Single-family residential objective design guidelines.

Any new main or accessory structure, or addition or alteration thereto, shall be consistent with the policies and implementation techniques described in the single-family residential objective design guidelines as adopted by the city council.

(Ord. No. 2012-381, § 1, 5-22-2012)

14.76.030 Requirement for administrative design review.

No building permit shall be issued for any new main or accessory structure, or addition or alteration thereto within a single-family district, until such construction has received administrative design review approval by the community development services director or their designee. Window replacements, reroofing and rooftop venting and exhausting equipment, ~~and~~ mechanical equipment, attached or detached accessory dwelling unit(s) and junior accessory dwelling unit(s) are exempt from this requirement.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423, §§ 1, 2, 9-27-2016)

14.76.040 Requirement for zoning administrator design review ~~commission design review~~.

In each of the following cases, no building permit shall be issued for the construction, addition or alteration of any main or accessory structure within a single-family district until the zoning administrator has approved such structure following a noticed public hearing, ~~has received design review approval by the design review commission~~ pursuant to this chapter:

¹Editor's note(s)—Ord. No. 2012-381, § 1, adopted May 22, 2012, amended Ch. 14.76 in its entirety, in effect repealing and reenacting said chapter to read as herein set out. Former Ch. 14.76, §§ 14.76.010—14.76.100, pertained to similar subject matter and derived from Ord. No. 04-261, § 1; Ord. No. 08-323, § 2; and Ord. No. 2011-368, § 1, adopted July 26, 2011.

- A. Any new two-story structure;
- B. Any conversion of a one-story structure to a two-story structure;
- ~~C. Any addition of habitable area to the second floor of an existing two-story structure;~~
- ~~D.C.~~ Any new one-story structure over twenty (20) feet in height;
- ~~E.D.~~ Whenever design review is specifically required under the terms or conditions of any tentative subdivision map, use permit, variance or conditional rezoning; and
- ~~F.E.~~ Whenever, as determined by the **community** development services director or their designee, the construction or expansion of a main or accessory structure may be in conflict with the design review findings contained in Section 14.76.050 of this chapter.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423 , §§ 1, 2, 9-27-2016)

14.76.050 Initial application review.

All applications filed with the **community** development services department in compliance with this zoning code shall be accompanied by the payment of a processing fee in such amount as established by resolution of the city council and initially processed as follows:

- ~~A. Review for completeness. The community development director or their designee shall review all applications for completeness and accuracy before accepting them as complete. The determination of completeness shall be based on the city's list of required application contents as proscribed in the "submittal requirements" documents provided by the community development department.~~
- ~~B. Notification of applicant. The community development director or their designee shall notify the applicant in writing within thirty (30) days of the filing of the application with the community development department that either the application is complete and has been accepted for processing, or that the application is incomplete and that additional information, as specified in the letter, shall be provided. If subsequent written comments from the community development director or their designee identify deficiencies not initially raised within thirty (30) days of the filing of the application, then this subsequent letter will be considered the notification of incompleteness for the purposes of determining the application expiration date. The application shall be reviewed for completeness and processed in accordance with the Permit Streamlining Act, Government Code Section 65920, et seq.~~
- C. Appeals of administrative decisions. Determinations of incompleteness or denials of an extension request may be appealed to the city council pursuant to Chapter 1.12 (Appeals).
- D. Expiration of application. If the applicant does not provide the information and materials necessary for a complete application within one hundred eighty (180) days after notification of incompleteness, the application shall be deemed expired. After expiration of the application or extension, if granted, a new application, including fees, plans, exhibits, and other materials will be required to commence processing of any project on the same property.
- E. Extensions. The applicant may request, in writing, within the one hundred eighty (180) day time period, an extension of up to one hundred eighty (180) days to the **community** development services director or their designee. Approval of the extension is contingent on the applicant demonstrating that there are extenuating circumstances that have caused a delay in the submittal of the required information.
- F. Environmental information. After an application has been accepted as complete, the **community** development services director or their designee may require additional information as necessary for the project's environmental review.

(Ord. No. 2016-423 , § 3, 9-27-2016)

14.76.060 Design review findings.

In approving an application for design review, the approving authority shall make the following findings:

- A. The proposed structure or alteration complies with all provisions of this chapter;
- B. The height, elevations and placement on the site of the proposed main or accessory structure or addition, when considered with reference to the nature and location of residential structures on adjacent lots, ~~will avoid unreasonable interference with views and privacy,~~ and will consider the topographic and geologic constraints imposed by particular building site conditions;
- C. The natural landscape will be preserved insofar as practicable by minimizing tree and soil removal; grade changes shall be minimized ~~and will be in keeping with the general appearance of neighboring developed areas;~~
- D. The orientation of the proposed main or accessory structure or addition in relation to the immediate neighborhood will minimize ~~the perception of~~ excessive bulk;
- E. General architectural considerations, including the ~~character,~~ size, ~~and~~ scale ~~and quality of the design,~~ the architectural relationship with the site and other buildings, building materials and similar elements have been incorporated in order to insure the compatibility of the development with its design concept and the character of adjacent buildings ~~on the same project site;~~ and
- F. The proposed structures have been designed to follow the natural contours of the site with minimal grading, minimal impervious cover and maximum erosion protection. A stepped foundation shall ~~generally~~ be required where the average slope beneath the proposed structure is ten (10) percent or greater.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423 , § 3, 9-27-2016)

Editor's note(s)—Ord. No. 2016-423, § 3, adopted September 27, 2016, enacted a new § 14.76.050 and renumbered §§ 14.76.050 and 14.76.060 as §§ 14.76.060 and 14.76.070. The historical notation has been retained with the amended provisions for reference purposes.

14.76.070 Variance findings.

- A. In order to avoid such practical difficulties, unnecessary physical hardships and results inconsistent with the objectives of the zoning plans stated in Article 1 of Chapter 14.02, as would result from a strict or literal application of the provisions of this chapter, the ~~design review planning~~ commission may grant variances to the regulations controlling site area, width, depth and coverage, yards and other open spaces, parking spaces, loading spaces, height of structures, allowable building floor area and fences for those properties located in single-family zoning districts.
- B. The ~~design review planning~~ commission may grant a variance as applied for if, on the basis of the application and the evidence submitted, the commission makes the following positive findings:
 - 1. That the granting of the variance will be consistent with the objectives of the zoning plan set forth in Article 1 of Chapter 14.02;
 - 2. That the granting of the variance will not be detrimental to the health, safety, or welfare of persons living or working in the vicinity or injurious to property or improvements in the vicinity; and

- 3. That variances from the provisions of this chapter shall be granted only when, because of special circumstances applicable to the property, including size, shape, topography, location, or surroundings, the strict application of the provisions of this chapter deprives such property of privileges enjoyed by other property in the vicinity and under identical zoning classifications.
- C. Any variance granted shall be subject to such conditions as will assure that the adjustment thereby authorized shall not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and district in which such property is situated.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423 , § 3, 9-27-2016)

Editor's note(s)—See editor's note, § 14.76.060.

14.76.080 Notification.

Notification shall be provided whenever an application for ~~design review commission zoning administrator~~ design review or variance is required pursuant to this chapter via first-class mail to the adjoining property owners, in the manner set forth by the ~~community~~ development services director or their designee, at least ten (10) days prior to the meeting at which the application is to be reviewed. The property owners who shall be mailed notice include, but are not limited to, the following:

- A. The two adjoining property owners on each side;
- B. The three adjoining rear property owners; and
- C. The five adjoining front property owners across the street.
- D. As deemed appropriate or necessary, the ~~community~~ development services director ~~or their designee~~ may require that notification be mailed to a greater or lesser number of property owner(s) than are identified above based on the configuration of the properties adjoining the site of the application.
- E. Notice shall also be posted on the project site near the front property line in accordance with the standards set by the ~~community~~ development services director ~~or their designee~~.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423 , § 1, 9-27-2016)

14.76.090 Expiration of design review and/or variance approval—Extensions.

- A. Design review and/or variance approvals granted pursuant to this chapter shall expire twenty-four (24) months from the date on which the approval became effective, unless prior to such expiration date a building permit is issued for the improvements constituting the subject of the design review and/or variance approval and construction thereof is commenced and prosecuted diligently toward completion.
- B. Design review and/or variance approvals may be granted a one-time extension~~ed~~ for a period of time not exceeding twelve (12) months. The application for extension shall be filed prior to the expiration date and shall be accompanied by the payment of a fee in such amount as established from time to time by resolution of the city council. Extensions of design review and/or variance approval are contingent on the ~~community~~ development services director ~~or their designee~~ finding that the project complies with all current zoning ordinance regulations.

(Ord. No. 2012-381, § 1, 5-22-2012; Ord. No. 2016-423 , § 1, 9-27-2016)

14.76.100 Appeals.

The basis for any appeal of a housing development shall only be allowed and based on objective standards consistent with State law.

- A. Within ~~fifteen~~fourteen (154) days of any denial of an administrative design review request, or of the approval or denial of a zoning administrator design review request, the decision may be appealed to the ~~design review~~ planning commission. Within fourteen (14) calendar days of the announcement of the planning commission’s decision on the record, the decision may be appealed to the city council.
- B. Within ~~fifteen~~fourteen (154) days of any approval or denial of a ~~design review commission design review~~ and/or variance request, the decision may be appealed to the city council.

14.76.110 Number of Hearings Allowed.

A. When public hearings are required, the number of hearings for solely design review approval shall be no more than three (3) public hearings.

(Ord. No. 2012-381, § 1, 5-22-2012)

Chapter 14.78 DESIGN AND TRANSPORTATION REVIEW—MULTIPLE-FAMILY, PUBLIC AND COMMUNITY FACILITIES, OFFICE AND ADMINISTRATIVE, AND COMMERCIAL DISTRICTS¹

14.78.010 Purpose.

The purpose of this chapter is to preserve and protect ~~the character and~~ public safety of the city and to enhance the aesthetic qualities and bicycle and pedestrian safety and functionality of its multiple-family, public and community facilities, office and administrative and commercial districts by requiring design and transportation review of new structures and certain expansions of existing structures.

(Ord. No. 2012-382, § 1, 5-22-2012)

14.78.020 Requirement for design review.

Any work that requires a building permit, including new building construction, existing building alterations and expansions, and site improvements, but excluding properties in an R1 or R3-4.5 district, shall be subject to design review pursuant to this chapter as follows:

- A. Administrative design review.
 - 1. Site improvements, exterior alterations or modification, or additions to existing buildings of up to five hundred (500) square feet require approval by the ~~community~~ development services director or their designee.
- B. Planning commission design review.
 - 1. ~~Additions to existing buildings that exceed five hundred (500) square feet but are equal to or less than 50 percent of the total floor area on the subject site and do not increase the existing height of the building(s) require approval by the planning commission at a public meeting.~~
- ~~C. City Council Design Review.~~
 - ~~1. All new buildings, and additions to existing buildings that exceed five hundred (500) square feet or fifty (50) percent of the total floor area on the subject site and/or increase the height of the existing building(s), require approval by the ~~city council~~ planning commission at a public meeting.~~
 - ~~2. Prior to consideration by the city council, the planning commission shall review the application at a public meeting and provide a recommendation to the city council.~~
- C. Zoning Administrator design review.

¹Editor's note(s)—Ord. No. 2012-382, § 1, adopted May 22, 2012, amended Ch. 14.78 in its entirety, in effect repealing and reenacting said chapter to read as herein set out. Former Ch. 14.79, §§ 14.78.010—14.78.050, pertained to similar subject matter and derived from Ord. No. 04-260, § 1; and Ord. No. 07-306, § 9.

Notwithstanding the foregoing, the development of a housing development of five or fewer units that is not otherwise subject to design review pursuant to chapter 14.76 and 14.78 of this code or subsection (A) of this section shall be subject to design review by the zoning administrator following a noticed public hearing. Notwithstanding any other provision of this code, and unless otherwise required by state law, any additional planning applications for such a project including, without limitation, tentative or parcel maps, variance requests, or conditional use permits, shall be heard and decided by the zoning administrator concurrently with the design permit application. As used in this subsection, a "housing development project" includes a project to construct one or more dwelling units, including a mixed-use development project for which not more than one-third of total floor area is dedicated for commercial use.

D. Exempt from the requirements of Design Review.

1. Site improvements, exterior alterations or modification, or additions to existing buildings of up to one thousand (1,000) square feet in the Public/Community Facilities (PCF) District shall be exempt from the requirement of Design Review.

E. Authority of the Development Services Director.

1. The Development Services Director shall have the authority to require administrative design review to any improvement to a property or parcel of land that is determined to have special circumstances or potentially negative impacts on the community.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , § 1, 5, 9-27-2016; Ord. No. 2019-457 , § 1, 1-28-2020)

14.78.030 Public meeting requirements.

Notice of public meetings before the zoning administrator shall be provided pursuant to Government Code Section 65091. Notice of public meetings before the planning commission and/or city council shall be given at least ten (10) days prior to the date of the meeting by all of the following methods:

- A. Mailing of notices via first-class mail to all property owners within ~~one thousand three hundred (1,0300)~~ feet of the project site at the mailing address on record with the county assessor; and
- B. Mailing of notices via first-class mail to all commercial business tenants within ~~one thousand three hundred (1,0300)~~ feet of the project site at the addresses shown on the latest city business license records; and
- C. Posting of a notice on the project site in accordance with the standards set by the ~~city council and community~~ development services director ~~or their designee~~; and
- D. All meetings before the planning commission and/or city council conducted under this section, excluding study sessions, shall be noticed separately and conducted as public hearings and shall satisfy all notification requirements applicable to public hearings, including a notice published in a newspaper of general circulation within the city.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , § 5, 9-27-2016; Ord. No. 2019-457 , § 1, 1-28-2020)

14.78.040 Recommendation for pre-application study session design review.

Projects subject to design review pursuant to Section 14.78.030 of this chapter are eligible for pre-application design review before the planning ~~and transportation~~ commission. This review is in a study session format and is best served early in the design preparation process. This review is encouraged to receive early design

input from the commission. Study session review is also available at any point in the application process, and may be requested by an applicant or, subject to applicable state law, may be required by the ~~community~~ development ~~services~~ director ~~or their designee~~.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , § 1, 9-27-2016)

14.78.050 Initial application review.

All applications filed with the ~~community~~ development ~~services~~ department in compliance with this zoning code shall be accompanied by the payment of a processing fee in such amount as established by resolution of the city council and initially processed as follows:

- A. ~~The application shall be reviewed for completeness and processed in accordance with the Permit Streamlining Act, Government Code Section 95920, et seq. Review for completeness. The community development director or their designee shall review all applications for completeness and accuracy before accepting them as complete. The determination of completeness shall be based on the city's list of required application contents as proscribed in the "submittal requirements" documents provided by the community development department.~~
- ~~B. — Notification of applicant. The community development director or their designee shall notify the applicant in writing within thirty (30) days of the filing of the application with the community development department that either the application is complete and has been accepted for processing, or that the application is incomplete and that additional information, as specified in the letter, shall be provided. If subsequent written comments from the community development director or their designee identify deficiencies not initially raised within thirty (30) days of the filing of the application, then this subsequent letter will be considered the notification of incompleteness for the purposes of determining the application expiration date.~~
- ~~CB.~~ Appeals of administrative decisions. Determinations of incompleteness or denials of an extension request may be appealed to the city council pursuant to Chapter 1.12 (Appeals).
- ~~DC.~~ Expiration of application. If the applicant does not provide the information and materials necessary for a complete application within one hundred eighty (180) days after notification of incompleteness, the application shall be deemed expired. After expiration of the application or extension, if granted, a new application, including fees, plans, exhibits, and other materials will be required to commence processing of any project on the same property.
- ~~ED.~~ Extensions. The applicant may request, in writing, within the one hundred eighty (180) day time period, an extension of up to one hundred eighty (180) days to the community development director or their designee. Approval of the extension is contingent on the applicant demonstrating that there are extenuating circumstances that have caused a delay in the submittal of the required information.
- ~~FE.~~ Environmental information. After an application has been accepted as complete, the community development director or their designee may require additional information as necessary for the project's environmental review.

(Ord. No. 2016-423 , § 6, 9-27-2016)

14.78.060 Design review findings.

In approving applications for design review approval under this chapter, the ~~community development director or their designee, planning commission and the city council~~ approving authority shall make the following findings:

- A. The proposal meets the goals, policies and objectives of the general plan and any specific plan, objective design guidelines and ordinance design criteria adopted for the specific district or area.
- B. The proposal has architectural integrity and has an appropriate relationship with other structures in the immediate area in terms of height, bulk and design.
- C. Building mass is articulated to relate to the human scale, both horizontally and vertically. Building elevations have variation and depth and avoid large blank wall surfaces. Residential or mixed-use residential projects incorporate elements that signal habitation, such as identifiable entrances, stairs, porches, bays and balconies.
- D. Exterior materials and finishes convey high quality, integrity, permanence and durability, and materials are used effectively to define building elements such as base, body, parapets, bays, arcades and structural elements. Materials, finishes, and colors have been used in a manner that serves to reduce the perceived appearance of height, bulk and mass, and are harmonious with other structures in the immediate area.
- E. Landscaping is generous and inviting, and landscape and hardscape features are designed to complement the building and parking areas, and to be integrated with the building architecture and the surrounding streetscape. Landscaping includes substantial street tree canopy, either in the public right-of-way or within the project frontage.
- F. Signage is designed to complement the building architecture in terms of style, materials, colors and proportions.
- G. Mechanical equipment is screened from public view and the screening is designed to be consistent with the building architecture in form, material and detailing.
- H. Service, trash and utility areas are screened from public view, or are enclosed in structures that are consistent with the building architecture in materials and detailing.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , § 6, 9-27-2016; Ord. No. 2016-427 , § 3, 11-8-2016; Ord. No. 2019-457 , § 2, 1-28-2020)

Editor's note(s)—Ord. No. 2016-423, § 6, adopted September 27, 2016, enacted a new § 14.78.050 and renumbered the remaining §§ 14.78.050—14.78.080 as §§ 14.76.060—14.76.090. The historical notation has been retained with the amended provisions for reference purposes.

14.78.070 Variances.

- A. Purpose. In order to avoid such practical difficulties, unnecessary physical hardships and results inconsistent with the objectives of the zoning plans stated in article 1 of Chapter 14.02, as would result from a strict or literal application of the provisions of this chapter, the planning commission may approve or recommend variances to the regulations controlling site area, width, depth and coverage, yards, and other open spaces, parking spaces, loading spaces, height of structures, allowable building floor area and fences for a property located in any district, except for those located in an R1 or R3-4.5 district.
- B. Procedure. The approving authority for variance applications shall be as follows:
 - 1. The planning commission shall be the approving authority for all variance applications that are not subject to city council design review pursuant to Section 14.78.020.C.
 - 2. A public hearing shall be required. Notice of the meeting shall be given not less than ten (10) days prior to the date of the meeting by the methods required in Section 14.78.030

~~23. The city council shall be the approving authority for all variance applications that are subject to city council design review pursuant to Section 14.78.020.C. of the application and A variance request shall be granted if, based upon~~ the evidence submitted, the following positive findings can be made:

- a. That the granting of the variance will be consistent with the objectives of the zoning plan set forth in Article 1 of Chapter 14.02;
 - b. That the granting of the variance will not be detrimental to the health, safety, or welfare of persons living or working in the vicinity or injurious to property or improvements in the vicinity; and
 - c. That variances from the provisions of this chapter shall be granted only when, because of special circumstances applicable to the property, including size, shape, topography, location, or surroundings, the strict application of the provisions of this chapter deprives such property of privileges enjoyed by other property in the vicinity and under identical zoning classifications.
- D. Any variance granted shall be subject to such conditions as will assure that the adjustment thereby authorized shall not constitute a grant of special privileges inconsistent with the limitations upon other properties in the vicinity and district in which such property is situated.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , §§ 6, 7, 9-27-2016; Ord. No. 2019-457 , § 2, 1-28-2020)

Editor's note(s)—See editor's note, § 14.78.060.

14.78.080 Expiration of design review and/or variance approval—Extensions.

- A. Design review and/or variance approvals granted pursuant to this chapter shall expire twenty-four (24) months from the date on which the approval became effective, unless prior to such expiration date a building permit is issued for the improvements constituting the subject of the approval and construction thereof is commenced and prosecuted diligently toward completion.
- B. Design review and/or variance approvals may be extended for a period of time not exceeding twelve (12) months. The application for extension shall be filed prior to the expiration date and shall be accompanied by the payment of a fee in such amount as established from time to time by resolution of the city council. Extensions of the approval are contingent on the community development director or their designee finding that the project complies with all current zoning ordinance regulations.

(Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , §§ 6, 8, 9-27-2016)

Editor's note(s)—See editor's note, § 14.78.060.

14.78.090 Multimodal transportation review.

- A. An application for ~~city council-planning commission~~ design review pursuant to Section 14.78.020.C shall be subject to a multimodal transportation review as part of the approval process in order to assess potential project impacts to various modes of transportation such as but not limited to bicycle, pedestrian, parking, traffic impacts on public streets, and/or public transportation.
- B. Projects subject to a multimodal transportation review pursuant to this section shall be reviewed by the complete streets commission at a public meeting with the commission providing a recommendation to the planning commission ~~and the city council~~ on the multimodal transportation impact analysis and on the elements of the project that pertain to bicycle, pedestrian, parking, traffic and public transportation issues.

1. When a multimodal transportation review is required by this code the complete streets commission shall provide their recommendations to the planning commission at a joint meeting.
- C. Notice of an agenda item before the complete streets commission at which multimodal transportation review is conducted shall be per the public notice meeting requirements of Subsection 14.78.030.
- D. EXCEPTIONS. All housing developments shall be exempt from review of the complete streets commission. No multimodal transportation review before the complete streets commission shall be required of any housing development.
- (Ord. No. 2012-382, § 1, 5-22-2012; Ord. No. 2016-423 , § 6, 9-27-2016; Ord. No. 2019-457 , § 3, 1-28-2020)

Editor's note(s)—See editor's note, § 14.78.060.

14.78.100 Appeals.

The basis for any appeal of a housing development shall only be allowed and based on objective standards consistent with State law.

- A. Within ~~fifteen~~fourteen (154) days of an action (approval or denial) on an administrative or zoning administrator design review application, the decision may be appealed to the planning commission by any interested party.
- B. Within ~~fifteen~~fourteen (154) days of an action (approval or denial) on a design review and/or variance application by the planning commission, the decision may be appealed to the city council by any interested party.
- C. Within ~~fifteen~~fourteen (154) days of an action (approval or denial) on a design review and/or variance application by the planning commission may be called up for review by the city council if two members of the city council submit requests to the city clerk pursuant to Section 1.12.040.

14.78.110 Number of Hearings Allowed.

- A. When public hearings are required, the number of hearings for solely design review approval shall be no more than three (3) public hearings.

(Ord. No. 2016-423 , § 9, 9-27-2016; Ord. No. 2019-457 , § 3, 1-28-2020)

Chapter 2.08 CITY COMMISSIONS GENERALLY

Sections:

2.08.010 Creation of commissions.

There are hereby established the following commissions in the city, with the following regular voting members:

- A. Environmental commission: Seven members;
- B. Financial commission: Seven members;
- C. Historical commission: Seven members;
- D. Library commission: Seven members;
- E. Parks and recreation commission: Seven members;
- F. Planning ~~and transportation~~ commission: Seven members;
- G. ~~Design review commission: Five members;~~ Complete streets commission: Seven members;
- H. Youth commission: Eleven (11) members; from school grades seven through twelve (12);
- I. Senior Commission: Seven members, age fifty-five (55) or older. Exceptions may be made for individuals with special skills which may benefit seniors; and,
- J. Public arts commission: Seven members; ~~and,~~
- K. ~~Bicycle and pedestrian advisory commission: Seven members.~~

(Ord. 08-326 § 1)

(Ord. No. 2011-369, § 1, 8-23-2011; Ord. No. 2011-374, §§ 1, 2, 11-22-2011; Ord. No. 2012-379, §§ 1, 2, 5-22-2012; Ord. No. 2013-391, § 1, 3-26-2013; Ord. No. 2016-420, § 1, 6-28-2016)

2.08.020 Membership.

- A. All voting members shall be appointed by the council, with the following exceptions:
 - 1. Five members of the library commission shall be appointed by the council and two members of the library commission shall be appointed by the Town of Los Altos Hills city council; and
 - 2. Five members of the senior commission shall be appointed by the council and two members of the senior commission shall be appointed by the Town of Los Altos Hills City Council.
- B. All voting commissioners shall be residents of the city, except that:
 - 1. Three voting members of the library commission need not be residents;
 - 2. Two voting members of the historical commission need not be residents provided the criteria of Section 2.12.010 are met; and
 - 3. Two voting members of the senior commission need not be residents.

(Prior code § 2-5.02)

(Ord. No. 2011-369, § 2, 8-23-2011; Ord. No. 2013-391, §§ 2, 3, 3-26-2013)

2.08.030 Terms, appointments, and vacancies.

- A. Commissioners, with the exception of senior and youth commissioners, shall serve for a term of four years and may be reappointed to one additional four-year term. Terms shall be staggered and expire on the last day of March or September. A commissioner shall be appointed by a majority vote of the Council and may be removed prior to the expiration of his or her term by a majority vote of the Council, and such removal may be with or without cause.
- B. Senior commissioners shall serve two-year terms with incumbents eligible to serve a total of four, two-year terms, in addition to an unexpired term. Terms shall be staggered and expire on the last day of March.
- C. Youth commissioners shall be appointed from school grades seven through twelve (12) and shall serve two-year terms with incumbents eligible to reapply for appointment for terms through and including their senior year. Terms shall be staggered and expire on June 30th.
- D. A commissioner appointed to fill an unexpired term may be eligible for reappointment to an additional two terms.
- E. The two term limit shall apply to consecutive terms only. After a lapse of two years, a former commissioner may reapply for an appointment to any commission desired as a new applicant. The two-year lapse between appointments shall apply only to service on one commission. Upon leaving one commission, an individual may apply for an appointment to any other commission at any time.
- F. Appointments to each commission shall be made as terms expire or when unanticipated vacancies occur.
- G. Vacancies on any commission shall be filled by a majority vote of the council, except that the Town of Los Altos Hills City Council may fill two vacancies on the library commission and two vacancies on the senior commission. An individual appointed to fill a vacancy prior to the expiration of the term for which his or her predecessor was appointed shall serve for such unexpired term.

(Prior code § 2-5.03)

(Ord. No. 2011-369, § 3, 8-23-2011; Ord. No. 2013-391, § 4, 3-26-2013; Ord. No. 2016-420, § 2, 6-28-2016)

2.08.040 Compensation.

Commissioners shall serve without compensation. The council may approve payment to commissioners of expenses incurred by them in their official capacity.

(Prior code § 2-5.04)

2.08.050 Organization.

Annually, each commission shall elect one of its members as chair and one as vice-chair, each to serve a one-year term. Each commission shall provide the time, place, and manner for holding regular and special meetings. A majority of the authorized membership of a commission shall constitute a quorum of that commission. All meetings of the commission as a whole, or any standing subcommittees, shall be open to the public and noticed in accordance with the California "Ralph M. Brown Act."

(Prior code § 2-5.05)

(Ord. No. 2011-369, § 4, 8-23-2011)

2.08.060 Powers and duties of the planning commission.

The planning commission shall have those powers and duties given it by the State Planning Act (Title 7 of Chapter 3 of the Government Code of the state, commencing with Section 65100), as amended from time to time, and such other powers as granted it by the other provisions of this Municipal Code, or as may be entrusted to it by the council from time to time, and shall submit an annual report to the council.

(Prior code § 2-5.06)

(Ord. No. 2012-379, § 3, 5-22-2012; Ord. No. 2017-434 , § 1, 9-26-2017)

2.08.070 Powers and duties of the library commission.

The library commission shall act in an advisory capacity to the council in all matters pertaining to the city library, shall cooperate with other governmental agencies and civic groups in the promotion of adequate and efficient library service to the citizens of the community, shall make budget recommendations to the council with regard to the library, and shall submit an annual report to the council.

(Prior code § 2-5.07)

2.08.080 Powers and duties of the parks and recreation commission.

The parks and recreation commission shall act in an advisory capacity to the council in all matters pertaining to parks and public recreation and shall cooperate with all other governmental agencies and civic groups in the advancement of sound parks and recreational planning and programming, shall make budget recommendations to the council with regard to parks and recreation, and shall submit an annual report to the council.

(Ord. 00-388 § 2: prior code § 2-5.08)

(Ord. No. 2011-374, § 3, 11-22-2011)

2.08.090 Powers and duties of the historical commission.

The historical commission shall have those powers and duties granted it by Section 2.12.030 of the Los Altos Municipal Code and/or as may be entrusted to it by the council from time to time and shall submit an annual report to the council.

(Prior code § 2-5.09)

2.08.100 Powers and duties of the youth commission.

The youth commission shall act in an advisory capacity to the city council on matters relating to youth interests, youth concerns, and the need for outreach services. The city council's youth commission interview committee shall interview commission applicants and recommend appointments.

(Prior code § 2-5.10)

(Ord. No. 2016-420 , § 3, 6-28-2016)

~~2.08.110 Powers and duties of the design review commission.~~

~~The design review commission shall have those powers and duties granted it by other provisions of this Municipal Code, or as may be entrusted to it by the council from time to time, and shall submit an annual report to the council.~~

(Ord. 03-255 § 2)

(Ord. No. 2012-379, § 4, 5-22-2012)

~~2.08.120~~ **2.08.110 Powers and duties of the environmental commission.**

The commission shall have those powers and duties entrusted to it by the council from time to time, and shall submit an annual report to the council. The environmental commission studies and makes recommendations to council on issues that affect the natural and built environment in the city and the region. Additional duties include special projects as directed by the council.

(Ord. 08-326 § 2)

~~2.08.130~~ **2.08.120 Powers and duties of the financial commission.**

The commission shall have those powers and duties entrusted to it by the council including:

- A. Annual review of the investment policy;
- B. Annual review of independent financial audit;
- C. Review of auditor selection process;
- D. Review of financial projections and assumptions. This especially relates to review of revenue projections provided in the annual mid-year report which are used biennially as the basis for the service and financial plan;
- E. Special projects as directed by the council, city manager or finance director; and
- F. Submission of an annual report to the council.

The financial commission provides resident input to the council and staff regarding financial policy issues, and promotes resident participation and understanding regarding the financial condition of the city.

(Ord. 08-326 § 3)

~~2.08.140~~ **2.08.130 Powers and duties of the senior commission.**

The joint Los Altos/Los Altos Hills senior commission shall act in an advisory capacity to the council in all matters relating to senior interests and concerns, shall make recommendations aimed at improving the life of seniors, and shall submit an annual report to the council.

(Ord. No. 2011-369, § 5, 8-23-2011; Ord. No. 2016-420, § 4, 6-28-2016)

2.08.150 2.08.140 Powers and duties of the public arts commission.

- A. The public arts commission shall act in an advisory capacity to the council in all matters pertaining to public arts programs sponsored by the city. It shall take an active role in bringing about public awareness of the visual arts as well as in the definition, execution and promotion of those programs which include, but are not limited to, exhibition of sculpture, paintings, photography, video and other visual arts. The commission shall submit an annual report to the council.
- B. The primary focus of the commission is the public outdoor sculpture loan program. The commission will conduct sculpture searches, evaluate and recommend sculptures, identify sculpture locations and work with city staff on placement and maintenance of sculptures. The commission will also assist the city with ensuring that all conditions and agreements are being met. In addition, the commission will promote artists' works through media exposure of the sculpture program.

(Ord. No. 2011-374, § 4, 11-22-2011)

2.08.160 2.08.150 Powers and duties of the complete streets commission.

- A. Help to create multi-modal transportation solutions and policies that enable safe, attractive, comfortable and independent access and travel for pedestrians, bicyclists, transit users, and motorists of all ages and abilities, including connectivity across jurisdictional boundaries.
- B. Shall advise the council on existing and proposed city policies related to traffic calming and traffic enforcement.
- C. Shall advise the council on projects and budget priorities for transportation-related capital improvements.
- D. Provide for community engagement and serve as a conduit for community input.

(Ord. No. 2012-379, § 5, 5-22-2012; Ord. No. 2017-434 , § 1, 9-26-2017)

2.08.170 2.08.160 Role of staff liaison.

The city manager, or his/her designee, shall appoint an individual to serve as liaison to each commission. The role of the staff liaison is to assist the commission in carrying out its responsibilities. Duties of the staff liaison shall include attending all meetings of the commission, preparing agendas in collaboration with the chair, ensuring agendas and reports are posted in compliance with state law and city protocols, researching and preparing reports for the commission, as is consistent with the work plan and/or council direction, preparing action minutes for approval by the commission, preparing reports from the commission to the council, serving as the liaison between the commission and other city staff, communicating directions from the city council to the commission, and staying apprised of new laws and city protocols related to their assigned commission or commissions generally.

(Ord. No. 2016-420 , § 5, 6-28-2016)

COMPLETE STREETS COMMISSION MEETINGS	
MEETING DATE	ITEM DISCUSSED
1/28/2018	Miramonte Ave Path Project
2/12/2018 (Special Meeting)	Safe Routes to School Project
2/28/2018	Foothill Expressway Project
3/28/2018	Cuesta Traffic Calming Project
4/25/2018	Safe Routes to School Project
5/9/2018 (Special Meeting)	Grand Boulevard Project
5/23/2018	4856 El Camino Real – Housing Development
6/27/2018	97 Hillview – Community Center Project Mountain View Multi-Modal Project
7/25/2018 (Cancelled)	N/A – Meeting Cancelled
8/22/2018	389 1 st Street – Housing Development Street Shoulder Improvement Policy Foothill Expressway Project
9/26/2018	El Monte Ave Gap Closure
10/24/2018 (Special Meeting)	El Camino Real Streetscape Pedestrian and Bike Issues
11/28/2018 (Cancelled)	N/A – Meeting Cancelled
12/6/2018 (Special Meeting)	Workplan
12/26/2018 (Cancelled)	N/A – Meeting Cancelled
1/23/2019	Cuesta Drive Traffic Calming Los Altos Ave Project Workplan
2/27/2019	999 Fremont – Housing Development 425 1 st Street – Housing Development
3/27/2019	Cuesta Drive Traffic Calming
4/24/2019	Arboleda Drive Traffic Project Complete Streets Masterplan
5/22/2019	Green Stormwater Infrastructure Plan Arboleda Drive Traffic Project 5150 El Camino Real – Housing Development
6/26/2019	Complete Streets Masterplan 4898 El Camino Real – Housing Development 444-450 1 st Street – Housing Development
7/24/2019 (Cancelled)	N/A – Meeting Cancelled
8/28/2019	Complete Streets Masterplan 4350 El Camino Real – Housing Development
9/25/2019 (Cancelled)	N/A – Meeting Cancelled
10/23/2019	Fremont Pavement Project 4350 El Camino Real – Housing Development
11/20/2019	Annual Resurfacing Project Cuesta Drive Traffic Calming Project Complete Streets Masterplan
12/25/2019 (Cancelled)	N/A – Meeting Cancelled
1/22/2020	Almond Ave Project Fremont Ave Project

2/26/2020	Use Permit Review – 461 Orange Ave Midpen Wayfinding Signage
3/25/2020 (Cancelled)	N/A – Meeting Cancelled
4/22/2020 (Cancelled)	N/A – Meeting Cancelled
5/11/2020	Community Streets
5/27/2020	Downtown Street Closures
6/24/2020	CIP Update/Budget
7/22/2020	Fremont Ave Project Hetch Hetchy Pathway Crossing CIP Updates
8/26/2020	Bike Facility Improvements Fremont Ave Project El Monte Bike/Ped Path Project
9/30/2020	Almond Ave Project Fremont Ave Project El Monte Ave Gap Closure University All Way Stop Complete Streets Masterplan
10/28/2020	Complete Streets Masterplan
11/25/2020 (Cancelled)	N/A – Meeting Cancelled
12/10/2020	VTA Bike Super Highway Program Bike Signal at San Antonio & Almond Rancho San Antonio TDM Program Safe Routes to School Program
1/21/2021 (Study Session)	Complete Streets Masterplan Study Session
1/27/2021	Complete Streets Masterplan 140 Lyell Street – Housing Development Fremont Ave Project Annual Resurfacing Project
2/24/2021	355 1 st Street – Housing Development – Pre-App Complete Streets Masterplan
3/18/2021 (Study Session)	Complete Streets Masterplan Study Session
3/31/2021	VMT Policy Complete Streets Masterplan Safe Routes to School Pavement Projects Workplan
4/22/2021 (Study Session)	Complete Streets Masterplan Study Session
4/28/2021	420 San Antonio – Housing Development Cuesta Traffic Calming Project El Camino Real Bike Lanes
5/06/2021 (Cancelled)	N/A – Meeting Cancelled
5/19/2021	Complete Streets Masterplan Study Session
5/26/2021	Complete Streets Masterplan Safe Routes to School CIP Program/Budget
6/30/2021	SB 330 Presentation

	Foothill Expressway Project CIP Report Complete Streets Masterplan
7/28/2021 (Cancelled)	N/A – Meeting Cancelled
8/10/2021	El Camino Real Bike Lanes Foothill Expressway Project Complete Streets Masterplan Safe Routes to School
8/25/2021	VMT Policy Transportation Analysis Reports Checklist
9/29/2021	349 1 st Street – Housing Development Packard Foundation – Parking Modifications Complete Streets Masterplan
10/27/2021	Cuesta Traffic Calming Project Complete Streets Masterplan 376 1 st Street – Housing Development
11/24/2021 (Cancelled)	N/A – Meeting Cancelled
12/01/2021	376 1 st Street – Housing Development Complete Streets Masterplan
1/26/2022 (Cancelled)	N/A – Meeting Cancelled
2/23/2022	School Drop-off Safety City Attorney Training for Commission CIP Update Street Resurfacing Project
3/30/2022	VMT TDM St. Joseph Sidewalk Hetch Hetchy Crossings Citywide Crosswalk Hardware Update
4/27/2022	VMT TDM St. Joseph Sidewalk Hetch Hetchy Crossings Citywide Crosswalk Hardware Update
5/25/2022	Fremont Ave Project Almond Ave/LAHS Update Safe Routes to School
6/29/2022 (Cancelled)	N/A – Meeting Cancelled
7/27/2022	Hetch Hetchy Crossing Cuesta Drive Traffic Calming Project
8/31/2022	Workplan AB 43 LAHS Update Traffic Model Update
9/28/2022 (Cancelled)	N/A – Meeting Cancelled
10/26/2022	Safe Routes to School
11/30/2022 (Cancelled)	N/A – Meeting Cancelled
12/12/2022	Transportation Division Goals
1/25/2022	Workplan

	Bike Friendly Communities Truck Route Network
2/22/2022 (Cancelled)	N/A – Meeting Cancelled

- 72 Total CSC Meetings Since January 2018
- 17 Total CSC Meetings Cancelled Since January 2018
- Red Indicates Cancelled Meetings
- Yellow Indicates Meetings which involved the review of a Housing Development

JOINT PLANNING/COMPLETE STREETS COMMISSION MEETINGS	
12/2/2021	440 1 ST Street – Housing Development 355 1 ST Street – Housing Development
8/18/2022	330 Distel – Housing Development

- 2 Total PC/CSC Joint Meetings Since December 2021
- Yellow Indicates Meetings which involved the review of a Housing Development

PROJECT SPECIFIC DETAILS FROM CSC REVIEW

389 1st Street

- Consideration for increasing Class 2 bicycle parking.
- Increase in sidewalk width along the property frontage on First Street

999 Fremont

- City to look into widening the width of sidewalk along the west side of Miramonte Avenue
- Additional class II bicycle parking onsite adjacent to Fremont Avenue

425 1st Street

- Recommendation for City staff to acquire 1-ft of easement from the applicant to widen the sidewalk.

5150 El Camino Real

- Recommendation to address the number of on-site bicycles storage.

4898 El Camino Real

- Recommendation to add surface level paints for bikers, and red curb at Jordan Avenue.

444-450 1st Street

- Recommendation of 6-foot-wide sidewalk, red curbing, EV Charging and bike parking configuration.

4350 El Camino Real

- 1st Meeting
 - Elevator size
 - Bus stop major transit determination
 - Increase class I and class II bike parking/storage
 - Move bus shelter
 - No parking on El Camino Real
 - Discuss onsite deliveries
 - Onsite parking management
 - Visibility of driveway/change location of driveway
 - Clarify grade of garage
 - More EV Chargers
- 2nd Meeting – all improvements that were requested by the CSC in meeting one were not made by the applicant. Staff at that time included additional explanation regarding the project and specific improvements. The applicant was required to adhere to bus shelter improvements as required by VTA but additional modifications were rejected by the applicant. A stop sign was added from the review of the complete streets commission which is onsite of private property.
 - No driveway was relocated, required major project redesign.
 - No modification of loading zones was included by applicant
 - No modification of the bus shelter was provided
 - No bike storage/locations were modified by the applicant
 - No additional EV Spaces was provided by applicant
 - No modifications to landscaping was provided by applicant

At the conclusion of the project review the CSC motioned to accept staff recommendations with the additional modifications:

- Follow the number of required parking in the zoning code, and not Density Bonus Law
- Remove parking on El Camino Real
- Review Trash pick-up area
- EV Readiness for parking lot
- Additional 60 Class I Bike Parking

140 Lyell

- Add Sidewalk/Pathway along Project Site
- Recommend to add more EV Stalls and Bike Storage

355 1st Street (Pre-Application Review)

- Enhance back alley access
- Additional bike parking
- Additional EV Charging Stations
- Examine Streetscape on First Street

420 S. San Antonio (Pre-Application Review)

- Provided applicant with initial recommendations by the CSC

349 1st Street (Pre-Application Review)

- Draft developer checklist
- Provide Traffic Impact Analysis and Analyze LOS
- Review cumulative parking impact of first street
- Project should exceed the minimum bike parking

376 1st Street

- 1st Meeting
 - Evacuation mechanism for owners of EV cars
 - Backup generator shall be included
 - City to show stronger streetscape improvements
 - Wants more bike and EV parking
 - One-way car ramp is not recommended
 - Sidewalk width should be increased
 - Provide e-bike power
- 2nd Meeting
 - Staff recommended:
 - Increase bike parking to category I
 - Confirm visibility of garage ramp with mirror
 - Commission recommendation:
 - Accept staff recommendations and;
 - Category I bike storage and provide power charging for e-bikes
 - Planning Commission to confirm not vehicle queuing on First Street
 - Modify plan to include 15-second garage door opener, and 18 foot minimum from door to back of curb

440 1st Street

- PC/CSC Joint Meeting
 - CSC Comments
 - Garbage pickup
 - Narrow driveway
 - More bike parking
 - E-bike charging
 - Elevator size
 - Slope of ramp
 - Gym location
 - Mail location
 - Public Comment:
 - South Bay YIMBY
 - Concerned with the length of project review and the number of hearings

355 1st Street

- PC/CSC Joint Meeting
 - CSC Comments
 - Provide e-bike charging
 - More bike stalls
 - Asked about deliveries to the building
 - The size of the elevator
 - First Street Streetscape
 - CSC Recommended
 - Electric power for e-bikes

330 Distel

- PC/CSC Joint Meeting
 - CSC Comments
 - Objected to the interpretation of State law and what is considered a major transit stop
 - Asked about including more EV Stalls of the applicant
 - Project should provide more bike stalls than required “how much more can you provide”
 - “We can ask the developer to consider, but nothing we are discussing are in the realm of what we can require”
 - The City should add a bike lane, and extend the sidewalk within the immediate area
 - “the city needs to step up here because we can’t require it of the developer, the project is well needed”
 - CSC Recommended
 - Add bike parking charging in bike room as a condition of approval
 - Examine the access path to bike room



PUBLIC CORRESPONDENCE

The following is public correspondence received by the City Clerk's Office after the posting of the original agenda. Individual contact information has been redacted for privacy. This may *not* be a comprehensive collection of the public correspondence, but staff makes its best effort to include all correspondence received to date.

To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov



March 9, 2023

Dear Mayor Meadows and City Council,

We are happy to see the City Council adopting Housing Element programs so quickly.

We share the Council’s concern about standards for multimodal transportation requirements for new developments. Half of the LAAHA steering committee are cyclists, and we all walk; every day we see the need for improvements to our cycling and walking infrastructure. We also share Director Zornes’ concern about staying within our authority, and not imposing requirements we are legally forbidden from imposing.

Thus far, the Complete Streets Commission (CSC) has been reviewing multifamily housing projects at the last minute. Every time, Complete Streets makes roughly the same suggestions: add more bike parking, make the bike parking better, improve non-car access to the building. These are the right requirements at the wrong time. Developers need to know our requirements in the initial design phase so they can design a building that accommodates cyclist and pedestrian needs from the start. It’s inefficient for everyone to impose these standards at the end of the entitlement phase instead of the beginning.

The City needs objective standards for multimodal transportation for our development projects. We urge the City to quickly instruct staff to bring this issue to CSC, which is the group with the expertise to craft those standards. Then Council can vet the standards and enact them into law.

Respectfully,

LAAHA Steering Committee

Los Altos Affordable Housing Alliance
Committed to educating and inspiring the Los Altos community to build housing that is affordable for those who live and work in Los Altos

<https://losaltosaffordablehousing.org/>

From: [Jim Wing](#)
To: [Public Comment](#)
Subject: PublicComment Agenda Item 15-MeetingDate 03/28/2023
Date: Thursday, March 23, 2023 1:45:31 PM

Los Altos Mayor Meadows and Distinguished Council Members,

Subject: Council 03/28/2023 Meeting Agenda Item 15, Housing Element Implementing Ordinance

I urge you to continue Objective Code Improvement Projects! I support Housing Element Ordinance changes that are shifting most new/revision residential permit applications from public review to Planning Staff review.

Making Los Altos Code objective makes it easier for home owner/developer to submit designs that are code compliant. Giving Planning Staff approval authority means that they know what to check and do not have to make “judgmental” decisions. In my 55 years, Los Altos has always had high turnover of Planning Staff. Codes that are objective means that new hires can very quickly do “no judgmental” reviews.

Would you please consider ‘bundling’ following changes to ensure objective compliance with both California/Federal law and provide pedestrian safety? California Vehicle Code is the “objective guideline” for Automobile, Bicycle, Pedestrian, Trucks and Public Transportation. Recent changes to Federal 2007 Clean Water Act Regulations concerning Los Altos ephemeral creeks, now impacts residential streets that do not have curb and gutter. Los Altos Shoulder Improvement Policy SU-20 ensures compliance and also provides enhanced pedestrian safety.

1. Chapter 14.76.060 Page 31 - Finding “C” to include Los Altos Shoulder Improvement Policy SU-20? This will ensure that Federal Environmental Requirements for Los Altos ephemeral creeks are being met for streets that do not have curb and gutter. Also, pedestrian safety is enhanced by providing edge of street swales for safer walking. Contractor for new home at 761 University had drawings, approved by Los Altos staff that did not specify construction details for how to treat pavement shoulder. Contractor was just going to put some rocks down. I provided him with SU-20 drawings, now site will be in compliance with Federal regulations and safe place for me to walk.
2. Chapter 14.78.090 Page 38 - Change Title to include definition of “Multimodal [Auto, Bicycle, Pedestrian, Trucks, and Public Transportation]”. Most residents do not know what “Multimodal” means.
3. Chapter 14.78.090 Page 38 - Finding “A” to include review for compliance with California Vehicle Code. This will ensure that automobile, bicycle, pedestrian, trucks, and public transportation are in conformance with California Law. California Vehicle Code is a great objective code and covers all aspects of transportation. One example is all [except for school zones] of Los Altos speed limits may not be in valid because data used for calculation of “85 percentile” speed was not done per California Vehicle Code.

Thank you for your consideration! Jim Wing, Milverton Road, Los Altos, CA



AGENDA REPORT SUMMARY

Meeting Date: March 14, 2023

Subject Update on Return to In-Person City Council and Commission meetings

Prepared by: Jon Maginot, Assistant City Manager

Approved by: Gabriel Engeland, City Manager

Attachment(s):

- 1. Memo: Guide to Brown Act Requirements for Teleconferencing

Initiated by:

Staff

Previous Council Consideration:

January 10, 2023

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to provide additional direction related to City Council and/or Commission meetings?

Summary:

- As of March 1, 2023, all City Council and Commission meetings are being held in person with a remote option for members of the public
- The Brown Act allows for Council or Commission members to participate in meetings via teleconference provided certain requirements are met
- The Los Altos Commission Handbook prohibits commission members from participating in meetings via teleconference

Staff Recommendation:

Receive an update on the return to in-person City Council and Commission meetings and provide direction if needed

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JD



Subject: Update on Return to In-Person City Council and Commission meetings

Purpose

To receive an update on the return to in-person Council and Commission meetings

Background

On February 28, 2023, the State and City emergency declarations relating to the COVID-19 pandemic ended. During the pandemic, the City was able to hold City Council and Commission meetings without complying with certain elements of the Brown Act, including the posting of all teleconferencing locations. Termination of the State emergency declaration meant that the City would be required to comply with all aspects of the Brown Act.

Discussion/Analysis

Beginning in Fall of 2022, the City Council began holding hybrid meetings. Members of the Council, staff and the public could attend the meetings either in person or virtually. On January 10, 2023, the City Council received an update on new Brown Act requirements enacted by AB 2449. At that same meeting, Council directed that Commissions should resume meeting in person beginning March 1, 2023. Starting March 1st, all Commission meetings are being held in person at either City Hall or the Community Center. Members of the public may still participate via video conference.

Under the rules of the Brown Act, members of the City Council and/or Commissions may participate in meetings via teleconference, provided certain requirements are met. However, the Los Altos Commission Handbook states “Commission members shall not participate in meetings by teleconference.” As such, all Commissioners have been informed that they cannot participate in meetings remotely. It is worth noting that this section of the Commission Handbook was enacted before the advent of technologies such as Zoom when there was a significant burden on the City to host a meeting in which a member was teleconferencing. Given the advances of technology, these burdens have largely been resolved.

Recommendation

The staff recommends receive the update and provide direction if needed.

MEMORANDUM

RE: Guide to Brown Act Requirements for Teleconferencing

Beginning March 1, 2023, the City Council and Commissions in the City will be required to attend meetings in person, because the California COVID-19 State of Emergency ended on February 28, 2023. The public will be able continue to participate in meetings as they have been, both in person and remotely via Zoom. The City Council may take advantage of the more limited teleconferencing provisions than those that were in place during the COVID-19 State of Emergency. However, *the Los Altos Commission Handbook (“Handbook”) specifically forbids Commissioners from teleconferencing*. As a result, Commissioners must currently participate in person and do not have an option to teleconference under any scenario. If the City Council chooses to amend the Handbook to allow Commissions to teleconference, Commissioners may utilize the traditional Brown Act teleconferencing provision or AB 2449 if they wish to participate remotely.

Key Differences Between the Traditional Brown Act Teleconferencing Provision and AB 2449

<i>Traditional Brown Act Teleconferencing</i>	<i>AB 2449</i>
Location Commissioner is teleconferencing from <u>must be open</u> to the public.	Location Commissioner is teleconferencing from is <u>not open</u> to the public.
Commissioner participating remotely may participate through <u>audio, video, or both</u> .	Commissioner participating remotely must participate via <u>audio and video</u> .
Commission does not have to provide public with any additional ways to participate remotely.	Public must be able to participate both via <u>audio and video</u> ; and <u>in person</u> .
<u>No limit</u> on number of times a Commissioner can teleconference.	Commissioner may not participate remotely for <u>3 consecutive months</u> or <u>20% of meetings</u> . Only <u>two “just causes”</u> can be provided in one year.
A Commission <u>elects</u> to use teleconferencing.	A Commissioner <u>provides</u> a “just cause.” A Commissioner <u>requests</u> to participate remotely due to an “emergency circumstance.”
Quorum of Commissioners must participate from within the City.	Quorum of Commissioners must participate in <u>one physical location</u> within the City.
Votes <u>must be</u> taken by rollcall.	Votes <u>not required</u> to be taken by rollcall.
Public must have the opportunity to address a teleconferencing Commission directly.	

Requirements to Teleconference under the Traditional Brown Act Provision

A Commission may *elect* to use teleconferencing under the traditional Brown Act provision, if:

- Agendas are posted at all teleconferencing locations.
- Each teleconferencing location is identified in the meeting notice and agenda.
- Each teleconferencing location is open and accessible to the public.

- A quorum of the Commissioners participates from locations within the City.
- All votes must be taken by rollcall.

When teleconferencing under the traditional Brown Act provision, a Commissioner can participate through audio, video, or both audio and video. Additionally, a Commissioner does not have to provide a reason for teleconferencing under this provision.

Requirements to Teleconference under AB 2449

A Commissioner may teleconference into a meeting under AB 2449 if the Commissioner notifies the Commission of a “just cause” or requests to participate remotely due to “emergency circumstances.”

- “Just cause” is defined to include caregiving of a family member, having a contagious illness, having a mental or physical disability, or traveling on official business.
 - Can only provide two “just causes” per calendar year.
- “Emergency circumstances” is defined to include physical or family medical emergencies.
 - Need separate request for each remote appearance.
 - Commission can approve the request to participate remotely by majority vote.

If a Commissioner is able to participate remotely after providing a “just cause” or “emergency circumstance”, the Commissioner must:

- Disclose whether anyone over the age of 18 is in the room during the meeting.
- Participate through video *and* audio.
- Not participate remotely for 3 consecutive months, 20% of meetings in a calendar year, or 2 meetings if the Commission meets less than 10 times a year.

If a Commission is holding a hybrid meeting under AB 2449, the Commission must:

- Provide the public with the ability to participate remotely through an audio-visual medium, in addition to participating in person, and provide notice on how to do so.
- Have at least a quorum of the Commissioners in a single physical location in the City which is identified in the agenda and open to the public.



PUBLIC CORRESPONDENCE

The following is public correspondence received by the City Clerk's Office after the posting of the original agenda. Individual contact information has been redacted for privacy. This may *not* be a comprehensive collection of the public correspondence, but staff makes its best effort to include all correspondence received to date.

To send correspondence to the City Council, on matters listed on the agenda please email PublicComment@losaltosca.gov

From: [Stacy Bruzek Banerjee](#)
To: [Public Comment](#)
Cc: [Jon Maginot](#)
Subject: Public Comment Item #10 Commission meeting location - March 14 2023
Date: Monday, March 13, 2023 5:21:58 PM

Honorable Mayor Meadows, Vice-Mayor Weinberg, and Councilmembers,

It is important to give city commissioners the most flexibility allowed under the state law for attending meetings virtually. Commissioners are city volunteers and have many other commitments (such as business travel/personal travel, personal circumstances, illness, etc.), and may not be able to attend a particular meeting in-person but want the option to attend virtually. **As a city, we benefit from -- and should welcome -- the contributions our commissioners make at meetings whether they attend in-person or virtual as allowed by the state law.**

As the chair of the VTA BPAC, I have successfully presided over our February and March meetings where some members of the committee were in-person and others remote. Members were able to contribute - their location was immaterial (as long as state law was followed). I believe we can similarly be successful with city commission meetings, and **I know our commissioners are seeking the flexibility of attendance location.**

Our city should embrace the meeting location flexibility allowed by the state for commissioners (and councilmembers). The city may also choose to encourage our state elected leaders to create further flexibility around where elected/appointed individuals may attend a meeting from. **The past 3 years have proven that we can effectively conduct public business/meetings online.**

Stacy Banerjee
CSC Chair



AGENDA REPORT SUMMARY

Meeting Date: March 28, 2023

Subject SB43 Support Letter: Discuss and Provide Direction regarding the SB43 Letter of Support regarding Mental Health Reforms

Prepared by: Angel Rodriguez, Interim City Clerk

Approved by: Gabriel Engeland, City Manager

Attachment(s):

- 1. SB43 Support Letter

Initiated by:

City Council

Previous Council Consideration:

None

Fiscal Impact:

None

Environmental Review:

Not applicable

Policy Question(s) for Council Consideration:

- Does the Council wish to submit a letter of support regarding SB43?

Staff Recommendation:

This is a Council initiated item. Staff is requested direction.

Reviewed By:

City Manager

GE

City Attorney

JH

Finance Director

JE

March 1, 2023

Senate Rules Committee
California State Senate
State Capitol, Room 400
Sacramento, CA 95814

RE: SB 43 / 363 (Eggman) Conservatorship Reform and Behavioral Health Bed Database – SUPPORT

Dear Senators,

As Mayors of XX cities in Santa Clara County we are writing in strong support of SB 43, Conservatorship Reform, and SB 363, Behavioral Health Bed Database, which will strengthen and reform our conservatorship system while also establishing a statewide database for behavioral health resources.

California faces a startling dearth of behavioral health services across the state. The abusive approach of past psychiatric institutions was rightfully phased out in California decades ago. While well-intentioned, the elimination of these facilities created major gaps in beds and services for those with a serious mental illness (SMI) or substance use disorder (SUD). Last century, [our country hit a peak](#) of 337 psychiatric beds per 100,000 individuals. In 2016, that number plummeted to 12 beds per 100,000 people. Without a robust healthcare infrastructure and the ability to compel treatment, thousands of Californians have been left without critical assistance in managing and recovering from behavioral health issues.

According to the California Health Care Foundation, [one in 26 Californians suffer from a serious mental illness](#) that impairs their daily activities. [One in three jailed Californians suffer from a mental health issue](#). Estimates for the frequency of behavioral health issues among our unhoused population ranges from [one in three](#) to [as high as two in three](#). As public servants, we must identify and promote the most effective, evidence-based care suited to each individuals' needs across the behavioral health continuum. The outcomes we effectuate now for our most vulnerable residents will be a profound measurement of our success to future generations.

We thank Senator Eggman for introducing SB 43 and SB 363 as essential steps towards our collective goal of expanding access to treatment. SB 43 will modernize the Lanterman–Petris–Short Act to consider individuals with the most acute conditions for conservatorship. Individuals who experience SMI, SUD, homelessness, or all three are far more unlikely to recognize the severity of their condition, let alone the need for treatment. Family members, medical providers, first responders and community members are often desperate to get someone into treatment, but face extraordinary difficulty in doing so under current law. People with severe mental health challenges also tax our vital health and safety systems, impact neighborhoods and small businesses, and cycle in and out of emergency departments and jail. These are often the most expensive, least effective ways to provide them the services they need.

Conservatorships are a last-resort attempt to care for an individual who has become “gravely disabled,” which is currently defined as not being able to provide ones’ self with food, clothing and shelter. SB 43 would enhance the definition of “gravely disabled” to a renewed focus on those who are unable to prevent serious physical or mental harm to themselves or others due to an inability to provide for their own basic needs. In addition to families, the Public Guardian can petition for conservatorship, allowing local governments to redirect individuals away from the criminal justice system and emergency departments and link them to effective care. Expanding our use of conservatorships is a practical and moral imperative. [Governor Newsom has led valuable reforms in this area](#), such as the expansion of Laura’s Law, CARE Court, and advocating for additional utilization of public conservatorships.

Additionally, SB 43 addresses the inability for medical experts to present documented medical analysis from healthcare providers in the adjudication process. Due to the 2016 California Supreme Court Case, *People v. Sanchez*, out-of-court statements not presented by the commentator are labeled hearsay, and therefore inadmissible. Experts on the stand often rely on the analysis of medical professionals to argue as to why someone may need to be placed under conservatorship. Their clinical evaluation can provide critical context for why an individual should be considered for conservatorship. Under SB 43, courts will receive a more holistic medical background regarding the potential conservatee, ensuring juries are further equipped to determine whether conservatorship is justifiable.

We also applaud SB 363, a long-overdue creation of a state-run virtual dashboard for behavioral health beds. Some counties, [including ours](#), independently operate dashboards displaying available bedcount of county-owned and contracted facilities specializing in treatments across the behavioral health continuum. Generally, these dashboards are updated daily rather than in real-time, meaning there is no standardized sharing of data between facilities when hours, minutes, or seconds count towards getting someone into treatment. SB 363 would direct the State Department of Health Care Services to create a database of behavioral health facilities and share bed capacity as it is changing in real-time. A comprehensive repository of specialized services such as chemical dependency recovery hospitals, acute psychiatric hospitals, and mental health rehabilitation centers will provide breathing room for overwhelmed emergency departments and link individuals to condition-specific resources.

SB 43 and 363 jointly confront our behavioral health crisis with valuable tools and will provide meaningful, measurable outcomes for our shared goal of aiding vulnerable Californians and reducing the community impacts of serious behavioral health issues.

Thank you for your leadership on this important issue.

Sincerely,

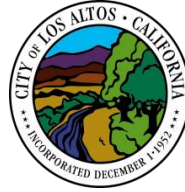
[MUST INCLUDE SIGNATURE]
[NAME]
[POSITION]
[ORGANIZATION]



City of Los Altos 2023 Tentative Council Agenda Calendar

All items and dates are tentative and subject to change unless a specific date has been noticed for a legally required Public Hearing. Items may be added or removed from the shown date at any time and for any reason prior to the publication of the agenda eight days prior to the next Council meeting.

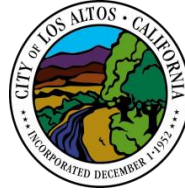
Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept/ Date of request to add.
April 11, 2023	Closed Session – (6:00)		
April 11, 2023	REGULAR COUNCIL MEETING		
	Noise Ordinance	Discussion	Council
	Los Altos Grill License Agreement	Discussion	Jolie
	Sewer Master Plans	Info	Aida
	Assembly Bill AB 1276 – Adoption of the Single-Use Foodware Accessories and Condiments Ordinance. 2 nd Reading	Consent	Aida
	Reach Codes; 1 st reading	Discussion	Nick
	Outdoor dining program	Discussion	Anthony
APRIL 25, 2023	Study Session –530 Start Time	Info	Aida
April 25, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
	Storm Water Master Plan	Info	Aida
	Housing Element Implementation ordinance; Program 4C-F	Public Hearings	Nick
	Adopt by reference the IBC Property Maintenance Code	Public Hearing	Nick



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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
	POA MOU Ratification	Consent	Irene
	Restriction of Firearms on Public Property (JW/NF/AE 7/12)	Discussion	Angela
	Gas Powered Leaf Blowers	Discussion	Nick
	Reach Codes; 2 nd reading and adoption	Consent	Nick
	CHAC Update	Discussion	Mayor
	HHW Amendment #2 with SCC	Consent	Aida
	License Plate readers	Discission	Angela
May 9, 2023	REGULAR COUNCIL MEETING		
	3rd Quarter Report		
	Review Council Norms and Procedures	Discussion	Gabe
	Solid Waste Rates	Discission	Aida
May 23, 2023	FY23-24 Budget Study Session		
May 23, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
	Council Non-Profit Civic Organization Contribution	Discussion	Anthony
June 13, 2023	REGULAR COUNCIL MEETING		
	Adopt Resolution No. 2022-XX approving the Report of Sewer Service Charges and directing the Filing of Charges for Collection by the Tax Collector	2 Printed Public Hearing - - not less than 10 days - published once a week for	



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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
		two consecutive weeks 5/11/2022 & 5/18/2022	
	Present 2023/24 Budget	Public Hearing	June
June 27, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
	Adopt 2023/24 Budget	Consent	June
July 11, 2023	REGULAR COUNCIL MEETING		
August 22, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
September 12, 2023	REGULAR COUNCIL MEETING		
September 26, 2023	REGULAR COUNCIL MEETING		
	Year End tentative report – September (if needed)		
	Treasury Report	Consent	June
October 10, 2023	REGULAR COUNCIL MEETING		
October 24, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
November 14, 2023	REGULAR COUNCIL MEETING		
	1st Quarter report FY 2021/2022		



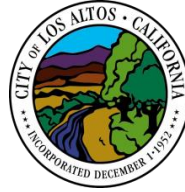
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November 28, 2023	REGULAR COUNCIL MEETING		
	Treasury Report	Consent	June
December 5, 2023	Council Reorganization		
December 12, 2023	REGULAR COUNCIL MEETING		
	(ACFR)and Year End – 1st meeting December		

Future Agenda Topics To Be Scheduled....

May is Bike Month Proclamation	Special Item	Mayor
Comprehensive multi-modal traffic study (analysis of recent projects projected parking, trip generation, & traffic impacts to actuals; ECR impacts should include adjacent streets) – Jim		ES
PCI Report – Jim		
MWENDO – Council (with Env Commission)		
Dark Skies Ordinance (LLE/JW/NF/ 2/21/2023)		
Update to personnel rules– HR	Consent	HR



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Date	Agenda Item (Date identified by Council)	Agenda Section (Consent, Discussion Item - note in red if Public Hearing)	Dept.
	Cities Association JPA – Council	Discussion	Angel
	Future Agenda Item Policy Update	Discussion	Anthony
	Acceptance of the CCTV Video Inspection; Project WW01011	Consent	Aida
	Flag Policy Pilot, 2 nd Nov Meeting 2023	Discussion	Council
	SVCE Electrification Grant	Consent	Aida
	Bicycle parking ratio ordinance (HEU)	Discussion	Nick
	Acceptance of the Council Chamber AV project	Consent	Aida
	City wide parking analysis – (HEU)	Study Session	Nick
	Design Contract for S 1 st Street scape	Consent	Jim

PROGRAM	SUB PROJECT	INITIATION DATE	HEU COMPLETION DATE	STATUS
Program 2.D: Encourage and streamline Accessory Dwelling Units (ADUs).	Budget & Hire Planning Technician		December 31, 2022	COMPLETED
Program 2.D: Encourage and streamline Accessory Dwelling Units (ADUs).	Amend ADU Ordinance based upon HCD's letter		6 months or less	
Program 3.H: Amend design review process and requirements.	Eliminate 3rd Party Architectural Review		February 28, 2023	COMPLETED
Program 3.H: Amend design review process and requirements.	Dismiss Design Review Commission		February 28, 2023	IN-PROGRESS
Program 3.L: Eliminate the requirement of story poles.			March 31, 2023	COMPLETED
Program 2.E: Conduct annual ADU rental income surveys.	Budget & Hire Housing	March 31, 2023		
Program 4.J: Facilitate alternate modes of transportation for	Adopt VMT Policy &		June 30, 2023	COMPLETED
Program 2.D: Encourage and streamline Accessory Dwelling Units (ADUs).	RFP-Permit Ready ADU Plans		July 31, 2023	
Program 1.H: Facilitate housing on City-owned sites.	Financial Analysis	July 1, 2023	December 31, 2023	
Program 3.D: Evaluate and adjust impact fees.		August 1, 2023	December 31, 2024	
Program 1.H: Facilitate housing on City-owned sites.	Release RFP	December 31, 2023		
Program 6.C: Target housing development in highest resource areas.	Initial Outreach		September 31, 2023	
Program 6.D: Promote Housing Choice (Section 8) rental assistance program.			September 31, 2023	
Program 2.A: Continue to implement and enhance inclusionary housing requirements.			December 31, 2023	IN-PROGRESS
Program 2.B: Establish an affordable housing in-lieu fee and commercial linkage fee.	Housing in-lieu fee.		December 31, 2023	IN-PROGRESS
Program 2.F: Water and Sewer Service Providers.			December 31, 2023	
Program 3.B: Modify building height in mixed-use zoning districts.	Downtown Districts		December 31, 2023	
Program 3.E: Ensure that the density bonus ordinance remains consistent with State law.			December 31, 2023	
Program 3.H: Amend design review process and requirements.	Code Amendments		December 31, 2023	IN-PROGRESS

Program 3.K: Standardize multimodal transportation requirements.			December 31, 2023	IN-PROGRESS
Program 4.C: Allow Low Barrier Navigation Centers consistent with AB 101.			December 31, 2023	
Program 4.D: Allow transitional and supportive housing consistent with State law.			December 31, 2023	
Program 4.E: Allow employee/farmworker housing consistent with State law.			December 31, 2023	
Program 4.F: Reasonably accommodate disabled persons' housing needs.			December 31, 2023	
Program 6.B: Maintain and expand an inventory of affordable housing funding sources.	Prepare Inventory.		December 31, 2023	
Program 6.E: Prepare and distribute anti-displacement information.			December 31, 2023	
Program 1.A: Rezone for RHNA shortfall.			January 31, 2024	
Program 1.G: Rezone housing sites from previous Housing Elements.			January 31, 2024	
Program 3.G: Amend Conditional Use Permits findings applicable to housing developments.			March 31, 2024	
Program 3.I: Allow residential care facilities consistent with State law.			March 31, 2024	
Program 3.J: Explicitly allow manufactured homes consistent with State law.			March 31, 2024	
Program 3.F: Reduce Conditional Use Permit requirement for residential mixed-use and multi-family.			September 31, 2024	
Program 1.B: Facilitate higher density housing in the Commercial Thoroughfare (CT) District.			December 31, 2024	
Program 1.C: Allow housing in the Office Administrative (OA) District.			December 31, 2024	
Program 1.E: Update the Loyola Corners Specific Plan.			December 31, 2024	
Program 2.D: Encourage and streamline Accessory Dwelling Units (ADUs).	Adopt-Permit Ready ADU Plans		December 31, 2024	

Program 3.A: Prepare a Downtown parking plan and update citywide parking requirements.			December 31, 2024	
Program 3.B: Modify building height in mixed-use zoning districts.	Neighborhood (CN) District		December 31, 2024	
Program 3.C: Remove floor-to-area ratio (FAR) restriction at Rancho Shopping Center and Woodland Plaza.			December 31, 2024	
Program 3.M: Modify parking requirements for emergency shelters consistent with State law.			December 31, 2024	
Program 2.B: Establish an affordable housing in-lieu fee and commercial linkage fee.	Commercial linkage fee.	December 31, 2025		
Program 1.D: Allow housing on certain Public and Community Facilities District sites and facilitate housing on religious institution properties.			December 31, 2025	
Program 1.F: Rezone Village Court parcel.			December 31, 2025	
Program 4.H: Provide additional density bonuses and incentives for housing that accommodates special needs groups.			December 31, 2025	
Program 4.I: Allow senior housing with extended care facilities in multi-family and mixed-use zoning districts.			December 31, 2025	
Program 1.I: Incentivize Downtown lot consolidation.			July 31, 2026	
Program 4.G: Assist seniors to maintain and rehabilitate their homes.			July 31, 2026	
Program 6.C: Target housing development in highest resource areas.	Follow-up Outreach		September 31, 2026	
Program 1.H: Facilitate housing on City-owned sites.	Entitlement Review		December 31, 2026	
Program 3.N: Modify standards in the R3 zoning districts.			December 31, 2026	

Program 4.J: Facilitate alternate modes of transportation for residents.	Capital Improvement Project for above head pedestrian crossing signals on San Antonio Road near Downtown Los Altos		December 31, 2027	
Program 5.F: Incentivize the creation of play areas for multi-family housing projects.			December 31, 2027	
Program 1.K: Participate in regional housing needs planning efforts.			Ongoing	
Program 1.L: General Plan amendments.			Ongoing	
Program 1.M: SB 9 implementation.			Ongoing	
Program 1.N: Facilitate and monitor pipeline housing projects.			Ongoing	
Program 2.C: Assist in securing funding for affordable housing projects.			Ongoing	
Program 2.D: Encourage and streamline Accessory Dwelling Units (ADUs).			Ongoing	
Program 2.E: Conduct annual ADU rental income surveys.	Annual Survey		Annually	
Program 4.A: Support efforts to fund homeless services.			Ongoing	
Program 4.B: Continue to participate in local and regional forums for homelessness, supportive, and transitional housing.			Ongoing	
Program 5.A: Monitor condominium conversions.			Ongoing	
Program 5.B: Continue to administer the City's affordable housing programs.			Ongoing	
Program 5.C: Restrict commercial uses from displacing residential neighborhoods.			Ongoing	
Program 5.D: Implement voluntary code inspection program.			Ongoing	
Program 5.E: Help secure funding for housing rehabilitation and assistance programs.			Ongoing	

Program 6.A: Assist residents with housing discrimination and landlord-tenant complaints.			Ongoing	
Program 6.B: Maintain and expand an inventory of affordable housing funding sources.	Inform, Evaluate Apply/Submit		Ongoing	
Program 6.F: Affirmatively market physically accessible units.			Ongoing	
Program 7.A: Promote energy and water conservation and greenhouse gas reduction through education and awareness campaigns.			Ongoing	
Program 7.B: Monitor and implement thresholds and statutory requirements of climate change legislation.			Ongoing	