CITY OF BELMONT
CITY COUNCIL AND BELMONT FIRE PROTECTION DISTRICT BOARD OF DIRECTORS

www.belmont.gov

CITY COUNCIL REGULAR MEETING AGENDA
Tuesday, April 12, 2022
7:00 PM
City Council Chambers
City Hall, One Twin Pines Lane, Belmont, California

TELECONFERENCE PARTICIPANTS - None

PUBLIC PARTICIPATION:
The meeting will be broadcast live to Belmont residents on Comcast Cable Channel 27, streamed live via the City's website at www.Belmont.gov. The public may also attend the meeting in the City Council Chambers and address the council from the chambers.

PUBLIC COMMENT:
To maximize time for live public comment, we encourage members of the public to provide oral comments by joining the City Council meeting via Zoom: For web, visit https://belmont-gov.zoom.us/ select "Join" and enter Meeting ID: 95745673035. Use the **Raise Hand** feature to request to speak. You may rename your profile if you wish to remain anonymous.

For dial-in comments, call *67 1-(669) 900-6833 (your phone number will appear on the live broadcast if *67 is not dialed prior to the phone number), enter Meeting ID: 95745673035, and press *9 to request to speak. All public comments are subject to a 3-minute time limit unless otherwise determined by the Mayor.

If you wish to submit written public comment, you may send an email to cclerk@belmont.gov before the council considers the item. Please indicate the agenda item topic or agenda item number you wish to comment on in your email's subject line. Any public comment regarding agenda items that are received from the publication of the agenda through the meeting date will be made part of the meeting record, but will not be read during the Council meeting.

CITY COUNCIL REGULAR MEETING AGENDA

Date Corrected ** **Tuesday, April 12, 2022
7:00 PM
City Council Chambers
City Hall, One Twin Pines Lane, Belmont, California

1. ROLL CALL

2. PLEDGE OF ALLEGIANCE

3. REPORT FROM CLOSED SESSION

4. SPECIAL PRESENTATIONS
A. Proclamation Honoring Denny Lawhern
B. Proclamation In Appreciation to Park and Recreation Commissioner Chuck Cotten
C. Proclamation Honoring Women's History Month
D. Proclamation Declaring the Month of April National Poetry Month
E. Proclamation Declaring the Month of April as Water Conservation Month in the City of Belmont
F. Presentation of SchoolForce Celebrate the Music Festival

5. PUBLIC COMMENTS ON ITEMS NOT ON THE AGENDA
This portion of the meeting is reserved for persons wishing to address the Body on any City matter not on the agenda. The period for public comment at this point in the agenda is limited to 15 minutes, with a maximum of 3 minutes per speaker. Speakers who requested but did not receive an opportunity to speak during this comment period will be given an opportunity to address the Body later in the meeting. State law prohibits the Body from acting on non-agenda items.

6. COUNCILMEMBER ANNOUNCEMENTS

7. CONSENT BUSINESS
Consent business items are considered to be routine in nature and will be enacted by one motion. There will be no separate discussion on these items unless a member or staff request specific items to be removed for separate action. The City Attorney will read the title of ordinances to be adopted.

A. Monthly Financials
Recommendation: Motion to Approve February 2022 Monthly Financials

Attachment(s):
Monthly Financial Reports - February

B. Granicus Software Solutions
Recommendation: Adopt a resolution authorizing the City Manager to enter into an agreement with Granicus LLC for software solutions to conduct required elements of public meetings and public office campaign requirements. in an amount not to exceed $206,265.06 for continued use and support and maintenance for a three-year period from July 2022 – June 2025.

Attachment(s):

Staff Report
Resolution
Granicus Proposal for Belmont

C. San Mateo County Enrichment Grant Fund Award

Recommendation: Adopt a resolution (1) acknowledging receipt of, and accepting the allocation of funds in the amount of $28,880 awarded by San Mateo County; and (2) appropriating $28,880 of grant revenue from San Mateo County to the County Grant Account 205-4-820-6362 and increasing the appropriation of $20,080 to expenditure account 205-4-820-8103 to hire additional part time staff to provide support to vulnerable participants, to provide disability awareness and inclusion training, and to purchase sensory and wellness supplies

Attachment(s):
Staff Report
Resolution

D. State Legislative Advocacy and Consulting Services with Renne Public Group (RPPG) Amendment 2

Recommendation: Adopt a resolution authorizing the City Manager to execute Amendment 2 to the Service Agreement with Renne Public Policy Group to provide State Legislative Advocacy and Consulting Services to the City in an amount not to exceed $55,000 annually, including City Manager authority to extend the agreement for two additional, consecutive one-year term

Attachment(s):
Staff Report
Resolution
Proposal for Renewal 2022-2023

E. Commercial Cannabis Overlay Zone Amendments

Recommendation: 1) Introduce Ordinance establishing Cannabis Retail & Distribution (S-3 & S-4) Overlay Zones and Development Standards 2) Direct review of Ordinance and Zoning Basemap Amendments to Planning Commission for review/recommendation

Attachment(s):
Staff Report
Ordinance
Exhibit 1 to Cannabis Overlay Zone Ordinance.pdf

F. Caltrans Program Supplement Agreement

Recommendation: Adopt a resolution authorizing the City Manager to Execute State and Federal Agreements for transportation grants between The State of California, Department of Transportation (Caltrans) and the City of Belmont for State-Funded and Federal-Aid Projects

Attachment(s):
Staff Report
Resolution
Exhibit A Federal MA Caltrans (1)

8. PUBLIC HEARINGS (None)

9. GENERAL BUSINESS

General Business items are considered separately, typically in the order listed. The chair will call for public comment on each item when the body considers the item.

A. District Elections Map Boundaries, Sequence of Elections, and At-Large Elected Mayor
Recommendation: 1. Hold a final public hearing for the approval of a final map with sequence of election. 2. Adopt boundaries of council districts for by-district elections by resolution. 3. Introduce an ordinance codifying district-based elections, establishing the sequence of councilmember elections by-districts, establishing the office of mayor and setting the term of office and initial election, and reorganizing the city code to incorporate the change in method of council elections

Attachment(s):
Staff Report.
Resolution
Ordinance
City of Belmont Final Plan

B. Comprehensive Sewer Rate Study – Proposition 218 Notice for Sewer Rate Changes Effective Fiscal Years 2022/2023 and 2023/2024
Recommendation: Adopt a resolution setting the maximum sewer rates for Fiscal Years 2022/2023 and 2023/2024 with a low stabilization adjustment and setting a Public Hearing for June 14, 2022

Attachment(s):
Staff Report
Resolution (Including Exhibits A & B)
Intro 2022-23 and 2023-24HDR Comprehensive Sewer Rate Study

C. Measure I Report
Recommendation: Receive an update on the projects delivered since the inception of the Measure I Sales Tax Measure between 2018 and present. This is an informational report, and no action is required

Attachment(s):
Staff Report
Measure I -Achievements
Measure I -Street Segment Improvements List

10. BRIEF VERBAL REPORTS FROM MEMBERS AND STAFF

A. Verbal report from Councilmembers on Intergovernmental (IGR) and Subcommittee Assignments

B. Verbal report from City Manager

11. MATTERS OF INTEREST/CLARIFICATION

Items in this category are for discussion and direction to staff only. However, Council/Board may take final action on an item if there is no need for additional staff analysis.

12. ADJOURNMENT

If you need assistance to participate in this meeting, please contact the City Clerk at (650) 595-7413. The speech and hearing-impaired may call (650) 637-2999 for TDD services. Notification in advance of the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.
Meeting information can also be accessed via the internet at: www.belmont.gov. All staff reports will be posted to

the web in advance of the meeting, and any writings or documents provided to a majority of the City Council/District Board or Commission regarding any item on this agenda will be made available for public inspection in the City Clerk's Office, One Twin Pines Lane, during normal business hours and at the Council Chambers at City Hall, Second Floor, during the meeting.

CITY OF BELMONT

FISCAL YEAR 2022

MONTHLY FINANCIAL REPORT - FEBRUARY 28, 2022



HIGHLIGHTS

PERFORMANCE AT A GLANCE REPORT

- General Fund balance increased compared to prior YTD
- COVID-19 has negatively impacted revenue stream related to taxes (Budget Variance on pg. 4).

FUND RECAP AT A GLANCE REPORT

Increasing Fund Balance to PY:
- General Fund
- Sewer Collection System
- Sewer Treatment

Decreasing Fund Balance to PY:
- Planned Park
- Storm Drainage
- Infrastructure

BUDGET VARIANCE REPORT

- Management Discussion & Analysis
- Tax Trends

CASH DISBURSEMENTS & PURCHASE ORDER ACTIVITY REPORT

- Amounts equal to and above $5,000

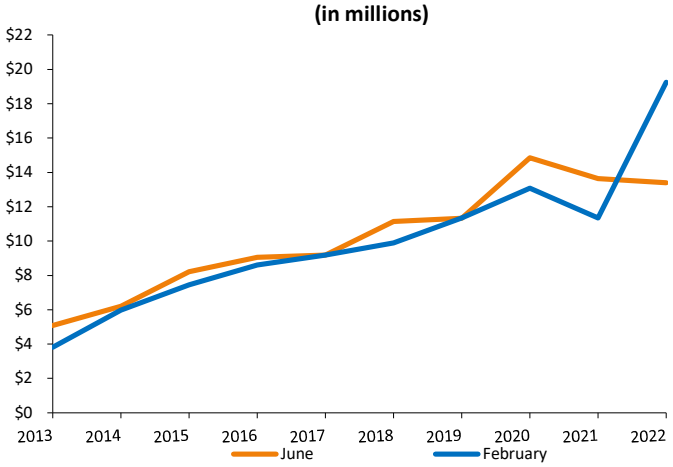
This report contains financial information which has not been reviewed or audited by an independent auditor, does not reflect the application of generally accepted accounting principles in all instances and is subject to future revision. This report has not been prepared with a view to informing an investment decision in any of the City's bonds, notes or other obligations. Any projections, plans or other forward-looking statements included in this report are subject to a variety of uncertainties that could cause any actual plans or results to differ materially from any such statement. The information herein is not intended to be used by investors or potential investors in considering the purchase or sale of the City's bonds, notes or other obligations and investors and potential investors should rely only on information filed by the City on the Municipal Securities Rulemaking Board's Electronic Municipal Market Access System for municipal securities disclosures and website, maintained on the World Wide Web at https://emma.msrb.org/

These financial reports are designed to provide a general overview of the City of Belmont's interim finances. Questions concerning any information provided in these reports should be addressed to financedept@belmont.gov or for additional information regarding the City's financial activities, including past award winning audited financial statements, transparency efforts and best practices please visit the City at www.belmont.gov.

CALIFORNIA BELMONT

City of Belmont
Performance at a Glance
Results for the Period Ended February 28, 2022
(000's)

General Fund Balance Trend
(in millions)

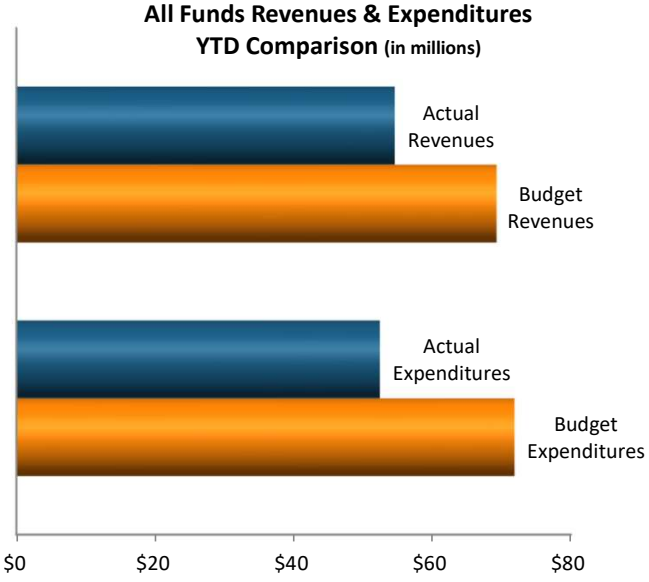


General Fund Balance Trends*

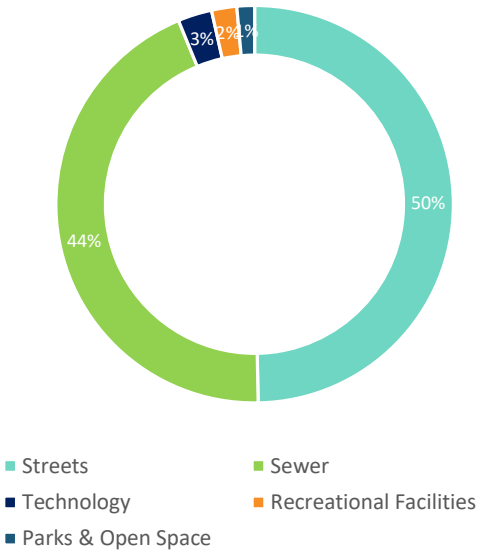
6/30/2012	$5,085	Audited
6/30/2013	$6,200	Audited
6/30/2014	$8,204	Audited
6/30/2015	$9,049	Audited
6/30/2016	$9,177	Audited
6/30/2017	$11,128	Audited
6/30/2018	$11,325	Audited
6/30/2019	$14,846	Audited
6/30/2020	$13,637	Audited
6/30/2021	$13,398	Audited
2/28/2022	$19,244	Unaudited

* excludes Measure I

All Funds Revenues & Expenditures
YTD Comparison (in millions)



Capital Improvement Plan



General Fund

The General Fund balance is $19.2 million, a $5.8 million increase compared to amount at the prior fiscal year end. The increase compared to the 6/30/21 balance was primarily due to the receipt of $3.2 million in ARPA Federal Coronavirus State and Local Fiscal Recovery Funds.

Fund Balance - YTD Fund Deficits

As shown on the Fund Recap at a Glance (page 3), the Recreation Fund, Supplemental Law Enforcement, Planned Park, Library Bond Debt Service, and Facilities Management Fund have deficits that are expected to be eliminated in a future period.

City of Belmont
Fund Recap at a Glance
Results for the Period Ended February 28, 2022
(000's)

Fund	Fund Name	Audited Fund Bal. 06/30/21 (1)	Revenues YTD Budget	Revenues YTD Actual (2)	Revenues Variance (Under) Over	Revenues %	Revenues PY YTD Actual	Expenditures YTD Budget	Expenditures YTD Actual (3)	Expenditures Variance Under (Over)	Expenditures %	Expenditures PY YTD Actual	Unaudited Fund Bal. 02/28/22 (1)+(2)-(3)	PY YTD Fund Bal. 02/28/21
GENERAL FUND														
101	General	*$13,398*	$18,381	$19,445	$1,064	106%	$15,207	$17,478	$13,599	$3,880	78%	$17,951	***$ 19,244***	*11,340*
102	Measure I	*3,751*	1,482	1,203	(279)	81%	992	2,403	779	1,623	32%	313	***4,175***	*2,408*
SPECIAL REVENUE FUNDS														
205	Recreation	*21*	1,918	814	(1,104)	42%	1,210	1,875	1,738	137	93%	1,666	***(904)***	*(456)*
206	Library Maintenance & Operation	*962*	205	152	(53)	74%	182	298	256	42	86%	236	***858***	*981*
207	Athletic Field Maintenance	*377*	54	70	16	129%	72	70	45	25	64%	23	***402***	*373*
208	City Tree	*326*	4	6	2	145%	9	49	27	22	56%	36	***305***	*336*
209	Senior Services Donation	*86*	4	3	(1)	85%	0	0	0	0	N/A	0	***89***	*86*
210	Development Services	*417*	3,646	2,690	(956)	74%	3,201	3,613	2,970	643	82%	2,590	***136***	*611*
212	General Plan Maintenance	*738*	335	150	(185)	45%	169	210	0	210	0%	65	***888***	*512*
223	Belmont Fire Protection District	*15,403*	8,472	7,463	(1,009)	88%	7,743	7,795	8,870	(1,075)	114%	8,232	***13,996***	*12,879*
225	Police Grants and Donations	*35*	0	0	(0)	8%	(0)	3	2	2	46%	0	***34***	*35*
227	Supplemental Law Enforcement	*0*	183	121	(62)	66%	120	141	157	(17)	112%	144	***(36)***	*(21)*
231	Street Maintenance	*711*	1,561	682	(878)	44%	753	1,572	1,283	288	82%	1,533	***110***	*167*
232	RMRA Street Project	*323*	356	308	(48)	86%	289	1,183	618	565	52%	20	***13***	*857*
233	Measure W	*250*	244	192	(52)	79%	460	400	0	400	0%	267	***441***	*194*
234	Street Improvements	*2,161*	2,881	2,664	(218)	92%	1,132	3,248	1,934	1,314	60%	591	***2,890***	*1,303*
237	Traffic Impact	-	192	200	8	104%	0	0	0	0	N/A	0	***200***	*0*
239	Public Art	-	370	0	(370)	0%	0	0	0	0	N/A	0	***0***	*0*
275	Affordable Housing Successor	*3,688*	2,760	45	(2,715)	2%	245	371	319	52	86%	105	***3,414***	*3,758*
277	Inclusionary Housing	*2,385*	188	0	(188)	0%	2	0	0	0	N/A	1,000	***2,385***	*2,268*
	Total Special Revenue	*27,885*	23,373	15,559	(7,814)	67%	15,586	20,830	18,222	2,608	87%	16,509	***25,222***	*23,883*
CAPITAL PROJECT FUNDS														
308	General Facilities	*827*	2	0	(2)	7%	8	275	86	190	31%	193	***742***	*836*
310	Infrastructure	*2,302*	159	1	(159)	0%	7	2,267	185	2,082	8%	2	***2,118***	*2,823*
312	Comcast PEG Program	*363*	1	0	(1)	8%	1	80	0	80	0%	11	***363***	*362*
341	Planned Park	*357*	2,007	0	(2,007)	0%	9	669	456	214	68%	3,630	***(98)***	*1,041*
342	Park Impact	*1,397*	1,320	0	(1,320)	0%	18	2,205	0	2,205	0%	0	***1,397***	*381*
343	Open Space	*206*	1	0	(1)	8%	1	47	15	32	32%	19	***191***	*216*
704	Special Assessment Districts	*308*	1	0	(1)	8%	1	0	0	0	N/A	0	***308***	*308*
	Total Capital Projects	*5,760*	3,491	1	(3,490)	0%	43	5,543	741	4,802	13%	3,856	***5,020***	*5,966*
DEBT SERVICE & OTHER FUNDS														
406	Library Bond Debt Service	*267*	451	337	(114)	75%	400	456	652	(196)	143%	653	***(48)***	*9*
501-505	Sewer Collection System	*20,034*	11,059	7,063	(3,996)	64%	8,227	11,932	6,716	5,215	56%	10,771	***20,381***	*12,778*
507	Sewer Treatment	*24,301*	2,155	1,573	(582)	73%	1,823	3,616	3,888	(272)	108%	4,793	***21,986***	*18,641*
525	Storm Drainage Enterprise	*3,585*	1,362	595	(768)	44%	1,254	1,824	1,215	610	67%	1,438	***2,965***	*4,316*
530	Solid Waste Management	*1,582*	343	310	(33)	90%	287	329	241	88	73%	275	***1,651***	*1,552*
570	Worker's Compensation	*1,337*	517	489	(28)	95%	484	438	554	(115)	126%	524	***1,273***	*765*
571	Liability Insurance	*3,375*	323	(1,338)	(1,661)	-414%	(963)	1,062	535	527	50%	467	***1,502***	*1,312*
572	Self Funded Vision	-	8	7	(1)	90%	10	9	(3)	12	-40%	(2)	***11***	*13*
573	Fleet & Equipment Management	*5,831*	3,403	3,404	0	100%	3,510	3,435	2,295	1,140	67%	2,597	***6,939***	*5,063*
574	Facilities Management	*41*	1,789	1,091	(698)	61%	1,212	1,396	1,369	27	98%	1,221	***(236)***	*196*
575	Benefit Prefunding	*1,396*	972	893	(79)	92%	1,000	1,094	1,254	(160)	115%	1,321	***1,035***	*1,239*
775	Successor Agency Trust Fund[1]	*(3,430)*	158	3,923	3,766	2491%	89	0	356	(356)	N/A	856	***138***	*(4,972)*
	Total Debt & Other	58,319	22,539	18,347	(4,193)	81%	17,333	25,592	19,071	6,521	75%	24,915	57,595	40,913
	Total All Funds	**$109,114**	**$69,267**	**$54,554**	**($14,712)**	**79%**	**$49,162**	**$71,846**	**$52,412**	**$19,434**	**73%**	**$63,544**	**$111,256**	**$84,511**

Fund Types:
General Fund - Used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.
Capital Projects Funds - Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service & Other Funds - Includes funds used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest; funds used to finance and account for special activities and services performed by a designated department for other departments in the City on a cost reimbursement basis; and funds to account for operations financed and operated in a manner similar to a private business enterprise with the intent that the cost of providing goods and services is primarily financed through user charges; and funds used to account for assets held by the City as an agent.

[1] The Successor Agency Trust Fund is a Fiduciary Fund and is only displayed here for informational and reporting purposes.

City of Belmont
Budget Variance Report
General Fund / All Other Funds
Results for the Period Ended February 28, 2022
(000's)

	General Fund						All Other Funds					
	Year to Date (YTD)				Annual	PY YTD	Year to Date (YTD)				Annual	PY YTD
	Budget	Actual	Variance	%	Budget	Actual	Budget	Actual	Variance	%	Budget	Actual
REVENUES												
Taxes	$11,666	$12,272	$606	105% **a**	$17,499	$9,740	$11,319	$13,703	$2,384	121% **a**	$16,978	$9,927
Property Taxes	3,939	5,167	1,228	131% *	5,908	3,647	8,368	11,325	2,956	91%	12,552	7,801
Sales Taxes	2,686	2,312	(374)	86%	4,028	2,334	2,297	1,890	(407)	71%	3,446	1,546
Other Taxes	5,042	4,794	(248)	95% *	7,563	3,759	653	488	(165)	99%	980	580
Licenses and permits	715	477	(238)	67% **b**	1,073	598	1,229	1,162	(68)	95%	1,844	1,080
Intergovernmental	2,304	3,381	1,078	147%	3,456	509	3,795	2,188	(1,607)	58% **e**	5,693	890
Charge for services	2,786	2,670	(116)	96% **c**	4,179	4,062	25,760	18,584	(7,176)	72% **f**	38,640	19,639
Fines and forfeits	109	90	(20)	82%	164	99	-	-	-	N/A	-	-
Use of money and property	586	493	(94)	84%	880	146	448	169	(279)	38% **g**	672	343
Miscellaneous	215	62	(153)	29% **d**	322	52	102	(714)	(816)	-704% **h**	152	(1,447)
Other financing sources	-	-	-	N/A	-	-	2,512	17	(2,494)	1% **i**	3,767	6
Operating transfers in	-	-	-	N/A	-	-	5,721	-	(5,721)	**j**	8,581	3,518
Total Revenues	**18,381**	**19,445**	**1,064**	**106%**	**27,572**	**15,207**	**50,885**	**35,109**	**(15,776)**	**69%**	**76,328**	**33,955**
EXPENDITURES												
General government	4,441	3,427	(1,014)	77%	6,662	4,615	5,489	4,657	(832)	85%	8,233	4,942
Public safety	9,620	8,942	(678)	93%	14,431	9,227	7,939	9,029	1,090	114% **k**	11,909	8,376
Streets and utilities	-	-	-	N/A	-	-	26,078	14,500	(11,578)	56%	39,117	16,617
Culture and recreation	1,352	1,230	(122)	91%	2,027	1,527	4,574	3,763	(812)	82%	6,862	6,770
Urban redevelopment	-	-	-	N/A	-		2,846	2,752	(94)	97%	4,269	3,124
Debt service	-	-	-	N/A	-	-	3,786	4,113	327	109% **l**	5,679	4,829
Operating transfer out	2,065	-	(2,065)		3,098	2,582	3,655	-	(3,655)		5,483	936
Total Expenditures	**17,478**	**13,599**	**(3,880)**	**78%**	**26,218**	**17,951**	**54,368**	**38,813**	**(15,555)**	**71%**	**81,552**	**45,593**
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	**$903**	**$5,846**			**$1,354**	**($2,744)**	**($3,483)**	**($3,704)**	**($31,331)**		**($5,224)**	**($11,638)**

Management Discussion and Analysis

(Items with unfavorable budget variance more than $0.1 million)

General Fund:

Revenues

*) Beginning with the December 2020 monthly financial report, Property Tax in lieu of VLF and excess ERAF are reported under Property Taxes, not Other Taxes.

a) Taxes – The majority of Sales Tax and Transient Occupancy Taxes (TOT) received in July are related to June activities, which are subject to an accounting adjustment. COVID-19 impacts are occurring. In addition, the February TOT remittance was received in March and will be reflected in that period.

b) Licenses and Permits – Business License revenue will be received in a future reporting period and includes activities related to the prior fiscal year, which are subject to accounting adjustment.
c) Charges for services – The budget variance is primarily due to the 3rd quarter Public Safety and Wildland Prevention revenue, which will be received in March.
d) Miscellaneous – The budget variance is primarily due to the timing of the annual CSUS Public Service Fee, which will be received in a future reporting period.

Other Funds

Revenues

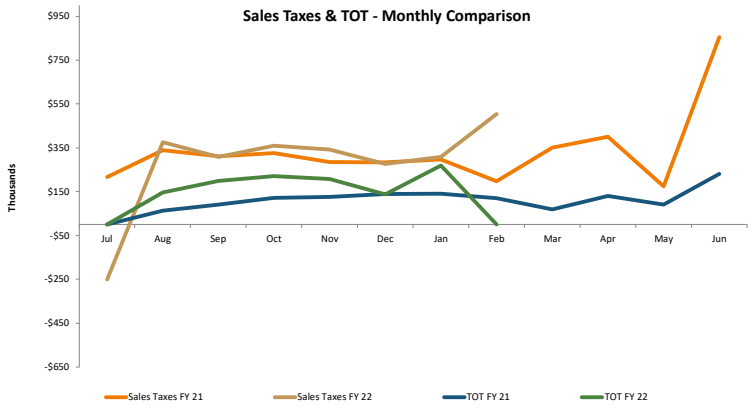
e) Intergovernmental - The revenue will be received in a future reporting period and includes activities related to the prior fiscal year, which are subject to accounting adjustment.
f) Charges for Services – The Sewer Use Fee (Collection & Treatment), budgeted for $17M, is included as part of the City's Property Tax bill to be received semi-annually, typically in April and December.
g) Use of Money and Property–the LAIF interest rate continues to decline resulting in lower investment returns.
h) Miscellaneous– This revenue is subject to an accounting adjustment during the fiscal year closing process related to claims liability.
i) Other Financing Sources – The budget assumes a sale of $3.8M in housing capital assets which is anticipated to occur in a subsequent period.
j) Operating Transfers In – The budget assumes operating transfers, which will be recorded at the end of the fiscal year based on actual results.

Other Funds

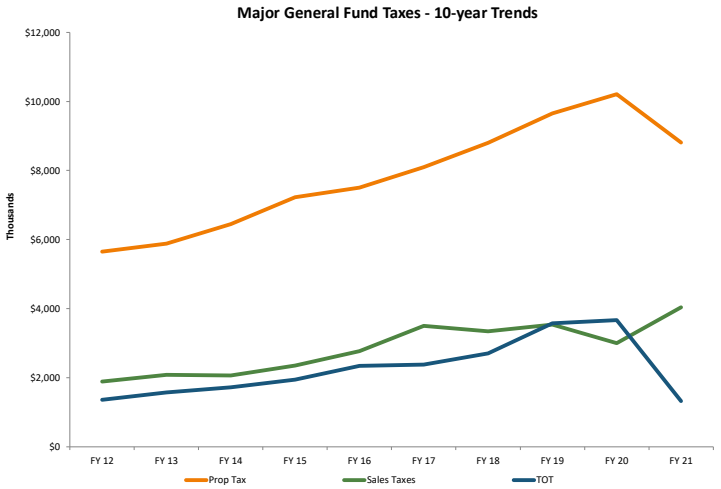
Expenditures

k) Public safety - First quarter payments of $1.6M to BSCFD and $2.1M to San Mateo Consolidated Fire Department.
l) Debt Service -the semi-annual interest and annual principal payments were remitted in July.

Trends



** July TOT revenues received were for June activities and accrued to the previous FY. July revenues will be received in August.



City of Belmont
Disbursements & Purchase Order Activity Report
Results for the Period Ended February 28, 2022



Disbursements Amounts Equal to $5,000 and Above

Vendor	Description	Date	No.	Amount
AMERICAN ASPHALT REPAIR AND	2021 Slurry Jan 2022 services	2/25/22	EFT00027960	35,862.61
BAMACOR, INC.	BARRETT SPECIAL CLEAN	2/4/22	EFT00027722	18,283.91
BENEFIT COORDINATORS CORP	COB Life, ADD & LTD	2/4/22	EFT00027710	6,758.24
BERRYDUNN	PHASE3 DATA ANALYSIS (50%COMP)	2/18/22	EFT00027839	24,619.00
BETTER SOURCE LLC	CM SUITE RENOVATION FURNITURE	2/25/22	EFT00027964	12,443.34
BFI WASTE SYSTEMS OF	BELMONT CREEK DREDGING	2/4/22	1202399	5,872.18
BNY MELLON	2018 SEWER REVENUE	2/1/22	DAJ000007172	512,244.26
BNY MELLON	2019 DEWER REVENUE	2/1/22	DAJ000007173	416,373.86
BURKE, WILLIAMS & SORENSEN, LLP	LEGAL SERVICES	2/18/22	EFT00027815	5,385.59
CALPERS	COB CONTRIBUTION PPE 2/11/22	2/18/22	DAJ000007182	105,376.87
CALPERS	HEALTH PREMIUM-FEBUARY	2/9/22	DAJ000007194	153,268.56
CALPERS	COB CONTRIBUTION PPE 1/28/22	2/9/22	DAJ000007196	104,463.50
CHARLES ARMSTRONG SCHOOL	MCDOUGAL WATER JULY-JAN	2/4/22	1202402	7,804.32
CITY OF BELMONT EMPLOYEES	PAYROLL 2/11/2022	2/10/22	DAJ000007216	380,331.08
CITY OF BELMONT EMPLOYEES	PAYROLL 2/11/2022	2/11/22	DAJ000007218	86,344.57
CITY OF BELMONT EMPLOYEES	PAYROLL 2/25/2022	2/24/22	DAJ000007221	390,289.71
CITY OF BELMONT EMPLOYEES	PAYROLL 2/25/2022	2/25/22	DAJ000007223	91,582.57
COLANTUONO, HIGHSMITH & WHATLEY, PC	LEGAL SERVICES	2/4/22	EFT00027733	7,280.00
CREEKSIDE GRILL	AUGUST SENIOR LUNCHES	2/4/22	EFT00027702	5,341.26
CSG CONSULTANTS, INC.	TO 3 fordev rvws for Nov.	2/18/22	EFT00027851	7,190.00
CSG CONSULTANTS, INC.	BLDG PLAN CHECK JANUARY	2/25/22	EFT00027971	26,690.25
EDD	PPE 01/28/22 TAXES	2/1/22	DAJ000007171	27,409.52
EDD	PAYROLL TAXES PPE 02/25/22	2/28/22	DAJ000007176	33,223.78
EDD	PAYROLL TAXES PPE 02/11/22	2/15/22	DAJ000007188	31,497.44
GOLDFARB & LIPMAN	2 DAVIS DRIVE	2/4/22	1202407	8,310.00
HDR ENGINEERING INC	TO#10 SOLID WASTE REV 2021-22	2/4/22	EFT00027729	14,763.25
HOM, DANIEL	JAN 2022 SERVICES	2/4/22	EFT00027719	5,287.50
ICMA	DEF COMP ACCT#302442	2/17/22	DAJ000007184	46,863.76
ICMA	DEF COMP ACCT# 803366	2/17/22	DAJ000007186	5,075.00
ICMA	DEF COMP ACCT#302442	2/4/22	DAJ000007200	47,990.45
IEDA, INC.	Labor Relations	2/4/22	EFT00027730	5,558.00
INFRASTRUCTURE ENGINEERING CORP	Serv. Oct Nov 20 SSMP	2/18/22	EFT00027824	22,257.50
JPW COMMUNICATIONS LLC	JAN 2022 DISTRICTING SUPPORT	2/18/22	EFT00027836	11,690.00
K.J. WOODS CONSTRUCTION INC	SS rehav Aug 21-Oct 21	2/25/22	EFT00027965	56,619.98
LEAGUE OF CALIFORNIA CITIES	LEAGUE OF CA CITIES MEMBSHP 22	2/4/22	1202411	11,002.00
MANAGEMENT PARTNERS	ED TASK FORCE PREP	2/18/22	EFT00027859	8,645.00
MID-PENINSULA WATER DISTRICT	WATER SERVICE-VARIOUS SITES	2/4/22	EFT00027726	6,990.74
MNS ENGINEERS INC	Street Recon TO5 Nov 21servics	2/25/22	EFT00027966	46,841.43
P&A GROUP	SEC 125	2/15/22	DAJ000007189	5,129.92
PBIA	Nov 2021 Dental BFPD	2/4/22	EFT00027705	19,033.80
PENINSULA FOREST & BEACH SCHOOL	INSTRUCTOR PAYMENTS	2/25/22	EFT00027968	10,635.20
PG&E	GAS & ELECTRICITY-VARIOUS SITES	2/4/22	EFT00027771	9,512.96
PG&E	SURETY REFUND PM#43507398	2/25/22	1202476	8,300.00
PG&E	GAS & ELECTRICITY-VARIOUS SITES	2/25/22	EFT00028002	9,522.94
R & S ERECTION OF SAN MATEO INC	GATE TROUBLESHOOT	2/11/22	EFT00027789	8,610.50
RENNE PUBLIC LAW GROUP	LOBBYING DEC2021	2/4/22	EFT00027717	20,860.82
RINCON CONSULTANTS	HOUSING ELEMENT EIR	2/18/22	EFT00027838	22,330.63
RUGGERI-JENSEN-AZAR	TO2 3214 Upper Lck thru 10-21	2/18/22	EFT00027831	22,213.50
SILICON VALLEY CLEAN WATER	MARCH CONTRIBUTIONS	2/4/22	EFT00027704	282,253.00

City of Belmont
Disbursements & Purchase Order Activity Report
Results for the Period Ended February 28, 2022



Disbursements Amounts Equal to $5,000 and Above

Vendor	Description	Date	No.	Amount
SILICON VALLEY CLEAN WATER	COB QTRLY CASH SHARE OCT-DEC21	2/11/22	EFT00027787	417,997.42
SQUARE	SQUARE FEES FEB 2022	2/28/22	DAJ000007227	5,425.53
SUPERION LLC	ANNUAL MAINTENANCE FOR LUCITY	2/18/22	EFT00027826	16,153.36
THE LEW EDWARDS GROUP	2022 STRATEGIC PLANG/OUTREACH	2/18/22	1202467	5,175.00
THOMAS, SARAH	FINANCE ANALYST SERVICES-JAN	2/11/22	EFT00027795	8,187.50
U.S. BANK CORP PAYMENT SYSTEM	DECEMBER CAL CARD STMT	2/4/22	1202417	15,867.89
U.S. BANK CORP PAYMENT SYSTEM	JAN CAL CARD STMT DO	2/25/22	1202480	10,745.42
VALLEY OIL COMPANY	DIESEL FUEL	2/4/22	EFT00027777	8,391.81
VALLEY OIL COMPANY	CORP YARD GENERATOR FUEL	2/11/22	EFT00027807	10,537.77
			Total Disbursements in Excess of $5,000	**$ 3,710,716.00**
			Total Count	**58**

Purchase Order Amounts Equal to $5,000 and Above

Vendor	Description	Date	No.	Amount
NFP RETIREMENT INC	FIDUCIARY CONSULTING SERVI	2/3/22	22 00044	31,500.00
HDL COMPANIES	TO#1-REV AUDIT & RECOVERY	2/3/22	22 00045	50,000.00
HDL COMPANIES	TO#2-REV AUDIT & RECOVERY	2/3/22	22 00045	50,000.00
HDL COMPANIES	TO#3 - 3YR REV/AUDIT& RECI	2/3/22	22 00045	300,000.00
HDL COMPANIES	TO#4 - SALES/USE/TRANS TAX	2/3/22	22 00045	70,000.00
HDR ENGINEERING INC	TO#11 -SEWER RATE STUDY	2/3/22	22 00046	29,597.00
THOMAS, SARAH	FINANCE ANALYST SERVICES	2/3/22	22 00047	50,000.00
TOWNE FORD SALES	2022 POLICE INTERCEPTOR UT	2/11/22	22 00050	63,238.85
TOWNE FORD SALES	2022 POLICE INTERCEPTOR RE	2/11/22	22 00050	60,250.25
KIMLEY-HORN & ASSOC., INC.	ADAPTIVE SIGNAL CON TECH S	2/11/22	22 00051	255,500.00
CSG CONSULTANTS, INC.	TO# 4 ON CALL INSPECTION/T	2/11/22	22 00052	100,000.00
QUALITY STRIPING, INC.	COB PARKING LOT STRIPING	2/11/22	22 00053	22,948.00
WRA INC	OPEN SPACE MGNT PLAN	2/17/22	22 00054	92,820.00
AAAA GENERATOR SERVICES	EMERGENCY POWER PROJECT	2/23/22	22 00055	221,532.83
CARAHSOFT TECHNOLOGY CORP	100-DOCUSIGN BUS PRO	2/24/22	22 00056	5,635.00
AXIM GEOSPATIAL LLC	GIS SUPPORT BLOCK-PROF SRV	2/24/22	22 00057	25,000.00
BARTEL ASSOCIATES, LLC	TO#1 - CALPERS REVIEW	2/3/22	22 00059	13,000.00
INTELLISITE LLC	3 YR NETCLOUD ESSENTIALS P	2/3/22	22 00060	7,910.44
			Total Purchase Orders Issued in Excess of $5,000	**$ 1,448,932.37**
			Total Count	**18**

CITY OF BELMONT
TREASURER'S REPORT
February-22

Agency Receipts and Disbursements Summary

	Beginning Balance January 31, 2022	Receipts	Disbursements	Ending Balance February 28, 2022
City of Belmont	$ 84,217,598.71	$ 4,344,496.90	$ (3,989,584.52)	$ 84,572,511.09
Belmont Fire Protection District	12,808,722.85	1,208,971.92	(28,507.02)	13,989,187.75
Successor Agency of the RDA	137,584.53	-	(2,500.00)	135,084.53
Total	**$ 97,163,906.09**	**$ 5,553,468.82**	**$ (4,020,591.54)**	**$ 98,696,783.37**
				-

Balance Summary

	Deposit	Investments	Pool Total
City of Belmont, Belmont Fire Protection District, & Successor Agency of RDA	**$ 580,233.13**	**$ 98,116,550.24**	**$ 98,696,783.37**
			-

I certify that this report accurately reflects all investments of City of Belmont, Belmont Fire Protection District, and Successor Agency, and is in conformance with the adopted Investment Policy mandated by Government Code 53646. Furthermore, I certify to the best of my knowledge, sufficient investment liquidity and anticipated revenues are available to meet the Agency's budgeted expenditure requirement for the next six months.

Respectfully Submitted,

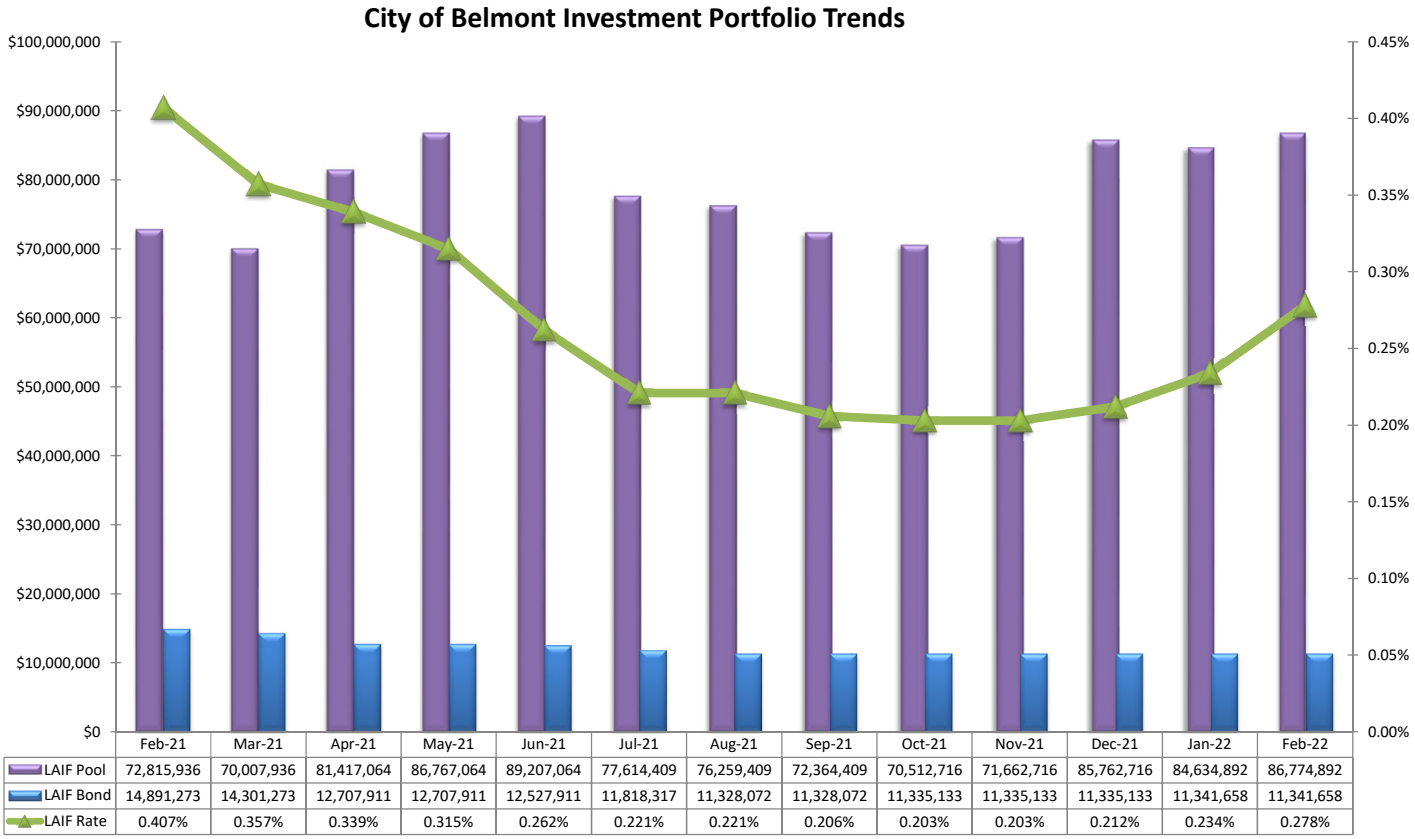
s/b Grace Castaneda

Grace Castaneda
City Treasurer

CITY OF BELMONT
TREASURER'S REPORT
February-22

Investment Detail

Investment Type	Issuer	Maturity Date	Par Amount	Current Market Value	Interest Total	Investment Period	Rate	Pricing Source	Manager
Deposit									
General Account	Wells Fargo		$ 580,233.13	$ 580,233.13				Bank	Bank
Investments:									
L.A.I.F.-POOL	State of California	Daily	86,774,891.76	86,552,671.68	20,102.85	90 days	0.278%	LAIF	LAIF
L.A.I.F.-BONDS	State of California	Daily	11,341,658.48	11,312,613.85	2,627.48	90 days	0.278%	LAIF	LAIF
Total			**$ 98,696,783.37**	**$ 98,445,518.66**	**$ 22,730.33**				



	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21	Nov-21	Dec-21	Jan-22	Feb-22
LAIF Pool	72,815,936	70,007,936	81,417,064	86,767,064	89,207,064	77,614,409	76,259,409	72,364,409	70,512,716	71,662,716	85,762,716	84,634,892	86,774,892
LAIF Bond	14,891,273	14,301,273	12,707,911	12,707,911	12,527,911	11,818,317	11,328,072	11,328,072	11,335,133	11,335,133	11,335,133	11,341,658	11,341,658
LAIF Rate	0.407%	0.357%	0.339%	0.315%	0.262%	0.221%	0.221%	0.206%	0.203%	0.203%	0.212%	0.234%	0.278%

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	John Jones, IT Director, jjones@belmont.gov, 650-637-2970
Agenda Title:	Granicus Software Solutions
Agenda Action:	Resolution

Recommendation

Adopt a resolution authorizing the City Manager to enter into an agreement with Granicus LLC for software solutions to conduct required elements of public meetings and public office campaign requirements. in an amount not to exceed $206,265.06 for continued use and support and maintenance for a three-year period from July 2022 – June 2025.

Strategic Focus Area

Fiscal and Organizational Sustainability

Background

Belmont has been using Granicus for public meeting streaming and agenda packet development for several years. Over time, Granicus has incorporated other entities/software solutions, i.e., Vision (Belmont's website provider), eDisclosure Documents (Form700), Open Platform Suite (Media Manager), etc. with each solution having varying engagement costs and dates.

Analysis

IT currently maintains the engagement with Granicus and has identified the following solutions that will be best controlled by engagement with a single contract vehicle:

Campaign Docs
Disclosure Docs
govAccess Plus
FOIA Platform
Open Platform Suite
govService Essentials
GovDelivery
Peak Agenda Management
Encoding Appliance
Government Transparency Suite
Questys Connector
Communications Cloud
Payment Connector

The complete list with details can be found in Exhibit A: Granicus Proposal for Belmont, CA.

Historically, the City has engaged with different vendors for various technology solutions, which Granicus has absorbed under its umbrella of public service solutions. Assorted and inconsistent start/stop dates and pricing engagements have made the variety of solutions challenging to manage. IT researched and engaged Granicus to incorporate all of these solutions into one main contract in order to better control costs, provide a more seamless operations, and sync the contract expiration dates.

This request is in alignment with the Council's objectives to strengthen organizational development by providing equipment, technology, and resources to ensure high level of service delivery to our community.

Alternatives

1. Take no action.
2. Return to staff for further solution development.

Attachments

A. Exhibit A: Granicus Proposal for Belmont, CA
B. Resolution

Fiscal Impact

☐ No Fiscal Impact
☒ Funding Source Confirmed: 573-1-301-8359*

Source:	**Purpose:**	**Public Outreach:**
Staff	Discretionary Action	Posting of Agenda

*Current Fiscal Year budget has sufficient funding, so no supplemental appropriation is required. Funding for subsequent fiscal years is contingent on annual Council budget appropriation.

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT TO AUTHORIZE THE CITY MANAGER TO CONTRACT WITH GRANICUS, LLC FOR PUBLIC ENGAGEMENT SOFTWARE SOLUTIONS INCLUDING 3-YEAR SUPPORT AND MAINTENANCE NOT TO EXCEED $206,265.06.

WHEREAS, the City is required to comply with certain public sector engagement laws and regulations; and,

WHEREAS, the City requires technology solutions to effectively engage it's constituency; and,

WHEREAS, the City would like to streamline the current multitude of engagement vehicles.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. The City Manager is authorized to negotiate and execute an agreement for Campaign & Disclosure Docs, govAccess/Delivery/Service, Open Platform Suite, Peak Agenda Management, Encoding Applicance, etc. as identified in the scope of services from Granicus, LLC for an amount not to exceed $206,265.06.

SECTION 2. The procurement of services in subsequent fiscal years is contingent on the appropriation of funds in each of those fiscal years.

* * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

Exhibit A: Granicus Proposal for Belmont, CA

ORDER DETAILS

Prepared By:	Bernadette Foley
Phone:	(651) 925-5781
Email:	bernadette.foley@granicus.com
Order #:	Q-180378
Prepared On:	04/05/2022
Expires On:	04/15/2022

ORDER TERMS

Currency:	USD
Payment Terms:	Net 30 (Payments for subscriptions are due at the beginning of the period of performance.)
Current Subscription End Date:	03/31/2022
Initial Order Term End Date:	06/30/2025
Period of Performance:	04/01/2022 - 06/30/2023

The subscription includes the following domain(s) and subdomain(s):

http://www.belmont.gov

PRICING SUMMARY

The pricing and terms within this Proposal are specific to the products and volumes contained within this Proposal.

One-Time Fees			
Solution	**Billing Frequency**	**Quantity/Unit**	**One-Time Fee**
CampaignDocs Setup and Configuration	Up Front	1 Each	$0.00
CampaignDocs Training - Online	Up Front	1 Each	$6,235.01
FOIA Platform Onboarding	Up Front	1 Each	$0.00
Online Training – Administrator	Up Front	1 Each	$6,546.76
Online Training – Users	Up Front	1 Each	$0.00
		SUBTOTAL:	**$12,781.77**

New Subscription Fees					
Solution	**Period of Performance**	**Billing Frequency**	**Quantity/ Unit**	**Annual Fee**	**Prorated Fee**
CampaignDocs Subscription	4/1/2022 to 6/30/2023	Annual	1 Each	$597.52	$746.90
CampaignDocs - Hosting	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
CampaignDocs Web Publishing Subscription	4/1/2022 to 6/30/2023	Annual	1 Each	$209.14	$261.42
eCampaign Subscription	4/1/2022 to 6/30/2023	Annual	1 Each	$507.90	$634.87
Essentials Package 3	4/1/2022 to 6/30/2023	Annual	1 Each	$10,500.00	$13,125.00
PST Email Extractor	4/1/2022 to 6/30/2023	Annual	1 Each	$1,500.00	$1,875.00
Payments Module	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Hosted Data Storage (TB)	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Invoicing Module	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
FOIA Module for Enterprise Sales	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Redaction License (per named user)	4/1/2022 to 6/30/2023	Annual	3 Each	$0.00	$0.00
ADFS/Single Sign-on Module	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Advanced Email Tracking	4/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
			SUBTOTAL:	**$13,314.56**	**$16,643.19**

Renewing Subscription Fees					
Solution	**Period of Performance**	**Billing Frequency**	**Quantity/ Unit**	**Annual Fee**	**Prorated Fee**
DisclosureDocs Ethics Subscription	4/1/2022 to 6/30/2023	Annual	1 Each	$546.11	$682.64
govAccess Plus Edition	4/15/2022 to 6/30/2023	Annual	1 Each	$12,268.62	$14,851.19
Open Platform Suite	7/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Questys Connector (Integration) (LegiStream)	7/1/2022 to 6/30/2023	Annual	1 Each	$938.07	$938.07
DisclosureDocs Conflict of Interest Subscription	8/20/2022 to 6/30/2023	Annual	1 Each	$249.59	$215.51
DisclosureDocs Full Review Subscription	8/20/2022 to 6/30/2023	Annual	1 Each	$249.48	$215.42
DisclosureDocs Subscription	8/20/2022 to 6/30/2023	Annual	1 Each	$727.71	$628.36
govService Essentials Digital Services (up to): 3 Annual Cases (up to): 5000	7/1/2022 to 6/30/2023	Annual	1 Each	$6,546.76	$6,546.76
govDelivery for Integrations	7/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Peak Agenda Management	7/1/2022 to 6/30/2023	Annual	1 Each	$7,875.02	$7,875.02
Granicus Encoding Appliance Software (GT)	7/1/2022 to 6/30/2023	Annual	1 Each	$4,046.90	$4,046.90
Government Transparency Suite	7/1/2022 to 6/30/2023	Annual	1 Each	$6,585.62	$6,585.62
eDisclosure Filer Module Subscription	8/20/2022 to 6/30/2023	Annual	1 Each	$727.71	$628.36
Communications Cloud	10/12/2022 to 6/30/2023	Annual	1 Each	$5,999.99	$4,312.32
govDelivery for Integrations	7/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Payment Connector (Stripe - Standard)	7/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
Send Agenda (Peak)	7/1/2022 to 6/30/2023	Annual	1 Each	$0.00	$0.00
			SUBTOTAL:	**$46,761.58**	**$47,526.17**

Number of Filers:
59

FUTURE YEAR PRICING

Solution(s)	Period of Performance	
	07/01/2023 - 06/30/2024	07/01/2024 - 06/30/2025
CampaignDocs Subscription	$627.40	$658.77
CampaignDocs - Hosting	$0.00	$0.00
CampaignDocs Web Publishing Subscription	$219.59	$230.57
eCampaign Subscription	$533.29	$559.96
DisclosureDocs Ethics Subscription	$573.42	$602.09
govAccess Plus Edition	$12,882.05	$13,526.15
Open Platform Suite	$0.00	$0.00
Questys Connector (Integration) (LegiStream)	$984.97	$1,034.22
DisclosureDocs Conflict of Interest Subscription	$262.07	$275.17
DisclosureDocs Full Review Subscription	$261.96	$275.05
DisclosureDocs Subscription	$764.10	$802.31
govService Essentials Digital Services (up to): 3 Annual Cases (up to): 5000	$6,874.10	$7,217.81
govDelivery for Integrations	$0.00	$0.00
Peak Agenda Management	$8,268.77	$8,682.21
Granicus Encoding Appliance Software (GT)	$4,249.25	$4,461.71
Government Transparency Suite	$6,914.90	$7,260.65
eDisclosure Filer Module Subscription	$764.10	$802.31
Communications Cloud	$6,299.99	$6,614.99
govDelivery for Integrations	$0.00	$0.00
Payment Connector (Stripe - Standard)	$0.00	$0.00
Send Agenda (Peak)	$0.00	$0.00
Essentials Package 3	$11,025.00	$11,576.25
PST Email Extractor	$1,575.00	$1,653.75
Payments Module	$0.00	$0.00
Hosted Data Storage (TB)	$0.00	$0.00
Invoicing Module	$0.00	$0.00
FOIA Module for Enterprise Sales	$0.00	$0.00
Redaction License (per named user)	$0.00	$0.00
ADFS/Single Sign-on Module	$0.00	$0.00
Advanced Email Tracking	$0.00	$0.00
SUBTOTAL:	**$63,079.96**	**$66,233.97**

PRODUCT DESCRIPTIONS

Solution	Description
CampaignDocs Subscription	CampaignDocs™ is a powerful desktop system used by the ROV staff that provides numerous features to help you manage your Campaign Filers, generate letters, emails, run reports on Filings, scan paper filing and receive Electronic Filings submitted by the filers that use eCampaign Module.
CampaignDocs Setup and Configuration	CampaignDocs™ is a powerful desktop system used by the ROV staff that provides numerous features to help you manage your Campaign Filers, generate letters, emails, run reports on Filings, scan paper filing and receive Electronic Filings submitted by the filers that use eCampaign Module.
CampaignDocs Training - Online	CampaignDocs Suite Online Training Fee
CampaignDocs Web Publishing Subscription	CampaignDocs WebPublisher™ module the public has access to redacted copies of the filings on the web. The public is able to search, view and print from their own computer without the need of using your agency's resources.
eCampaign Subscription	eCampaign™ system is a benefit to your filers. Your filers will be able to use our data screens to enter their contributions / expenditures as they occur and file their forms by the due date. The system will validate the information and summarize all the information on the forms. There are several tools that will help your Filer properly file their filings.
DisclosureDocs Ethics Subscription	Ethics Training Tracking - Ethics and Sexual Harassment Prevention Training Tracking Modules work hand in hand with our DisclosureDocs /eDisclosure System. This Module allows tracking the Ethics Certificates and notifying Filers of their Ethics Training requirements.

Solution	Description
govAccess Plus Edition	The govAccess Maintenance, Hosting, and Licensing plan is designed to equip the client with the technology, expertise and training to keep the client's website relevant and effective over time. Services include the following: • Ongoing software updates • Unlimited technical support (6:00 AM - 6:00 PM PT, Monday - Friday) • Access to training webinars and on-demand video library • Access to best practice webinars and resources • Annual health check with research-based recommendations for website optimization -DDoS mitigation • Disaster recovery with 90-minute failover (RTO) and 15-minute data replication (RPO)
Open Platform Suite	Open Platform is access to MediaManager, upload of archives, ability to post agendas/documents, and index of archives. These are able to be published and accessible through a searchable viewpage.
DisclosureDocs Conflict of Interest Subscription	Conflict of Interest Code Module - allows your departments to simplify and automate the creation and collaboration of the Biennial Reviews and the Code Amendments (Exhibit A and B). This process streamlines the acceptance of the Code and drastically improves the productivity of the entire organization.
DisclosureDocs Full Review Subscription	Filer Review – allows the Filing Officer to perform the required tasks of verifying the accuracy of forms and if needed requesting necessary Amendments. 20% on time and 100 % late filings. 10 % needs to be picked at random.
DisclosureDocs Subscription	DisclosureDocs™ is your robust desktop application that provides numerous features to help you manage your Filers, Conflict of Interest Code changes, Full and Facial Reviews, generate Letters, Emails, business process Reports and manage your corresponding Public Access and Electronic Filing components.

Solution	Description
govService Essentials Digital Services (up to): 3 Annual Cases (up to): 5000	govService Essentials includes access to: • Access to the selected number of digital services (ie., workflows/business processes) built, activated and live in govService using either Service Designer (includes any services built by Granicus) or prebuilt from the template library. • Annual Case Volume: Limited to the selected number of annual cases submitted for management and resolution in govService. • Template Library: Leverage any number of pre-built templates from an existing library. Agencies may configure settings, permissions, and workflow stages. • Customer Portal: An online self-service portal to provide a common interface where users can access services and personalized information including historical requests. • Back-office Administration: Internal employees processing services are provided a portal to log-in and access assigned tasks, fulfill requests, and complete desired workflow. • Service Designer: Build no-code/low-code digital services using tools such as Form Builder, Integration Manager, and Workflow Designer. • Customer Service Hub: An integrated constituent contact tracking solution for up to three (3) licensed seats; users able to access workspaces such as Inbox, Face-to-Face, Search, Phone Team, and Reception. *Note: additional seats will incur additional maintenance costs.*
govDelivery for Integrations	Send notification bulletins directly to constituents who subscribe to receive updates directly through Granicus (powered by govDelivery). Recieve a monthly metrics report delivered via email to show subscriber growth and engagement activity for the past month of bulletin sends, and grow subscribers through access to the Granicus Advanced Network. Note: govDelivery intergrations is dependent on an active subscription to the relevant govMeetings agenda or govAccess CMS solutions.

Solution	Description
Peak Agenda Management	Peak Agenda Management is a Software-as-a-Service (SaaS) solution that enables government organizations to simplify the agenda management and minutes recording process of the clerk's office. Peak Agenda Management allows clerks to streamline the way they compile and produce agendas and record minutes for public meetings and includes: • Unlimited user accounts • Unlimited meeting bodies and meeting types • Access to up to one (1) Peak Agenda Management site
Granicus Encoding Appliance Software (GT)	Granicus Encoding Appliance Software (GT) This includes the LiveManager Software solution where webcasts are started/stopped, agendas amended and indexed, votes and attendance recorded, and minutes created.
Government Transparency Suite	Government Transparency are the live in-meeting functions. Streaming of an event, pushing of documents, and indexing of events.
eDisclosure Filer Module Subscription	eDisclosure™ application allows your Filers to login and file for all positions that he/she is holding as well as submit the filing to their Filing Officer(s).

Solution	Description
Communications Cloud	The Cloud is a Software-as-a-Service (SaaS) solution that enables government organizations to connect with more people. By leveraging the Cloud, the client will be able to utilize a number of different outreach mediums, including email, SMS/text messages, RSS feeds, and social media integration to connect with its target audiences. The Cloud includes: • Unlimited email sends with industry-leading delivery and management of all bounces • Support to upload and migrate existing email lists • Access to participate in the GovDelivery Network • Ability to send mass notifications to multiple devices • 24/7 system monitoring, email and phone support during business hours, auto-response to inbound messages from end users, and emergency support • Text-to-subscribe functionality • Up to 2 Web-hosted training sessions annually • Up to 50 administrators • Up to 1 GovDelivery account(s) • Access to a complete archive of all data created by the client for 18 months (rolling) • Up to 3 hours of message template and integration development • Up to 100 subscription topics • Up to 100,000 SMS/text messages per year from a shared short code within the United States* *International numbers are not supported. SMS/text messages not used in the period of performance will not carry over to the following year.
govDelivery for Integrations	Send notification bulletins directly to constituents who subscribe to receive updates directly through Granicus (powered by govDelivery). Recieve a monthly metrics report delivered via email to show subscriber growth and engagement activity for the past month of bulletin sends, and grow subscribers through access to the Granicus Advanced Network. Note: govDelivery intergrations is dependent on an active subscription to the relevant govMeetings agenda or govAccess CMS solutions.
Payment Connector (Stripe - Standard)	A payment integration with Stripe provides an easy method to collect online payments. (Note: Third-party fees may apply, but remain independent of Granicus fees.)

Solution	Description
Send Agenda (Peak)	Send Agenda is dependent on an active subscription to the relevant govMeetings agenda.
Essentials Package 3	Essentials Package 3
PST Email Extractor	PST Email Extractor
Payments Module	Payments Module
Hosted Data Storage (TB)	Hosted Data Storage (TB)
Invoicing Module	Invoicing Module
FOIA Module for Enterprise Sales	FOIA Module Non Enterprise
Redaction License (per named user)	Redaction License (per named user)
FOIA Platform Onboarding	FOIA Platform Onboarding
Online Training – Administrator	Online Training – Administrator
Online Training – Users	Online Training – Users
ADFS/Single Sign-on Module	ADFS/Single Sign-on Module
Advanced Email Tracking	Advanced Email Tracking

GRANICUS ADVANCED NETWORK AND SUBSCRIBER INFORMATION

- **Granicus Communications Suite Subscriber Information.**
  - Data provided by the Client and contact information gathered through the Client's own web properties or activities will remain the property of the Client ('Direct Subscriber'), including any and all personally identifiable information (PII). Granicus will not release the data without the express written permission of the Client, unless required by law.
  - Granicus shall: (i) not disclose the Client's data except to any third parties as necessary to operate the Granicus Products and Services (provided that the Client hereby grants to Granicus a perpetual, non-cancelable, worldwide, non-exclusive license to utilize any data, on an anonymous or aggregate basis only, that arises from the use of the Granicus Products by the Client, whether disclosed on, subsequent to, or prior to the Effective Date, to improve the functionality of the Granicus Products and any other legitimate business purpose, including the right to sublicense such data to third parties, subject to all legal restrictions regarding the use and disclosure of such information).
- **Data obtained through the Granicus Advanced Network.**
  - Granicus offers a SaaS product, known as the Communications Cloud, that offers Direct Subscribers recommendations to subscribe to other Granicus Client's digital communication (the 'Advanced Network'). When a Direct Subscriber signs up through one of the recommendations of the Advanced Network, that subscriber is a 'Network Subscriber' to the agency it subscribed to through the Advanced Network.
  - Network Subscribers are available for use while the Client is under an active subscription with Granicus. Network Subscribers will not transfer to the Client upon termination of any Granicus Order, SOW, or Exhibit. The Client shall not use or transfer any of the Network Subscribers after termination of its Order, SOW, or Exhibit placed under this agreement. All information related to Network Subscribers must be destroyed by the Client within 15 calendar days of the Order, SOW, or Exhibit placed under this agreement terminating.
  - Opt-In. During the last 10 calendar days of the Client's subscription, the Client may send an opt-in email to Network Subscribers that shall include an explanation of the Client's relationship with Granicus terminating and that the Network Subscribers may visit the Client's website to subscribe to further updates from the Client in the future. Any Network Subscriber that does not opt-in will not be transferred with the subscriber list provided to the Client upon termination.

UPDATES TO SHARED SHORT CODES FOR SMS/TEXT MESSAGING (US CLIENTS ONLY):

- Granicus will be migrating all clients with SMS/Text Messaging Solutions using a shared short code option to a unique standard toll-free number within the United States (International numbers not supported). Short Codes are recommended for Text-to-Subscribe functionalities, if enabled where available, for an additional fee.
- Client must have explicit opt-in for all destinations sent to and adhere to all CTIA guidelines for the duration of its use.

TERMS & CONDITIONS

- This quote is exclusive of applicable state, local, and federal taxes, which, if any, will be included in the invoice. It is the responsibility of Belmont, CA to provide applicable exemption certificate(s).
- Granicus certifies that it will not sell, retain, use, or disclose any personal information provided by Client for any purpose other than the specific purpose of performing the services outlined within this Agreement.
- Any lapse in payment may result in suspension of service and will require the payment of a setup fee to reinstate the subscription.
- Client will be invoiced for use of any product or service measured or capped by volume or amount of usage that exceeds the permitted amount set forth in this Quote at the same cost or rate set forth herein.
- **Updates to Shared Short Codes for SMS/Text Messaging:**
  Granicus will be migrating all clients with SMS/Text Messaging Solutions using a shared short code option to a unique standard toll-free number within the United States (International numbers not supported). Short Codes are recommended for Text-to-Subscribe functionalities, if enabled where available, for an additional fee.
  Client must have explicit opt-in for all destinations sent to and adhere to all CTIA guidelines for the duration of its use.
- Notwithstanding anything to the contrary, Granicus reserves the right to adjust pricing at any renewal in which the volume has changed from the prior term without regard to the prior term's per-unit pricing.

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Brigitte Shearer, Parks & Recreation Director, (650) 595-7488, bshearer@belmont.gov
Agenda Title:	San Mateo County Enrichment Grant Fund Award
Agenda Action:	Resolution

Recommendation

Adopt a resolution (1) acknowledging receipt of, and accepting the allocation of funds in the amount of $28,880 awarded by San Mateo County; and (2) appropriating $28,880 of grant revenue from San Mateo County to the County Grant Account 205-4-820-6362 and increasing the appropriation of $20,080 to expenditure account 205-4-820-8103 to hire additional part time staff to provide support to vulnerable participants, to provide disability awareness and inclusion training, and to purchase sensory and wellness supplies.

Strategic Focus Area

Quality of Life

Background

On February 8, 2022, San Mateo County Board of Supervisors authorized $3.3 million in grant funds to expand access to summer enrichment programs that support the social-emotional wellbeing and learning enrichment of school-age students. This Enrichment Grant Program is for providers that commit to using grant funds to:

- Expand access to summer enrichment programs for low-income and vulnerable students;
- Support the social-emotional wellbeing of students to mitigate the setbacks and hardships associated with COVID-19; and
- Provide opportunities for students to reinspire and propel learning to counterbalance learning loss attributed to the COVID-19 pandemic and distance learning.

Belmont's Parks and Recreation staff identified an opportunity to apply for grant funds to provide a more inclusive camp experience for school-age youths in the Camp SOAR summer program. This opportunity also aligns with the City's commitment to Diversity, Equity and Inclusion by enhancing access to and participation in recreation programs. As such, staff applied for $28,800 in grant funds for the following uses.

Staffing and Training		
Disability Awareness and Inclusion Training (Emphasis on Autism)	$500	This training for staff would provide staff with the tools to be equipped in handling challenges that may arise in working with vulnerable students.
Hiring 2 Additional Part Time Seasonal Staff	$10,880	Ability to provide 1 on 1 support to vulnerable students; students with special needs typically do not bring an aide to camp with them, although we recommend it. These additional staff members would help fill that role by providing extra assistance and supervision; this is especially important when going on field trips.
Access Scholarships		
75% Off 8 weeks of Camp for 4 Vulnerable Students	$8,800	These funds would expand access to our camp for low-income and vulnerable students by allowing the City to implement a pilot program offering financial assistance for recreation programs.
Program Infrastructure		
Pop-up tents	$700	Provide shade for to protect children who are vulnerable to heat exhaustion and sunburn.
Landing/Activity Mats	$2,000	Provide a designated area for children to safely jump/crash to satiate sensory-seeking behaviors.
Bean bags, sensory toys, sensory swing	$6,000	Provide spaces and items which have a calming effect and help alleviate hyperactivity for children with special needs.
TOTAL GRANT FUNDS REQUESTED	**$28,880**	

Analysis

San Mateo County informed staff that their grant request was approved, and subsequently grant funding in the amount of $28,880 was remitted to Belmont. Of this amount, $20,080 would offset expenses incurred for staff hiring and training and for purchasing sensory and other operational supplies not previously budgeted. The remaining $8,800 would provide scholarships to reduce the enrollment fees for four participants by 75% per week for each of the eight weeks of Camp SOAR. This fee reduction would only be available to Belmont residents, and those requesting reduced fees would be asked to provide documentation confirming participation in one of the following programs.

- Reduced school lunch program
- WIC, Medi-Cal, or CalWORKS
- Low-income housing residency in Belmont

In addition, staff is currently exploring opportunities to develop a more permanent and broader fee reduction program as several neighboring cities already do. These programs are typically funded through grants, foundations, and donations. The implementation of a fee reduction program for Camp SOAR with

the awarded San Mateo County Enrichment Grant funds would allow staff to evaluate and refine the administration of such a program and prepare for an expanded offering in the near future.

This grant award would allow the Parks & Recreation Department to deliver on one of City Council's Strategic Focus Areas by improving the quality of life for the Belmont community. Intentionally preparing for and welcoming a more diverse camp demographic into the Department's signature Camp SOAR summer program would improve the experience of participants, their families, and staff. The fee reduction component of this grant further contributes to the City's commitment to Diversity, Equity, and Inclusion.

Alternatives

1. Take no action

Attachments

None

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed: If approved, $28,880 of grant revenue will be appropriated to the County Grant Revenue Account 205-4-820-6362 and $20,080 will be appropriated to expenditure account 205-4-820-8103 to hire additional part time staff to provide support to vulnerable participants, to provide disability awareness and inclusion training, and to purchase sensory and wellness supplies. The remaining $8,800 will be used to offset reduced revenues resulting from the disbursement of program scholarships.

Source:	**Purpose:**	**Public Outreach:**
Staff	Discretionary Action	Posting of Agenda

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT (1) ACKNOWLEDGING RECEIPT OF, AND ACCEPTING THE ALLOCATION OF FUNDS IN THE AMOUNT OF $28,880 AWARDED BY SAN MATEO COUNTY; AND (2) APPROPRIATING $28,880 OF GRANT REVENUE FROM SAN MATEO COUNTY TO THE COUNTY GRANT ACCOUNT 205-4-820-6362 AND INCREASING THE APPROPRIATION OF $20,080 TO EXPENDITURE ACCOUNT 205-4-820-8103 TO HIRE ADDITIONAL PART TIME STAFF TO PROVIDE SUPPORT TO VULNERABLE PARTICIPANTS, TO PROVIDE DISABILITY AWARENESS AND INCLUSION TRAINING, AND TO PURCHASE SENSORY AND WELLNESS SUPPLIES.

WHEREAS, On February 8, 2022 San Mateo County Board of Supervisors authorized $3.3 million in grant funds to expand access to summer enrichment programs that support the social-emotional wellbeing and learning enrichment of school-age students; and,

WHEREAS, Through its commitment to greater Diversity, Equity and Inclusion, the City seeks opportunities to improve access to its programs for vulnerable youths in the Belmont community; and,

WHEREAS, Staff applied for and received $28,880 in grant funding for the purpose of providing reduced Camp SOAR enrollment fees, hiring and training additional part time seasonal staff, and purchasing supplies for Camp SOAR operation; and,

WHEREAS, The City has an opportunity to apply $8,800 in these grant fees to providing scholarships to reduce Camp SOAR enrollment fees for low-income and vulnerable participants; and,

WHEREAS, The City has an opportunity to apply the remaining $20,080 in these grant funds to hiring additional part time staff to provide support to vulnerable participants, providing disability awareness and inclusion training to all staff, and purchasing sensory and wellness supplies to support the needs of all participants.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. Acknowledges the receipt of, and does hereby accept the allocation of funds in the amount of $28,880 awarded to it by San Mateo County; and

SECTION 2. Appropriates $28,880 of grant revenue from San Mateo County to the County Grant Account 205-4-820-6362 and increases the appropriation of $20,080 to expenditure account 205-4-820-8103 to hire additional part time staff to provide support to vulnerable participants, to provide disability awareness and inclusion training, and to purchase sensory and wellness supplies.

* * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:
Noes:
Absent:
Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Jozi Plut, CMC, City Clerk | Communications, jplut@belmont.gov, 650-595-7414
Agenda Title:	State Legislative Advocacy and Consulting Services with Renne Public Group (RPPG) Amendment 2
Agenda Action:	Resolution

Recommendation

Adopt a resolution authorizing the City Manager to execute Amendment 2 to the Service Agreement with Renne Public Policy Group to provide State Legislative Advocacy and Consulting Services to the City in an amount not to exceed $55,000 annually, including City Manager authority to extend the agreement for two additional, consecutive one-year term.

Strategic Focus Area

Fiscal and Organizational Sustainability

Background

The City Council expressed interest in receiving more regular updates on pending legislation and engaging on pending legislation that impacts the City.

On March 24, 2020, City Council approved Resolution 2020-022 authorizing a contract with Renne Public Policy Group (RPPG) to provide State Legislative Advocacy and Consulting Services, addressing the City Council's top priorities. Employing a multi-pronged approach, the City benefits from the expertise of a legislative consultant when appropriate on state legislation regarding housing initiatives, infrastructure, regional transportation improvements, environmental sustainability, community services, public safety and emergency management and other policies that may affect the City's operations or finances.

In line with the City's Legislative Program, contracting with RPPG provides an active legislative program and the City Council has more opportunity to comment on pending legislation relatively frequently given the recent significant increase in State legislation that directly affects cities.

Analysis

The City of Belmont recognizes the need for active legislative engagement at the local, state, and federal levels to protect and enhance the interests of Belmont's residents and businesses. Accordingly, City officials and staff maintain close relationships with Belmont's state and federal representatives to advocate, influence and monitor pertinent legislation

The City's Legislative Platform contains broad policy statements pertaining to a variety of issues that impacts us. The Legislative Platform provides a policy framework for the City to respond to legislative issues important to the City in a timely manner, including correspondence from the Mayor or City

Manager to the Legislature and/or Congress, and collaborating, when appropriate, with the League of California Cities.

By implementing and maintaining an active legislative advocacy program, the City can ensure that the City Council and staff would be fully apprised of evolving state initiatives that may affect the City's key priorities, programs, or operations. In addition, having a legislative advocate with a physical presence in Sacramento is important for tracking legislation that might impact the City, and will help in building relationships with key elected officials and their offices.

The scope of services retained through the proposed amendment continues to track, review and analyze any introduced and amended legislation and regulatory proposals. Advocate on legislation, regulatory proposals of interest and any state budget issues impacting the organization. They will consult and develop strategic documents, draft policy position, regulatory and budgetary letters, customized priority legislative tracking matrix, budget analysis, and background papers to ensure the City is informed and its voice is heard by policymakers and stakeholders. as outlined within the Legislative Platform.

Alternatives

1. Defer to staff for more information
2. Take no action

Attachments

A. Resolution
B. RPPG Scope of Work

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed: The budget for Legislative Advocacy and Consulting services is included in the City Manager's budget 101-1-111 8351. Request and appropriation of funds will be incorporated as part of the annual budget development.

Source:	**Purpose:**	**Public Outreach:**
Staff	Council Vision/Priority	Posting of Agenda

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT AUTHORIZING THE CITY MANAGER TO EXECUTE AMENDMENT 2 TO SERVICE AGREEMENT WITH RENNE PUBLIC POLICY GROUP TO PROVIDE STATE LEGISLATIVE ADVOCACY AND CONSULTING SERVICES TO THE CITY IN AN AMOUNT NOT TO EXCEED $55,000 ANNUALLY, INCLUDING CITY MANAGER AUTHORITY TO EXTEND THE AGREEMENT FOR TWO ADDITIONAL, CONSECUTIVE ONE-YEAR TERM

WHEREAS, the City has a need for consulting services to provide comprehensive state legislative advocacy and consulting services; and,

WHEREAS, the City Council expressed interest in receiving more regular updates on pending legislation and engaging on pending legislation that impacts the City; and,

WHEREAS, these services are highly specialized and require a consultant with particular expertise; and,

WHEREAS, The City does not have dedicated governmental affairs staff, and the City benefits from the expertise of a legislative consultant to provide guidance and advocacy services; and,

WHEREAS, Renne Public Policy Group was selected through a competitive process to provide and has provided such services since March 2020.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. The City Manager is authorized to negotiate and execute an Amendment 2 to Services Agreement with Renne Public Policy Group at the rates set forth in Exhibit 1 to provide State Legislative Advocacy and Consulting Services and in an amount not to exceed $55,000, including City Manager authority to extend the agreement for two additional, consecutive one-year term.

SECTION 2. This authorization is limited to the amount of available funds appropriated within a fiscal year budget for that purpose. * * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

Proposal for State Legislative Advocacy
City of Belmont

Renne Public Law Group, LLP [DBA Renne Public Policy Group (RPPG)]
Dane Hutchings, Managing Director
1100 11th Street, Suite 231
Sacramento, CA 95814
dhutchings@publicpolicygroup.com
(916) 230-6935

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Firm Overview and Summary

Effective March 1, 2018, the well-established law firm Renne Sloan Holtzman Sakai LLP, Public Law Group (of 17 years) divided into two separate firms, one of which is Renne Public Law Group, LLP (RPLG). Specifically, as part of the firm's separation, RPLG was required to obtain a new federal tax ID number.

Advocating in the local government space is our passion. Each member of our proposed team has a strong background representing and or serving in California local government. This experience makes us uniquely qualified to serve the City.

RPPG specializes in the following services:

- State legislative, administrative, and regulatory advocacy
- Public affairs and communications
- Grant writing and revenue sourcing
- Federal legislative tracking and analysis
- Public sector retirement and OPEB advisory services
- Strategic planning and counsel
- Coalition-building and grassroots campaigns
- State procurement

Firm Resources

RPLG and RPPG have a combined team of 40 legal and legislative professionals comprised of attorneys, lobbyists, senior advisors as well as administrative, legislative, and operational support staff. A full list of our team members can be found on the RPPG and RPLG websites. We have two offices, located in San Francisco and Sacramento, respectively.

As detailed throughout this proposal, the RPPG lobbying and grant writing practice area is led by our Managing Director, Dane Hutchings (current Project Manager) who has nearly 15 years of direct legislative experience. He is supported by two seasoned legislative advocates Alyssa Silhi and Sharon Gonsalves. Jake Whitaker serves as the firm's manager of grant writing and research. RPPG's group of Policy and Strategic Advisors support our clients' overall advocacy strategy by providing unique and experienced perspectives on the real-world impacts of pending legislative, regulatory and administrative proposals—leveraging their experience for the betterment of our clients.

RPPG Current Client List and Conflicts Check (as of March 8, 2022)

RPPG operates with the highest level of transparency, ethics, and standards. As such, we are providing the City with a full list of our current lobby and/or political consulting clients. As a boutique firm and a newly established practice area, our success stories will continue to grow as we continue to grow our business. At present time, RPPG currently represents the following clients in either direct legislative/administrative advocacy and/or political consulting:

- City of Bakersfield
- City of Belmont
- City of Carlsbad
- City of Corona
- City of Menlo Park
- City Clerks Association of California
- GovInvest Inc.
- Interwest Consulting Group

- City of Eastvale
- City of Belmont
- City of Mountain View
- City of Rancho Palos Verdes
- City of Redwood City
- City of Santa Rosa
- City of Westlake Village
- City of Greenfield
- City of Rio Vista
- San Bernardino Community College District
- San Diego County Regional Airport Authority
- The California Public Private Alliance
- Town of Atherton
- Town of Hillsborough
- City of Foster City

Scope of Services

Our proposal for consideration provides for both state legislative advocacy services as well as state and federal grant writing and consulting services. We propose to provide regular written and verbal communications to the City Council and staff to ensure that the City is up to date on our advocacy efforts, individual tasks, and timelines for meeting milestones. Regular communication is a critical part of helping the City stay informed and involved throughout the entire state budget and legislative processes.

Legislative Advocacy Scope and Implementation

- **Legislative Review, Tracking and Advocacy:** Track, review and analyze any introduced and amended legislation and regulatory proposals. Advocate on legislation, regulatory proposals of interest and any state budget issues impacting the organization. We consult and develop strategic documents, draft policy position, regulatory and budgetary letters, customized priority legislative tracking matrix, budget analysis, and background papers to ensure the City is informed and its voice is heard by policymakers and stakeholders.
- **Participate and Advise in Annual Legislative Strategic Planning:** RPPG understands the importance that establishing a proactive strategy plays in our client's overall success. RPPG will work with the City to help develop the organization's annual and multi-year legislative strategic plan.
- **Explore Potential General Fund Opportunities. Advise on Competitive Grant Programs:** The Newsom Administration has prioritized increased wildfire preparedness, affordable housing, transportation/infrastructure rehabilitation and other capital improvement projects. Identifying and effectively advocating for appropriate grant funding provides a tangible return on investment from working with a Sacramento legislative advocacy firm. For the 2022-23 budget development cycle, Governor Newsom is focusing on one-time investments with a historic $31 billion budget surplus that address five core policy areas: fighting the COVID-19 pandemic, combating the climate crisis, confronting homelessness, addressing the cost of living, and keeping our streets safe.

  This budget proposal includes numerous competitive grant programs that align with the City's priorities, including $757 million for investments in new park space, $100 million for urban

and community forestry and urban greening, $500 million for the Infill Infrastructure Grant Program, $300 million for the Affordable Housing Sustainable Communities Grant Program, $750 million for the Active Transportation Program, and $400 million for climate adaptation projects for transportation infrastructure. Regardless of the funding source, RPPG is well positioned to work with City staff to review grant applications, arrange meetings with relevant agency personnel and provide unique insight as to how different revenue can be used to meet local match requirements, which at times, can prove to be a significant challenge for public agencies who need to be creative with the limited resources at hand.

Should the city wish to engage in full grant writing and research, RPPG's Manager of Grant Writing and Research is fully equipped to provide those services to the City as a standalone service offering.

- **Representation:** Represent the City at policy-related meetings, conferences, events, regulatory proceedings, legislative hearings, and other appropriate venues to deliver comments, testimony, and provide the City with a consistent presence in Sacramento. RPPG representatives already attend all League legislative briefings and work closely with League lobbyists and staff.
- **Frequent Communication:** At RPPG, we want to make sure our clients are fully informed. RPPG representatives go well above and beyond by providing comprehensive written updates monthly, and supplement that with a bi-weekly check-in with city staff via Zoom, where we review legislation and brief them on the latest issues and developments. RPPG representatives are also available, when needed, to brief City staff or council on emerging issues, current legislation, or enacted policies.
- **Relationship Building:** RPPG will build off the City's strong reputation and will continue to Belmont relationships with legislators and administration officials. Our firm will make meeting recommendations, schedule arrangements, and strategize on messaging in advance. This approach ensures that we have laid the groundwork for your bill proposals year over year.
- **Education Tour:** Using the City's legislative priorities, RPPG is prepared to conduct an education tour in the Capitol to drive awareness on the issues that matter to you most. This will ensure that the appropriate communication channels with legislative staff and legislators remain open throughout the 2021-2022 legislative session and beyond.
- **Targeted Engagement with Statewide Local Government Association and Local Agency Partners:** Our proven working relationship with the League of California Cities, California State Association of Counties, California Special District's Association, the California Fire and Police Chiefs' associations, and other statewide local government advocacy organizations will ensure that RPPG can communicate the City's policy positions—and when appropriate, work in a blended strategy to achieve success.

Below is a detailed timeline that outlines how and when we would implement our workplan. Specific dates and deliverables are subject to change should the Legislative calendar be modified.

Date	Action	Deliverable/Goal
Upon Contract renewal – March 2022	Collaborate with the City of Belmont City's staff to develop City's Legislative Policy Guidelines and annual legislative advocacy plan to guide our efforts during the legislative session. Belmont new and established relationships with Legislators and key Administration officials shortly after contract commencement. Our firm will make recommendations for meetings, schedule arrangements, and strategize on the messaging in advance. Develop sponsored bill ideas and an advocacy strategy that identifies legislative champions and key stakeholders, including coordination with other municipalities and organizations with similar legislative objectives.	Legislative Platform and Advocacy plan Develop target list of key policy committee staff, the executive branch, and other key elected officials for engagement Introduction of sponsored bills
Upon Contract award – March 2022	Identify and secure authors for sponsored legislation. Develop language and supporting materials for these legislative proposals. Develop a clear communication plan, including a regularly scheduled conference call, along with written reports. Devise a matrix for timely reporting of bills relevant to the City. Meet with policy and fiscal committee staff and/or Administration or Executive Branch staff to build an understanding and support for sponsored legislation. Review Governor's January Budget proposal.	Build a coalition for sponsored bills Draft fact sheets, background materials, talking points, and other materials as needed Legislative Tracking Matrix Detailed budget report

March-Sept. 2022	Meet with potential opposition to understand and mitigate potential concerns about bills relevant to the City. Draft letters of support, opposition, and/or amendments to address our concerns. Track and analyze proposed new laws and regulations; and provide general advocacy on legislation important to the City. This includes proactive information-gathering that keeps the City up to date on relevant state agency/department regulations and administrative policies. Monitor budget process for potential positive/negative impacts. Engage when needed. Testify in policy committees on bills for which City of Belmont has an active position, or recruit and prepare City personnel to testify where appropriate.	Develop recommended positions on legislation and state budget proposals Usher sponsored bills successfully through legislative process Produce regular legislative reports Negotiate with authors and sponsors to resolve concerns or stop bills where resolution is not possible Bill position letters and televised testimony
Sept.-December 2022	Meet with Administration to ensure both support and opposition concerns are accurately conveyed. Draft end of session report providing progress on legislative activities, results on targeted legislation.	Seek Governor's signature/veto, as appropriate Annual Report

Proposed Team and Team Background

Dane Hutchings, Managing Director— Belmont Project Manager



RPPG proposes that Dane Hutchings, a registered lobbyist with the State of California, serve as Project Manager and primary contact for City of Belmont City. In this capacity, Dane will direct the City's legislative focus and priorities. He will represent the City in meetings with the State Legislature, state agencies, applicable boards and commissions, and the Governor's office. Specific activities include but are not limited to, testifying on behalf of the City in all applicable legislative policy committees, regulatory boards and commissions and

working directly with the Bay Area legislative delegations and Office of the Governor. Dane, with assistance from RPPG legislative and advisory staff, will conduct legislative review, analysis, and technical expertise in all policy areas important to City of Belmont to provide full policy and political counsel.

As project lead, Dane will ensure transparent communications and information sharing with City staff. Dane's approach and established relationships have proven successful in both advancing beneficial legislative efforts as well as stopping legislation detrimental to clients.

APPLICABLE EXPERIENCE: AT A GLANCE

- 15 years of Legislative Advocacy and Public Affairs Expertise
- Former Federal Policy Liaison and Lobbyist, League of California Cities
- Strong Council Relations Background
- Proven Ability to Advance Polices Related to Housing, Transportation, and Public Sector Retirement
- Strong Relationships with Key Legislative, Administrative and Executive Officials

More About Dane:

For 15 years, Dane Hutchings has been advocating for the best interests of both public and private entities. He is a seasoned legislative advocate and political strategist with a keen understanding of the California political process and landscape. Dane brings a unique understanding of California local government operations, service delivery methods and revenue sources.

As the head of the Renne Public Policy Group, Dane has been successful in advancing polices in several areas of importance including housing, revenue and taxation, homelessness, and wildfire response for RPPG clients. On behalf of the RPPG clients, Dane has worked with Members both inside and outside of the districts his clients reside to advance a number of critical pieces of legislation including; Assemblymember Jesse Gabriel (D, Encino) to advance a housing measure that permits cities, counties, and special districts to collaborate with their respective school districts to construct workforce housing projects [AB 3308, Chapter 199, Statutes of 2020], Assemblymember Phil Ting (D, San Francisco) in creating the first statewide RV safe parking program [AB 2553, Chapter 147, Statutes of 2020] and newly-elected Senate Majority Leader, Mike McGuire (D, Healdsburg) to advance Senate Bill (SB) 1441 [Chapter 179, Statutes of 2020], which provided an extension on the Local Prepaid Mobile Telephony Services Collections Act. These funds can be directly applied to a City's homelessness services program.

Prior to leading the Renne Public Policy Group, Dane worked for the League of California Cities as a Legislative Representative and Federal Policy Liaison. He acted as the key strategist, advisor and advocate on issues including areas labor relations policies, privacy and technology, governmental transparency, workers' compensation, and other issues related to local government operations.

As the Federal Policy Liaison, Dane worked across multiple policy areas of importance to local government, including transportation, environmental, public safety, infrastructure, and housing

policy. In conjunction with the National League of Cities, Dane advocated for increased funding for State CDBG funding and other federal programs local agencies rely upon. Dane regularly provided both written and verbal reports to the League's Board of Directors, Policy Committees, and dozens of individual city councils across California on state and federal policy. Upon his departure from the League of California Cities, Dane received a career achievement award for his "*…leadership, dedication and tenacity in advancing the quality of life for all California cities.*"

As a lobbyist for the California Grocers Association, Dane represented over 350 independent grocery store operators and supplier companies. In 2014, working with environmental organizations, California-based manufactures, and local agencies in a broad-based coalition of support to successfully advance the Nation's first statewide ban on single-use plastic bags while securing millions in funding to help California manufactures with operational transition [SB 270 (Padilla) Chapter 850, Statutes of 2014].

Dane's direct experience in public affairs provides a distinctive approach on how an effective issue-based "inside-outside" communications/advocacy strategy can support legislative priorities by providing political cover for legislators as well as the Governor's office. Dane 'cut his teeth' working as an Account Executive and Government Relations Advocate at Ogilvy—a premier and influential multi-national public affairs and advocacy firm. Dane engaged in multiple issue-based campaigns specifically designed to support legislative strategies for both public and private sector clients ranging from the California High Speed Rail Authority to California Office of Traffic Safety, Community College League of California, California Earthquake Authority, and the Department of Water Resources.

In 2011, Dane was asked to join the strategy and communications team for the Government of Mexico, under the direction of the Secretaria De Turismo, Dane worked with national and international publications, private companies, and government officials to spur international travel and promote international trade and economic development opportunities.

Alyssa Silhi, Director of Government Affairs



Alyssa Silhi, a registered lobbyist with the State of California, is proposed to serve as a legislative advocate and secondary contact for Belmont City. In this capacity, Alyssa will work in collaboration with the Project Manager, to represent the City in meetings with the State Legislature, state agencies, applicable boards and commissions, and the Governor's office. Alyssa will also, review and track legislation, provide analysis and leverage her close working relationships with legislative members, staff, policy consultants and agency officials to advance the City's legislative priorities.

APPLICABLE EXPERIENCE: AT A GLANCE

- Over 15 years of Governmental Affairs and Public Relations Experience
- Former Legislative Representative, California Special Districts Association
- Strong Policy Background in Local Government Issues

- Proven Relationship, Key Partnership, and Coalition Builder
- Demonstrated Ability in Navigating the State Budget Process

More About Alyssa:
For over 15 years, Alyssa Silhi has been advancing statewide policies for the public good, from healthcare and K-12 education to public health, public safety, and local government. She is a proven strategist with a reputation for balancing tenacity and effectiveness with strong ethics and skillful communication to get the job done. As an experienced Councilmember and special district Board member, Alyssa brings a unique understanding of the nuance of local agency operations to advocating for issues important to local government.

Prior to joining the Renne Public Policy Group, Alyssa was a Legislative Representative for the California Special District's Association (CSDA). In that capacity, she was the lead advocate and strategist on policy and fiscal proposals relating to the environment – including climate adaptation and resiliency, wildfire mitigation and preparedness, CEQA, water and wastewater, energy/utilities, transportation – as well as emergency response and disaster preparedness and relief, public works and public contracting. While there, she formed strong working relationships with key administrative appointees and staff within divisions of the California Natural Resources Agency (CNRA), State Water Resources Control Board (SWRCB), Governor's Office of Emergency Services (CalOES), and the Governor's Office of Planning and Research (OPR) as well as within the Department of Finance (DOF), legislative budget committees, and key legislative offices.

On behalf of special districts, Alyssa worked closely with CSDA's federal policy liaison to create a nationwide coalition to lobby congress for access to COVID-19 relief funding. That effort led to federal language that specifically allowed states to share their funding with special districts. Alyssa used that federal authority to advocate for access to COVID-19 relief funding at the state level and spearheaded the effort that successfully obtained direct state funding relief specifically for special districts impacted by COVID-19 response by securing a $100 million General Fund allocation. Alyssa played a critical role within the local government coalition that secured $1 billion in COVID-19 funding for water and wastewater arrearages and just under $300 million in direct arrearage funding for publicly owned utilities for electric utility arrearage funding.

After special districts were overlooked in initial Public Safety Planned Power Outage (PSPS) funding, Alyssa worked with CalOES, DOF, and legislative budget leaders to secure $20 million in competitive grant funds through the state budget process for special districts with critical infrastructure to prepare for the consistent delivery of services during a PSPS event. Alyssa also successfully fought to protect the special district exemption in the Surplus Land Act, navigating strong legislative pressures and initial guidelines from the California Department of Housing and Community Development (HCD) that would have usurped their local authority.

Alyssa's prior experience in governmental affairs includes working for several highly esteemed Sacramento contract lobbying and consulting firms and as policy staff for a prominent public health non-profit research and advocacy organization. In these positions, she worked on issues

important to quality of life in communities, including K-12 public policy; public health policy with a direct nexus to nutrition, transportation, the environment, and land use; public safety; and healthcare. She has wide-ranging experience advocating for policy change within the legislature, administration, and before state agencies and commissions, providing in depth analysis, navigating the budget process, leading statewide grassroots campaigns, building coalitions, interfacing with local electeds, organizing statewide lobby days and events as well as producing internal and external strategic communications for publication, and advocacy purposes.

Dan Carrigg—Senior Advisor: Policy and Legislative Strategy



RPPG proposes that former League of California Cities, Deputy Executive and Legislative Director Dan Carrigg, act as City of Belmont City's Policy and Legislative Advisor. Under the direction of the Project Manager, Dan will analyze, and draft legislation as well advise the City on strategies for engagement. Dan's distinguished career and relationships with Administrative agencies, policy committee chairs and consultants will be leveraged to complement the City's advocacy strategy.

APPLICABLE EXPERIENCE: AT A GLANCE

- 30 years of Legislative Advocacy Experience
- 25 years Specifically Advocating for Local Government
- Strong Relationships with Agency Officials and Policy Committee Members
- Seasoned Legislative Advocate and Expert in California's Legislative, Political, and Budget Process

More About Dan:

Dan Carrigg is a political consultant and thought leader in California public policy directly impacting local government. With extensive experience in legislative analysis, strategy, and advocacy, and an excellent reputation for hard work and tenacity, Dan spent nearly 25 years with the League of California Cities—beginning as the League's housing and land use lobbyist, then holding increasingly responsible advocacy roles including both Legislative Director and Deputy Executive Director of this prominent statewide local government organization. Until retiring from the League in October of 2019, Dan supervised the League's legislative and public affairs program, developed policy, managed the League's legislative and public affairs teams, drafted and reviewed legislation, reviewed and analyzed ballot measures and testified before the Legislature.

Dan offers RPPG clients a deep policy background and strong political acumen on state housing policy, including understanding the Regional Housing Needs Assessment (RHNA) process, issues affecting transit-oriented development, tax increment financing, SB 375, Cap and Trade and other policies. Dan is also familiar with CEQA and the political challenges associated with past streamlining efforts and has a practical understanding of public contracting and construction projects. Prior to taking on the role as the League's housing and land use lobbyist, Dan worked

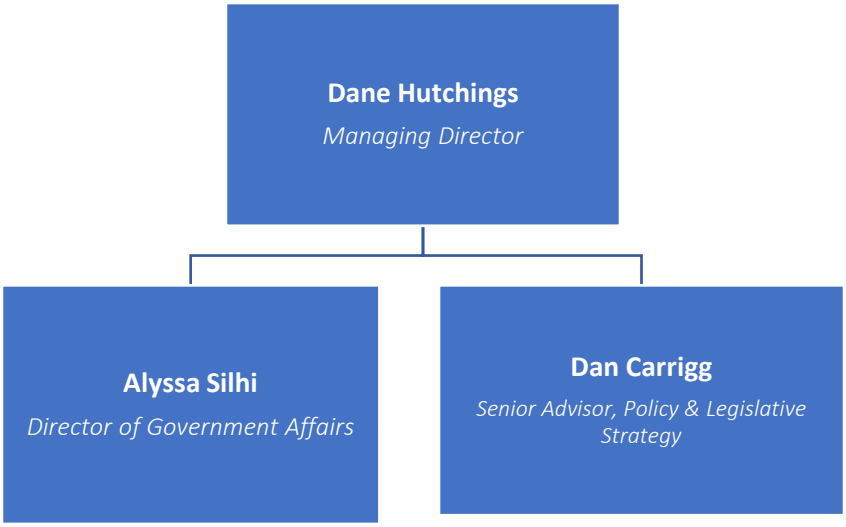
as a senior consultant for the California State Assembly Housing and Community Development Committee from 1991-1996.

Throughout his career, Dan has worked on many high-profile issues, including representing the League as part of the transportation coalition to pass SB 1. In the past, Dan led the League's successful negotiations on the Lowenthal/Mullin RHNA reform measures of 2004, that resulted in reduced controversy over this process for over a decade. He was directly engaged in the effort to protect local property tax, sales tax and (Vehicle Licensing Fee) VLF funding via the VLF-property tax swap with the passage of Proposition 1A of 2004. Later, he advocated to secure revenue for local governments in Prop 1B, the 2006 transportation bond, and defeat a legislative effort to take nearly $1 billion in city and county road maintenance funds. He also worked to preserve local authority during the legislative wrangling leading to the enactment and implementation of SB 375 of 2008, which coordinates transportation and land use planning.

More recently, in 2019, Dan worked closely with the Newsom Administration to draft critical elements, including the Local Government Planning Support Grants Program, that offers funding assistance for regions to assist with local housing planning and was incorporated into AB 101, a 2019 housing budget trailer bill.

Prior to his work with the League, Dan drew on his background in construction to represent the Department of General Services and the Division of the State Architect on state real estate, construction and public contracting from 1996-1998, including working to enact design-build contracting authority for state office projects. His career began with a fellowship on the Assembly Desk during the term of former Assembly Speaker Willie Brown.

RPPG Proposed State Legislative Advocacy and Advisory Team (Organizational Chart)



The RPPG Approach

At RPPG we strive to be a *necessity* for our clients, not a *luxury*. This means finding ways to show true return on investment. However, 'value' itself is dependent on the individual needs of the client. Whether it be advancing a beneficial state policy, stopping a piece of determinantal legislation, advocating for increased General Fund or grant dollars—or by providing detailed policy and political information that informs the client. Whatever the need, we pride ourselves on creating a custom approach to each client that we have the honor of representing. We work incredibly hard for our clients because each client that partners with RPPG has placed their trust in us—not just to represent their interests in Sacramento, but to be a trusted messenger of their brand and story.

As detailed by the examples below, *we do the work, and we take nothing for granted*. While that may sound over simplistic, in our experience there are a lot of firms that simply rely on their "relationships" to advance their clients' interests. While relationships are critical, politics is an environment that rewards tenacity and hard work. As we have seen in 2021, policy proposals can move rapidly, often with little notice or transparency. The RPPG team's decades of experience provides a unique understanding of the political process. We stay in close contact with state lawmakers, Capitol consultants and legislative staff, and are always watching for new amendments and monitoring the actions of other stakeholders, legislators, and administration officials—so we know what is coming before it surfaces publicly. Staying active, nimble, and persistent allows our team to successfully advocate for our client's interests during this trying time.

However, in this era of uncertainty and confusion stemmed by the COVID-19 pandemic, advocates must stay vigilant in representing their clients. The "halls" of the Capitol remained empty throughout the last nights of the legislative session. This will continue for the foreseeable future.

Relationships

Relationships are central to every outcome in government affairs, and none more so than direct relationships with Legislators, policy committee consultants, administrative leaders, and the Governor's office. It is no secret that some of the most aggressive polices being pushed statewide in areas of transportation, environmental, housing, homelessness, and land use come from a contingent of lawmakers from the Bay Area. It is important that the City partner with a firm that has strong ties not only those who represent your City, but those legislators and the Administration that continue to advance these polices.

The RPPG team has a team of seasoned professionals who have served as senior legislative and policy committee staff and have worked for/represented a multitude of statewide local government and private industry associations including the League of California Cities, California Contract Cities Association, the California Special Districts Association, California Grocers Association, City Clerks Association of California, and others. We utilize our firms combined

legislative, policy committee, gubernatorial and regulatory contacts to advance the interest of our clients.

We are confident in our deep and personal relationships with an overwhelming majority of legislative offices, policy committee consultants, as well as, with members of the Governor's Administration. These relationships have been established not only through our firm's partners, who have deep ties to the Newsom Administration dating back to when the Governor served in local government—but through each of our team member's direct work with legislators and staff. These relationships have been established over time and built upon a strong reputation of being hard working and honest policy brokers.

Building and strengthening alliances are also vital. We will continue to ensure your interests are represented by forming coalitions with like-minded interest groups, including other local governments and important stakeholders, as needed. We also will utilize our close working relationships with a variety of local government organizations, business groups and labor to help the City meet its legislative needs and further its interests. In short, there is simply no substitution for hard work in our business. This is important to highlight as Belmont considers what type of firm, they want looking out for their interests.

Client Engagement and Communication

Communication and access to RPPG staff is a foundational principle in achieving success for our clients—especially in the era of COVID-19. We like to think of ourselves as an extension of your staff. We have and will continue to provide regular updates on the rapidly changing policies and politics in Sacramento. As an organization looking for an enhanced "on the ground" presence in Sacramento, our team will provide detailed written and verbal communications to ensure that the City is demonstrating to its constituents the value. This is in addition to bi-weekly ZOOM client briefings to brief the City on all matters of importance.

Client References and Examples of Work Performed

RPPG is proud of the work we have accomplished for the City of Belmont during our first year under contract. We hit the ground running, working hand in hand with the City to provide clarity on issues with play-by-play information, drafting memos, providing information on dozens of Executive Orders, vying for increased ARPA and CARES Act dollars, working to stop revenue clawbacks and providing detailed policy and political analysis on dozens of state and federal legislative proposals of interest to the City. Additionally, our team worked with Belmont in successfully advocating on 82 percent of the total legislation we were asked to engage on, on behalf of the City including advancing its first *sponsored* piece of State legislation, SB 640 (Becker).

Below are additional narratives of client success stories along with direct contact information for other RPPG clients should the City wish to inquire further.

Client: City of Belmont - *(Demonstrated Skills: Legislative and Executive Branch Advocacy, Coalition Building, Client Communications, Advancing Priority Legislation)*

SB 640 (Becker) Transportation Financing: Joint Projects (2021/22 Legislative Session): Since the enactment of Road Repair and Accountability Act of 2017 (SB 1) cities have a new dedicated source of revenue to address their local streets and roads projects. However, under current law, two or more jurisdictions are unable to issue a single bid to address a project of mutual interest (e.g., a throughway that stretches between multiple cities/counties). On behalf of the City of Belmont, RPPG worked with Senator Becker's office to carry a piece of legislation that would enable more local flexibility of "SB 1" monies by allowing for a joint project submittal as well as a streamlined reporting requirement to ensure accountability and transparency remained intact.

RPPG strategic Advisor, Dan Carrigg drafted the proposed legislation—working with the client directly to ensure the language addressed their needs. Sharon negotiated with Agency staff and produced talking points, fact sheet and other support materials and Dane worked to build a coalition of support consisting of the League of California Cities, the American Public Works Association, California Asphalt Pavement Association, and dozens of municipalities across the state to support the measure.

SB 640 was signed into law on July 16, 2021.

Client Name: City of Belmont
Client Contact: Afshin Oskoui, City Manager
Phone Number: 650-595-7408
Email: aoskoui@belmont.gov
Years Performed: 2020 – Ongoing work

Client: City of Carlsbad - *(Demonstrated Skills: Legislative and Executive Branch Advocacy, Client Communications, Stopping Detrimental Legislation)*

AB 500 (Ward) Local Planning: Coastal Development (2021 Legislative Session): Early in the legislative process AB 500 was a bill that would have authorized the California Coastal Commission to facilitate the preservation and creation of housing affordable to lower and moderate-income households in the Coastal Zone. Later the bill was amended to conduct a study on best practices for developing housing in a coastal zone. Many organizations who were originally opposed, including the City of Carlsbad, went to a neutral position on that version of the bill.

With one week before the end of the legislative session, AB 500 was amended once again to require local governments in the coastal zone to amend their coastal programs by January 1, 2024. The timeframe provided in the bill would not allow for a city to properly go through the required process of amending a local coastal program. On behalf of the City of Carlsbad, RPPG worked closely not only with the Senate Governance and Finance but also Senators who represent coastal communities to outline concerns with the policy and timing of the bill. Carlsbad

led the opposition testimony on the measure and worked with other stakeholders including the powerful building and construction trades to raise awareness on this issue.

On September 9, 2021, AB 500 was placed on the Senate Inactive File and did not advance.

Client: City of Carlsbad
Client Contact: Jason Haber, Intergovernmental Affairs Manager
Phone Number: 760-434-2958
Email: Jason.Haber@carlsbadca.gov
Years Performed: 2021-Ongoing

Client: City of Redwood City - *(Demonstrated Skills: Legislative and Executive Branch Advocacy, Coalition Building, Client Communications, Advancing Priority Legislation)*

AB 2553 (Ting) Shelter Crisis (2019-2020 Legislative Session): AB 2553 is a statewide expansion of a limited pilot program (AB 932, Chapter 786, Statutes of 2017) set to expire that would allow all local agencies upon the declaration of a shelter crisis to build temporary shelters for their homelessness population. At introduction, the measure was very limited—simply expanding the current program statewide and did not address concerns specific to Redwood City's community needs. In response, RPPG was successful in working with the Author's office to expand the measure to include language that permits 24 hour "safe parking" programs for cars and recreational vehicles on land owned or leased by the City without the risk of creating a tenant/landlord relationship. RPPG also worked directly with the Assembly and Senate Housing committee staff as well as the Republican Caucus and the Newsom Administration to garner bipartisan support to include an urgency clause. This increased the vote threshold from a simple majority vote to a two-thirds vote. However, this allowed the legislation to take effect immediately upon the Governor signing the bill.

Given the issue was so critical to Redwood City and the surrounding community, RPPG worked with City staff to engage the community—drafting template "request for signature" letters for different constituencies who were supportive of the bill. These included sample letters customized for specific local businesses, homeless rights advocates, and community activists.

On September 25, 2020 Governor Newsom signed AB 2553.

Client Name: Redwood City
Client Contact: Alex Khojikian, Assistant City Manager
Phone Number: (650) 780-7302
Email: akhojikian@redwoodcity.org
Years Performed: 2020 – Ongoing

Exhibits A and B Scope and Proposed Pricing Options

Exhibit A – Scope of Work, City of Belmont

- On at an annual basis, assist with developing and updating the City's legislative agenda and policy platform in light of legislative trends.
- Conduct state, regional, and local policy research; inform the City of relevant policies, develop advocacy materials, and assist the City with local positions on high-priority subjects.
- Track state legislation and provide legislative tracking reports regularly to City.
- Regularly communicate with the City to assess legislative options, analyze legislation and discuss policy objectives including review and input into the City's legislative policy platform and meeting via teleconference periodically with the City Council's relevant council sub-committee.
- Proactively address legislation, topics or issues that unfold in advance of the legislative session.
- Serve as a liaison between the City and State Legislature, Executive Branch or other officials in state government as identified by the authority.
- Develop strong working relationships with State Legislature, state agencies, Executive Branch and other key stakeholders.
- Raise, discuss, and recommend any affirmative legislative action that may benefit the City, and identify any potential or actual legislative or agency action that may impact the City and region.
- Coordinate and collaborate with other municipalities and organizations having similar legislative objectives as the City. Where appropriate, advocate positions on legislation and work to secure language in legislation that will advance the City's interests.
- Develop and participate in strategic coalitions with associations and governmental organizations in furtherance of the City's legislative agenda as requested.
- Provide the City with a written annual report, related to the City's state agenda and a summary of services provided and measurable results achieved on behalf of the City.
- Draft letters, legislative language and talking points or other advocacy materials on legislation as necessary.

- Prepare letters in support of the City's adopted legislative position to members of the state legislature, executive branch, and other officials in State government as needed.

- Testify at the direction of and on behalf of the City at hearings before legislative committees.

- Prepare written testimony for city officials who wish to testify before legislative committees.

- Conduct at least one briefing per year to the Mayor and City Council and key City departments as identified by the City Manager's Office.

- Develop and implement strategies to best position city to obtain state general fund dollars for the City's projects and programs.

- Register to lobby, on behalf of the City, with the necessary State officers and agencies, requirements mandated by the Fair Political Practices Commission ("FPPC"), and any other legal requirements.

Exhibit B – Budget, City of Belmont

Due to the demands of the legislative calendar, RPPG does not bill on an hourly basis for legislative advocacy work. Therefore, we propose the following monthly retainer amount. $4,000 per month for services outlined in Exhibit A. Retainer amount does not include expenses for travel. However, no additional expenses shall be incurred without client approval. Not to exceed $55,000.

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STAFF REPORT

Meeting Date: April 12, 2022

Agency: City of Belmont

Staff Contact: Carlos de Melo, Community Development Director, cdemelo@belmont.gov

Agenda Title: Commercial Cannabis Overlay Zone Amendments

Agenda Action: Ordinance

Recommendation

1) Introduce Ordinance establishing Cannabis Retail & Distribution (S-3 & S-4) Overlay Zones and Development Standards.
2) Direct review of Ordinance and Zoning Basemap Amendments to Planning Commission for review/recommendation.

Strategic Focus Area

Economic Development and Housing

Background

At its November 3, 2021 and March 22, 2022 Study Sessions, the City Council provided feedback to staff regarding establishing cannabis businesses (commercial retail & distribution) within certain areas of Belmont. Consistent with that direction, staff has created Zoning Basemap Designation Amendments to establish the overlay location areas where Cannabis Retail & Distribution – S-3; and Distribution Only – S-4 would be permitted. In addition, staff has prepared a Draft Ordinance which embodies a number of necessary Belmont Zoning Ordinance (BZO) Amendments to implement the corresponding development standards applicable within these proposed Cannabis Overlay Districts.

Analysis/Discussion

The subject Zoning Text/Basemap Amendments center on the following modifications:

1. Establishing the S-3 Cannabis Retail & Distribution Combining District; this overlay zone is located primarily along El Camino Real (ECR) - both east & west side fronting properties - with the exception of properties located in the Belmont Village Specific Plan (BVSP) area with ECR frontage. The S-3 District also extends along a portion of Ralston Avenue east of the Caltrain station to Granada Street, and along a portion of west side Old County Road from the 700 Block to the southern border (of San Carlos) – see Attachment 2 (Exhibit to Ordinance).

2. Establishing the S-4 Cannabis Distribution Combining District; this overlay zone is exclusively located along the west side of Old County Road from the 700 Block to the northern border (of San Mateo), and includes all properties along Shoreway Road - see Attachment 2 (Exhibit to Ordinance).

3. Modifications to BZO Section 3 to list the two new combining districts; Section 9 to define Cannabis Retail & Distribution as conditional uses in the subject overlay combining districts; and Section 10 (Planning Procedures) regarding Zoning Administrator (ZA) review authority of a Use Permit for the proposed uses.

4. Modifications to Section 21 (Combining Districts) to add the specific S-3 and S-4 Overlay Zones and the pertinent zoning standards:
    - Cannabis Retail & Distribution Definitions
    - Zoning Administrator Review Authority
    - Use Permit Requirements
    - Development Regulations
    - Performance Standards
    - Reference to the Zoning Basemap for the location of the S-3 & S-4 Overlay Districts

5. The proposed Cannabis Use ***Development Regulations*** include the following:

    (1) The use may only be established and operate inside a completely enclosed building.

    (2) The location of a Cannabis Retail use when initially established must comply with the following:

        (A) The use must be at least 600 feet from a school or other Cannabis use and at least 100 feet from parks and actively operated child day care centers.

        (B) The distances in subparagraph (A) are measured from the building containing the Cannabis Retail use either (i) in a straight line to the boundary of a property containing the incompatible use, or (ii) by the length of the shortest path of travel over which the general public has a right to travel to the boundary of a property containing the incompatible use, whichever is more permissive.

        (C) The public entrance to the Cannabis Retail use may not be located immediately adjacent to a youth-oriented business on the same frontage as the entrance.

    (3) The site and building must be suitably designed to be secure.

6. The proposed Cannabis Use ***Performance Standards*** include the following:

    (1) State Licensing. The use must fully comply with all applicable operational rules and regulations governing commercial cannabis activity in Business & Professions Code Division 10.

    (2) Hours of Operation. A use may be open and operate only between the hours of 9:00 a.m. and 9:00 p.m.

    (3) Consumption. Consumption of cannabis on the premise must not be allowed.

(4) Smoking. Smoking or vaping of any kind on premises must not be allowed.

(5) Odor. Cannabis odor must not be detectible outside the building from any place accessible to the public or from adjoining private property

(6) Public services. Operation of the business must not place a burden on the provision of public services disproportionate to other retail uses.

(7) Exterior Security Lighting. Adequate external lighting must be provided for security purposes. The lighting shall be sufficient to provide illumination and clear visibility to all outdoor areas, with minimal spillover on adjacent properties. The lighting must be stationary, directed away from adjacent properties and public rights-of-way, and compatible with the neighborhood.

(8) Security. On-site security must be provided for Cannabis Retail uses during the hours of operation when clients are present.

(9) Commercial Cannabis Permit. The use must fully comply with all applicable local permit rules and regulations governing commercial cannabis activity, including operational permit requirements and conditions and approved operational plans under any other city ordinance or code.

(10) In the event of a conflict between the requirements of the use permit and the requirements of a local operations permit issued by the police department, the more restrictive performance requirements apply.

In concert with Council direction at the March 22, 2022 Study Session, a maximum of up to three (3) commercial retail cannabis use permits are allowed, and a maximum of four (4) cannabis distribution use permits are allowed, as lawfully permitted via the Cannabis Regulatory Ordinance, and Zoning Administrator Use Permit review process.

Environmental Assessment - The proposed Cannabis Retail/Distribution Ordinance and corresponding Zoning Basemap Overlay Zone amendments are subject to the provisions of the California Environmental Quality Act ("CEQA"). In conjunction with anticipated Planning Commission review/recommendation of the subject amendments, staff will prepare an Addendum to the City's 2017 General Plan/Belmont Village Specific Plan Programmatic Environmental Impact Report (EIR) to serve as the environmental assessment for the proposed text/zoning district amendments.

The proposed uses (Cannabis Retail & Distribution) are not dissimilar to other commercial retail/operational uses currently permitted within the proposed overlay zones. The proposed amendments would occur in an area where all public services and facilities are available to the subject overlay district(s) properties for development permissible in the General Plan. The subject overlay district(s) properties are not located in environmentally-sensitive areas; the subject overlay district areas are generally already developed with existing commercial uses/structures. No development is proposed in conjunction with the recommended Zoning Text/Basemap Amendments. An individual Cannabis Retail or Distribution operator would be subject to CEQA clearance for the subject property intended for operation.

Next Steps

1. Planning Commission Consideration of Zoning Ordinance/Basemap Amendments to Create a Commercial Cannabis Combining District (Zoning Overlay)
2. Council consideration of Commercial Cannabis Regulatory Ordinance:
    a. General Administration
    b. Legal Authority
    c. Operating Requirements
    d. Enforcement
3. Public Hearing to Adopt Fee Schedule
4. Staff develops all applications, materials, website, etc.

Attachments

A. Draft Ordinance
B. Zoning Overlay Basemap Amendments (Exhibit 1 to Ordinance)

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed:	Consultant funding and staff resources to explore local regulation of commercial cannabis activities have been incorporated in the current fiscal year's budget in the General Fund. Local regulation of commercial cannabis activities can provide an important source of locally controlled General Fund revenue.

Source:	**Purpose:**	**Public Outreach:**
Staff	Council Vision/Priority	Posting of Agenda

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF BELMONT AMENDING CANNABIS REGULATIONS IN THE BELMONT ZONING ORDINANCE (ORDINANCE NO. 360) AND ADOPTING CANNABIS RETAIL AND DISTRIBUTION COMBINING DISTRICTS

THE CITY COUNCIL OF THE CITY OF BELMONT DOES ORDAIN S FOLLOWS:

SECTION 1. LEGISLATIVE FINDINGS

The council finds that allowing a limited number of cannabis businesses within certain prescribed areas of the city's where commercial are currently allowed, including within the Belmont Village Specific Plan Area, is consistent with the General Plan and the Belmont Specific Plan and with the best interests of the city.

SECTION 2. BZO § 3.1 AMENDED

Belmont Zoning Ordinance (Ordinance 360) is amended by modifying Section 3.1 as follows:

3.1 CLASSES OF DISTRICTS - For the purpose of this Ordinance, the City is divided into the following classes of districts as shown on the maps hereinafter included by reference:

Single Family Residential, or R-1E, R-1H, R-1A, R-1B and R-1C Districts
Duplex Residential, or R-2 Districts Multi-family Residential, or R-3, R-4 and R-5 Districts
Hillside Residential and Open Space, or HRO-1, HRO-2, and HRO-3 Districts
Neighborhood Commercial, or C-1 Districts
General Commercial, or C-2 Districts
Regional Commercial, or RC District
Service Commercial, or C-4 Districts
Mixed Use District, Corridor Mixed Use, or CMU District
Executive Administrative, or E-1, E-2.1 and E-2.2 Districts
Harbor Industrial Area, or HIA-1 and HIA-2 Districts
Limited Industrial, or M Districts
Exclusive Manufacturing, or M.E. Districts
Special Combining Districts:
  Special Building Site Combining District S-1,
  Emergency Shelter Combining District S-2,
  Cannabis Retail and Distribution Combining District S-3,
  Cannabis Distribution Combining District S-4
Schools and Compatible Multiple Uses, or SC Districts
Open Space Public, or OS-P Districts
Public and Semi-Public, or PS District
Village Core, or VC District
Village Station Core, or VSC District
Village Corridor Mixed Use, or VCMU District
Village High Density Residential, or VHDR District
Public Facility, or PF District
Park/Plaza, or PP District
Active Use Frontage Overlay, or AUFO Overlay

SECTION 3. BZO § 9.10 AMENDED

Belmont Zoning Ordinance (Ordinance 360) is amended by modifying Section 9.10 as follows:

9.10. CANNABIS BUSINESSES. The use of land for cannabis business activity, including any commercial cannabis activity requiring a license under Business and Professions Code Division 10, is prohibited in all zoning districts and specific plan areas except as provided in Section 9.10.1 and 9.10.2

9.10.1 Retail sale and distribution of cannabis may be allowed in the S-3 District as provided in Section 21.4.2.

9.10.2 Distribution of cannabis may be allowed in the S-4 District as provided in Section 21.4.3.

SECTION 4. BZO § 10.7.4 AMENDED

Belmont Zoning Ordinance (Ordinance 360) is amended by modifying Section 10.7.4 as follows:

10.7.4 Zoning Administrator Review. The Zoning Administrator is the Reviewing Authority fora Use Permit:

(a) In any commercial or manufacturing district provided the following criteria are met:

(1) The proposed use is similar in nature to the prior use of the property.

(2) The proposed use does not substantially increase impacts of traffic, noise, odor, vibration, parking or other objectionable elements to a residential neighborhood.

(3) The proposed use will not be detrimental to the public health, safety or welfare.

(4) No other Planning Commission entitlements are required.

(b) As provided in elsewhere in this Ordinance.

SECTION 5. BZO § 21.1 AMENDED

Belmont Zoning Ordinance (Ordinance 360) is amended by modifying Section 21.1 as follows:

21.1 SPECIAL COMBINING DISTRICTS – This section establishes certain classes of districts designated respectively by the symbols S, S1, S-2, S-3, or S-4 referred to herein as Special Combining Districts or S Districts. When a zoning district is combined with an S District, the regulations specified for the respective S District shall apply in that portion of the district combined with the S District. Zoning regulations contained in the underlying district that are not superseded or incompatible with the S District regulations shall continue to apply.

SECTION 6. BZO § 21.4 ADDED

Belmont Zoning Ordinance (Ordinance 360) is amended by adding Section 21.4 as follows:

21.4 CANNABIS COMBINING DISTRICTS. Cannabis Combining Districts establish locations where Cannabis Distribution and a limited number of Cannabis Retail uses are allowable and establish regulations for those uses.

21.4.1 **Cannabis Uses**

(a) **Definitions**. As used in Section 21.4:

"Cannabis" and "Cannabis Products" have the meanings defined in Business & Professions Code Section 26001.

"Cannabis Retail" means a use involving the retail sale of cannabis or cannabis products to customers.

"Cannabis Distribution" means a use involving the procurement, sale, and transport of Cannabis or Cannabis Products between businesses for resale.

"Child day care center" means a "day care center" for children as defined Health & Safety Code Section 1596.76.

"School" means an institution providing instruction for any grades pre-school through 12 whether public, private, or charter, including pre-school, transitional kindergarten, and K-12.

"Youth-oriented business" means any public or private facility that primarily provides services or hosts activities for minors, including, but not limited to: private youth membership organizations or clubs; tutoring; sports training; music, art, or dance lessons; and martial arts.

(b) **Use Permit**.

(1) When allowable, Cannabis Retail and Cannabis Distribution uses require a Use Permit. It is unlawful to establish or operate either a Cannabis Retail or a Cannabis Distribution use without a current and valid Use Permit that specifically authorizes the particular use.

(2) The Zoning Administrator is the Reviewing Authority for both Cannabis Retail and Cannabis Distribution Use Permit applications and, notwithstanding any other provision to the contrary, any required Design Review entitlements under Section 13.

(3) The Reviewing Authority may grant a Cannabis Use Permit only if it finds the proposed use is in accordance with the provisions of the General Plan, applicable specific plans, this ordinance, and the Reviewing Authority determines it can make the findings in Section 10.7.3 and all of the following supplemental findings based on the application and information before the Reviewing Authority. The Reviewing Authority must deny the application if it determines one or more findings cannot be made. Sections 10.7.2 and 10.7.4 do not apply.

(A) The establishment of the proposed use complies with the applicable development regulations.

(B) For a Cannabis Retail Use Permit, there are fewer than three lawfully approved Cannabis Retail uses and approval of the use permit will not result in more than three Cannabis Retail uses in the S-3 District.

(C) For a Cannabis Distribution Use Permit, there are fewer than four lawfully approved Cannabis Distribution uses and approval of the use permit will not result in more than four Cannabis Distribution uses combined in the S-3 and S-4 Districts.

(D) The use permit conditions require the use to comply with the performance standards in subsection (d) unless a modification is expressly approved by the permit.

(E) The Police Department has reviewed and approved security and operations plans for the use at the proposed facility.

(c) **Development Regulations**. Cannabis Retail and Cannabis Distribution uses must conform to all development regulations of the zoning district in which they are located unless a modification is expressly approved in the use permit and the following standards.

(1) The use may only be established and operate inside a completely enclosed building.

(2) The location of a Cannabis Retail use when initially established must comply with the following:

(A) The use must be at least 600 feet from a school or other Cannabis Retail use and at least 100 feet from parks, and actively operated child day care centers.

(B) The distances in subparagraph (A) are measured from the building containing the Cannabis Retail use either (i) in a straight line to the boundary of a property containing the incompatible use, or (ii) by the length of the shortest path of travel over which the general public has a right to travel to the boundary of a property containing the incompatible use, whichever is more permissive.

(C) The public entrance to the Cannabis Retail use may not be located immediately adjacent to a youth-oriented business on the same frontage as the entrance.

(3) The site and building must be suitably designed to be secure.

(d) **Performance Standards**. A Cannabis use must conform to the following performance standards unless a modification is expressly approved in the use permit.

(1) State Licensing. The use must fully comply with all applicable operational rules and regulations governing commercial cannabis activity in Business & Professions Code Division 10.

(2) Hours of Operation. A use may be open and operate only between the hours of 9:00 a.m. and 9:00 p.m.

(3) Consumption. Consumption of cannabis on the premise must not be allowed.

(4) Smoking. Smoking or vaping of any kind on premises must not be allowed.

(5) Odor. Cannabis odor must not be detectible outside the building from any place accessible to the public or from adjoining private property

(6) Public services. Operation of the business must not place a burden on the provision of public services disproportionate to other retail uses.

(7) Exterior Security Lighting. Adequate external lighting must be provided for security purposes. The lighting shall be sufficient to provide illumination and clear visibility to all outdoor areas, with minimal spillover on adjacent properties. The

lighting must be stationary, directed away from adjacent properties and public rights-of-way, and compatible with the neighborhood.

(8) Security. On-site security must be provided for Cannabis Retail uses during the hours of operation when clients are present.

(9) Commercial Cannabis Permit. The use must fully comply with all applicable local permit rules and regulations governing commercial cannabis activity, including operational permit requirements and conditions and approved operational plans under any other city ordinance or code.

(10) In the event of a conflict between the requirements of the use permit and the requirements of a local operations permit issued by the police department, the more restrictive performance requirements apply.

21.4.2 **S-3 Cannabis Retail and Distribution Combining District**

(a) **S-3 District Established**. The S-3 Cannabis Retail and Distribution Combining District comprises that certain area situated within the City of Belmont and described on the following map as an S-3 District. The City of Belmont Zoning Map is hereby amended to include the S-3 District as shown in Exhibit 1.

(b) **Allowable Cannabis Uses and Limitations**

(1) Both Cannabis Retail and Cannabis Distribution are allowable uses in the S-3 District with a use permit issued in accordance with section 21.4.1.

(2) Only three Cannabis Retail uses are allowed within the S-3 District.

21.4.3 **S-4 Cannabis Distribution Combining District**

(a) **S-4 District Established**. The S-4 Cannabis Distribution Combining District comprises that certain area situated within the City of Belmont and described on the following map as an S-4 District. The City of Belmont Zoning Map is hereby amended to include the S-4 District as shown in Exhibit 1.

(b) **Allowable Cannabis Uses and Limitations**

(1) Cannabis Distribution is an allowable use in the S-4 District with a use permit issued in accordance with section 21.4.1.

(2) Retail Cannabis is not allowed.

(3) The number of Cannabis Distribution uses in the S-3 and S-4 Districts combined may not exceed a total of four.

SECTION 7. 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 a decision shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Belmont hereby declares that it would have passed this Ordinance and each section or subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared invalid.

SECTION 8. EFFECTIVE DATE.

This Ordinance takes effect and will be enforced 30 days after its adoption.

* * *

The City Council of the City of Belmont, California introduced the foregoing ordinance, on [insert date], 2022 and adopted the ordinance at a regular meeting held on [insert date], 2022 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

_____
City Clerk

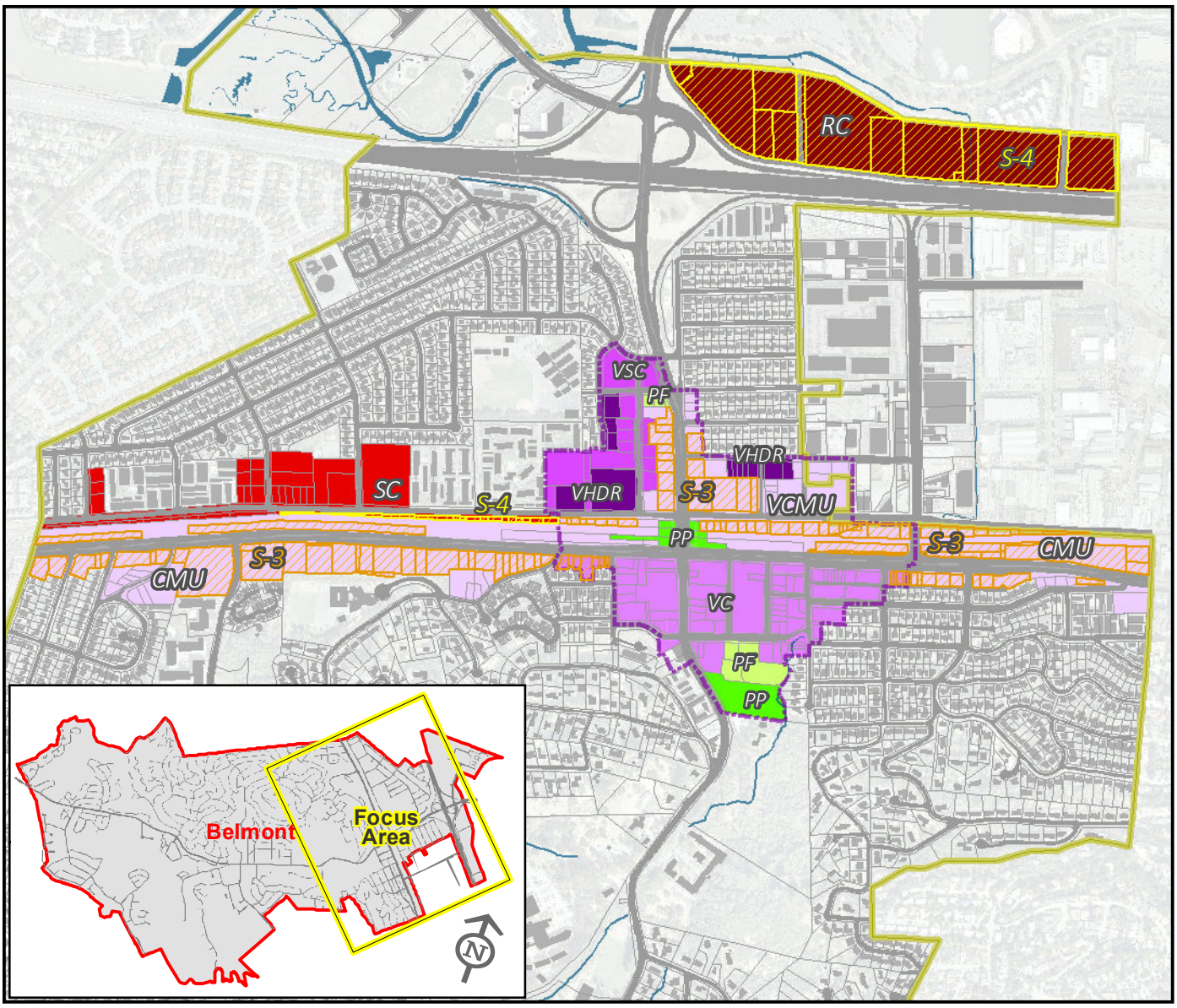
_____
Mayor

APPROVED AS TO FORM:

_____
City Attorney

PA2022-0018
Zoning Basemap (Section) Amendment

Incorporated as Attachment No. 1
And Made a Part of Ordinance No. 2022-___



ZONING CLASSIFICATIONS: Cannabis Retail & Distribution Combining District (S-3) Cannabis Distribution Combining District (S-4)

Single Family Residential
- Single Family Residential, 9600 sq. ft./D.U. (R1A)
- Single Family Residential, 6000 sq. ft./D.U. (R1B)
- Single Family Residential, 5000 sq.ft./D.U. (R1C)
- Single Family Residential, 1 acre/D.U. (R1E)
- Single Family Residential, 1/2 acre/D.U. (R1H)

Multi-Family Residential
- Duplex, 3000 sq.ft./D.U. (R2)
- Multi-Family Residential, 1950 sq.ft./D.U. (R3)
- Multi-Family Residential, 1450 sq.ft./D.U. (R4)

Hillside Residential
- Hillside Res. & Open Space, Unsubdivided (HRO1)
- Hillside Res. & Open Space, Subdivided (HRO2)
- Hillside Res. & Open Space, Western Hills (HRO3)

Open Space & Public Space & Schools
- Public Facility (PF)
- Park/Plaza (PP)
- Open Space (OS)
- Public Space (PS)
- School and Other Educational Uses (SE)

Commercial
- Special Setback Combining (S-1/R1B)
- Neighborhood Commercial (NC)
- Service Commercial (SC)
- Regional Commercial (RC)
- Corridor Mixed Use (CMU)

Office & Other
- Professional Office (E1)
- Executive Office (E2.1)
- Executive Office & Warehouse (E2.2)
- Planned Unit Development (PD)

Belmont Village Planning Area
- Belmont Village Planning Area
- Village Corridor Mixed Use (VCMU)
- Village Core (VC)
- Village Station Core (VCS)
- Village High Density Residential (VHDR)
- Public Facility (PF)
- Park/Plaza (PP)

HWY/HIA
- Harbor Industrial Area-1 (HIA-1)
- Harbor Industrial Area-2 (HIA-2)
- HWY 101 (HWY)

Scale = 1:12,500 0 0.25 0.5 Miles

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Nima Mazhari, Assistant Engineer, (650) 730-5706, nmazhari@belmont.gov Peter Brown, Public Works Director, (650) 595-7459, pbrown@belmont.gov
Agenda Title:	Caltrans Program Supplement Agreement
Agenda Action:	Resolution

Recommendation

Adopt a resolution authorizing the City Manager to Execute State and Federal Agreements for transportation grants between The State of California, Department of Transportation (Caltrans) and the City of Belmont for State-Funded and Federal-Aid Projects.

Strategic Focus Area

Infrastructure and Mobility

Background

The State of California Department of Transportation (Caltrans), administers master agreements establishing terms and conditions applicable to the City to receive federal and state grant funds for transportation related projects.

The City enters into project-specific master agreements with Caltrans for state-funded projects. All master agreements require a Council adopted resolution to authorize the City Council or their designee to administer each transportation related project via a program supplement agreement. These supplement agreements detail the applicable project conditions, federal and/or state funding sources, local matching funds and other special terms and conditions.

Analysis

Master Agreements

The updated Caltrans' master agreements (Attachment A) for all federal and state funded transportation projects are revised to include standards and provisions of the Intermodal Surface Transportation Efficiency Act (ISTEA) as well as applicability with the Transportation Equity Act for the 21st Century, subsequent Transportation Authorization Bills and the current Caltrans' Local Assistance Program Guidelines.

Key provisions of the master agreements are:

1. The financial commitment of State-administered federal and state funded projects will occur only upon execution of the master agreement and program supplement agreements.
2. City shall conform to state and federal statutes, regulations, and procedures, established in the terms and conditions of the agreements.
3. City assures that the contractors and subcontractors shall comply with federal and state administrative procedures.
4. City shall maintain and operate the project for its intended purpose until such time as the parties

might amend the agreements.

5. City shall submit a final report of expenditures to Caltrans for each completed program supplement project.
6. City shall award a construction contract over $10,000 by competitive bidding only unless approved otherwise in writing from Caltrans. The master agreements secure the state and federal funded programs, including the State Transportation Improvement Programs (STIP), Surface Transportation Program (STP), Congestion Mitigation and Air Quality Improvement Program (CMAQ), or other programs as defined in the Caltrans Local Assistance Program Guidelines, for use on local transportation facilities.

Streamlining Resolution

Caltrans requires an authorizing resolution adopted by the City Council in order to obligate funds for grant funding. Due to more stringent requirements imposed by Caltrans, the resolutions and signed agreements have an approximate six-week turnaround period. If these resolutions/agreements are not returned in a timely manner, the obligations can be liquidated and the City could lose the grant funding. Currently, staff must return to Council for approval of a resolution on a project-by-project basis even though Council had previously approved the grant fund applications and authorized receiving and spending the funding during the budget adoption process or by a separate action requiring a budget amendment. Adoption of a resolution to execute master agreements and program supplement agreements would expedite this process.

The proposed resolution (Attachment B) delegates the authority to the City Manager to execute master agreements, program supplement agreements and amendments to administer the grant funds. This resolution is a revision from the City's current practice as it eliminates the current need for the City Council to adopt a separate resolution to execute administrative agreements between Caltrans and the City for each individual grant-funded project. Although the attached resolution can be used for multiple future projects as it is delegating authorizing to the City Manager for execution of the agreements under these federal and state funding provisions, the Council will still be required to approve grant applications and funding allocations for all future projects on a case-by-case basis. The grant process typically follows the process outlined below:

- The transportation related project budget is adopted
- Council approves an application to request grant funding on a project phase
- Federal or state funding agencies award the grant program and notify City by letter
- Project is awarded to begin environmental, design or construction phase
- Necessary authorizations are obtained from Caltrans and/or Federal/Highway Administration (FHWA); approvals can range from environmental and right-of-way clearances to approval of plans, specifications and estimates (PS&E) as required by the grant conditions
- Federal and state funds are secured by these agencies via the master agreement and program supplements
- A project receives an authorization to proceed document (E-76) from Caltrans or the FHWA, to secure the funds before expenditures can occur
- Council approves a resolution to delegate authority to administer the program supplement agreement. This last step noted would be removed, if Council decides to adopt the resolution (Attachment B).

The release of state and federal funds may only take place after the execution of the Program Supplement Agreement by an authorized official, in this case the City Manager. The City must send invoices to

Caltrans in order to receive any federal or state reimbursement. In order to invoice Caltrans, previous projects with federal grant funds required City Council approval for each individual staff report for every invoice request. This resolution enables efficiencies for future federal funding because it authorizes the City Manager to execute all future Program Supplement Agreements with the California Department of Transportation for certain transportation projects using federal grant funds.

Alternatives

1. Take No Action

Attachments

A. Exhibit A - Master Agreement for Federal-Aid Projects
B. Resolution

Fiscal Impact

☒ No Fiscal Impact
☐ Funding Source Confirmed:

Source:	**Purpose:**	**Public Outreach:**
Staff	Discretionary Action	Posting of Agenda

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT ADOPTING RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE FUTURE MASTER AGREEMENTS AND PROGRAM SUPPLEMENT AGREEMENTS WITH THE CALIFORNIA DEPARTMENT OF TRANSPORTATION OR FEDERAL GRANTING AGENCIES FOR CERTAIN TRANSPORTATION PROJECTS USING STATE AND FEDERAL-AID FUNDS.

WHEREAS, the City of Belmont is eligible to receive federal and/or state funding for certain Transportation Projects, through the California Department of Transportation; and,

WHEREAS, Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements and/or Fund Transfer Agreements need to be executed with the California Department of Transportation or federal granting agencies before such funds could be claimed; and,

WHEREAS, the City wishes to delegate authorization to execute these agreements and any amendments thereto to the City Manager; and.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. The City Manager is authorized to execute all Master Agreements, Program Supplemental Agreements, Fund Exchange Agreements, Fund Transfer Agreements and any amendments thereto with the California Department of Transportation (Caltrans) or federal granting agencies.

* * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

MASTER AGREEMENT
ADMINISTERING AGENCY-STATE AGREEMENT FOR FEDERAL-AID PROJECTS

04	City of Belmont
District	Administering Agency

Agreement No. 04-5268F15

This AGREEMENT, is entered into effective this _____ day of _____, 20 , by and between City of Belmont, hereinafter referred to as "ADMINISTERING AGENCY," and the State of California, acting by and through its Department of Transportation (Caltrans), hereinafter referred to as "STATE", and together referred to as "PARTIES" or individually as a "PARTY."

RECITALS:

1. WHEREAS, the Congress of the United States has enacted the Intermodal Surface Transportation Efficiency Act (ISTEA) of 1991 and subsequent Transportation Authorization Bills to fund transportation programs; and

2. WHEREAS, the Legislature of the State of California has enacted legislation by which certain federal-aid funds may be made available for use on local transportation related projects of public entities qualified to act as recipients of these federal-aid funds in accordance with the intent of federal law; and

3. WHEREAS, before federal funds will be made available for a specific program project, ADMINISTERING AGENCY and STATE are required to enter into an agreement to establish terms and conditions applicable to the ADMINISTERING AGENCY when receiving federal funds for a designated PROJECT facility and to the subsequent operation and maintenance of that completed facility.

NOW, THEREFORE, the PARTIES agree as follows:

ARTICLE I - PROJECT ADMINISTRATION

1. This AGREEMENT shall have no force or effect with respect to any program project unless and until a project-specific "Authorization/Agreement Summary", herein referred to as "E-76" document, is approved by STATE and the Federal Highway Administration (FHWA).

2. The term "PROJECT", as used herein, means that authorized transportation related project and related activities financed in part with federal-aid funds as more fully-described in an "Authorization/ Agreement Summary" or "Amendment/Modification Summary", herein referred to as "E-76" or "E-76 (AMOD)" document authorized by STATE and the Federal Highway Administration (FHWA).

3. The E-76/E-76 (AMOD) shall designate the party responsible for implementing PROJECT, type of work and location of PROJECT.

4. The PROGRAM SUPPLEMENT sets out special covenants as a condition for the ADMINISTERING AGENCY to receive federal-aid funds from/through STATE for designated PROJECT. The PROGRAM SUPPLEMENT shall also show these federal funds that have been initially encumbered for PROJECT along with the matching funds to be provided by ADMINISTERING AGENCY and/or others. Execution of PROGRAM SUPPLEMENT by the PARTIES shall cause ADMINISTERING AGENCY to adopt all of the terms of this AGREEMENT as though fully set forth therein in the PROGRAM SUPPLEMENT. Unless otherwise expressly delegated in a resolution by the governing body of ADMINISTERING AGENCY, and with written concurrence by STATE, the PROGRAM SUPPLEMENT shall be approved and managed by the governing body of ADMINISTERING AGENCY.

5. ADMINISTERING AGENCY agrees to execute and return each project-specific PROGRAM SUPPLEMENT within ninety (90) days of receipt. The PARTIES agree that STATE may suspend future authorizations/obligations and invoice payments for any on-going or future federal-aid project performed by ADMINISTERING AGENCY if any project-specific PROGRAM SUPPLEMENT is not returned within that ninety (90) day period unless otherwise agreed by STATE in writing.

6. ADMINISTERING AGENCY further agrees, as a condition to the release and payment of federal funds encumbered for the PROJECT described in each PROGRAM SUPPLEMENT, to comply with the terms and conditions of this AGREEMENT and all of the agreed-upon Special Covenants or Remarks incorporated within the PROGRAM SUPPLEMENT, and Cooperative/Contribution Agreement where appropriate, defining and identifying the nature of the specific PROJECT.

7. Federal, state and matching funds will not participate in PROJECT work performed in advance of the approval of the E-76 or E-76 (AMOD), unless otherwise stated in the executed project-specific PROGRAM SUPPLEMENT. ADMINISTERING AGENCY agrees that it will only proceed with the work authorized for that specific phase(s) on the project-specific E-76 or E-76 (AMOD). ADMINISTERING AGENCY further agrees to not proceed with future phases of PROJECT prior to receiving an E-76 (AMOD) from STATE for that phase(s) unless no further federal funds are needed or for those future phase(s).

8. That PROJECT or portions thereof, must be included in a federally approved Federal Statewide Transportation Improvement Program (FSTIP) prior to ADMINISTERING AGENCY submitting the "Request for Authorization".

9. ADMINISTERING AGENCY shall conform to all state statutes, regulations and procedures (including those set forth in the Local Assistance Procedures Manual and the Local Assistance Program Guidelines, hereafter collectively referred to as "LOCAL ASSISTANCE PROCEDURES") relating to the federal-aid program, all Title 23 Code of Federal Regulation (CFR) and 2 CFR part 200 federal requirements, and all applicable federal laws, regulations, and policy and procedural or instructional memoranda, unless otherwise specifically waived as designated in the executed project-specific PROGRAM SUPPLEMENT.

10. If PROJECT is not on STATE-owned right of way, PROJECT shall be constructed in accordance with LOCAL ASSISTANCE PROCEDURES that describes minimum statewide design standards for local agency streets and roads. LOCAL ASSISTANCE PROCEDURES for projects off the National Highway System (NHS) allow STATE to accept either the STATE's minimum statewide design standards or the approved geometric design standards of ADMINISTERING AGENCY. Additionally, for projects off the NHS, STATE will accept ADMINISTERING AGENCY-approved standard specifications, standard plans, materials sampling and testing quality assurance programs that meet the conditions described in the then current LOCAL ASSISTANCE PROCEDURES.

11. If PROJECT involves work within or partially within STATE-owned right-of-way, that PROJECT shall also be subject to compliance with the policies, procedures and standards of the STATE Project Development Procedures Manual and Highway Design Manual and, where appropriate, an executed Cooperative Agreement between STATE and ADMINISTERING AGENCY that outlines the PROJECT responsibilities and respective obligations of the PARTIES. ADMINISTERING AGENCY and its contractors shall each obtain an encroachment permit through STATE prior to commencing any work within STATE rights of way or work which affects STATE facilities.

12. When PROJECT is not on the State Highway System but includes work to be performed by a railroad, the contract for such work shall be prepared by ADMINISTERING AGENCY or by STATE, as the PARTIES may hereafter agree. In either event, ADMINISTERING AGENCY shall enter into an agreement with the railroad providing for future maintenance of protective devices or other facilities installed under the contract.

13. If PROJECT is using STATE funds, the Department of General Services, Division of the State Architect, or its designee, shall review the contract PS&E for the construction of buildings, structures, sidewalks, curbs and related facilities for accessibility and usability. ADMINISTERING AGENCY shall not award a PROJECT construction contract for these types of improvements until the State Architect has issued written approval stating that the PROJECT plans and specifications comply with the provisions of sections 4450 and 4454 of the California Government Code, if applicable. Further requirements and guidance are provided in Title 24 of the California Code of Regulations.

14. ADMINISTERING AGENCY will advertise, award and administer PROJECT in accordance with the current LOCAL ASSISTANCE PROCEDURES unless otherwise stated in the executed project-specific PROGRAM SUPPLEMENT.

15. ADMINISTERING AGENCY shall provide or arrange for adequate supervision and inspection of each PROJECT. While consultants may perform supervision and inspection work for PROJECT with a fully qualified and licensed engineer, ADMINISTERING AGENCY shall provide a full-time employee to be in responsible charge of each PROJECT who is not a consultant.

16. ADMINISTERING AGENCY shall submit PROJECT-specific contract award documents to STATE's District Local Assistance Engineer within sixty (60) days after contract award. A copy of the award documents shall also be included with the submittal of the first invoice for a construction contract by ADMINISTERING AGENCY.

17. ADMINISTERING AGENCY shall submit the final report documents that collectively constitute a "Report of Expenditures" within one hundred eighty (180) days of PROJECT completion. Failure by ADMINISTERING AGENCY to submit a "Report of Expenditures" within one hundred eighty (180) days of project completion will result in STATE imposing sanctions upon ADMINISTERING AGENCY in accordance with the current LOCAL ASSISTANCE PROCEDURES.

18. ADMINISTERING AGENCY shall comply with: (i) section 504 of the Rehabilitation Act of 1973 which prohibits discrimination on the basis of disability in federally assisted programs; (ii) the Americans with Disabilities Act (ADA) of 1990 which prohibits discrimination on the basis of disability irrespective of funding; and (iii) all applicable regulations and guidelines issued pursuant to both the Rehabilitation Act and the ADA.

19. The Congress of the United States, the Legislature of the State of California and the Governor of the State of California, each within their respective jurisdictions, have prescribed certain nondiscrimination requirements with respect to contract and other work financed with public funds. ADMINISTERING AGENCY agrees to comply with the requirements of the FAIR EMPLOYMENT PRACTICES ADDENDUM (Exhibit A attached hereto) and the NONDISCRIMINATION ASSURANCES (Exhibit B attached hereto). ADMINISTERING AGENCY further agrees that any agreement entered into by ADMINISTERING AGENCY with a third party for performance of PROJECT-related work shall incorporate Exhibits A and B (with third party's name replacing ADMINISTERING AGENCY) as essential parts of such agreement to be enforced by that third party as verified by ADMINISTERING AGENCY.

ARTICLE II - RIGHTS OF WAY

1. No contract for the construction of a federal-aid PROJECT shall be awarded until all necessary rights of way have been secured. Prior to the advertising for construction of PROJECT, ADMINISTERING AGENCY shall certify and, upon request, shall furnish STATE with evidence that all necessary rights of way are available for construction purposes or will be available by the time of award of the construction contract.

2. ADMINISTERING AGENCY agrees to indemnify and hold STATE harmless from any liability that may result in the event the right of way for a PROJECT, including, but not limited to, being clear as certified or if said right of way is found to contain hazardous materials requiring treatment or removal to remediate in accordance with Federal and State laws. The furnishing of right of way as provided for herein includes, in addition to all real property required for the PROJECT, title free and clear of obstructions and encumbrances affecting PROJECT and the payment, as required by applicable law, of relocation costs and damages to remainder real property not actually taken but injuriously affected by PROJECT. ADMINISTERING AGENCY shall pay, from its own non-matching funds, any costs which arise out of delays to the construction of PROJECT because utility facilities have not been timely removed or relocated, or because rights of way were not available to ADMINISTERING AGENCY for the orderly prosecution of PROJECT work.

3. Subject to STATE approval and such supervision as is required by LOCAL ASSISTANCE PROCEDURES over ADMINISTERING AGENCY's right of way acquisition procedures, ADMINISTERING AGENCY may claim reimbursement from federal funds for expenditures incurred in purchasing only the necessary rights of way needed for the PROJECT after crediting PROJECT with the fair market value of any excess property retained and not disposed of by ADMINISTERING AGENCY.

4. When real property rights are to be acquired by ADMINISTERING AGENCY for a PROJECT, said ADMINISTERING AGENCY must carry out that acquisition in compliance with all applicable State and Federal laws and regulations, in accordance with State procedures as published in State's current LOCAL ASSISTANCE PROCEDURES and STATE's Right-of-Way Manual, subject to STATE oversight to ensure that the completed work is acceptable under the Federal Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended.

5. Whether or not federal-aid is to be requested for right of way, should ADMINISTERING AGENCY, in acquiring right of way for PROJECT, displace an individual, family, business, farm operation, or non-profit organization, relocation payments and services will be provided as set forth in 49 CFR, Part 24. The public will be adequately informed of the relocation payments and services which will be available, and, to the greatest extent practicable, no person lawfully occupying real property shall be required to move from his/her dwelling or to move his/her business or farm operation without at least ninety (90) days written notice from ADMINISTERING AGENCY. ADMINISTERING AGENCY will provide STATE with specific assurances, on each portion of the PROJECT, that no person will be displaced until comparable decent, safe and sanitary replacement housing is available within a reasonable period of time prior to displacement, and that ADMINISTERING AGENCY's relocation program is realistic and adequate to provide orderly, timely and efficient relocation of PROJECT-displaced persons as provided in 49 CFR, Part 24.

6. ADMINISTERING AGENCY shall, along with recording the deed or instrument evidencing title in the name of the ADMINISTERING AGENCY or their assignee, also record an Agreement Declaring Restrictive Covenants (ADRC) as a separate document incorporating the assurances included within Exhibits A and B and Appendices A, B, C and D of this AGREEMENT, as appropriate.

ARTICLE III - MAINTENANCE AND MANAGEMENT

1. ADMINISTERING AGENCY will maintain and operate the property acquired, developed, constructed, rehabilitated, or restored by PROJECT for its intended public use until such time as the parties might amend this AGREEMENT to otherwise provide. With the approval of STATE, ADMINISTERING AGENCY or its successors in interest in the PROJECT property may transfer this obligation and responsibility to maintain and operate PROJECT property for that intended public purpose to another public entity.

2. Upon ADMINISTERING AGENCY's acceptance of the completed federal-aid construction contract or upon contractor being relieved of the responsibility for maintaining and protecting PROJECT, ADMINISTERING AGENCY will be responsible for the maintenance, ownership, liability, and the expense thereof, for PROJECT in a manner satisfactory to the authorized representatives of STATE and FHWA and if PROJECT falls within the jurisdictional limits of another Agency or Agencies, it is the duty of ADMINISTERING AGENCY to facilitate a separate maintenance agreement(s) between itself and the other jurisdictional Agency or Agencies providing for the operation, maintenance, ownership and liability of PROJECT. Until those agreements are executed, ADMINISTERING AGENCY will be responsible for all PROJECT operations, maintenance, ownership and liability in a manner satisfactory to the authorized representatives of STATE and FHWA. If, within ninety (90) days after receipt of notice from STATE that a PROJECT, or any portion thereof, is not being properly operated and maintained and ADMINISTERING AGENCY has not satisfactorily remedied the conditions complained of, the approval of future federal-aid projects of ADMINISTERING AGENCY will be withheld until the PROJECT shall have been put in a condition of operation and maintenance satisfactory to STATE and FHWA. The provisions of this section shall not apply to a PROJECT that has been vacated through due process of law with STATE's concurrence.

3. PROJECT and its facilities shall be maintained by an adequate and well-trained staff of engineers and/or such other professionals and technicians as PROJECT reasonably requires. Said operations and maintenance staff may be employees of ADMINISTERING AGENCY, another unit of government, or a contractor under agreement with ADMINISTERING AGENCY. All maintenance will be performed at regular intervals or as required for efficient operation of the complete PROJECT improvements.

ARTICLE IV - FISCAL PROVISIONS

1. All contractual obligations of STATE are subject to the appropriation of resources by the Legislature and the allocation of resources by the California Transportation Commission (CTC).

2. STATE'S financial commitment of federal funds will occur only upon the execution of this AGREEMENT, the authorization of the project-specific E-76 or E-76 (AMOD), the execution of each project-specific PROGRAM SUPPLEMENT, and STATE's approved finance letter.

3. ADMINISTERING AGENCY may submit signed invoices in arrears for reimbursement of participating PROJECT costs on a regular basis once the project-specific PROGRAM SUPPLEMENT has been executed by STATE.

4. ADMINISTERING AGENCY agrees, at a minimum, to submit invoices at least once every six (6) months commencing after the funds are encumbered on either the project-specific PROGRAM SUPPLEMENT or through a project-specific finance letter approved by STATE. STATE reserves the right to suspend future authorizations/obligations, and invoice payments for any on-going or future federal-aid project by ADMINISTERING AGENCY if PROJECT costs have not been invoiced by ADMINISTERING AGENCY for a six (6) month period.

5. Invoices shall be submitted on ADMINISTERING AGENCY letterhead that includes the address of ADMINISTERING AGENCY and shall be formatted in accordance with LOCAL ASSISTANCE PROCEDURES.

6. ADMINISTERING AGENCY must have at least one copy of supporting backup documentation for costs incurred and claimed for reimbursement by ADMINISTERING AGENCY. ADMINISTERING AGENCY agrees to submit supporting backup documentation with invoices if requested by State. Acceptable backup documentation includes, but is not limited to, agency's progress payment to the contractors, copies of cancelled checks showing amounts made payable to vendors and contractors, and/or a computerized summary of PROJECT costs.

7. Payments to ADMINISTERING AGENCY can only be released by STATE as reimbursement of actual allowable PROJECT costs already incurred and paid for by ADMINISTERING AGENCY.

8. Indirect Cost Allocation Plans/Indirect Cost Rate Proposals (ICAP/ICRP), Central Service Cost Allocation Plans and related documentation are to be prepared and provided to STATE (Caltrans Audits & Investigations) for review and approval prior to ADMINISTERING AGENCY seeking reimbursement of indirect costs incurred within each fiscal year being claimed for State and federal reimbursement. ICAPs/ICRPs must be prepared in accordance with the requirements set forth in 2 CFR, Part 200, Chapter 5 of the Local Assistance Procedural Manual, and the ICAP/ICRP approval procedures established by STATE.

9. Once PROJECT has been awarded, STATE reserves the right to de-obligate any excess federal funds from the construction phase of PROJECT if the contract award amount is less than the obligated amount, as shown on the PROJECT E-76 or E-76 (AMOD).

10. STATE will withhold the greater of either two (2) percent of the total of all federal funds encumbered for each PROGRAM SUPPLEMENT or $40,000 until ADMINISTERING AGENCY submits the Final Report of Expenditures for each completed PROGRAM SUPPLEMENT PROJECT.

11. The estimated total cost of PROJECT, the amount of federal funds obligated, and the required matching funds may be adjusted by mutual consent of the PARTIES hereto with a finance letter, a detailed estimate, if required, and approved E-76 (AMOD). Federal-aid funding may be increased to cover PROJECT cost increases only if such funds are available and FHWA concurs with that increase.

12. When additional federal-aid funds are not available, ADMINISTERING AGENCY agrees that the payment of federal funds will be limited to the amounts authorized on the PROJECT specific E-76 / E-76 (AMOD) and agrees that any increases in PROJECT costs must be defrayed with ADMINISTERING AGENCY's own funds.

13. ADMINISTERING AGENCY shall use its own non-federal funds to finance the local share of eligible costs and all expenditures or contract items ruled ineligible for financing with federal funds. STATE shall make the determination of ADMINISTERING AGENCY's cost eligibility for federal fund financing of PROJECT costs.

14. ADMINISTERING AGENCY will reimburse STATE for STATE's share of costs for work performed by STATE at the request of ADMINISTERING AGENCY. STATE's costs shall include overhead assessments in accordance with section 8755.1 of the State Administrative Manual.

15. Federal and state funds allocated from the State Transportation Improvement Program (STIP) are subject to the timely use of funds provisions enacted by Senate Bill 45, approved in 1997, and subsequent STIP Guidelines and State procedures approved by the CTC and STATE.

16. Federal funds encumbered for PROJECT are available for liquidation for a period of six (6) years from the beginning of the State fiscal year the funds were appropriated in the State Budget. State funds encumbered for PROJECT are available for liquidation only for six (6) years from the beginning of the State fiscal year the funds were appropriated in the State Budget. Federal or state funds not liquidated within these periods will be reverted unless a Cooperative Work Agreement (CWA) is submitted by ADMINISTERING AGENCY and approved by the California Department of Finance (per Government Code section 16304). The exact date of fund reversion will be reflected in the STATE signed finance letter for PROJECT.

17. Payments to ADMINISTERING AGENCY for PROJECT-related travel and subsistence (per diem) expenses of ADMINISTERING AGENCY forces and its contractors and subcontractors claimed for reimbursement or as local match credit shall not exceed rates authorized to be paid rank and file STATE employees under current State Department of Personnel Administration (DPA) rules. If the rates invoiced by ADMINISTERING AGENCY are in excess of DPA rates, ADMINISTERING AGENCY is responsible for the cost difference, and any overpayments inadvertently paid by STATE shall be reimbursed to STATE by ADMINISTERING AGENCY on demand within thirty (30) days of such invoice.

18. ADMINISTERING AGENCY agrees to comply with 2 CFR, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirement for Federal Awards.

19. ADMINISTERING AGENCY agrees, and will ensure that its contractors and subcontractors will be obligated to agree, that Contract Cost Principles and Procedures, 48 CFR, Federal Acquisition Regulations System, Chapter 1, Part 31, et seq., shall be used to determine the allowability of individual PROJECT cost items.

20. Every sub-recipient receiving PROJECT funds under this AGREEMENT shall comply with 2 CFR, Part 200, 23 CFR, 48 CFR Chapter 1, Part 31, Local Assistance Procedures, Public Contract Code (PCC) 10300-10334 (procurement of goods), PCC 10335-10381 (non-A&E services), and other applicable STATE and FEDERAL regulations.

21. Any PROJECT costs for which ADMINISTERING AGENCY has received payment or credit that are determined by subsequent audit to be unallowable under 2 CFR, Part 200, 23 CFR, 48 CFR, Chapter 1, Part 31, and other applicable STATE and FEDERAL regulations, are subject to repayment by ADMINISTERING AGENCY to STATE.

22. Should ADMINISTERING AGENCY fail to refund any moneys due upon written demand by STATE as provided hereunder or should ADMINISTERING AGENCY breach this AGREEMENT by failing to complete PROJECT without adequate justification and approval by STATE, then, within thirty 30 days of demand, or within such other period as may be agreed to in writing between the PARTIES, STATE, acting through the State Controller, the State Treasurer, or any other public entity or agency, may withhold or demand a transfer of an amount equal to the amount paid by or owed to STATE from future apportionments, or any other funds due ADMINISTERING AGENCY from the Highway Users Tax Fund or any other sources of funds, and/or may withhold approval of future ADMINISTERING AGENCY federal-aid projects.

23. Should ADMINISTERING AGENCY be declared to be in breach of this AGREEMENT or otherwise in default thereof by STATE, and if ADMINISTERING AGENCY is constituted as a joint powers authority, special district, or any other public entity not directly receiving funds through the State Controller, STATE is authorized to obtain reimbursement from whatever sources of funding are available, including the withholding or transfer of funds, pursuant to Article IV - 22, from those constituent entities comprising a joint powers authority or by bringing of an action against ADMINISTERING AGENCY or its constituent member entities, to recover all funds provided by STATE hereunder.

24. ADMINISTERING AGENCY acknowledges that the signatory party represents the ADMINISTERING AGENCY and further warrants that there is nothing within a Joint Powers Agreement, by which ADMINISTERING AGENCY was created, if any exists, that would restrict or otherwise limit STATE's ability to recover State funds improperly spent by ADMINISTERING AGENCY in contravention of the terms of this AGREEMENT.

ARTICLE V
AUDITS, THIRD PARTY CONTRACTING, RECORDS RETENTION AND REPORTS

1. STATE reserves the right to conduct technical and financial audits of PROJECT work and records and ADMINISTERING AGENCY agrees, and shall require its contractors and subcontractors to agree, to cooperate with STATE by making all appropriate and relevant PROJECT records available for audit and copying as required by paragraph three (3) of ARTICLE V.

2. ADMINISTERING AGENCY, its contractors and subcontractors shall establish and maintain a financial management system and records that properly accumulate and segregate reasonable, allowable, and allocable incurred PROJECT costs and matching funds by line item for the PROJECT. The financial management system of ADMINISTERING AGENCY, its contractors and all subcontractors shall conform to Generally Accepted Accounting Principles, enable the determination of incurred costs at interim points of completion, and provide support for reimbursement payment vouchers or invoices sent to or paid by STATE.

3. ADMINISTERING AGENCY, ADMINISTERING AGENCY's contractors and subcontractors, and STATE shall each maintain and make available for inspection and audit by STATE, the California State Auditor, or any duly authorized representative of STATE or the United States all books, documents, papers, accounting records, and other evidence pertaining to the performance of such contracts, including, but not limited to, the costs of administering those various contracts and ADMINISTERING AGENCY shall furnish copies thereof if requested. All of the above referenced parties shall make such AGREEMENT, PROGRAM SUPPLEMENT and contract materials available at their respective offices at all reasonable times during the entire PROJECT period and for three (3) years from the date of submission of the final expenditure report by the STATE to the FHWA.

4. ADMINISTERING AGENCY is required to have an audit in accordance with the Single Audit Act of 2 CFR 200 if it expends $750,000 or more in Federal Funds in a single fiscal year. The Federal Funds received under a PROGRAM SUPPLEMENT are a part of the Catalogue of Federal Domestic Assistance (CFDA) 20.205.

5. ADMINISTERING AGENCY agrees to include all PROGRAM SUPPLEMENTS adopting the terms of this AGREEMENT in the schedule of projects to be examined in ADMINISTERING AGENCY's annual audit and in the schedule of projects to be examined under its single audit prepared in accordance with 2 CFR, Part 200.

6. ADMINISTERING AGENCY shall not award a non-A&E contract over $5,000, construction contract over $10,000, or other contracts over $25,000 (excluding professional service contracts of the type which are required to be procured in accordance with Government Code sections 4525 (d), (e) and (f)) on the basis of a noncompetitive negotiation for work to be performed under this AGREEMENT without the prior written approval of STATE. Contracts awarded by ADMINISTERING AGENCY, if intended as local match credit, must meet the requirements set forth in this AGREEMENT regarding local match funds.

7. Any subcontract entered into by ADMINISTERING AGENCY as a result of this AGREEMENT shall contain provisions 5, 6, 17, 19 and 20 of ARTICLE IV, FISCAL PROVISIONS, and provisions 1, 2, and 3 of this ARTICLE V, AUDITS, THIRD-PARTY CONTRACTING RECORDS RETENTION AND REPORTS.

8. To be eligible for local match credit, ADMINISTERING AGENCY must ensure that local match funds used for a PROJECT meet the fiscal provisions requirements outlined in ARTICLE IV in the same manner as required of all other PROJECT expenditures.

9. In addition to the above, the pre-award requirements of third-party contractor/consultants with ADMINISTERING AGENCY should be consistent with the LOCAL ASSISTANCE PROCEDURES.

ARTICLE VI - FEDERAL LOBBYING ACTIVITIES CERTIFICATION

1. By execution of this AGREEMENT, ADMINISTERING AGENCY certifies, to the best of the signatory officer's knowledge and belief, that:

A. No federal or state appropriated funds have been paid or will be paid, by or on behalf of ADMINISTERING AGENCY, to any person for influencing or attempting to influence an officer or employee of any STATE or federal agency, a member of the State Legislature or United States Congress, an officer or employee of the Legislature or Congress, or any employee of a Member of the Legislature or Congress in connection with the awarding of any STATE or federal contract, including this AGREEMENT, the making of any STATE or federal loan, the entering into of any cooperative contract, and the extension, continuation, renewal, amendment, or modification of any STATE or federal contract, grant, loan, or cooperative contract.

B. If any funds other than federal appropriated funds have been paid, or will be paid, to any person for influencing or attempting to influence an officer or employee of any federal agency, a member of Congress, an officer or employee of Congress or an employee of a member of Congress in connection with this AGREEMENT, grant, local, or cooperative contract, ADMINISTERING AGENCY shall complete and submit Standard Form-LLL, "Disclosure Form to Rep Lobbying," in accordance with the form instructions.

C. This certification is a material representation of fact upon which reliance was placed when this AGREEMENT and each PROGRAM SUPPLEMENT was or will be made or entered into. Submission of this certification is a prerequisite for making or entering into this AGREEMENT imposed by Section 1352, Title 31, United States Code. Any party who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

2. ADMINISTERING AGENCY also agrees by signing this AGREEMENT that the language of this certification will be included in all lower tier sub-agreements which exceed $100,000 and that all such sub-recipients shall certify and disclose accordingly.

ARTICLE VII - MISCELLANEOUS PROVISIONS

1. ADMINISTERING AGENCY agrees to use all state funds reimbursed hereunder only for transportation purposes that are in conformance with Article XIX of the California State Constitution and the relevant Federal Regulations.

2. This AGREEMENT is subject to any additional restrictions, limitations, conditions, or any statute enacted by the State Legislature or adopted by the CTC that may affect the provisions, terms, or funding of this AGREEMENT in any manner.

3. ADMINISTERING AGENCY and the officers and employees of ADMINISTERING AGENCY, when engaged in the performance of this AGREEMENT, shall act in an independent capacity and not as officers, employees or agents of STATE or the federal government.

4. Each project-specific E-76 or E-76 (AMOD), PROGRAM SUPPLEMENT and Finance Letter shall separately establish the terms and funding limits for each described PROJECT funded under the AGREEMENT. No federal or state funds are obligated against this AGREEMENT.

5. ADMINISTERING AGENCY certifies that neither ADMINISTERING AGENCY nor its principals are suspended or debarred at the time of the execution of this AGREEMENT. ADMINISTERING AGENCY agrees that it will notify STATE immediately in the event a suspension or a debarment occurs after the execution of this AGREEMENT.

6. ADMINISTERING AGENCY warrants, by execution of this AGREEMENT, that no person or selling agency has been employed or retained to solicit or secure this AGREEMENT upon an agreement or understanding for a commission, percentage, brokerage, or contingent fee, excepting bona fide employees or bona fide established commercial or selling agencies maintained by ADMINISTERING AGENCY for the purpose of securing business. For breach or violation of this warranty, STATE has the right to annul this AGREEMENT without liability, pay only for the value of the work actually performed, or in STATE's discretion, to deduct from the price of consideration, or otherwise recover, the full amount of such commission, percentage, brokerage, or contingent fee.

7. In accordance with Public Contract Code section 10296, ADMINISTERING AGENCY hereby certifies under penalty of perjury that no more than one final unappealable finding of contempt of court by a federal court has been issued against ADMINISTERING AGENCY within the immediate preceding two (2) year period because of ADMINISTERING AGENCY's failure to comply with an order of a federal court that orders ADMINISTERING AGENCY to comply with an order of the National Labor Relations Board.

8. ADMINISTERING AGENCY shall disclose any financial, business, or other relationship with STATE, FHWA or Federal Transit Administration (FTA) that may have an impact upon the outcome of this AGREEMENT. ADMINISTERING AGENCY shall also list current contractors who may have a financial interest in the outcome of this AGREEMENT.

9. ADMINISTERING AGENCY hereby certifies that it does not have nor shall it acquire any financial or business interest that would conflict with the performance of PROJECT under this AGREEMENT.

10. ADMINISTERING AGENCY warrants that this AGREEMENT was not obtained or secured through rebates, kickbacks or other unlawful consideration either promised or paid to any STATE employee. For breach or violation of this warranty, STATE shall have the right, in its discretion, to terminate this AGREEMENT without liability, to pay only for the work actually performed, or to deduct from the PROGRAM SUPPLEMENT price or otherwise recover the full amount of such rebate, kickback, or other unlawful consideration.

11. Any dispute concerning a question of fact arising under this AGREEMENT that is not disposed of by agreement shall be decided by the STATE's Contract Officer who may consider any written or verbal evidence submitted by ADMINISTERING AGENCY. The decision of the Contract Officer, issued in writing, shall be conclusive and binding on the PARTIES on all questions of fact considered and determined by the Contract Officer.

12. Neither the pending of a dispute nor its consideration by the Contract Officer will excuse ADMINISTERING AGENCY from full and timely performance in accordance with the terms of this AGREEMENT.

13. Neither ADMINISTERING AGENCY nor any officer or employee thereof is responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by STATE, under or in connection with any work, authority or jurisdiction arising under this AGREEMENT. It is understood and agreed that STATE shall fully defend, indemnify and save harmless the ADMINISTERING AGENCY and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation and other theories or assertions of liability occurring by reason of anything done or omitted to be done by STATE under this AGREEMENT.

14. Neither STATE nor any officer or employee thereof shall be responsible for any injury, damage or liability occurring by reason of anything done or omitted to be done by ADMINISTERING AGENCY under, or in connection with, any work, authority or jurisdiction arising under this AGREEMENT. It is understood and agreed that ADMINISTERING AGENCY shall fully defend, indemnify and save harmless STATE and all of its officers and employees from all claims, suits or actions of every name, kind and description brought forth under, including, but not limited to, tortious, contractual, inverse condemnation or other theories or assertions of liability occurring by reason of anything done or omitted to be done by ADMINISTERING AGENCY under this AGREEMENT.

15. STATE reserves the right to terminate funding for any PROJECT upon written notice to ADMINISTERING AGENCY in the event that ADMINISTERING AGENCY fails to proceed with PROJECT work in accordance with the project-specific PROGRAM SUPPLEMENT, the bonding requirements if applicable, or otherwise violates the conditions of this AGREEMENT and/or PROGRAM SUPPLEMENT, or the funding allocation such that substantial performance is significantly endangered.

16. No termination shall become effective if, within thirty (30) days after receipt of a Notice of Termination, ADMINISTERING AGENCY either cures the default involved or, if not reasonably susceptible of cure within said thirty (30) day period, ADMINISTERING AGENCY proceeds thereafter to complete the cure in a manner and time line acceptable to STATE. Any such termination shall be accomplished by delivery to ADMINISTERING AGENCY of a Notice of Termination, which notice shall become effective not less than thirty (30) days after receipt, specifying the reason for the termination, the extent to which funding of work under this AGREEMENT is terminated and the date upon which such termination becomes effective, if beyond thirty (30) days after receipt. During the period before the effective termination date, ADMINISTERING AGENCY and STATE shall meet to attempt to resolve any dispute. In the event of such termination, STATE may proceed with the PROJECT work in a manner deemed proper by STATE. If STATE terminates funding for PROJECT with ADMINISTERING AGENCY, STATE shall pay ADMINISTERING AGENCY the sum due ADMINISTERING AGENCY under the PROGRAM SUPPLEMENT and/or STATE approved finance letter prior to termination, provided, however, ADMINISTERING AGENCY is not in default of the terms and conditions of this AGREEMENT or the project-specific PROGRAM SUPPLEMENT and that the cost of PROJECT completion to STATE shall first be deducted from any sum due ADMINISTERING AGENCY.

17. In case of inconsistency or conflicts with the terms of this AGREEMENT and that of a project-specific PROGRAM SUPPLEMENT, the terms stated in that PROGRAM SUPPLEMENT shall prevail over those in this AGREEMENT.

18. Without the written consent of STATE, this AGREEMENT is not assignable by ADMINISTERING AGENCY either in whole or in part.

19. No alteration or variation of the terms of this AGREEMENT shall be valid unless made in writing and signed by the PARTIES, and no oral understanding or agreement not incorporated herein shall be binding on any of the PARTIES.

IN WITNESS WHEREOF, the PARTIES have executed this AGREEMENT by their duly authorized officers.

STATE OF CALIFORNIA DEPARTMENT OF TRANSPORTATION	City of Belmont
By_____	By_____
_____	_____
Chief, Office of Project Implementation Division of Local Assistance	_____ City of Belmont Representative Name & Title (Authorized Governing Body Representative)
Date _____	Date _____

EXHIBIT A

FAIR EMPLOYMENT PRACTICES ADDENDUM

1. In the performance of this Agreement, ADMINISTERING AGENCY will not discriminate against any employee for employment because of race, color, sex, sexual orientation, religion, ancestry or national origin, physical disability, medical condition, marital status, political affiliation, family and medical care leave, pregnancy leave, or disability leave. ADMINISTERING AGENCY will take affirmative action to ensure that employees are treated during employment without regard to their race, sex, sexual orientation, color, religion, ancestry, or national origin, physical disability, medical condition, marital status, political affiliation, family and medical care leave, pregnancy leave, or disability leave. Such action shall include, but not be limited to, the following: employment; upgrading; demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship. ADMINISTERING AGENCY shall post in conspicuous places, available to employees for employment, notices to be provided by STATE setting forth the provisions of this Fair Employment section.

2. ADMINISTERING AGENCY, its contractor(s) and all subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code Section 1290-0 et seq.), and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12900(a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this AGREEMENT by reference and made a part hereof as if set forth in full. Each of the ADMINISTERING AGENCY'S contractors and all subcontractors shall give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreements, as appropriate.

3. ADMINISTERING AGENCY shall include the nondiscrimination and compliance provisions of this clause in all contracts and subcontracts to perform work under this AGREEMENT.

4. ADMINISTERING AGENCY will permit access to the records of employment, employment advertisements, application forms, and other pertinent data and records by STATE, the State Fair Employment and Housing Commission, or any other agency of the State of California designated by STATE, for the purposes of investigation to ascertain compliance with the Fair Employment section of this Agreement.

5. Remedies for Willful Violation:

(a) STATE may determine a willful violation of the Fair Employment provision to have occurred upon receipt of a final judgment to that effect from a court in an action to which ADMINISTERING AGENCY was a party, or upon receipt of a written notice from the Fair Employment and Housing Commission that it has investigated and determined that ADMINISTERING AGENCY has violated the Fair Employment Practices Act and had issued an order under Labor Code Section 1426 which has become final or has obtained an injunction under Labor Code Section 1429.

(b) For willful violation of this Fair Employment Provision, STATE shall have the right to terminate this Agreement either in whole or in part, and any loss or damage sustained by STATE in securing the goods or services thereunder shall be borne and paid for by ADMINISTERING AGENCY and by the surety under the performance bond, if any, and STATE may deduct from any moneys due or thereafter may become due to ADMINISTERING AGENCY, the difference between the price named in the Agreement and the actual cost thereof to STATE to cure ADMINISTERING AGENCY's breach of this Agreement.

EXHIBIT B

NONDISCRIMINATION ASSURANCES

ADMINISTERING AGENCY HEREBY AGREES THAT, as a condition to receiving any federal financial assistance from the STATE, acting for the U.S. Department of Transportation, it will comply with Title VI of the Civil Rights Act of 1964, 78 Stat. 252, 42 U.S.C. 2000d-42 U.S.C. 2000d-4 (hereinafter referred to as the ACT), and all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, "Nondiscrimination in Federally-Assisted Programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964" (hereinafter referred to as the REGULATIONS), the Federal-aid Highway Act of 1973, and other pertinent directives, to the end that in accordance with the ACT, REGULATIONS, and other pertinent directives, no person in the United States shall, on the grounds of race, color, sex, national origin, religion, age or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under any program or activity for which ADMINISTERING AGENCY receives federal financial assistance from the Federal Department of Transportation. ADMINISTERING AGENCY HEREBY GIVES ASSURANCE THAT ADMINISTERING AGENCY will promptly take any measures necessary to effectuate this agreement. This assurance is required by subsection 21.7(a) (1) of the REGULATIONS.

More specifically, and without limiting the above general assurance, ADMINISTERING AGENCY hereby gives the following specific assurances with respect to its federal-aid Program:

1. That ADMINISTERING AGENCY agrees that each "program" and each "facility" as defined in subsections 21.23 (e) and 21.23 (b) of the REGULATIONS, will be (with regard to a "program") conducted, or will be (with regard to a "facility") operated in compliance with all requirements imposed by, or pursuant to, the REGULATIONS.

2. That ADMINISTERING AGENCY shall insert the following notification in all solicitations for bids for work or material subject to the REGULATIONS made in connection with the federal-aid Program and, in adapted form, in all proposals for negotiated agreements:

ADMINISTERING AGENCY hereby notifies all bidders that it will affirmatively ensure that in any agreement entered into pursuant to this advertisement, disadvantaged business enterprises will be afforded full opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, sex, national origin, religion, age, or disability in consideration for an award.

3. That ADMINISTERING AGENCY shall insert the clauses of Appendix A of this assurance in every agreement subject to the ACT and the REGULATIONS.

4. That the clauses of Appendix B of this Assurance shall be included as a covenant running with the land, in any deed effecting a transfer of real property, structures, or improvements thereon, or interest therein.

5. That where ADMINISTERING AGENCY receives federal financial assistance to construct a facility, or part of a facility, the Assurance shall extend to the entire facility and facilities operated in connection therewith.

6. That where ADMINISTERING AGENCY receives federal financial assistance in the form, or for the acquisition, of real property or an interest in real property, the Assurance shall extend to rights to space on, over, or under such property.

7. That ADMINISTERING AGENCY shall include the appropriate clauses set forth in Appendix C and D of this Assurance, as a covenant running with the land, in any future deeds, leases, permits, licenses, and similar agreements entered into by the ADMINISTERING AGENCY with other parties:

Appendix C;

(a) for the subsequent transfer of real property acquired or improved under the federal-aid Program; and

Appendix D;

(b) for the construction or use of or access to space on, over, or under real property acquired, or improved under the federal-aid Program.

8. That this assurance obligates ADMINISTERING AGENCY for the period during which federal financial assistance is extended to the program, except where the federal financial assistance is to provide, or is in the form of, personal property or real property or interest therein, or structures, or improvements thereon, in which case the assurance obligates ADMINISTERING AGENCY or any transferee for the longer of the following periods:

(a) the period during which the property is used for a purpose for which the federal financial assistance is extended, or for another purpose involving the provision of similar services or benefits; or

(b) the period during which ADMINISTERING AGENCY retains ownership or possession of the property.

9. That ADMINISTERING AGENCY shall provide for such methods of administration for the program as are found by the U.S. Secretary of Transportation, or the official to whom he delegates specific authority, to give reasonable guarantee that ADMINISTERING AGENCY, other recipients, sub-grantees, applicants, sub-applicants, transferees, successors in interest, and other participants of federal financial assistance under such program will comply with all requirements imposed by, or pursuant to, the ACT, the REGULATIONS, this Assurance and the Agreement.

10. That ADMINISTERING AGENCY agrees that the United States and the State of California have a right to seek judicial enforcement with regard to any matter arising under the ACT, the REGULATIONS, and this Assurance.

11. ADMINISTERING AGENCY shall not discriminate on the basis of race, religion, age, disability, color, national origin or sex in the award and performance of any STATE assisted contract or in the administration on its DBE Program or the requirements of 49 CFR Part 26. ADMINISTERING AGENCY shall take all necessary and reasonable steps under 49 CFR Part 26 to ensure non-discrimination in the award and administration of STATE assisted contracts. ADMINISTERING AGENCY'S DBE Implementation Agreement is incorporated by reference in this AGREEMENT. Implementation of this program is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the recipient of its failure to carry out its approved DBE Implementation Agreement, STATE may impose sanctions as provided for under 49 CFR Part 26 and may, in appropriate cases, refer the matter for enforcement under 18 USC 1001 and/or the Program Fraud Civil Remedies Act of 1985 (31USC 3801 et seq.)

THESE ASSURANCES are given in consideration of and for the purpose of obtaining any and all federal grants, loans, agreements, property, discounts or other federal financial assistance extended after the date hereof to ADMINISTERING AGENCY by STATE, acting for the U.S. Department of Transportation, and is binding on ADMINISTERING AGENCY, other recipients, subgrantees, applicants, sub-applicants, transferees, successors in interest and other participants in the federal-aid Highway Program.

APPENDIX A TO EXHIBIT B

During the performance of this Agreement, ADMINISTERING AGENCY, for itself, its assignees and successors in interest (hereinafter collectively referred to as ADMINISTERING AGENCY) agrees as follows:

(1) Compliance with Regulations: ADMINISTERING AGENCY shall comply with the regulations relative to nondiscrimination in federally assisted programs of the Department of Transportation, Title 49, Code of Federal Regulations, Part 21, as they may be amended from time to time, (hereinafter referred to as the REGULATIONS), which are herein incorporated by reference and made a part of this agreement.

(2) Nondiscrimination: ADMINISTERING AGENCY, with regard to the work performed by it during the AGREEMENT, shall not discriminate on the grounds of race, color, sex, national origin, religion, age, or disability in the selection and retention of sub-applicants, including procurements of materials and leases of equipment. ADMINISTERING AGENCY shall not participate either directly or indirectly in the discrimination prohibited by Section 21.5 of the REGULATIONS, including employment practices when the agreement covers a program set forth in Appendix B of the REGULATIONS.

(3) Solicitations for Sub-agreements, Including Procurements of Materials and Equipment: In all solicitations either by competitive bidding or negotiation made by ADMINISTERING AGENCY for work to be performed under a Sub-agreement, including procurements of materials or leases of equipment, each potential sub-applicant or supplier shall be notified by ADMINISTERING AGENCY of the ADMINISTERING AGENCY's obligations under this Agreement and the REGULATIONS relative to nondiscrimination on the grounds of race, color, or national origin.

(4) Information and Reports: ADMINISTERING AGENCY shall provide all information and reports required by the REGULATIONS, or directives issued pursuant thereto, and shall permit access to ADMINISTERING AGENCY's books, records, accounts, other sources of information, and its facilities as may be determined by STATE or FHWA to be pertinent to ascertain compliance with such REGULATIONS or directives. Where any information required of ADMINISTERING AGENCY is in the exclusive possession of another who fails or refuses to furnish this information, ADMINISTERING AGENCY shall so certify to STATE or the FHWA as appropriate, and shall set forth what efforts ADMINISTERING AGENCY has made to obtain the information.

(5) Sanctions for Noncompliance: In the event of ADMINISTERING AGENCY's noncompliance with the nondiscrimination provisions of this agreement, STATE shall impose such agreement sanctions as it or the FHWA may determine to be appropriate, including, but not limited to:

(a) withholding of payments to ADMINISTERING AGENCY under the Agreement within a reasonable period of time, not to exceed 90 days; and/or

(b) cancellation, termination or suspension of the Agreement, in whole or in part.

(6) Incorporation of Provisions: ADMINISTERING AGENCY shall include the provisions of paragraphs (1) through (6) in every sub-agreement, including procurements of materials and leases of equipment, unless exempt by the REGULATIONS, or directives issued pursuant thereto. ADMINISTERING AGENCY shall take such action with respect to any sub-agreement or procurement as STATE or FHWA may direct as a means of enforcing such provisions including sanctions for noncompliance, provided, however, that, in the event ADMINISTERING AGENCY becomes involved in, or is threatened with, litigation with a sub-applicant or supplier as a result of such direction, ADMINISTERING AGENCY may request STATE enter into such litigation to protect the interests of STATE, and, in addition, ADMINISTERING AGENCY may request the United States to enter into such litigation to protect the interests of the United States.

The following clauses shall be included in any and all deeds effecting or recording the transfer of PROJECT real property, structures or improvements thereon, or interest therein from the United States.

(GRANTING CLAUSE)

NOW, THEREFORE, the U.S. Department of Transportation, as authorized by law, and upon the condition that ADMINISTERING AGENCY will accept title to the lands and maintain the project constructed thereon, in accordance with Title 23, United States Code, the Regulations for the Administration of federal-aid for Highways and the policies and procedures prescribed by the Federal Highway Administration of the Department of Transportation and, also in accordance with and in compliance with the Regulations pertaining to and effectuating the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252; 42 U.S.C. 2000d to 2000d-4), does hereby remise, release, quitclaim and convey unto the ADMINISTERING AGENCY all the right, title, and interest of the U.S. Department of Transportation in, and to, said lands described in Exhibit "A" attached hereto and made a part hereof.

(HABENDUM CLAUSE)

TO HAVE AND TO HOLD said lands and interests therein unto ADMINISTERING AGENCY and its successors forever, subject, however, to the covenant, conditions, restrictions and reservations herein contained as follows, which will remain in effect for the period during which the real property or structures are used for a purpose for which federal financial assistance is extended or for another purpose involving the provision of similar services or benefits and shall be binding on ADMINISTERING AGENCY, its successors and assigns.

ADMINISTERING AGENCY, in consideration of the conveyance of said lands and interests in lands, does hereby covenant and agree as a covenant running with the land for itself, its successors and assigns,

(1) that no person shall on the grounds of race, color, sex, national origin, religion, age or disability, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination with regard to any facility located wholly or in part on, over, or under such lands hereby conveyed (;) (and) *

(2) that ADMINISTERING AGENCY shall use the lands and interests in lands so conveyed, in compliance with all requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Non-discrimination in federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended (;) and

(3) that in the event of breach of any of the above-mentioned nondiscrimination conditions, the U.S. Department of Transportation shall have a right to re-enter said lands and facilities on said land, and the above-described land and facilities shall thereon revert to and vest in and become the absolute property of the U.S. Department of Transportation and its assigns as such interest existed prior to this deed.*

* Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purposes of Title VI of the Civil Rights Act of 1964.

APPENDIX C TO EXHIBIT B

The following clauses shall be included in any and all deeds, licenses, leases, permits, or similar instruments entered into by ADMINISTERING AGENCY, pursuant to the provisions of Assurance 7(a) of Exhibit B.

The grantee (licensee, lessee, permittee, etc., as appropriate) for himself, his heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds and leases add "as covenant running with the land") that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this (deed, license, lease, permit, etc.) for a purpose for which a U.S. Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the (grantee, licensee, lessee, permittee, etc.), shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, U.S. Department of Transportation, Subtitle A, Office of Secretary, Part 21, Nondiscrimination in federally-assisted programs of the Department of Transportation - Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

(Include in licenses, leases, permits, etc.)*

That in the event of breach of any of the above nondiscrimination covenants, ADMINISTERING AGENCY shall have the right to terminate the (license, lease, permit etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)*

That in the event of breach of any of the above nondiscrimination covenants, ADMINISTERING AGENCY shall have the right to re-enter said land and facilities thereon, and the above-described lands and facilities shall thereupon revert to and vest in and become the absolute property of ADMINISTERING AGENCY and its assigns.

* Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purposes of Title VI of the Civil Rights Act of 1964.

APPENDIX D TO EXHIBIT B

The following shall be included in all deeds, licenses, leases, permits, or similar agreements entered into by the ADMINISTERING AGENCY, pursuant to the provisions of Assurance 7 (b) of Exhibit B.

The grantee (licensee, lessee, permittee, etc., as appropriate) for himself, his personal representatives, successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree (in the case of deeds, and leases add "as a covenant running with the land") that:

(1) no person on the ground of race, color, sex, national origin, religion, age or disability, shall be excluded from participation in, denied the benefits of, or otherwise subjected to discrimination in the use of said facilities;

(2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the ground of race, color, sex, national origin, religion, age or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and

(3) that the (grantee, licensee, lessee, permittee, etc.,) shall use the premises in compliance with the Regulations.

(Include in licenses, leases, permits, etc.)*

That in the event of breach of any of the above nondiscrimination covenants, ADMINISTERING AGENCY shall have the right to terminate the (license, lease, permit, etc.) and to re-enter and repossess said land and the facilities thereon, and hold the same as if said (license, lease, permit, etc.) had never been made or issued.

(Include in deeds)*

That in the event of breach of any of the above nondiscrimination covenants, ADMINISTERING AGENCY shall have the right to re-enter said land and facilities thereon, and the above-described lands and facilities shall thereupon revert to and vest in and become the absolute property of ADMINISTERING AGENCY, and its assigns.

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* Reverter clause and related language to be used only when it is determined that such a clause is necessary in order to effectuate the purposes of Title VI of the Civil Rights Act of 1964.

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Jozi Plut, CMC, City Clerk | Communications jplut@belmont.gov, 650-595-7414
Agenda Title:	District Elections Map Boundaries, Sequence of Elections, and At-Large Elected Mayor
Agenda Action:	Resolution

Recommendation

1. Hold a final public hearing for the approval of a final map with sequence of election.
2. Adopt boundaries of council districts for by-district elections by resolution.
3. Introduce an ordinance codifying district-based elections, establishing the sequence of councilmember elections by-districts, establishing the office of mayor and setting the term of office and initial election, and reorganizing the city code to incorporate the change in method of council elections.

Strategic Focus Area

Fiscal and Organizational Sustainability

Background

The members of the Belmont City Council are currently elected at-large. In an at-large election system, every voter in the City votes for each member of the City Council, regardless of where the voter or the candidate resides.

On July 30, 2021, the City received a letter from Kevin Shenkman, of the law firm Shenkman & Hughes, alleging that the City's at-large election system violated the California Voting Rights Act of 2001 (CVRA) on behalf of Southwest Voter Registration Education Project alleging violation of California Voting Rights Act demanding the city change to its at-large method of electing councilmembers.

An “at-large” system of elections is subject to legal challenge under the CVRA if that method of election impairs the ability of a protected class to elect candidates of its choice or its ability to influence the outcome of the election, as a result of the dilution or the abridgment of the rights of the voters who are members of the protected class. The threshold of proof to establish a violation is low and does not require discriminatory intent.

Many dozens of cities and other public agencies in California have been sued under the CVRA. Prevailing CVRA plaintiffs are guaranteed to recover their attorneys’ fees and costs. With the exception of one case still in litigation, all public entities that have tried to contest the conversion to elections by district have either lost or have agreed to make the transition. In either instance, these jurisdictions have paid at least a portion of the plaintiff’s attorney’s fees and costs. Further, those cities that have litigated CVRA cases have paid millions of dollars in fees and were still forced to transition to by-district elections.

The Council met in closed session on October 26, 2021, to consider the litigation threat and held a public study session on November 2, 2021, to consider transitioning to district-based elections and whether to directly elect the mayor at-large. The Council concurred to transition to district elections with four districts and an at-large Mayor. At a regular Council meeting on November 9, 2021, the Council adopted Resolution 2021-096 outlining the city's intent to change the City's system of election for the City Council from an at-large system to a district-based system by adoption of an ordinance. The district-based elections system will be in use in the City's General Municipal Election for City Councilmembers beginning in November 2022.

The City Council authorized the City Manager to retain legal, demographic, and communication services to assist the City in its transition to a district-based elections system for the election of City Council members. The City Manager retained the services of Hanson Bridgett LLP, who retained Redistricting Partners to assist the City in its transition to district-based elections by providing a detailed analysis of the City's current demographics and other information or data necessary to prepare a draft map or maps that divide(s) the City into voting districts in a manner consistent with the intent and purpose of the CVRA, the Federal Voting Rights Act, and all other federal and state laws.

The City Council held initial informational public meetings on this matter on January 11 and 25, 2022. Simultaneously staff began an outreach campaign including but not limited to dedicated website creation, social media posting, e-newsletters, mapping workshop and pop-up informational booths throughout the City.

On February 8, 2022, the City's consultant created three draft district maps for City Council and public review and discussion. The maps are drafted based on traditional districting criteria as established by the Fair Maps Act including those districts are of relatively equal size, contiguous, maintain "communities of interest", follow city and census designated place boundaries and keep districts compact.

On February 22, 2022, after further public comments through online tools, email correspondence, and in person, the City's demographer made another round of map presentations for further input from the community. It was determined that with the constrained timeline, the Council should hold a study session for a focused discussion on a final district map and discussion on the at-large Mayor.

On March 8th, the City Council, following several public hearings and final discussion on the City of Belmont district election map, directed City Demographer Districting Partners to draft 2 maps for final review and selection at its March 22nd regular meeting. Maps 1 and 2 were posted to the City's website on Friday, March 11 for public review and input. The Council also introduced an ordinance changing the method of elections from at-large to by-district with an elected mayor.

On March 22, 2022, after further public input and deliberation the Council selected one of the two maps establishing the district boundaries for the four council districts as shown on the selected Map 2 attached ("City of Belmont Final Plan"), invited public comment on the sequence of elections, and adopted the ordinance introduced on March 8.

Sequencing

The city currently has five councilmembers elected at-large who serve for four years and whose elections

are staggered by two years such that every two years there is an election for either 2 or 3 members depending on the number of offices that are ending their four-year term. The city will transition to district-based elections with a directly elected mayor over two election cycles (November 2022 and November 2024) in order to continue to stagger the term of office for the four councilmembers elected by-district and to not cut short the term of office of any councilmember who was elected at-large and whose current four-year term has not expired.

Sequencing is the process of deciding which of the four council districts will have elections in November 2022 and which will have elections in November 2024, in order to complete the transition to district-based elections and not cut short the term of a current office holder. This includes deciding whether to first directly elect the mayor in either 2022 or 2024.

There are currently three at-large councilmembers whose current term of office ends in November 2022, creating three open seats in November 2022, so the city can hold elections for either 3 by-district seats or 2 by-district seats and the mayor without cutting short the term of a current office holder. A district may be selected to hold a by-district election regardless of whether or not a current at-large member resides in the district.

At the March 22 meeting, after public testimony and Council deliberation, the Council concurred on the following sequencing for district elections to be established by ordinance proposed for introduction at the April 12, 2022, regular Council Meeting:

November 2022 Election
District 1
District 3

November 2024 Election
Districts 2
Districts 4

The mayor will be first elected in November 2022.

Analysis

District Boundaries

In order to meet the County Elections Office's April 18, 2022, deadline for submission of map data, the Council must formally adopt by resolution the districts boundaries shown on the Final Plan as the district boundaries for by-district council elections.

The proposed resolution adopts the districts shown on the Final Plan as the districts for by-district council elections (see Exhibit "A" to the Resolution) and includes in a metes and bounds description provided by the demographer. To facilitate timely implementation of by-district elections, and if necessary, the resolution authorizes the city manager in consultation with the city attorney to make technical adjustments to the district boundaries that do not substantively affect the populations in the districts, the eligibility of candidates, or the residence of elected officials within any district.

In preparing to adopt the district boundaries, the City Council has taken steps necessary:

(a) To comply with the applicable requirements and criteria of California Elections Section 21601.

(b) The population of each district is substantially equal based on the most recent decennial federal census, exempting incarcerated persons as described in Election Code Section 21601(a)(2), with an estimated population deviation of less than 10%.

(c) The boundary lines were drawn in compliance with the United States Constitution, the California Constitution and the federal Voting Rights Act, as they were drawn without discriminatory intent and without using race as a predominant consideration.

(d) Each district is geographically contiguous. The only portions of districts that are separated by a creek are connected by vehicular and pedestrian bridges.

(e) To the extent practicable, the geographic integrity of communities of interest was respected in a manner that minimized division. Care was taken to include neighborhoods in one district, to the extent practicable.

(f) The boundaries of all districts are easily identifiable and understandable by residents.

(g) The districts are geographically compact such that populations are not bypassed in favor of more distant populations. The districts that are geographically largest are also the least densely populated.

(h) There was no consideration of political parties (pro or con) when preparing the district boundary lines.

Sequence of Elections and Office of Mayor

The proposed ordinance will establish the sequence of elections. The council should, after giving special consideration to the purposes of the California Voting Rights Act of 2001 and taking into account the preferences expressed by members of the districts as required by Elections Code Section 10010(b), determine the final sequence of elections. The proposed ordinance as drafted incorporates the sequence of elections concurred upon at the Council's March 22 meeting, as described above.

The proposed ordinance also establishes the office of mayor, sets the term of office for the mayor at two years and reorganizes the City Code to incorporate the change in the method of electing councilmembers. Under Government Code Section 40605, a directly elected mayor has the authority, with the approval of the city council, to make all appointments to boards, commissions, and committees unless otherwise specifically provided by statute. The proposed ordinance recites this authority and provides that the mayor will have those addition powers and duties as formally delegated by the City Council. Otherwise, the elected mayor will have the same statutory powers and duties as an appointed mayor as well as the powers and duties of a councilmember.

Alternatives

1. Defer to Staff for more information
2. Take no Action

Attachments

A. Resolution
B. Final District Map Plan

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed: City Council approved appropriation of $180,000 at its October 26, 2021 meeting that is included as part of the mid-year budget review to cover costs associated with this process.

Source:	**Purpose:**	**Public Outreach:**
Staff	Discretionary Action	Posting of Agenda

Public Outreach also conducted at a public workshop and informational pop-ups in various locations throughout the City, on City's social media platform's, website, city wide mailing, banner across Ralston Avenue, the Weekly Update newsletter and item specific news blasts and press releases. Council held six public meetings and a study session in the months of January 2022 through March 2022 with public comment opportunity.

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT ADOPTING DISTRICT BOUNDARIES BASED ON THE 2020 CENSUS FOR BY-DISTRICT ELECTIONS

WHEREAS, the city council is the legislative body governing the City of Belmont and consists of five members including a mayor; and,

WHEREAS, councilmembers are elected by all of the voters of the city, a process known as at-large elections, and the mayor is appointed annually by the city councilmembers; and,

WHEREAS, the city clerk received a letter by certified mail dated July 30, 2021, from the law firm of Shenkman & Hughes, P.C. asserting that the election of councilmembers at-large in the city violates the California Voting Rights Act ("CVRA") and threatening litigation against the city if the city does not voluntarily change its at-large system of electing councilmembers; and,

WHEREAS, the city has historically used an at-large method of election, which is consistent with the guarantees of Section 7 of Article 1 and of Section 2 of Article II of the California Constitution; and

WHEREAS, Government Code Sections 34871 and 34886 authorize the city council to change the method of election by ordinance in which councilmembers are elected by-district with an elective at-large mayor without submitting the ordinance to the voters for approval when the change in election method is made in furtherance of the purposes of the CVRA; and

WHEREAS, the council finds the most suitable by-district method of electing councilmembers is to divide the city into four districts and have the residents of each district elect a resident who resides in their district to the council, and to have all the residents of the city directly elect a mayor; and,

WHEREAS, the council held public hearings on January 11, 2022 and January 24, 2022, in accordance with Elections Code Section 10010(a)(1) to provide information to the public and receive public input regarding the composition of district maps; and,

WHEREAS, the council held public hearings on February 8, 2022, and February 22, 2022, in accordance with Elections Code Section 10010(a)(2) to invite input regarding draft district maps, the first versions of which were published at least seven days before each of the hearings, and the sequence of elections in each district; and,

WHEREAS, the council held a public hearing on March 8, 2022, to consider the draft district maps, decided upon two draft district maps for further consideration, and thereafter, the city published the two draft maps and the proposed sequence of elections; and,

WHEREAS, after the two draft maps were published for at least seven days, the council held a public hearing on March 22, 2022, and selected "Draft Plan Two" (Map 2) to establish the district boundaries for the four council districts and invited public comment on the sequence

of elections; and,

WHEREAS, on April 12, 2022 after holding a public hearing, the council made a determination on the sequence of elections, and in determining the elections sequence the council gave special consideration to the purposes of the CVRA and took into account the preferences expressed by members of the districts; and,

WHEREAS, throughout the foregoing process, the city engaged in a significant amount of public outreach and engagement above and beyond the public hearings and other procedures required by California Elections Code Section 10010, including hosting a webpage dedicated to districting; inviting the submission of community of interest forms to allow the public to provide input on keeping communities of interest in single districts to the extent possible; inviting the submission of draft maps by the public using an interactive mapping tool; and providing districting information to local and civic engagement groups active within the City.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. Legislative Findings

(a) In adopting the district boundaries herein, the City Council has taken steps necessary to comply with the applicable requirements and criteria of Section 21601.

(b) The population of each district is substantially equal based on the most recent decennial federal census, exempting incarcerated persons as described in Election Code Section 21601(a)(2), with an estimated population deviation of less than 10%.

(c) The boundary lines were drawn in compliance with the United States Constitution, the California Constitution and the federal Voting Rights Act, as they were drawn without discriminatory intent and without using race as a predominant consideration.

(d) Each district is geographically contiguous. The only portions of districts that are separated by a creek are connected by vehicular and pedestrian bridges.

(e) To the extent practicable, the geographic integrity of communities of interest was respected in a manner that minimized division. Care was taken to include neighborhoods in one district, to the extent practicable.

(f) The boundaries of all districts are easily identifiable and understandable by residents.

(g) The districts are geographically compact such that populations are not bypassed in favor of more distant populations. The districts that are geographically largest are also the least densely populated.

(h) There was no consideration of political parties (pro or con) when preparing the district boundary lines.

SECTION 2. The council adopts the districts with the numeric designations as shown on

the map attached hereto as Exhibit "A" and described in the metes and bounds description attached hereto as Exhibit "B" as the four council districts under Belmont City Code Section 2-4 for purposes of by-districts elections under Belmont City Code Section 2-5.

SECTION 3. If necessary to facilitate the implementation of by-district elections, the city manager in consultation with the city attorney is authorized to make technical adjustments to the district boundaries that do not substantively affect the populations in the districts, the eligibility of candidates, or the residence of elected officials within any district. The city manager shall advise the Council of any adjustments.

* * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

Exhibit "A"

City of Belmont City Council Resolution 2022__

Boundary Map of Council Districts for By-District Elections

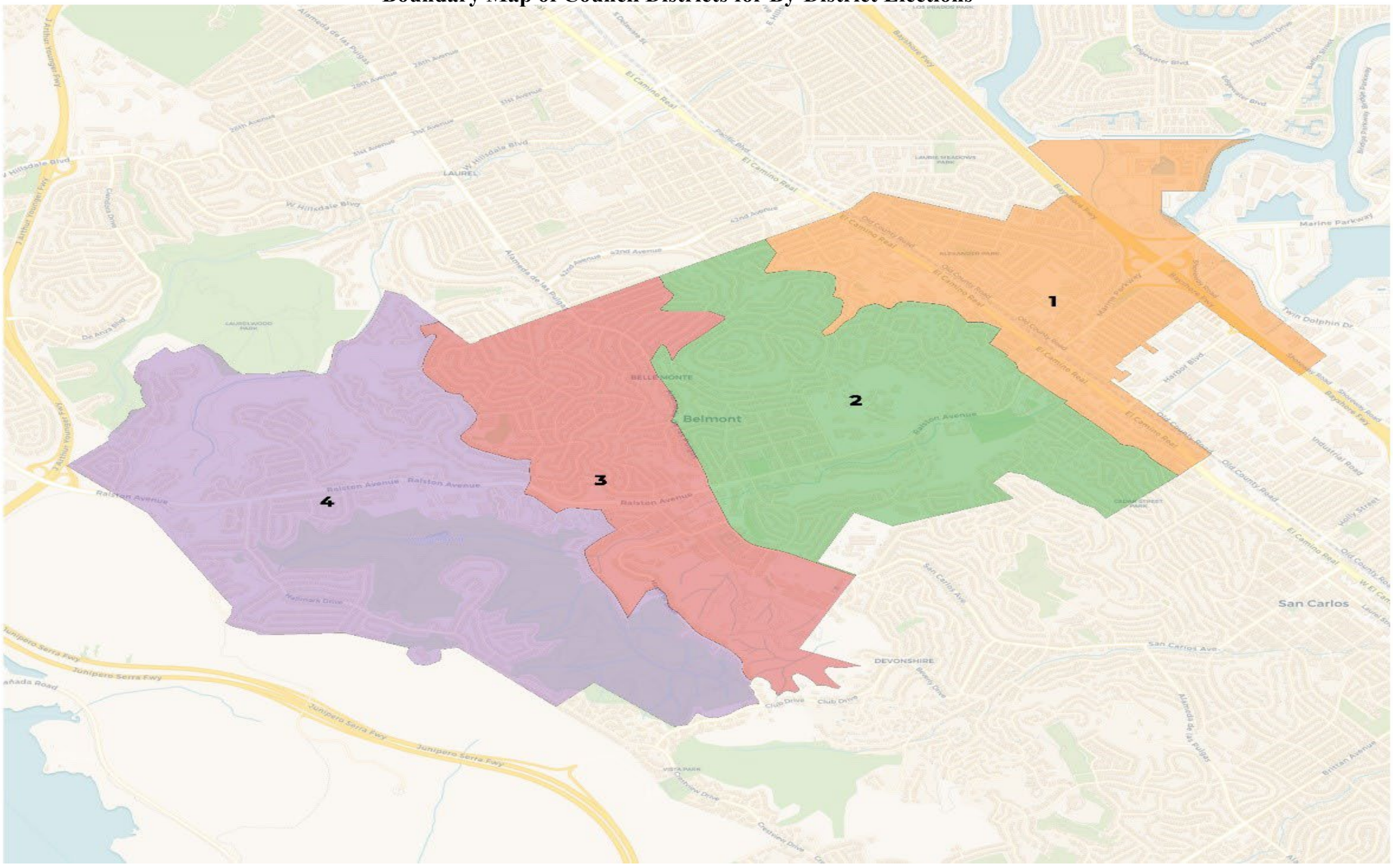


Exhibit "B"

City of Belmont City Council Resolution 2022__

Council Districts Metes and Bounds

District 1. All of that portion of San Mateo County bounded and described as follows: Beginning at the point of intersection of North Rd and Notre Dame Ave, and proceeding northerly along North Rd to Beresford St, and proceeding northerly along Beresford St to the San Mateo/Belmont city line, and proceeding easterly along the San Mateo/Belmont city line to nonvisible boundary, and proceeding easterly along nonvisible boundary to the Redwood City/Belmont city line, and proceeding southerly along the Redwood City/Belmont city line to the San Carlos/Belmont city line, and proceeding southerly along the San Carlos/Belmont city line to the Belmont city line, and proceeding northerly along the Belmont city line to the San Carlos/Belmont city line, and proceeding southerly along the San Carlos/Belmont city line to 6th Ave, and proceeding westerly along 6th Ave to Oneill Ave, and proceeding northerly along Oneill Ave to 6th Ave, and proceeding westerly along 6th Ave to Hill St, and proceeding northerly along Hill St to Laurel Ave, and proceeding westerly along Laurel Ave to Cobblestone Ln, and proceeding northerly along Cobblestone Ln to Cypress Ave, and proceeding northerly along Cypress Ave to Middle Rd, and proceeding westerly along Middle Rd to Notre Dame Ave, and proceeding northerly along Notre Dame Ave to the point of beginning.

District 2. All of that portion of San Mateo County bounded and described as follows: Beginning at the point of intersection of Mezes Ave and Alameda de Las Pulgas, and proceeding northerly along Mezes Ave to Terrace Dr, and proceeding southerly along Terrace Dr to Hillman Ave, and proceeding northerly along Hillman Ave to Notre Dame Ave, and proceeding westerly along Notre Dame Ave to Miller Ave, and proceeding northerly along Miller Ave to the San Mateo/Belmont city line, and proceeding easterly along the San Mateo/Belmont city line to Beresford St, and proceeding southerly along Beresford St to North Rd, and proceeding southerly along North Rd to Notre Dame Ave, and proceeding southerly along Notre Dame Ave to Middle Rd, and proceeding easterly along Middle Rd to Cypress Ave, and proceeding southerly along Cypress Ave to Cobblestone Ln, and proceeding southerly along Cobblestone Ln to Laurel Ave, and proceeding easterly along Laurel Ave to Hill St, and proceeding southerly along Hill St to 6th Ave, and proceeding easterly along 6th Ave to Oneill Ave, and proceeding southerly along Oneill Ave to 6th Ave, and proceeding easterly along 6th Ave to the San Carlos/Belmont city line, and proceeding westerly along the San Carlos/Belmont city line to Alameda de Las Pulgas, and proceeding westerly along Alameda de Las Pulgas to Arthur Ave, and proceeding westerly along Arthur Ave to Covington Rd, and proceeding northerly along Covington Rd to Alameda de Las Pulgas, and proceeding northerly along Alameda de Las Pulgas to the point of beginning.

District 3. All of that portion of San Mateo County bounded and described as follows: Beginning at the point of intersection of Monte Cresta Dr and Sequoia Way, and proceeding northerly along Monte Cresta Dr to Highgate Ave, and proceeding easterly along Highgate Ave to the San Mateo/Belmont city line, and proceeding southerly along the San Mateo/Belmont city line to Miller Ave, and proceeding southerly along Miller Ave to Notre Dame Ave, and proceeding easterly along Notre Dame Ave to Hillman Ave, and proceeding southerly along

Hillman Ave to Terrace Dr, and proceeding northerly along Terrace Dr to Mezes Ave, and proceeding southerly along Mezes Ave to Alameda de Las Pulgas, and proceeding southerly along Alameda de Las Pulgas to Covington Rd, and proceeding southerly along Covington Rd to Arthur Ave, and proceeding easterly along Arthur Ave to Alameda de Las Pulgas, and proceeding southerly along Alameda de Las Pulgas to the San Carlos/Belmont city line, and proceeding easterly along the San Carlos/Belmont city line to the Belmont city line, and proceeding southerly along the Belmont city line to the San Carlos/Belmont city line, and proceeding northerly along the San Carlos/Belmont city line to Whiteridge Rd, and proceeding northerly along Whiteridge Rd to Hastings Dr, and proceeding northerly along Hastings Dr to Ridgewood Ct, and proceeding westerly along Ridgewood Ct to nonvisible boundary, and proceeding southerly along nonvisible boundary to Carlmont Dr, and proceeding northerly along Carlmont Dr to Lake Rd, and proceeding northerly along Lake Rd to Lyall Way, and proceeding westerly along Lyall Way to Continentals Way, and proceeding westerly along Continentals Way to Cipriani Blvd, and proceeding northerly along Cipriani Blvd to Monserat Ave, and proceeding westerly along Monserat Ave to Barclay Way, and proceeding westerly along Barclay Way to Sequoia Way, and proceeding northerly along Sequoia Way to the point of beginning.

District 4. All of that portion of San Mateo County bounded and described as follows: Beginning at the point of intersection of the San Mateo/Belmont city line and the Belmont city line, and proceeding easterly along the San Mateo/Belmont city line to Highgate Ave, and proceeding westerly along Highgate Ave to Monte Cresta Dr, and proceeding southerly along Monte Cresta Dr to Sequoia Way, and proceeding southerly along Sequoia Way to Barclay Way, and proceeding easterly along Barclay Way to Monserat Ave, and proceeding southerly along Monserat Ave to Cipriani Blvd, and proceeding southerly along Cipriani Blvd to Continentals Way, and proceeding easterly along Continentals Way to Lyall Way, and proceeding easterly along Lyall Way to Lake Rd, and proceeding southerly along Lake Rd to Carlmont Dr, and proceeding southerly along Carlmont Dr to nonvisible boundary, and proceeding northerly along nonvisible boundary to Ridgewood Ct, and proceeding easterly along Ridgewood Ct to Hastings Dr, and proceeding southerly along Hastings Dr to Whiteridge Rd, and proceeding southerly along Whiteridge Rd to the San Carlos/Belmont city line, and proceeding southerly along the San Carlos/Belmont city line to the Belmont city line, and proceeding westerly along the Belmont city line to the point of beginning.

ORDINANCE NO. _____

AN ORDINANCE OF THE CITY OF BELMONT CODIFYING DISTRICT-BASED ELECTIONS ESTABLISHED BY ORDINANCE NO 2022-02, ESTABLISHING THE SEQUENCE OF COUNCILMEMBER ELECTIONS BY-DISTRICTS, SETTING THE TERM AND INITIAL ELECTION DATE FOR THE ELECTIVE MAYOR, AND REORGANIZING THE CITY CODE TO INCORPORATE THE CHANGE IN METHOD OF COUNCIL ELECTIONS

WHEREAS, the city council is the legislative body governing the City of Belmont and consists of five members including a mayor; and,

WHEREAS, councilmembers are elected by all of the voters of the city, a process known as at-large elections, and the mayor is appointed annually by the city councilmembers; and,

WHEREAS, the city clerk received a letter by certified mail dated July 30, 2021, from the law firm of Shenkman & Hughes, P.C. asserting that the election of councilmembers at-large in the city violates the California Voting Rights Act ("CVRA") and threatening litigation against the city if the city does not voluntarily change its at-large system of electing councilmembers; and,

WHEREAS, the city has historically used an at-large method of election, which is consistent with the guarantees of Section 7 of Article 1 and of Section 2 of Article II of the California Constitution; and

WHEREAS, Government Code Sections 34871 and 34886 authorize the city council to change the method of election by ordinance in which councilmembers are elected by-district with an elective at-large mayor without submitting the ordinance to the voters for approval when the change in election method is made in furtherance of the purposes of the CVRA; and

WHEREAS, the council finds the most suitable by-district method of electing councilmembers is to divide the city into four districts and have the residents of each district elect a resident who resides in their district to the council, and to have all the residents of the city directly elect a mayor; and,

WHEREAS, the council held public hearings on January 11, 2022 and January 24, 2022, in accordance with Elections Code Section 10010(a)(1) to provide information to the public and receive public input regarding the composition of district maps; and,

WHEREAS, the council held public hearings on February 8, 2022, and February 22, 2022, in accordance with Elections Code Section 10010(a)(2) to invite input regarding draft district maps, the first versions of which were published at least seven days before each of the hearings, and the sequence of elections in each district; and,

WHEREAS, the council held a public hearing on March 8, 2022, to consider the draft district maps, decided upon two draft district maps for further consideration, and thereafter, the city published the two draft maps and the proposed sequence of elections; and,

WHEREAS, after the two draft maps were published for at least seven days, the council held a public hearing on March 22, 2022, and selected "Draft Plan Two" (Map 2), attached as Exhibit A to this ordinance, to establish the district boundaries for the four council districts and invited

public comment on the sequence of elections; and,

WHEREAS, on April 12, 2022 after holding a public hearing, the council made a determination on the sequence of elections, and in determining the elections sequence the council gave special consideration to the purposes of the CVRA and took into account the preferences expressed by members of the districts; and,

WHEREAS, throughout the foregoing process, the city engaged in a significant amount of public outreach and engagement above and beyond the public hearings and other procedures required by California Elections Code Section 10010, including hosting a webpage dedicated to districting; inviting the submission of community of interest forms to allow the public to provide input on keeping communities of interest in single districts to the extent possible; inviting the submission of draft maps by the public using an interactive mapping tool; and providing districting information to local and civic engagement groups active within the City; and,

WHEREAS, the purpose of this ordinance is to enact, under California Government Code Sections 34871 and 34886, an ordinance providing for the election of councilmembers by-district in four single-member districts as reflected on Map 2 and a directly elected mayor in furtherance of the California Voting Rights Act of 2001 (Chapter 1.5 (commencing with Section 14025) of Division 14 of the Elections Code) to encourage by-district elections as one method to implement the guarantees of Section 7 of Article I and of Section 2 of Article II of the California Constitution.

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

SECTION 1. BCC § 1-15 ADDED.

Belmont City Code Chapter 1 is amended by adding a new section 1-15, formerly section 2-4, to read:

Sec. 1-15 Publication of ordinances.

(a) In lieu of posting or publishing the full text of an adopted ordinance under Government Code Section 36933(a), the city clerk may cause a summary prepared by the city attorney to be published in a newspaper of general circulation printed and published in San Mateo County and circulated in the city in compliance with Government Code Section 36933(c) as provided in this section.

(b) An ordinance summary must be published, and a certified copy of the full text of the ordinance must posted in the office of the city clerk, at least five days before the date of adoption. Within 15 days after adoption, the city clerk must cause the summary to be published again with the names of those city council members voting for and against the ordinance; and the city clerk must post in the office of the city clerk a certified copy of the full text of this adopted ordinance with the names of those city council members voting for and against the ordinance.

SECTION 2. BCC § 1-16 ADDED.

Belmont City Code Chapter 1 is amended by adding a new section 1-16, formerly section 2-5, to

read:

Sec. 1-16 Posting.

When citywide posting in a public place is required, the document shall be posted at City Hall, and may be posted at any of the following locations: the Senior Center, the Barrett Community Center, and the Belmont Public Library.

SECTION 3. BCC § 1-17 ADDED.

Belmont City Code Chapter 1 is amended by adding a new section 1-17, formerly section 2-6, to read:

Sec. 1-17 Contracts.

(a) Any contract made or purportedly made by any person is not an obligation of the city unless in writing and signed by a person authorized by state law, this Code or an ordinance, resolution, motion or contract adopted or approved by the city council. An oral contract does not bind the city and may not become an obligation of the city.

(b) For the purposes of this Section, the term "contract" means an agreement, contract, lease, promise, or other obligation to which the city is, or is alleged to be, a party and includes, but is not limited to, any contract for equipment, supplies, services, financing, or public works.

SECTION 4. BCC CHP 2, ART 1 REORGANIZED

Belmont City Code Chapter 2, Article 1 is reorganized by renaming Article 1 as follows:

ARTICLE 1 – CITY COUNCIL

SECTION 5. BCC § 2-1 AMENDED

Belmont City Code Chapter 2, Article 1, Section 2-1 is amended to read:

Sec. 2-1 Date, time and place of council meetings

(a) The regular meetings of the city council shall be held on the second and fourth Tuesdays of each calendar month.

(b) The council shall set the location and normal starting time of regular council meetings by resolution.

(c) The council may incorporate the location and normal starting time of regular council meetings in the council's protocols as amended from time to time.

SECTION 6. BCC § 2-2 ADDED

Belmont City Code Chapter 2, Article 1, Section 2-2 is added to read:

Sec. 2-2 Council constituency

The city council of the City of Belmont consists of five councilmembers including a mayor.

SECTION 7. BCC § 2-4 REPEALED AND ADDED

Belmont City Code Chapter 2, Article 1, Section 2-4 is repealed and a new section 2-4 is added to read:

Sec. 2-4 Council districts

The geographic area of city is divided into four council districts. The numeric designation of each district and the current boundaries of districts are as shown on the map adopted by Resolution 2022-____. The boundaries may be amended from time to time by council resolution.

SECTION 8. BCC § 2-5 REPEALED AND ADDED

Belmont City Code Chapter 2, Article 1, Section 2-5 is repealed and a new section 2-5 is added to read:

Sec. 2-5 By-District elections

(a) Commencing on the general municipal election in November 2022, and every four years thereafter, the voters in districts 1 and 3 shall elect councilmembers by-district for full four year terms. At the general municipal election in November 2024, and every four years thereafter, the voters in districts 2 and 4 shall elect councilmembers by-district for full four year terms.

(b) The term of office of any councilmember who has been elected and whose term of office has not expired shall not be affected by any change in the boundaries of the district from which he or she was elected.

(c) Beginning with general municipal election in November 2022, no person may be elected at-large to the council, except for the member elected to the office of mayor as provided in Section 2-6.

(d) In accordance with Government Code Section 34882, a person is not eligible to hold office as a councilmember elected by-district unless he or she is otherwise qualified, resides in the district and both resided in the geographical area making up the district from which he or she is elected and was a registered voter of the city at the time nomination papers are issued to the candidate as provided for in Elections Code Section 10227.

(e) In accordance with Government Code Section 34883, registered voters signing nomination petitions or voting for a councilmember other than the mayor must be residents of the geographical area making up the district from which the member is to be elected.

(f) The term of office for each councilmember elected by-district is four years.

SECTION 9. BCC § 2-6 REPEALED AND ADDED

Belmont City Code Chapter 2, Article 1, Section 2-6 is repealed and a new section 2-6 is added to read:

Sec. 2-6 Office of Mayor

(a) Beginning with the general municipal election to be held in November 2022, one of the five members of the city council shall be a mayor elected by the voters of the city on a citywide basis.

(b) The term of office of mayor is two years.

(c) In accordance with Government Code Section 34903, an elected mayor is a member of the city council and has all of the powers and duties of a member of the city council.

(d) The elected mayor has those additional powers and duties as are formally delegated by the city council.

(e) In accordance with Government Code Section 40605, the elected mayor, with the approval of the city council, shall make all appointments to boards, commissions, and committees unless otherwise specifically provided by statute.

SECTION 10. SEVERABILITY

If any section, subsection, sentence, clause, phrase, or portion of this ordinance is for any reason held to be invalid, unconstitutional, or unenforceable by a court of competent jurisdiction, such section, subsection, sentence, clause, phrase, or portion of this ordinance shall be deemed severable and the remaining portions of this ordinance shall nonetheless remain in full force and effect. The council hereby declares that it would have adopted each section, subsection, sentence, clause, phrase, or portion of this ordinance, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or portions of this ordinance be declared invalid, unconstitutional, or unenforceable.

* * *

The City Council of the City of Belmont, California introduced the foregoing ordinance, on [insert date], 2012 and adopted the ordinance at a regular meeting held on [insert date], 2012 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

_____ _____

City Clerk

Mayor

APPROVED AS TO FORM:

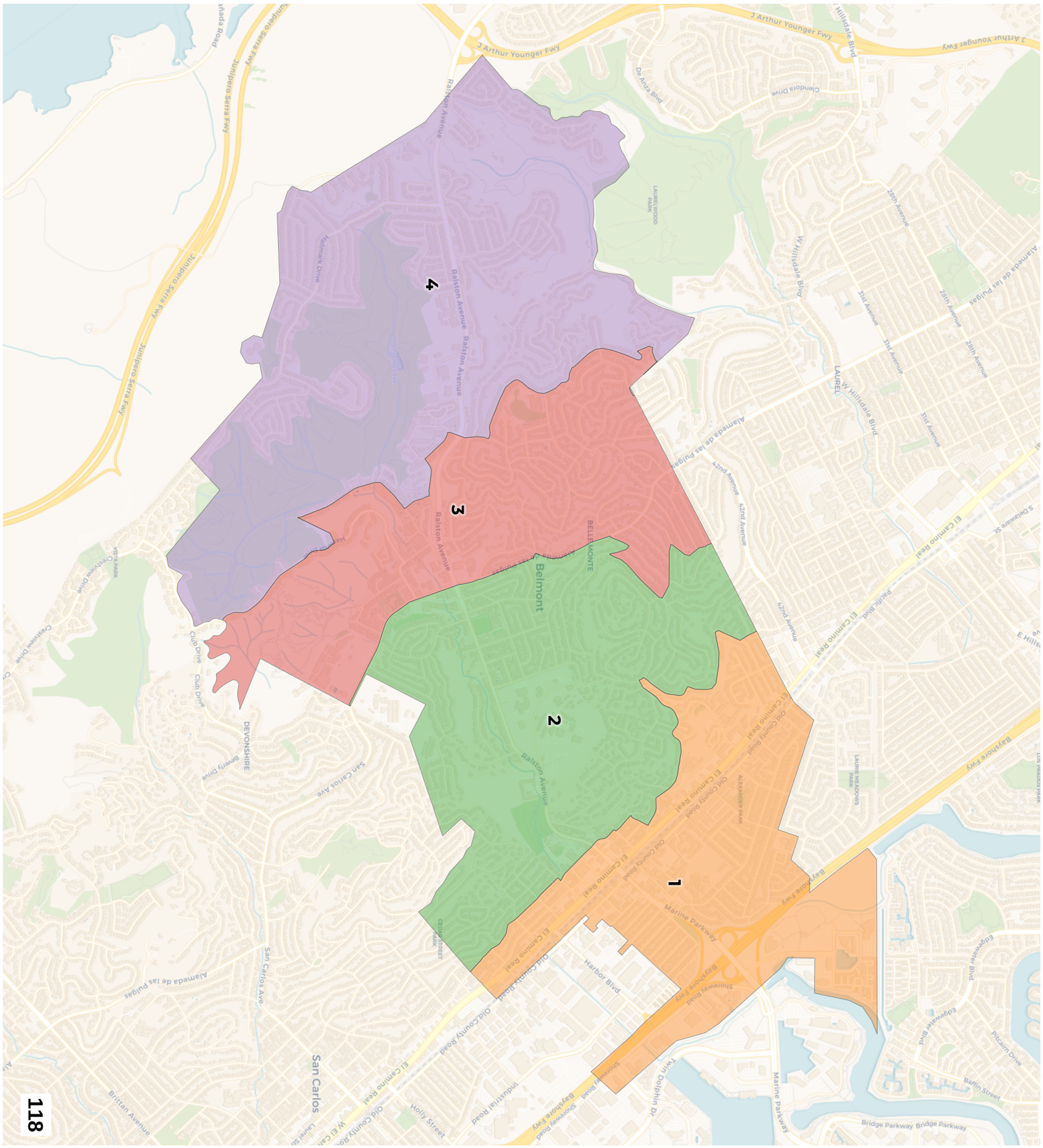
_____

City Attorney

REDISTRICTING PARTNERS

City of Belmont

Final Plan



2020 Census

	1	2	3	4
Population	7,109	7,165	7,072	7,014
Deviation	19	75	-18	-76
Deviation %	0.3%	1.1%	-0.3%	-1.1%
Other	3,382	4,426	4,296	4,039
Other %	47.6%	61.8%	60.7%	57.6%
Latino	1,098	918	905	612
Latino %	15.4%	12.8%	12.8%	8.7%
Asian	2,514	1,715	1,809	2,292
Asian %	35.4%	23.9%	25.6%	32.7%
Black	115	106	62	71
Black %	1.6%	1.5%	0.9%	1.0%

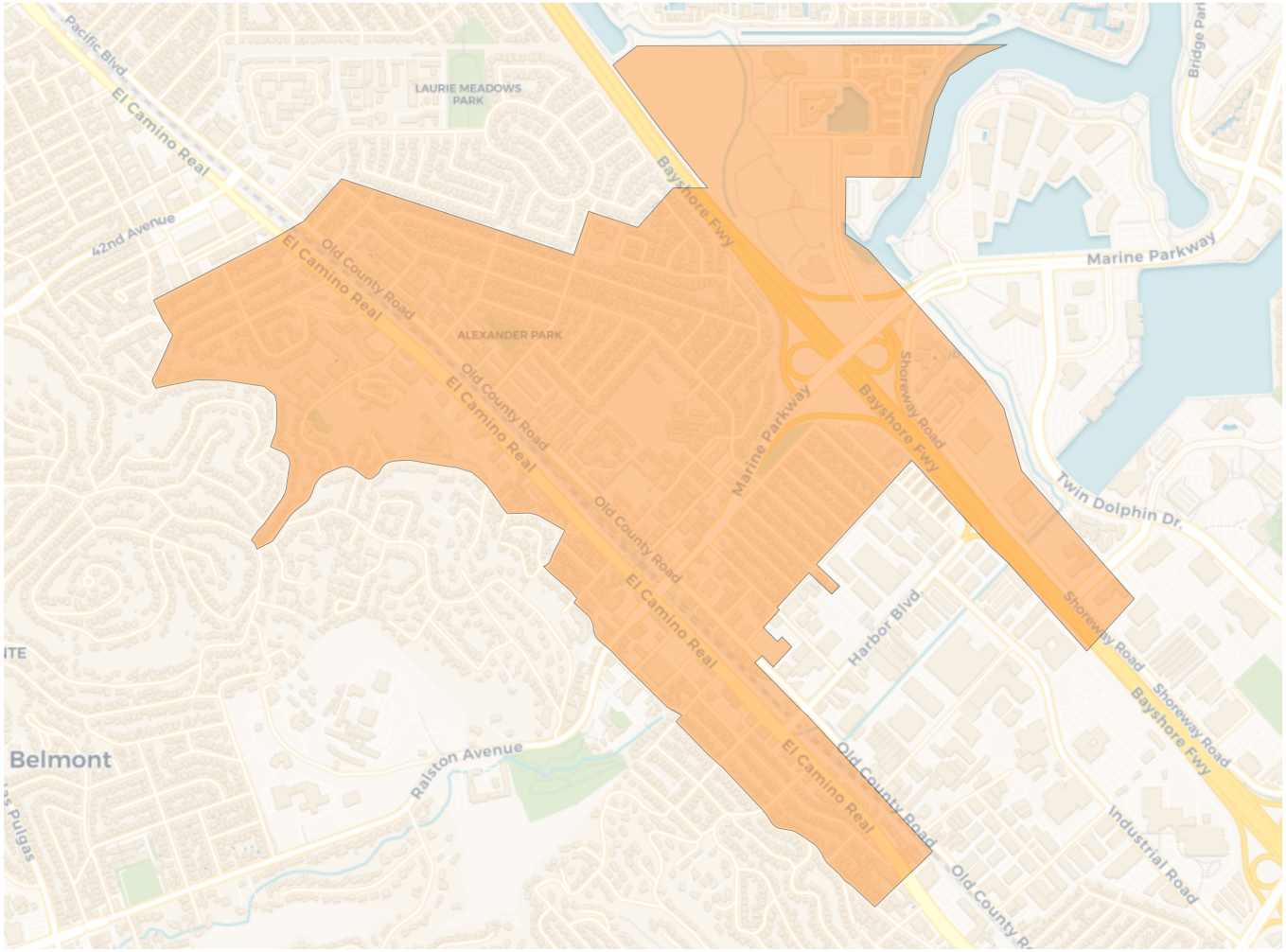
Citizen Voting Age Population (CVAP)

	1	2	3	4
Total CVAP	3,937	4,492	4,717	4,604
Other CVAP	2,202	3,237	2,996	3,024
Other CVAP %	55.9%	72.1%	63.5%	65.7%
Latino CVAP	560	510	536	425
Latino CVAP %	14.2%	11.4%	11.4%	9.2%
Asian CVAP	1,027	658	1,176	1,121
Asian CVAP %	26.1%	14.6%	24.9%	24.3%
Black CVAP	148	87	9	34
Black CVAP %	3.8%	1.9%	0.2%	0.7%

REDISTRICTING PARTNERS

City of Belmont
Final Plan

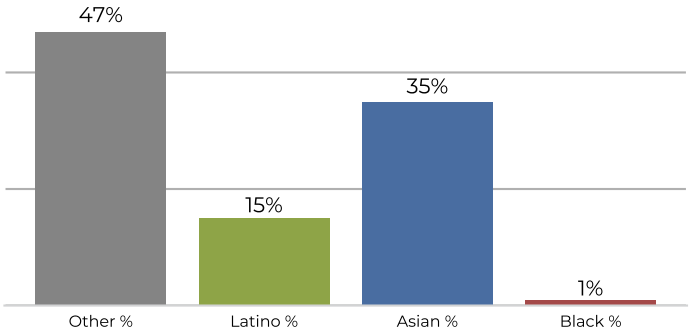
District 1



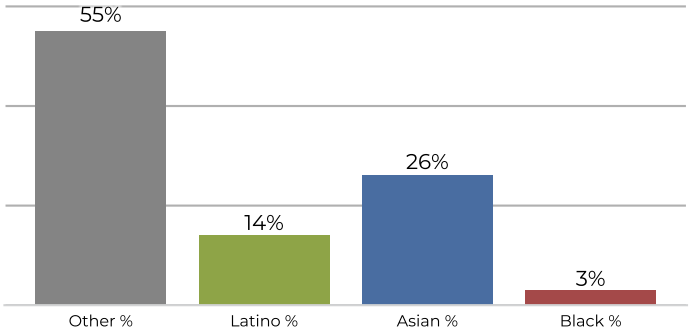
Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
7,109	19	0.3%	3,382	47.6%	1,098	15.4%	2,514	35.4%	115	1.6%

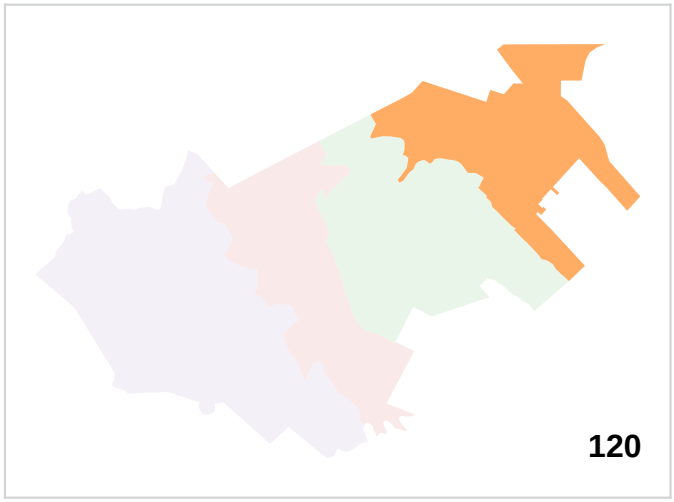
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %
3,937	2,202	55.9%	560	14.2%	1,027	26.1%	148	3.8%

2020 Census



Citizen Voting Age Population

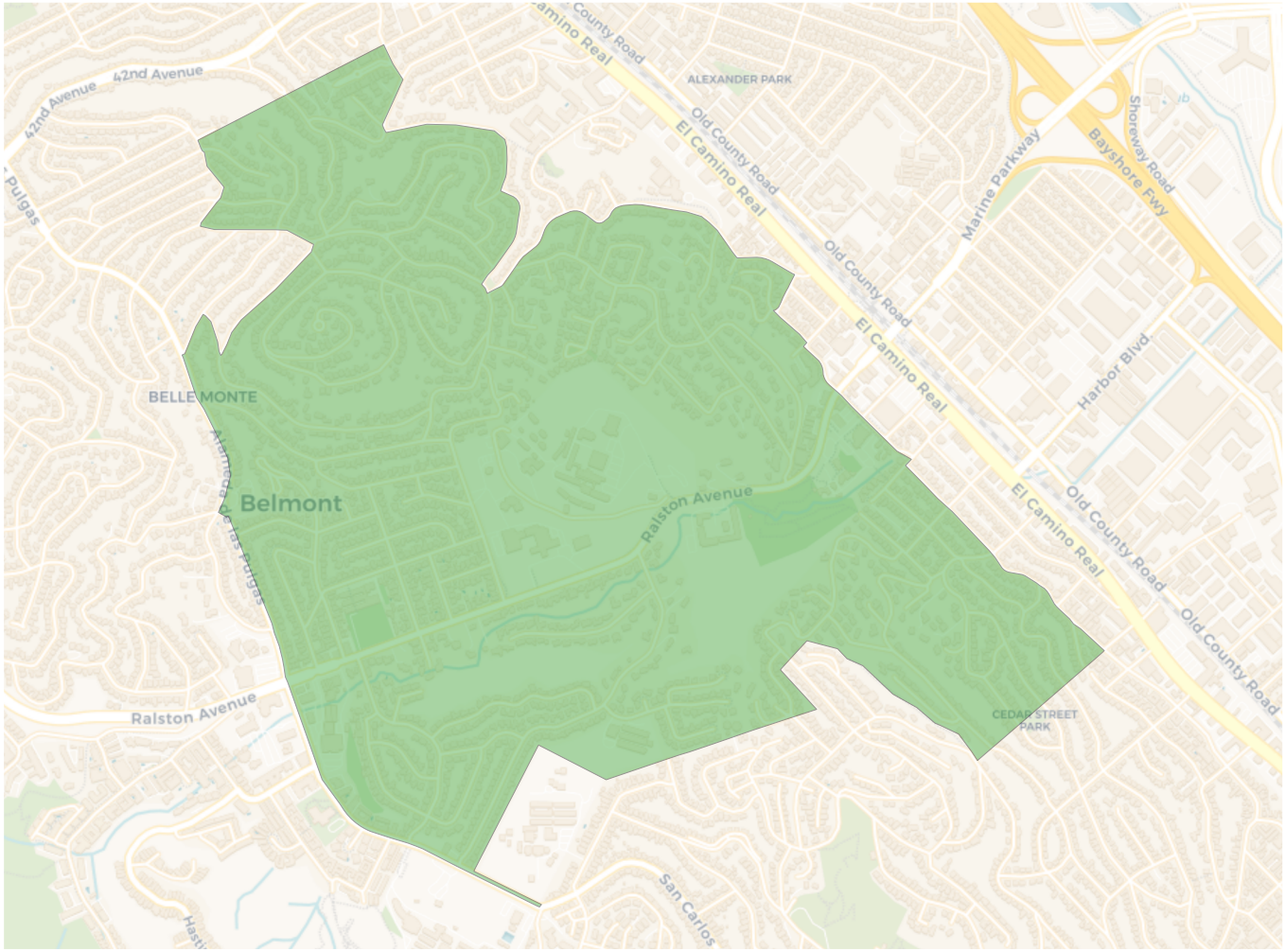




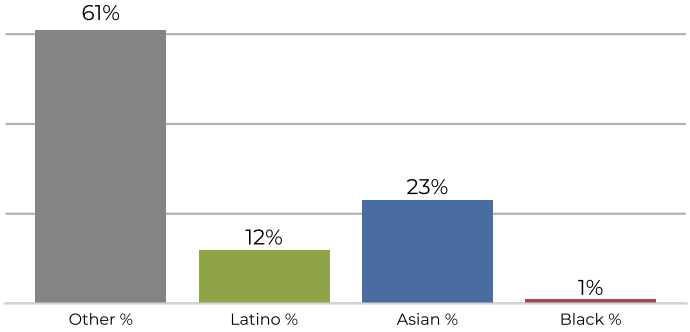
REDISTRICTING PARTNERS

City of Belmont
Final Plan

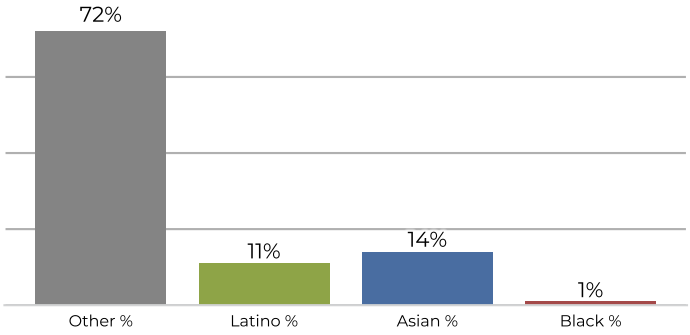
District 2



2020 Census

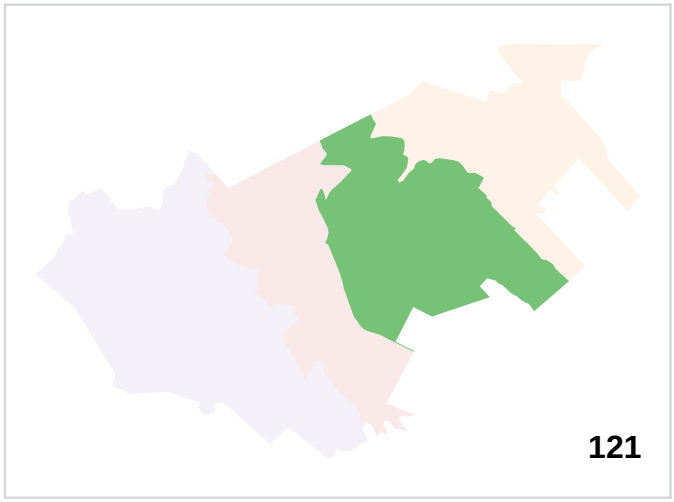


Citizen Voting Age Population



Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
7,165	75	1.1%	4,426	61.8%	918	12.8%	1,715	23.9%	106	1.5%

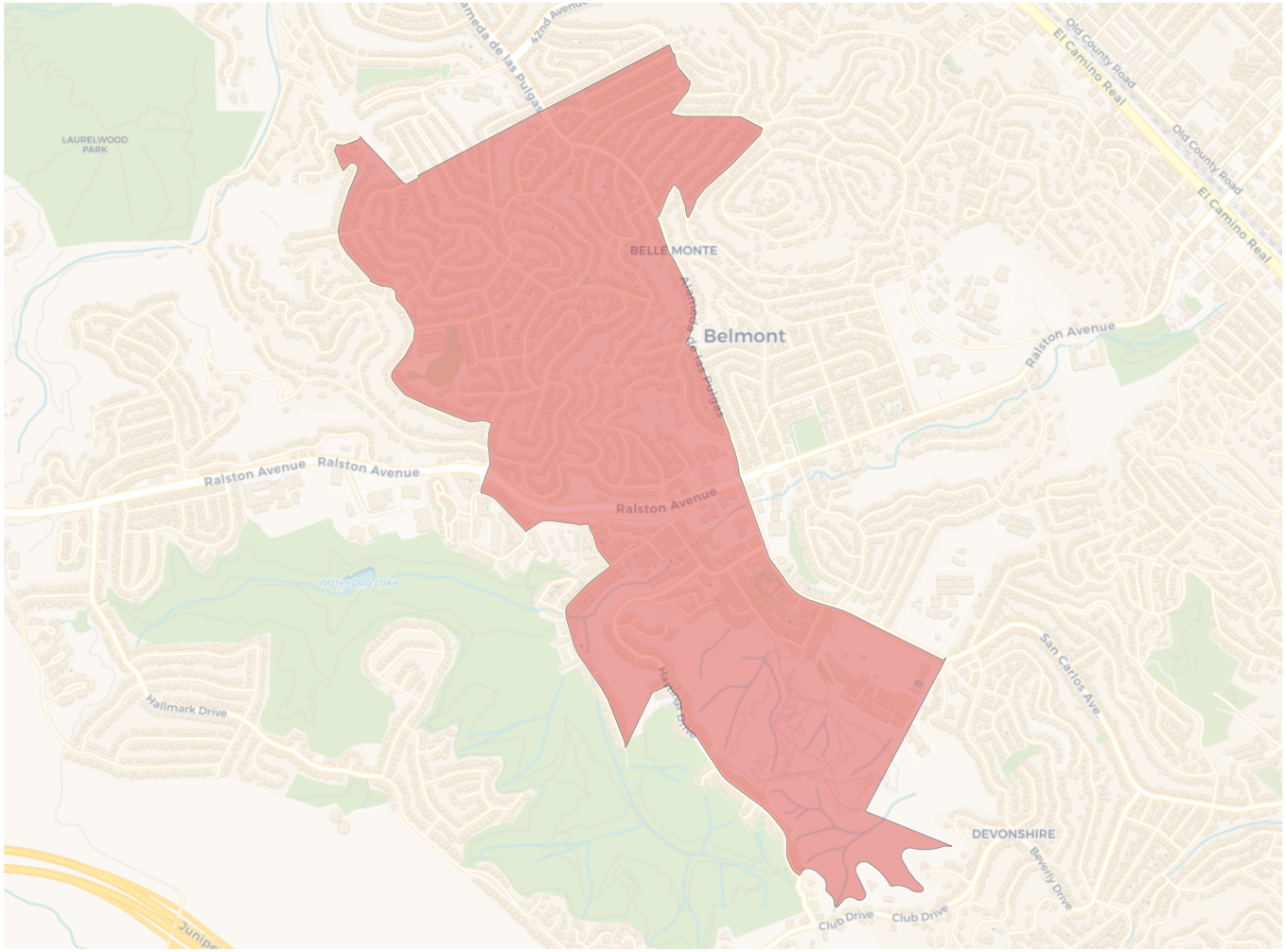
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %
4,492	3,237	72.1%	510	11.4%	658	14.6%	87	1.9%



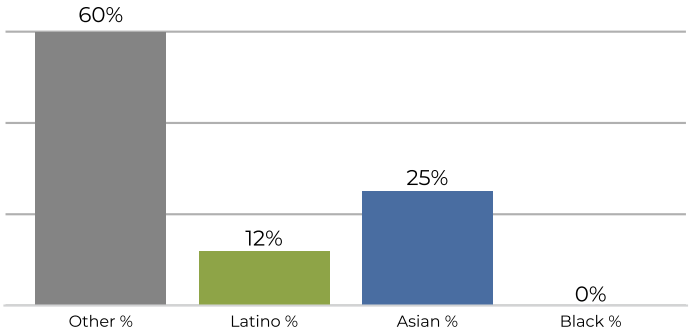
REDISTRICTING PARTNERS

City of Belmont
Final Plan

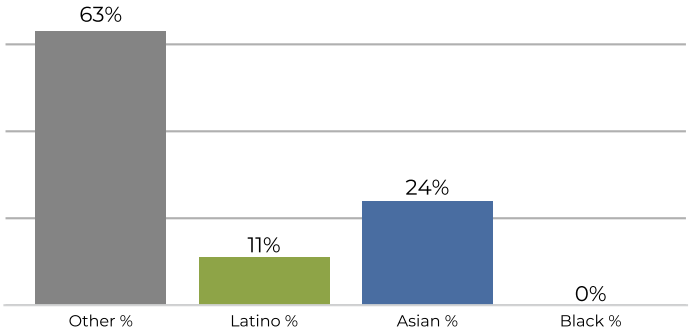
District 3

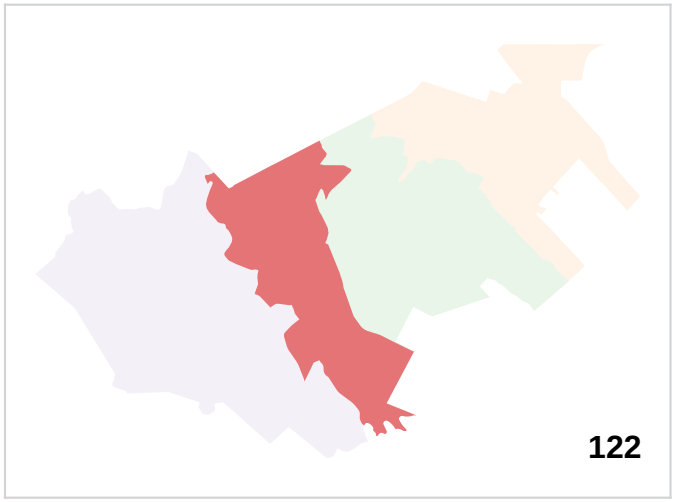


2020 Census



Citizen Voting Age Population





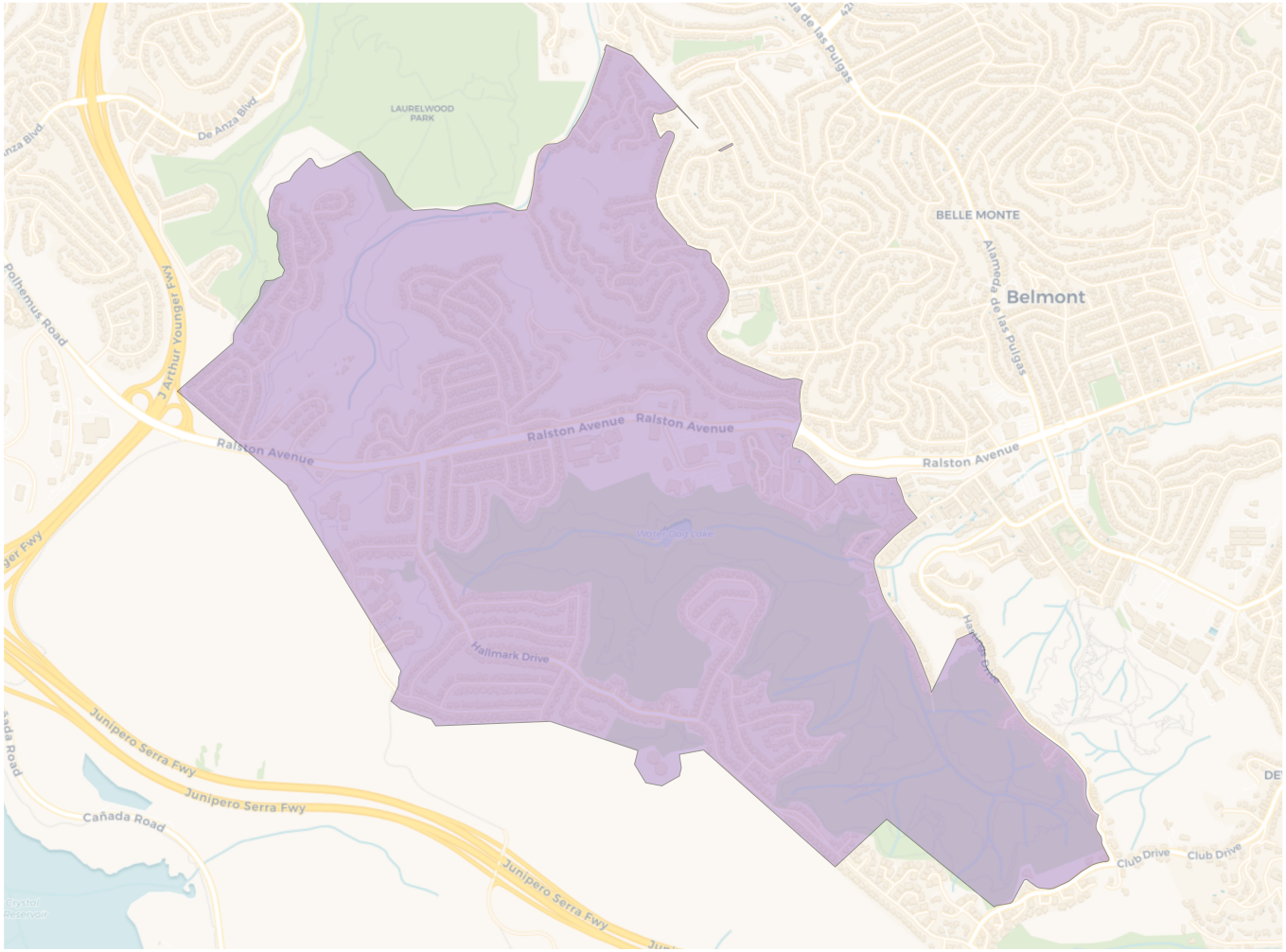
Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
7,072	-18	-0.3%	4,296	60.7%	905	12.8%	1,809	25.6%	62	0.9%

Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %
4,717	2,996	63.5%	536	11.4%	1,176	24.9%	9	0.2%

REDISTRICTING PARTNERS

City of Belmont
Final Plan

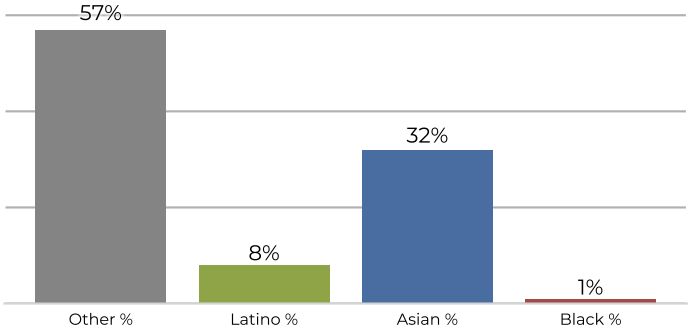
District 4



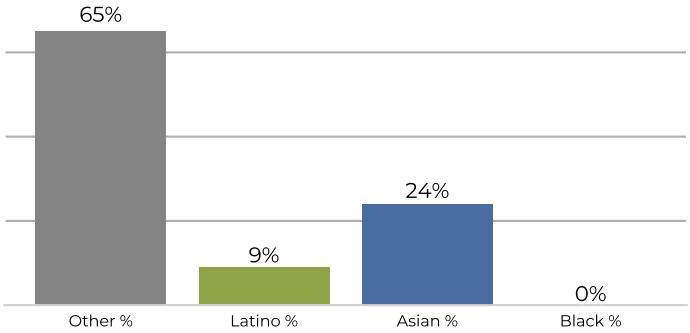
Population	Deviation	Deviation %	Other	Other %	Latino	Latino %	Asian	Asian %	Black	Black %
7,014	-76	-1.1%	4,039	57.6%	612	8.7%	2,292	32.7%	71	1.0%

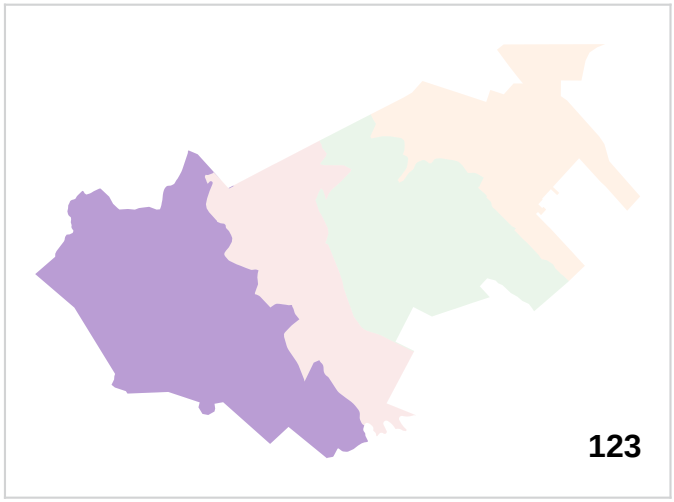
Total CVAP	Other CVAP	Other CVAP %	Latino CVAP	Latino CVAP %	Asian CVAP	Asian CVAP %	Black CVAP	Black CVAP %
4,604	3,024	65.7%	425	9.2%	1,121	24.3%	34	0.7%

2020 Census



Citizen Voting Age Population





STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Alberto Espinoza, Public Works, (650) 595-7465, aespinoza@belmont.gov
Agenda Title:	Comprehensive Sewer Rate Study – Proposition 218 Notice for Sewer Rate Changes Effective Fiscal Years 2022/2023 and 2023/2024
Agenda Action:	Resolution

Recommendation

Adopt a resolution setting the maximum sewer rates for Fiscal Years 2022/2023 and 2023/2024 with a flow stabilization adjustment and setting a Public Hearing for June 14, 2022.

Strategic Focus Area

Fiscal and Organizational Sustainability

Background

The City's sewer operation is a revenue neutral utility, and the sewer fees reflects only those charges sufficient to support the community's sewer conveyance and treatment services. The sewer rate revenue is used to fund operations, maintenance and debt service for the capital improvements associated with the City's sewer utility systems, and to fund City's portion of sewer treatment costs at the wastewater treatment plant managed by the Silicon Valley Clean Water (SVCW).

In January of 2022, the City retained the services of HDR Inc. (HDR) to update the comprehensive sewer rate study. The study reviews the adequacy of the existing sewer rates to meet the system improvement needs and provide the basis for appropriate rate structures for each customer classification. In developing the sewer revenue requirement, it was assumed the utility must financially "stand on its own" and be properly funded. As a result, the revenue requirement analysis as developed assumes the full and proper funding needed to operate and maintain the system on a financially sound and prudent basis.

Analysis

Based on the sewer operational needs of the City, HDR has prepared the rate analysis for the next five fiscal years. Reviewing a multi-year time period is recommended to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the City can begin planning for these changes sooner, thereby minimizing short-term rate impacts and planning for long-term rate needs. The City's working group consisting of the Public Works and Finance staff has reviewed the analysis and concurs with HDR's assessment that the FY 2022/2023 and FY 2023/2024 rate increase of 5.5% each year over the FY 2021/2022 rates are adequate for the City to receive sufficient revenues to meet its expenditure obligations and its planned capital improvement program.

The vast majority of the City's rate revenues are derived from residential customers. Currently, the City has two major classes of service: residential and non-residential customers. Non-residential customers are

further categorized between low-strength and high-strength customers, depending on amount of water used. The City's sewer rate structure includes a fixed component, as well as a component based on the customers' winter water average consumption. Each year, the City requests the water consumption data from the Mid-Peninsula Water District (MPWD) to develop the proposed sewer rates, and resulting revenue forecast, for the next fiscal year. This consumption billing data for the winter period FY 2020/2021 was used as part of the study in addition to the three prior fiscal years consumption data.

Expense

Operation and maintenance (O&M) expenses are incurred by the City to operate and maintain the existing plant in service (i.e., infrastructure). Escalation factors were developed for the basic types of expenses the City incurs: labor, benefits, materials and supplies, utilities, insurance, and miscellaneous expenses. The escalation factors used were in the range of 2% - 7% per year, depending on the type of cost and recent inflationary trends.

A major cost for the sewer utility is the cost of wastewater treatment from SVCW. SVCW's costs have been increasing due to their recent major capital projects, but also because of their operating cost associated with regulatory and utility cost increases. SVCW costs are allocated proportionally among the JPA members based on their capacity rights, average annual flow rates, and strength of the sewer generated by each member agency.

Total operation and maintenance expenses for the City are projected to be approximately $7,881,460 million in FY 2022/23. Of this amount, approximately 45%% or $3,530,000 million, is related to SVCW wastewater treatment costs. The SVCW wastewater treatment costs are purchased services and are thus not a "locally controlled" sewer cost.

Capital Funding Needs

A key component in the development of the City's sewer revenue requirement was properly funding capital improvement needs. In the prior sewer rate study, a funding/financing plan was developed to address the City's deferred capital and capacity improvements estimated at $70.5 million. That plan assumed the issuance of long-term debt to fund a portion of the City's major capital improvement projects. This study updated the capital improvement funding analysis based on the City's current capital plan and funding approach. A key consideration in issuing debt is the establishment of rates sufficient to support repayment of the debt, but also, sufficient to meet rate covenants associated with the debt (e.g., reserves, minimum debt service coverage ratios).

Debt Service

The final component of the City's revenue requirement is annual debt service payments. The City had two outstanding debt obligations; the 2001 and 2006 revenue bonds, amounting to a total annual debt service of approximately $930,000 for FY 2015/16. The City refunded the 2001 and 2006 revenue bonds, and also issued a new $16 million bond in FY 2015/16 to fund capital project needs. The new level of annual debt service payments resulting from this refunding and new issue are approximately $1.3 million a year. In FY 2019/20 the City issued $17 million additional long-term borrowing to fund capital improvements. This debt issuance results in an additional $1.1 million in annual debt service payments. The current capital funding analysis includes additional borrowing, projected in FY 2024/25 and again in FY 2027/28 to continue to fund identified capital improvement needs.

Revenue Requirements

Similar to the results of the prior sewer rate study, rate adjustments are necessary to meet the annual O&M, renewal and replacement and capital needs of the sewer system. The projected rate adjustments allow the City to meet three key prudent financial criteria, these are:

- Meeting Debt Service Coverage Ratios – During the prior rate study this was a key driver in the results of the proposed rate adjustments. The proposed rate adjustments in this study allow the City to maintain a strong debt service coverage ratio.
- Adequate Renewal and Replacement Funding – The need to maintain the system is key to minimizing future deferred capital needs. This study continued the annual renewal and replacement funding needs to prudent levels over the 5-year plan.
- Maintaining Prudent Reserve Fund Levels – The study has continued funding to increase reserve fund ending balances to typical industry levels. Given that the City receives semi-annual payments for services, it is important to have sufficient reserves (cash on hand) to fund operations between payments.

Table 1 below shows the total deficiency of revenues before any sewer rate adjustments, and it ranges from $724,000 in FY 2022/2023 to $4.2 million by FY 2026/2027. The calculations are based on meeting the following expense categories:

Table 1 – Summary of Sewer Utility Revenue Requirements

Summary of Sewer Utility Revenue Requirements ($000s)					
	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Revenues					
Retail Rate Revenues	$13,160	$13,291	$13,424	$13,559	$13,694
Other Revenues	244	225	206	247	228
Total Revenues	**$13,404**	**$13,516**	**$13,631**	**$13,806**	**$13,922**
Expenses					
Collection O&M Expenses	$4,351	$4,488	$4,630	$4,778	$4,931
Treatment O&M Expenses	3,530	3,670	3,990	4,700	4,690
Repair and Replacement Funding	2,250	2,600	2,950	3,300	3,650
Deferred Maintenance	644	661	679	697	716
Total Debt Service	2,500	2,500	3,479	3,474	3,477
Change in Working Capital +/-	853	1,099	242	95	661
Total Expenses	**$14,128**	**$15,018**	**$15,970**	**$17,044**	**$18,125**
Balance/(Deficiency)	**($724)**	**($1,502)**	**($2,339)**	**($3,238)**	**($4,204)**
Cumulative as % of Rates	**5.5%**	**11.3%**	**17.4%**	**23.9%**	**30.7%**
Proposed Rate Adjustment	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**

The rate adjustments needed to meet the above criteria are 5.5% in FYs 2022-2023.

For illustrative purposes, Table 2 below shows how the present and proposed monthly sewer rates will change on a monthly bill assuming an average of eight (8) Hundred Cubic Feet (HCF) multiplied by the Drought Regulation Adjustment (DRA).

Table 2 – Present and Proposed Rates with DRA

			2022/2023 Comparison			
Monthly Consumption (per HCF)			Present Rates	Proposed Rates	$ Change	% Percent
Adjustment Factor	*1.09*	*1.10*				
Residential						
0	0.00	0.00	$49.19	$51.90	$2.71	5.5%
8	8.72	8.80	120.96	128.31	7.35	6.1%
10	10.90	11.00	138.90	147.41	8.51	6.1%
15	16.35	16.50	183.75	195.16	11.41	6.2%

For this two-year rate period, the proposed rates include a 10% flow adjustment factor that reduces the 14% DRA which was implemented during the 2016 rate study, and increases by 1% from 9% from the 2020 rate study. The City implemented the DRA in 2016 in order to adjust for the revenue shortfall as a result of water conservation impacts on the revenues received by the City through the consumption component of the City's sewer rate. It should also be noted that the majority of the City's collection costs are fixed and do not vary depending on the level of sewer flows. The one cost that would vary is the cost of treatment from the SVCW.

The DRA factor will allow the City to maintain sufficient revenues during the next five-year period given continued changing winter water consumption levels. In 2024, the City will review the possibility of excluding the DRA in its rate calculation due to continual patterns in water consumption. The winter consumption data will be adjusted to "normal" levels assuming a factor that represents the MPWD customer's actual on-going water usage savings in effect during the winter water period used for rate setting. In this way, the City will be able to maintain target revenues during this extreme drought situation as well as normalizing the ongoing consumption patterns.

Table 3 below shows the side-by-side comparison of the current rates and the proposed FY 2022/2023 and FY 2023/2024 rates. It is important to note that the City is not adopting the FY 2025-2027 rates as those rates are for illustrative purposes to forecast the operational costs for the outer years. Staff is recommending that the City Council set the maximum sewer rates with a flow adjustment factor as noted in the Table 3 for FY 2022/2023 and FY 2023/2024.

Table 3 – Present Rates, Proposed Rates, and Forecasted Rates

Present and Proposed Sewer Rates						
	Present	Proposed Rates		Forecasted Rates		
	Rates	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
COLLECTION						
Residential						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge ($/HCF)	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Commercial						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge Low Strength ($/HCF)	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Flow Charge High Strength ($/HCF)	$10.70	$11.29	$11.91	$12.56	$13.26	$13.98
TREATMENT						
Residential						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge ($/HCF)	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Commercial						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge Low Strength ($/HCF)	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Flow Charge High Strength ($/HCF)	$5.30	$5.59	$5.90	$6.22	$6.57	$6.93
COMBINED						
Residential						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge (S/HCF)	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Commercial						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge Low Strength ($/HCF)	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Flow Charge High Strength ($/HCF)	$16.00	$16.88	$17.81	$18.79	$19.82	$20.91

Note: Present Drought Regulation Adjustment (DRA) is Hundred Cubic Feet (HCF) X 1.09 X $/HCF; Proposed is HCF X 1.10 X $/HCF.

In developing the revenue requirement analysis, consideration was given to the financial planning considerations of the City. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate funds to support the operational activities and capital projects throughout the projected time period.

Upon City Council review and direction on staff's recommendation for the proposed adjustments in rates, staff is requesting Council direction to provide notice for setting a hearing date for consideration of the maximum rates per the Proposition 218 process as described below. Based on Council direction, staff will prepare a Notice for distribution to customers and an authorizing Resolution stating the City's intention to increase Sewer Rates effective FY 2022/2023 and 2023/2024, and schedule a public hearing on the proposed rate structure.

Proposition 218

Charges for sewer service are property-related charges subject to Proposition 218. These charges need not be submitted to an election of voters or property owners, but they are subject to a majority protest

proceeding. That process is summarized as follows: (1) the City calculates a budget sufficient to cover the cost of service and determines how to spread that budget as rates across different kinds of customers (e.g., single-family, multi-family, non-residential), (2) the City provides 45 days mailed notice of a public hearing on the proposed new rates to every property owner or customer of record who will pay the new rates, (3) the City conducts the hearing and accepts written protests from property owners and customers of record, and (4) the City tallies the protests; if more than half of the affected property owners and customers of record protest the new rates in writing before the end of the hearing, the agency cannot impose the new rates; otherwise it may impose the rates at any level which does not exceed the rates stated in the notice. Majority protests under these rules are not common except when a very small number of ratepayers are involved. Accordingly, the primary consequences of this process are the delay and cost associated with the noticed hearing and the opportunity for public input on the decision.

Alternatives

1. Refer to Staff for additional information
2. Take no action

Attachments

A. Resolution
B. HDR Comprehensive Sewer Rate Study

Fiscal Impact

☐ No Fiscal Impact

☒ Funding Source Confirmed: Sewer rates are accounted for in the Sewer Collections Fund and incorporated into the budget development process.

Source:	Purpose:	Public Outreach:
Staff	Statutory/Contractual Requirement	Posting of Agenda

RESOLUTION NO. 2022 –

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF BELMONT STATING ITS INTENTION TO REVISE THE CITY'S SEWER CHARGES EFFECTIVE TAX YEAR 2022-2023 AND 2023-2024

WHEREAS, the City of Belmont levies charges for sewer services pursuant to Section 21.93 of the Belmont Municipal Code and pursuant to Section 5470 et seq. of the California Health and Safety Code; and,

WHEREAS, the City Council desires to conduct a proceeding to revise the rate and methodology for the sewer charges, to be effective beginning the 2022-2023 and 2023-2024 tax years.

NOW, THEREFORE, the City Council of the City of Belmont resolves as follows:

SECTION 1. The City Council proposes the imposition of the rates and methodology generally described in Exhibit "A" to this Resolution, which is incorporated herein by reference.

SECTION 2. On June 14, 2022, at 7:00 PM or as soon thereafter as may be practicable in the City Council Chambers located at One Twin Pines Lane, Belmont, CA, or via Zoom at https://belmont.gov.zoom.us, the City Council will hold a public hearing pursuant to Article XIIID of the California Constitution with respect to the proposed rates. At this hearing, all interested persons will be permitted to present oral and written testimony with respect to the proposed rates and methodology.

SECTION 3. The City Council further directs staff to give notice of the hearing in the manner required by law.

SECTION 4. The City will accept and tabulate protests against the proposed rate revision pursuant to the procedures set forth in Exhibit "B" to this Resolution which is incorporated herein by reference.

* * *

ADOPTED April 12, 2022 by the City of Belmont City Council by the following vote:

Ayes:

Noes:

Absent:

Abstain:

ATTEST:

City Clerk

Mayor

APPROVED AS TO FORM:

City Attorney

Proposed Sewer Charge Rate Schedule

Each parcel's sewer charge will be the sum of the base charges and flow charges for both collection and treatment.

	FY 2022/23	FY 2023/24
Collection		
Residential		
Base Charge - Annual	$408.21	$430.66
Flow Charge ($/HCF x 1.10 DRA)	$5.81	$6.13
Commercial		
Base Charge	$408.21	$430.66
Flow Charge ($/HCF x 1.10 DRA)	$5.81	$6.13
Low strength		
High Strength	$11.29	$11.91
Treatment		
Residential		
Base Charge - Annual	$214.54	$226.34
Flow Charge ($/HCF x 1.10 DRA)	$2.87	$3.03
Commercial		
Base Charge	$214.54	$226.34
Flow Charge ($/HCF x 1.10 DRA)	$2.87	$3.03
Low strength		
High Strength	$5.59	$5.90

DRA=Drought Regulation Adjustment

Standby Charge

For Non-metered parcels:

- $245.40 per dwelling unit per year

Wastewater Discharge Fee

Wastewater discharge fee will be the sum of the Flow Charges for both Collection and Treatment for each user classification in the table above.

EXHIBIT B

GUIDELINES FOR THE SUBMISSION AND TABULATION OF PROTESTS

Submission of Protests

1. Any property owner may submit a written protest to the City Clerk, either by delivery to the office of the City Clerk or by submitting the protest at the public hearing. Protests must be received by the end of the public hearing. No postmarks will be accepted.

2. Each protest must identify the affected property (by assessor's parcel number or street address) and include the signature of the record property owner. Email protests cannot be accepted. Although oral comments at the public hearing will not qualify as a formal protest unless accompanied by a written protest, the City Council welcomes input from the community during the public hearing on the proposed charges.

3. If a parcel served by the City is owned by more than a single record owner, each owner may submit a protest, but only one protest will be counted per parcel and any one protest submitted in accordance with these rules will be sufficient to count as a protest for that property.

4. In order to be valid a protest must bear the original signature of the record owner with respect to the property identified on the protest. Protests not bearing the original signature of a record owner shall not be counted.

5. Any person who submits a protest may withdraw it by submitting to the City Clerk a written request that the protest be withdrawn. The withdrawal of a protest shall contain sufficient information to identify the affected parcel and the name of the record owner or record customer who submitted both the protest and the request that it be withdrawn.

6. A charge protest proceeding is not an election.

7. To ensure transparency and accountability in the charge protest tabulation, protests shall constitute disclosable public records from and after the time they are received.

Tabulation of Protests

1. The City Clerk shall determine the validity of all protests. The City Clerk shall not accept as valid any protest if the City Clerk determines that any of the following conditions exist:

    a. The protest does not identify a property served by the City.
    b. The protest does not bear an original signature of a record owner of the parcel identified on the protest.
    c. The protest does not state its opposition to the proposed charges.

d. The protest was not received by the City Clerk before the close of the public hearing on the proposed charges.

e. A request to withdraw the protest is received prior to the close of the public hearing on the proposed charges.

2. The City Clerk's decision that a protest is not valid or does not apply to a specific charge shall constitute a final action of the City and shall not be subject to any internal appeal.

3. A majority protest exists if written protests are timely submitted and not withdrawn by the record owners of a majority of the properties subject to the proposed charge.

4. At the conclusion of the public hearing, the City Clerk shall complete the tabulation of all protests received, including those received during the public hearing and shall report the results of the tabulation to the City Council upon completion. If review of the protests received demonstrates that the number received is manifestly less than one-half of the parcels served by the City with respect to the charge which is the subject of the protest, then the Clerk may advise the City Council of the absence of a majority protest without determining the validity of all protests.

Draft Report







City of Belmont Comprehensive Sewer Rate Study

April 2022

April 6, 2020

Mr. Peter Brown
Director of Public Works
City of Belmont
One Twin Pines Lane
Belmont, California 94002

Subject: City of Belmont 2022 Comprehensive Sewer Rate Study Draft Report

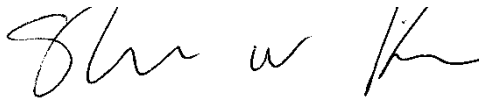
Dear Mr. Brown:

HDR Engineering, Inc. (HDR) is pleased to present the draft report on the comprehensive sewer rate study recently conducted for the City of Belmont (City). The overall objective in conducting the rate study was to establish cost-based rates that provide adequate and sustainable funding for the operational and capital needs of the sewer utility. This report outlines the approach, methodology, findings, and conclusions of the rate study process undertaken for the City's sewer utility.

This report was developed utilizing the City's specific accounting, operating, and historical customer billing records. HDR utilized this information to develop our analyses which shaped our findings, conclusions, and recommendations. At the same time, this study was developed utilizing generally accepted rate setting principles as outlined in the Water Environment Federation Manual of Practice No. 27 rate setting manuals to meet the requirements of Proposition 218. The conclusions and recommendations contained within this report are intended to provide the City with cost-based and equitable rates for its customers.

We appreciate the assistance provided by the City staff, management, and the City Council in the development of this study.

Sincerely yours,
HDR Engineering, Inc.



Shawn Koorn
Associate Vice President

900 108th Ave NE, Suite 1300
Bellevue, WA 98004

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Proposition 218 Notice

Executive Summary

Introduction

HDR Engineering, Inc. (HDR) was retained by the City of Belmont (City) to perform a comprehensive sewer rate study as an update to the prior rate study which was performed in 2020. The 2020 study set rates for the two year period of Fiscal Years (FY) 2020/2021 and 2021/2022. The City's sewer treatment services are provided for the City through its participation in Silicon Valley Clean Water (SVCW), which owns and operates a sub-regional wastewater treatment plant and related conveyance facilities that serve the City of Belmont, the cities of Redwood City and San Carlos and the West Bay Sanitary District. SVCW costs are allocated proportionally among the JPA members based on their capacity rights, average annual flow rates and strength of the sewer generated by each member agency. The collection system component is based on the costs to operate and maintain the City's sewer system, except for treatment costs. The treatment costs are based on the current treatment costs projections as notified of cost changes by the SVCW.

The City's sewer rate is comprised of two components, a collection system component and a treatment system component. The collection system component is based on the costs to operate the City's sewer system, with the exception of treatment costs. The treatment costs are based on the current treatment costs projections and can be adjusted as the City is notified of cost changes by SVCW. Each parcels' sewer charge is the sum of the base charge and flow charges for both collection and treatment.

The vast majority of the City's rate revenues are derived from residential customers. Currently, the City has two major classes of service: residential and non-residential customers. Non-residential customers are further categorized between low-strength and high-strength customers. The City's sewer rate structure includes a fixed component, as well as a component based on the customers' winter water average consumption. Annually, the City requests the water consumption data from the Mid-Peninsula Water District to develop the proposed sewer rates, and resulting revenue forecast, for the next fiscal year. In the 2016 rate study, it was recommended that the City make adjustments to the winter water calculation that takes into account the mandated conservation on the City's sewer customers. This resulted in the City adopting a drought regulation adjustment on each customer's winter period consumption, or a multiplier, to develop the consumption for rate setting purposes. The consumption data from Mid-Peninsula Water District is reviewed and a determination made as to the level of the drought regulation adjustment. In the 2020 study, adjustment factor was reduced to reflect current consumption patterns. For this study, the adjustment factor was increased from 9% to 10% to reflect the changes in consumption and the planned reduction in consumption due to conservation efforts and the anticipated drought.

This study is based on the previous sewer rate study methodologies and analyses completed by HDR in 2014, 2016, 2018, and 2020. The prior studies, provided recommendations, and rates, to fund an adequate level of renewal and replacement and include funding of capital projects from prior years. This funding/financial plan was updated during the recent issuance of the 2019 JPFA

Sewer Revenue Bond debt to fund a portion of the City's major capital improvement projects. This study reviews the adequacy of the existing sewer rates to meet system improvement needs, and provide the basis for appropriate rate structures for each customer classification. The projected rate adjustments allow the City to meet three key prudent financial criteria, these are:

- Meeting Debt Service Coverage Ratios (DSC) – DSC ratios are the measurement of a utility's ability to repay outstanding debt. During this study this was a key driver in the results of the proposed rate adjustments to meet a 2.0 debt service coverage ratio target. The 2.0 debt service coverage target was based on the analysis for the recent 2019 JPFA Sewer Revenue Bond. The proposed rate adjustments in this study allow the City to maintain a strong debt service coverage ratio.
- Adequate Renewal and Replacement Funding – The need to maintain the system is key to minimizing future capital needs. This study has continued with the City's the annual renewal and replacement funding needs to prudent levels which exceed depreciation over the rate planning period. This reflects the funding needs of past deferred capital improvements and necessary inflow and infiltration (I&I) capital improvement needs.
- Maintaining Prudent Reserve Fund Levels – The study has continued to provide ending reserve fund balances to be in line with typical industry levels (i.e. industry best practices). Given that the City receives semi-annual payments for services, it is important to have sufficient cash reserves on hand to fund operations between payments.

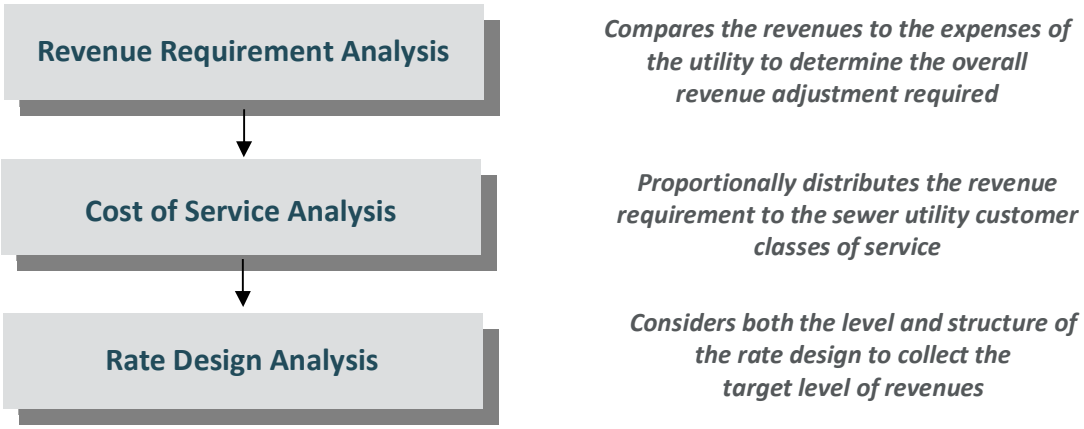
Meeting these three key criteria are critical to the City being able to fund/finance future capital through the issuance of long-term debt. By adjusting rates the City is demonstrating to the outside financial community its willingness and commitment to maintain a strong financial position. This willingness to address this financial issue and adjust rates accordingly will be beneficial when issuing future long-term debt for the sewer systems capital needs.

The development of this study examines the adequacy and proportionality of the current sewer rates for the sewer utility and provides the cost-basis for any recommended sewer rate revenue adjustments. This report describes the overall methodology used to analyze the City's sewer rates along with the findings, conclusions, and recommendations.

Overview of the Rate Study Process

A comprehensive sewer rate study uses three interrelated analyses to address the adequacy and proportionality of a utility's rates. These three analyses are a revenue requirement analysis, a cost of service analysis, and a rate design analysis. These three analyses are illustrated below in Figure ES-1.

Figure ES – 1
Overview of the Comprehensive Rate Analyses



For the City's sewer rate study, HDR completed each of the three analyses, a revenue requirement, cost of service analysis, and rate design analysis. The results from each task of the rate study were used as the basis for establishing cost-based and proportional rates for the City's customers.

Key Study Results

The sewer utility was financially evaluated on a stand-alone basis. By reviewing the sewer utility individually, the costs (expenses) required to adequately fund both O&M and capital infrastructure must be balanced against the rate impacts to customers. Likewise, future rate impacts should be considered. For example, the delayed action to fund capital improvements in the current time period could result in future higher costs and in turn increased rate adjustments as well as risk associated with catastrophic failure. It is challenging to balance the desire for least cost rates with the operating and capital needs required to provide a high-level service to customers.

Based on the technical analysis undertaken as part of this study, the following findings, conclusions, and recommendations were noted.

- The revenue requirement analysis for the sewer utility was developed for FY 2021/2022 – 2026/2027.
- The starting point for the revenue requirement analysis was the City's FY 2021/2022 sewer budget and the current capital improvement plan.
- Wastewater treatment is provided by the Silicon Valley Clean Water (SVCW) and included within the City's operation and maintenance expenses. SVCW FY 2021/2022 budget was escalated annually at approximately 4% annual inflationary factor for future years based on SVCW cost planning projections.
- The current flow adjustment factor has been increased to 10% from the current 9% to reflect anticipated changes in winter water averages for the two year rate setting period.

- Escalation factors were developed to project future years operating expenses. These factors ranged from 2% to 7% per year depending on the specific expense and reflect the inflationary increases experienced by the City in the past.
- The level of repair and replacements were funded at an adequate level as projected in the prior studies, as well as a focus on inflow and infiltration (I&I) capital needs.
- A cost of service analysis was developed to review the proportionality of the existing rates. The results of the cost of service analysis indicated minor some cost differences between the various customer classes of service. However, the differences are minimal and reflect a reasonable range of difference. Given this, it is recommended that no adjustments in the cost relationships between the classes of service be made at this time.
- Proposed rates were developed for consideration by the City Council for FY 2022/2023 and FY 2023/2024.
- Rate projections were developed for a 5-year period through FY 2026/2027, to provide the City Council with a projection of rates necessary to meet future operating and capital needs.
- The proposed rate adjustments are necessary for the City to adequately fund its financial needs and maintain prudent financial measures and operating metrics
    - ✓ Maintain a healthy financial outlook for future long-term borrowing by targeting a 2.0 debt service coverage ratio
    - ✓ Adequate funding of capital improvements from rates to prudently maintain the City's existing infrastructure (i.e., renewal and replacement programs) as well as I&I improvements.
    - ✓ Maintain adequate minimum reserve levels for routine operating and capital needs and emergency situations

Provided below is the executive summary of the technical analyses undertaken for the City and the findings, conclusions, and recommendations of this study.

Overview of the Sewer Rate Study

The sewer rate study determined the overall adequacy of the existing sewer rates, on a financial stand-alone basis, at current rate levels. That is, no funding sources other than those generated by the sewer utility were used to fund sewer utility expenses. For the sewer rate study, a concerted effort was made to minimize rate impacts over the five year review period while also maintaining the City's financial metric's targets for debt service coverage ratio, capital improvement funding, and operating and capital cash reserve levels.

Summary of the Revenue Requirement Analysis

The development of the revenue requirement analysis is used to determine the overall adequacy of the sewer utility rates. The starting point of the sewer revenue requirement analysis was the FY 2021/2022 budget. HDR and City staff developed a projection of revenues and expenses for future years based on assumed escalation (inflationary) factors. The sewer study developed future rate needs based on operating and capital needs, however, the focus for purposes of rate setting was the next two-year period (FY 2022/2023 – 2023/2024). A rate transition plan was developed for the five-year time period in a way that creates a smooth transition to fully funding

the utility in the future. The summary of the sewer revenue requirement is shown below in Table ES-1. It indicates the need for rate adjustments in order to properly fund the sewer utility.

Table ES – 1
Summary of Sewer Revenue Requirement ($000s)

	Budget	Projected				
	2021/22[1]	2022/23	2023/24	2024/25	2025/26	2026/27
Revenues						
Retail Rate Revenues	$13,840	$13,160	$13,291	$13,424	$13,559	$13,694
Other Revenues	138	244	225	206	247	228
Total Revenues	$13,979	$13,404	$13,516	$13,631	$13,806	$13,922
Expenses						
Collection O&M Expenses	$4,155	$4,351	$4,488	$4,630	$4,778	$4,931
Treatment O&M Expenses	3,387	3,530	3,670	3,990	4,700	4,690
Repair & Replace. Funding	1,900	2,250	2,600	2,950	3,300	3,650
I/I Capital Funding	627	644	661	679	697	716
Total Debt Service	2,502	2,500	2,500	3,479	3,474	3,477
Change in Working Capital +/-	1,407	853	1,099	242	95	661
Total Expenses	$13,979	$14,128	$15,018	$15,970	$17,044	$18,125
Balance/(Deficiency) of Funds	$0	($724)	($1,502)	($2,339)	($3,238)	($4,204)
Cumulative as a % of Rates	0.0%	5.5%	11.3%	17.4%	23.9%	30.7%
Proposed Rate Adjustments	0.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Debt Service Coverage Ratio						
Before Rate Adjustment	2.52	2.15	2.09	1.40	1.21	1.20
After Rate Adjustment	2.52	2.44	2.69	2.07	2.14	2.41

[1] Note: FY 2021/22 includes the revenues at the adopted rate levels from the prior rate study. Therefore, no rate adjustment is included in FY 2021/22.

Table ES–1 shows the total deficiency of revenues before any sewer rate adjustments ranges from $724,000 in FY 2022/23 increasing to $4.2 million by FY 2026/27. A 5.5% annual sewer revenue adjustment is proposed for the projected time period of FY 2022/2023 through FY 2026/2027. The projected rate adjustments allow the City to meet three key prudent financial metric criteria, these are:

- Meet Prudent Debt Service Coverage Ratios – DSC target of 2.0.
- Adequate Renewal and Replacement Funding – Annual renewal and replacement funding needs exceed depreciation over the 5-year plan as well as I&I capital funding needs.
- Maintain Prudent Reserve Fund Levels – Operating reserve target equal to annual minimum of 180 days of O&M; Capital project reserve target equal to two years of annual depreciation.

The revenue requirement developed in this sewer rate study will allow the City to develop cost-based rates that meet the City's goals and objectives for maintaining the existing system and funding future capital needs. The rate transition plan developed provides a gradual increase in rates over the 5-year period. While the revenue requirement analysis projected operating and capital needs over a five year period, the focus of the proposed rates, for Proposition 218 purposes is the next two fiscal year period of FY 2022/2023 and FY 2023/2024.

Summary of Cost of Service Analysis

A cost of service analysis determines the proportional distribution of the previously developed revenue requirement to each of the customer classes of service. The objectives of the cost of service analysis are different from determining revenue requirement. A revenue requirement analysis determines the utility's overall financial needs, while the cost of service study determines the proportional manner to collect the revenue requirement. The City has two rate schedules, low strength and high strength. Low strength includes all residential customers, and the non-residential customers that have domestic strength wastewater. High strength is for those non-residential customers that have wastewater strengths greater than domestic strength levels. Table ES-2 provides the summary of the cost of service analysis for the FY 2020/2021 test year.

Table ES – 2
Summary of the FY 2022/23 Sewer Cost of Service Analysis ($000's)

Classes of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Low Strength				
Residential and Non-Residential	$12,858	$13,565	($707)	5.5%
High Strength				
Non-Residential	302	318	($17)	5.5%
Total	$13,160	$13,883	($724)	5.5%

The results of the cost of service analysis indicated no cost differences between the customer classes of service. It should be noted that the cost of service analysis developed by HDR is not a simple fixed/variable analysis. Rather, the cost of service analysis distributes costs between the various customer classes of service based on each customer classes proportional share of volume, strength, and customer-related costs. Given that, no adjustments in the cost relationships between the customer classes of service are recommended at this time.

Summary of the Rate Design Analysis

The final step of the comprehensive sewer rate study process is the design of sewer rates to collect the desired level of revenue, based on the results of the revenue requirement and cost of service analysis. The individual allocated totals were then distributed to the different customer classes. The distributed expenses were then aggregated to determine the overall responsibility of each customer class of service.

Developing proportional rates is of paramount importance in developing the proposed sewer rates. Given this, the City's proposed sewer rates have been developed with the intent of meeting the legal requirements of California constitution article XIII D, section 6 (Article XIII D), commonly referred to as Proposition 218. A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally allocated among the customer classes of service. HDR would point out that there is no single methodology for equitably assigning costs to the various customer groups. The Water Environment Federation (WEF) Manual of Practice No. 27 clearly delineates various methodologies which may be used to establish cost-based rates. Article XIII D does not prescribe a particular methodology for establishing rates; consequently, HDR developed the City's proposed sewer rates based on the WEF MOP #27 methodology and the City's sewer collection system operating and customer characteristics, to meet the requirements of Article XIII D to provide an administrative record of the steps taken to establish the City's proposed sewer rates.

HDR is of the opinion that the proposed rates comply with legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirements of the City's sewer utility.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's sewer rates are used exclusively to operate and maintain the City's sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis was specifically developed to focus on the issue of proportional assignment of costs.

The City's sewer rate is comprised of two components, a collection system component and a treatment system component. The collection system component is based on the costs to operate the City's sewer system, except for treatment costs. The treatment costs are based on the current treatment costs projections and can be adjusted as the City is notified of cost changes by the wholesale provider. Each parcels' sewer charge is the sum of the base charge and flow charges for both collection and treatment. The proposed sewer rate designs maintain their current rate structure.

For the five year rate period, the rates include a 10% flow adjustment factor that replaces the current 9% flow adjustment factor which was updated during the 2020 rate study. Mid-Peninsula Water District consumption billing data for the three year periods of FY 2019/2020 2020/2021, and 2021/2022 billing information was reviewed. Based on this data, along with the projected upcoming drought, the recommendation is to increase the flow adjustment factor from 9% to 10% for the two year rate setting period. The flow adjustment factor will allow the City to maintain sufficient revenues during the proposed rate period of FY 2022/2023 and FY 2023/2024. The flow adjustment factor will be reviewed again during the next rate study and a determination made as to adjust the flow adjustment factor or to eliminate, and restart, the flow adjustment factor.

The same formula for this adjustment will remain as follows: (HCF = 100 cubic feet)

Formula: Actual Volume Usage x (1 + (flow adjustment factor)) = adjusted volume usage

Example: 8 HCF x (1+ .10) = 8.8 HCF adjusted volume usage

Table ES-3 provides the present and proposed rates for the residential and non-residential customers for the next five fiscal years.

Table ES – 3
Present and Proposed Sewer Rates (Annual)

	Present Rates	Proposed Rates FY 2022/23	Proposed Rates FY 2023/24	Forecasted Rates FY 2024/25	Forecasted Rates FY 2025/26	Forecasted Rates FY 2026/27
COLLECTION						
Residential						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge ($/HCF)[1]	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Non-Residential						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge Low Strength ($/HCF)[1]	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Flow Charge High Strength ($/HCF)[1]	$10.70	$11.29	$11.91	$12.56	$13.26	$13.98
TREATMENT						
Residential						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge ($/HCF)[1]	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Non-Residential						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge Low Strength ($/HCF)[1]	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Flow Charge High Strength ($/HCF)[1]	$5.30	$5.59	$5.90	$6.22	$6.57	$6.93
COMBINED						
Residential						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge ($/HCF)	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Non-Residential						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge Low Strength ($/HCF)]	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Flow Charge High Strength ($/HCF)	$16.00	$16.88	$17.81	$18.79	$19.82	$20.91

At present rates, a typical residential customer with 8 hundred cubic feet of winter water average would have a monthly bill of $120.96 (8 HCF X 1.09 = 8.72 HCF). Under the proposed rates, with the proposed flow adjustment factor increased to 10%, the same customer would have a monthly bill of $128.31 in FY 2022/23. The proposed rate adjustment for FY 2021 was 5.5%, however with the flow factor adjustment from 1.09 to 1.10, it results in an overall change to the bill of 6.1%. Table ES-4 shows the average residential bill for FY 2021 through FY 2025.

Table ES – 4 Present and Proposed Sewer Rates (Monthly)					
	Proposed FY 2022/23	**Proposed FY 2023/24**	**Forecasted FY 2024/25**	**Forecasted FY 2025/26**	**Forecasted FY 2026/27**
Proposed Revenue Adjustment	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*
Present Average Monthly Bill [1]	$120.96				
After Proposed Rate Adj. [2]	$128.31	$135.36	$142.80	$150.66	$158.95
Monthly Bill Difference	$7.35	$7.05	$7.44	$7.86	$8.28
Cumulative Bill Difference	$7.35	$14.40	$21.85	$29.71	$37.99
% Change to Monthly Bill	*6.1%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*

[1] – Current average bill assumes 9% flow adjustment factor and 8 HCF monthly consumption

[2] –Proposed average bill assumes a 10% flow adjustment factor and 8 HCF monthly consumption

This report provides a more detailed discussion of the sewer rate study revenue requirement, cost of service, and rate design analyses undertaken for the City.

Summary

The adequacy of the City's sewer rates were reviewed by HDR through the development of a comprehensive sewer rate study. Based upon the analyses developed herein, which included the budgeted operating and capital expenses, HDR has proposed a comprehensive set of revenue recommendations for the sewer utility. The following sections of the report provide a more detailed discussion of the technical analyses undertaken, along with the findings, conclusions, and recommendations of the study.

1.0 Overview of the Rate Setting Process

1.1 Introduction

HDR Engineering, Inc. (HDR) was retained by the City of Belmont (City) to conduct a comprehensive sewer rate study. The objective in conducting a comprehensive sewer rate study is to develop cost-based and proportional rates which adequately fund the City's operation and maintenance (O&M) needs, along with the necessary capital improvements (i.e., capital infrastructure) for the utility. This study determines the adequacy of the existing sewer rates and provides the analytical framework for any needed future adjustments.

1.2 Generally Accepted Rate Setting Principles

As a practical matter, utilities should consider setting their rates around generally accepted or global principles and guidelines. Utility rates should be:

- ✓ Cost-based, equitable, and set at a level that meets the utility's full revenue requirement
- ✓ Easy for the customer to understand and easy for the utility to administer
- ✓ Designed to conform with generally accepted rate setting techniques
- ✓ Stable in their ability to provide adequate revenues to meet the utility's financial, operating, capital infrastructure and regulatory requirements
- ✓ Established at a level that is, from the customer's perspective, stable from year-to-year

These general principles and guidelines have historically been used by the City to establish their current sewer rates. For this study, they were again applied, in the development of the rate analyses developed for the City.

1.3 Prudent Financial Planning

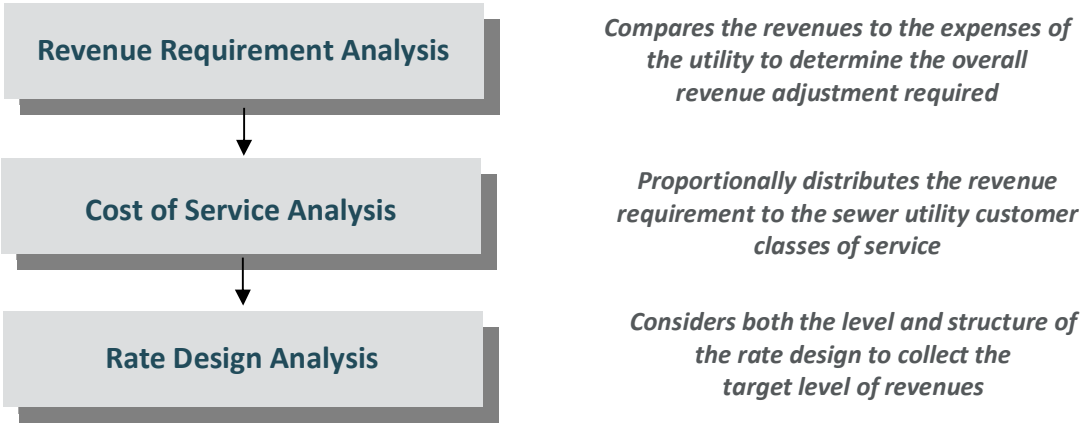
Financial rate-setting policies and guidelines are integral to the process of developing a utility rate study. Financial policies are intended to provide guidance in the financial planning and rate-setting process, and in the day-to-day financial management of the City's utilities. Adoption of financial policies provides a strong foundation for the long-term financial sustainability of the utility and provides the outside financial community with a better understanding of the City's commitment to managing the utility in a financially prudent manner. As a part of the City's previous utility rate studies, key financial and rate-setting policies/targets were developed and established. These key financial policies address issues such as maintaining minimum reserves for cash flow and capital improvement purposes, minimum debt service coverage (DSC) ratios, and consistent and adequate rate funding of capital projects for the City. Each of the key financial planning and rate setting objectives were carried forward from the City's prior sewer rate studies.

> ***"Financial policies are intended to provide guidance in the financial planning and rate-setting process…Adoption of financial policies provides a strong foundation for the long-term financial sustainability of the utility..."***

1.4 Overview of the Rate Study Process

A comprehensive study generally consists of three interrelated analyses performed for the sewer utility. Figure 1 - 1 provides an overview of these analyses.

Figure 1 – 1
Overview of the Comprehensive Rate Analyses



In a comprehensive rate study, the revenue requirement analysis is concerned with the overall funding sources (revenues) and expenses (both operating and capital) of the utility. From this analysis, a determination can be made as to the overall *level* of adjustment to rate revenues. Next, a cost of service analysis is performed to proportionally distribute the revenue requirement to the various types of customers served (e.g., residential, commercial). Finally, given the overall level of revenues to be collected, along with the proportional distribution of those costs, the last step of the rate study process in the design of rates to collect the appropriate level of revenues while considering the other rate design goals and objectives of the utility (e.g. revenue stability, conservation, ease of administration, customer understanding). However, a key component of the study is supporting the requirements of Proposition 218 for the proposed rates while considering rate design goals and objectives.

In the case of the City's study, all three analyses (revenue requirement, cost of service, rate design) were conducted for the sewer utility. The results from each task of the rate study, were used as the basis for establishing cost-based and proportional rates for the City's customers.

In developing this study, HDR utilized generally accepted cost of service and rate setting techniques and industry best practices in the development of the City's sewer rate study.

1.5 Determining the Revenue Requirement

Most public utilities use the "cash basis" methodology for establishing their revenue requirement and setting rates. This revenue requirement methodology conforms to most public utility budgetary requirements and the calculation is easy to understand. Under the cash basis revenue requirement methodology, a public utility:

- ✓ Adds operation and maintenance (O&M) expenses to applicable taxes or transfer payments to determine total operating expenses. Operation and maintenance expenses include the materials, electricity, labor, supplies, etc., needed to keep the utility functioning.
- ✓ Calculates capital costs by adding debt service payments (principal and interest) to capital improvements financed with rate revenues. In lieu of including capital improvements financed with rate revenues, a utility sometimes includes (i.e., substitutes) annual depreciation expense to stabilize the annual revenue requirement from year-to-year.

Note that the two portions of the capital expense component (debt service and capital improvements financed from rates) are necessary under the cash basis methodology because utilities generally cannot finance all their capital facilities with strictly rates or long-term debt.

Under the cash basis revenue requirement methodology the sum of the operating expenses and capital costs equals the utility's total revenue requirement during any period of time (see Table 1-1).

Table 1 – 1
Overview of the Sewer Utility Cash Basis Revenue Requirements

+	Sewer Operation and Maintenance Expenses
	✓ Planning and Project Management
	✓ Sanitary Sewer Operations
+	Repair and Replacement Funded from Rates
+	Debt Service (P + I) – Existing and Future
±	Change in Working Capital
=	Total Sewer Revenue Requirement
−	Miscellaneous Revenues
=	Net Revenue Requirement (Balance Required from Rates)

The analyses developed within this report utilized the cash basis methodology. This is consistent with past practices of the City's utility rate-setting.

1.6 Analyzing the Sewer Cost of Service

After the total revenue requirement is determined, it is then distributed to the users (i.e., customers) receiving sewer service. The proportional distribution, as analyzed through a cost of service analysis, reflects the cost relationships for collecting and treating wastewater. The approach for establishing the cost of service analysis is based on the Water Environment Federation Manual of Practice No. 17 (WEF MOP 27). As discussed in the manual, a cost of service analysis requires three analytical steps. A cost of service analysis requires three analytical steps:

1. Costs are ***functionalized*** or grouped into the various cost categories related to providing service (e.g., for pumping; treatment, collection, etc.). This step is largely accomplished by the utility's accounting system.
2. The functionalized costs are then ***allocated*** to specific cost components. Allocation refers

to the arrangement of the functionalized data into cost components. For example, sewer utility's costs are typically allocated as volume, strength (BOD/TSS), or customer-related.

3. Once the costs are allocated to the cost components, they are proportionally ***distributed*** to the customer classes of service (e.g., residential, non-residential, high-strength). The distribution is based on each customer class' relative contribution to the cost component (i.e., benefits received from and burdens placed on the system and its resources). For example, customer-related costs are distributed to each class of service based on the total number of customers in that class of service. Once costs are distributed, the revenues from each customer class of service required to achieve cost-based rates can be determined.

At the conclusion of the cost of service study, two key pieces of information are provided. First, the cost of service provides an understanding of the total revenues to be collected from each class of service. In other words the revenue requirement is, for example, $10.0 million and the cost of service provides an proportional method to distribute that total cost of $10.0 between the various sewer customer classes of service (e.g., residential, non-residential). The other important piece of information provided by the cost of service analysis is the average unit costs. Average unit costs are the distributed costs divided by the appropriate consumption (billing) units. This provides an understanding of the cost on a $/customer/month and $/hundred cubic feet (HCF) basis.

1.7 Designing Sewer Rates

The design of the proposed sewer rates for adoption by the City concludes the analytical portion of the rate study process. In designing proposed sewer rates, the results from both the revenue requirement and cost of service analysis is used to develop rates that achieve the overall goals and objectives of the City. These goals and objectives may include consideration of cost-based rates, but may also consider items such as ability to pay, continuity of past rate philosophy, conservation (efficient use), encouragement of economic development, ease of customer understanding and billing administration, legal requirements, etc. It is important to understand that cost of service is only one goal or objective in designing final sewer rates, however, it is an important one, and necessary to meet the proportionality requirements of Proposition 218.

1.8 Summary

This section of the report has provided a brief introduction to the general principles, techniques, and economic theory used to set sewer utility rates. These principles and methodologies have been the basis for the City's past utility rate studies and continue to be the basis for the City's current rate study. The next three sections of the report discuss the sewer utility rate study and the technical analyses undertaken.

2.0 Development of the Sewer Revenue Requirement

2.1 Introduction

This section of the City's rate study report discusses the development of the sewer revenue requirement analyses and proposed sewer rate transition plan. The main objectives of the sewer rate study is to develop cost-based sewer rates while attempting to minimize the impacts to the utility's customers. Provided below is a detailed discussion of the revenue requirement, along with our findings, conclusions and recommendations.

2.2 Determining the Sewer Utility Revenue Requirement

The starting point of the sewer revenue requirement analysis was the FY 2021/2022 budget. HDR developed a projection of revenues and expenses for future years based on assumed escalation (inflationary) factors. The sewer study developed future rate needs based on operating and capital needs over a five-year period, through FY 2026/2027. However, the focus for purposes of rate setting was the next two-year period (FY 2022/2023 and FY 2023/2024). A rate transition plan was developed to provide a smooth transition to fully funding the sewer utility over the long-term.

The sewer capital funding plan was developed from the City's CIP plan as the starting point. That plan assumed the issuance of long-term debt to fund a portion of the City's major capital improvement projects. This study updated the capital improvement funding analysis based on the City's current capital plan and funding approach. As part of this, the City is anticipating the need to issue additional long-term debt to fund necessary capital improvements. A key consideration in issuing long-term debt is the establishment of rates sufficient to support repayment of the debt, but also sufficient to meet rate covenants associated with the debt (e.g., reserves, minimum debt service coverage). This study includes a transition to continue to strengthen the level of renewal and replacement and capital project funding over the 5-year planning period.

2.2.1 Determining the Time Period and Methodology

The first step in calculating the revenue requirement for the sewer utility was to establish a time frame for the revenue requirement analysis. For this study, the revenue requirement was developed from FY 2021/2022 to 2026/2027, with the focus for rate setting purposes of FY 2022/2023 and FY 2023/2024. Reviewing a multi-year time period is recommended in an attempt to identify any major expenses that may be on the horizon. By anticipating future financial requirements, the City can begin planning for these changes sooner, thereby minimizing short-term rate impacts and overall long-term rates.

The second step in determining the revenue requirement for the City was to decide on the basis of accumulating costs. For the City's revenue requirement, a "cash basis" approach was utilized. The cash basis approach is the most commonly used methodology by municipal utilities to set their revenue requirement, and the method used in previous rate studies developed for the City by HDR. The actual revenue requirement developed for the City was customized to follow the

City's system of accounts (budget documents). However, even with these modifications, the City's sewer revenue requirement still contains the basic cost components of a cash basis methodology. Table 2-1 provides a summary of the cash basis approach used to develop the City's sewer revenue requirement.

Table 2 – 1
Overview of the Cash Basis Revenue Requirements

+	Collection O&M Expenses
+	Treatment O&M Expenses
+	Repair & Replacement Funded from Rates
+	I/I Capital Funding
+	Debt Service (P + I) – Existing and Future
±	Change in Working Capital
=	Total Sewer Revenue Requirement
–	Miscellaneous Revenues
=	Net Revenue Requirement (Balance Required from Rates)

Given a time period around which to develop the revenue requirement and a method to accumulate the costs; the focus shifts to the development and projection of the revenues and expenses of the sewer utility.

The primary financial inputs in the development of the revenue requirement were the City's 2021/2022 adopted operating budget, historical winter data customer characteristics (e.g., customer number and average winter consumption), and current adopted rates. Presented below is a detailed discussion of the steps and key assumptions contained in the development of the projections of the City's sewer revenues and expenses.

2.2.2 Flow Impacts on Calculating Revenues

The City has a sewer rate structure that includes a fixed component as well as a volumetric component based on the customers' winter water average consumption. Each year, the City requests the water consumption data from the Mid-Peninsula Water District to develop the proposed sewer rates, and resulting revenue forecast, for the next fiscal year. The City adopted a drought regulation factor during the 2016 rate study, which is now called the flow adjustment factor. This adjustment factor has been in place since that time. However, during the comprehensive rate study process the factor is updated to reflect current, and projected, consumption levels.

The flow adjustment factor was reviewed and adjusted based on billing flow data (average winter months) for the last three years. Mid-Peninsula Water District consumption for the winter period of FY 2019/2020 2020/2021, and 2021/2022 billing information (data is one year lag in billing data) was reviewed. Given the recent consumption patterns, current drought conditions and expected continuation of the drought conditions, and Mid-Pen outlining additional conservation

plans, the flow adjustment factor was increased to 10%. Table2-2 shows a summary of the average of the three years of winter flow average and the projected flow for FY 2022/2023.

Table 2 – 2
Summary of the Winter Water Flow Adjustment

Component	2019/20	2020/21	2021/22	Average	Estimated 2022/23
Billed Winter Flow HCF[1]	794,305	722,463	807,524	774,764	722,463
% Adjustment Factor	14%	9%	9%		10%
Total HCF	**905,508**	**787,485**	**880,202**	**857,731**	**794,710**

[1] HCF = hundred cubic feet

By making this flow factor adjustment to the sewer billing units, the City will be projected to maintain target revenues during this next two year period as customer winter water is impacted by drought conditions, possible changes in the COVID pandemic, and future conservation efforts by Mid-Pen. Absent an adjustment to consumption levels, the City will need to adjust rates higher to reflect the reduced consumption levels. The flow adjustment factor will allow the City to maintain sufficient revenues during the next two year period given continued changing winter water consumption levels. The flow adjustment factor will be reviewed again during the next rate study and adjusted at that time, or depending on conditions, reset and rates set at adequate levels assuming no flow adjustment factor. The same formula for this adjustment will remain as follows (HCF = 100 cubic feet):

Formula: Actual Volume Usage x (1 + (flow adjustment factor)) = adjusted volume usage

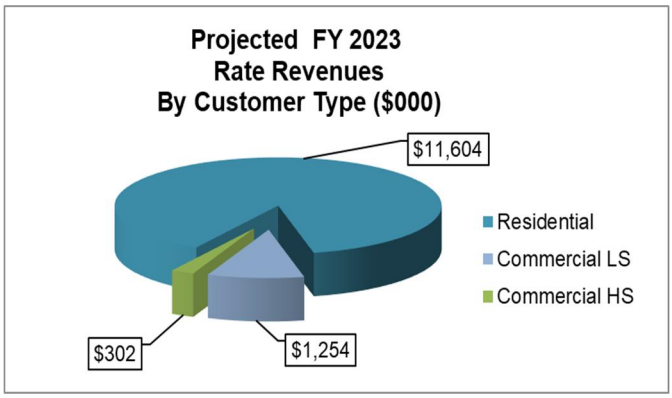
Example: 8 HCF x (1+ .10) = 8.80 HCF adjusted volume usage

It should also be noted that the majority of the City's costs are fixed and do not vary depending on the level of sewer flows. The one cost that would vary is the cost of treatment from the Silicon Valley Clean Water (SVCW). The cost of treatment is flow based and would change as a result of decreased sewer flows. Given all of the above, a decline in annual winter water consumption, which is the basis for establishing sewer billing units and subsequent sewer rate revenues, will have an impact on the necessary rate adjustment to prudently fund the City's operating and capital expenses.

2.2.3 Projection of Sewer Revenues

Once the billing units were developed based on the winter water data, the next step in developing the revenue requirement was to develop a projection of rate revenues, at present rate levels. In general, this process involved developing projected billing units for each customer group. The billing units for each customer group were then multiplied by the applicable current sewer rates. This method of independently calculating revenues assures the projected revenues used within the analysis tie to the projected billing units.

The vast majority of the City's rate revenues are derived from residential customers. Currently, the City has two major classes of service: residential and non-residential customers. Non-residential customers are further categorized between low-strength and high-strength customers. In total, and at currently adopted rate levels, the City is projected to receive approximately $13.2 million in rate revenue in FY 2022/2023. This is based on the projected winter water billing data, plus the flow adjustment factor of 10%. Future years are projected at an additional 1.0% annual customer growth.



In addition to rate revenues, the City also receives a variety of miscellaneous revenues which includes interest on investments, charge back revenues, standby fees, and other miscellaneous revenues. The utility is projected to annually receive approximately $230,000 in miscellaneous revenues over the projected planning horizon.

On a combined basis, taking into account the rate revenues along with miscellaneous revenues, the City's total projected revenues are expected to be approximately $13.4 million in FY 2022/2023 increasing to approximately $13.9 million in FY 2026/2027.

2.2.4 Projection of Sewer Operation and Maintenance Expenses

Operation and maintenance (O&M) expenses are incurred by the City to operate and maintain the existing plant in service. In general, O&M expenses are grouped into a number of different major functional categories (see Table 2-1). For each major functional category, the City maintains a number of subaccounts. To begin the process of projecting O&M expenses over the planning horizon, escalation factors were developed.

Escalation factors were developed for the basic types of expenses the City incurs: labor, benefits, materials and supplies, utilities, insurance, and miscellaneous expenses. The escalation factors used were in the range of two to seven percent per year, depending on the type of cost and recent inflationary trends. A major cost for the sewer utility is the cost of wastewater treatment from Silicon Valley Clean Water (SVCW). SVCW's costs have been increasing due to their recent major capital projects, but also because of their operating cost associated with regulatory and utility cost increases. SVCW costs are allocated proportionally among the JPA members based on their capacity rights, average annual flow rates and strength of the sewer generated by each member agency. The SVCW budget for FY 2022/2023, for Belmont, of $3.5 million in treatment costs was included in the study. The SVCW treatment costs was based on SVCW planning document and is increasing at approximately 4.7% annually over the five year period.

Provided below in Table 2-3 is a summary of the escalation factors used to develop the projected O&M expenses for FY 2022/2023 through 2026/2027.

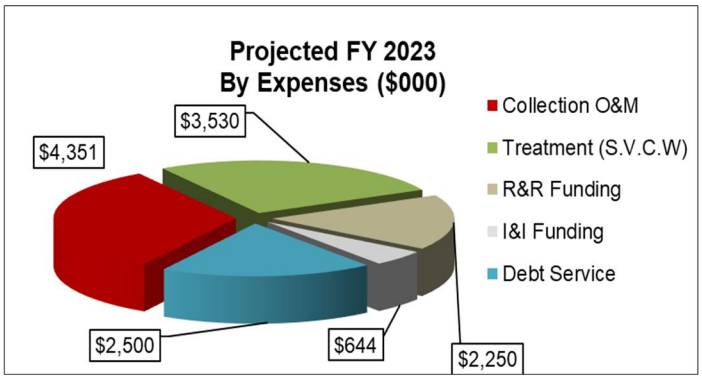
Table 2 – 3
Overview of the Sewer Utility Escalation Factors

	FY 2022/23[1]	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Revenues					
Rate Revenues (Growth)	0.0%	1.0%	1.0%	1.0%	1.0%
Other Revenues	N/A	N/A	N/A	N/A	N/A
Expense					
Labor	2.0%	2.0%	2.0%	2.0%	2.0%
Professional/Contractual	2.0%	2.0%	2.0%	2.0%	2.0%
Data Processing	3.0%	3.0%	3.0%	3.0%	3.0%
Benefits – Medical	7.0%	7.0%	7.0%	7.0%	7.0%
Benefits – Other	5.3%	5.3%	5.3%	5.3%	5.3%
Materials & Supplies	3.0%	3.0%	3.0%	3.0%	3.0%
Equipment/Vehicles	3.0%	3.0%	3.0%	3.0%	3.0%
Education/Training	2.0%	2.0%	2.0%	2.0%	2.0%
Indirect Expense	3.0%	3.0%	3.0%	3.0%	3.0%
Miscellaneous	3.0%	3.0%	3.0%	3.0%	3.0%
Utilities	5.0%	5.0%	5.0%	5.0%	5.0%
SVCW Treatment	4.2%	4.0%	8.7%	17.8%	-0.2%
Inflation Factor	2.7%	2.7%	2.7%	2.7%	2.7%

[1] Rate revenue for FY 2022/2023 was based on the projected billing units and current adopted sewer rates. Other revenues were calculated.

The development of the revenue requirement was based on the City's FY 2021/2021 adopted budget. Using the escalation factors developed in Table 2 - 3, a forecast of future O&M expenses was developed. As noted, the SVCW treatment costs were based on the projection provided by SVCW. The revenue requirement maintained the overall functional nature of the City's system of accounts (i.e., salaries and wages, benefits, supplies). It should be noted that no other significant changes or extraordinary increases over the FY 2021/2022 budget levels for operating expenses were assumed.

Total operation and maintenance expenses for the City are projected to be approximately $7.9 million in FY 2022/2023. Of this amount, approximately 45% or $3.5 million is related to SVCW wastewater treatment costs. The SVCW wastewater treatment costs are purchased services and are thus not a "locally controlled" sewer



cost. Over the planning horizon, the O&M expenses are projected to increase to approximately $9.6 million by FY 2026/2027.

2.2.5 Projection of Sewer Capital Improvement Projects and Funding

A key component in the development of the City's sewer revenue requirement was properly funding capital improvement needs. The sewer capital funding plan was developed from the City's current capital improvement plan and ongoing master plan. The current plan assumes the issuance of long-term debt to fund a portion of the City's major capital improvement projects. To fund the identified necessary capital improvements, long-term debt is issued in FY 2024/2025 and FY 2027/2028 in the amount of $15 million for both issuances. A key consideration in issuing debt is the establishment of rates sufficient to support repayment of the debt, but also sufficient to meet rate covenants associated with the debt (e.g., minimum reserves, minimum debt service coverage ratios).

As noted, the prior rate studies, and this rate study, focused on setting proposed rates at a level that establishes a prudent funding level for renewal and replacement needs above annual depreciation expense. This study includes a transition to continue to strengthen the level of renewal and replacement and capital project funding over the 5-year planning. Renewal and replacement funding is approximately $2.25 million in FY 2022/2023 increasing to $3.65 million in FY 2026/2027.

In addition to the sewer capital plan, additional capital improvements have been outlined to reduce inflow and infiltration (I&I) in the sewer system. I&I rate funded capital is $644,000 in FY 2022/2023 increasing to $716,000 in FY 2026/2027. Shown below in Table 2–4 is a summary of the sewer capital improvement plan and funding.

Table 2 - 4
Summary of the Sewer Capital Improvement Plan ($000s)

	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27
Total Sewer Capital Projects	$8,055	$8,260	$7,935	$8,335	$8,535
Less: Funding Sources					
Operating Fund Reserves	$0	$0	$0	$0	$0
Capital Fund Reserves [1]	5,805	5,660	4,985	5,035	4,885
Grants	0	0	0	0	0
Total Funding Sources	$5,805	$5,660	$4,985	$5,035	$4,885
Sewer Capital from Rates	**$2,250**	**$2,600**	**$2,950**	**$3,300**	**$3,650**
I&I Capital Funding	**$644**	**$661**	**$679**	**$697**	**$716**

[1] Capital fund reserves are funded through periodic issuances of long-term debt

The City, based on the rate transition plan developed as part of this revenue requirement, is projected to have adequate resources to provide funding for these capital projects. Provided

below is an overview of the funding sources the City has used, and will continue to use, to fund the planned improvements over the next five-year period.

Rate Funding **-** A general financial guideline states that, at a minimum, a utility should annually fund from rates an amount equal to or greater than annual depreciation expense for renewal and replacement funding. In this case, annual depreciation expense reflects the City's current investment in sewer collection plant being depreciated or "losing" its useful life. Therefore, this portion of plant investment needs to be replaced to maintain the existing level of infrastructure. More importantly, for a sewer utility, a failure to maintain the collection system infrastructure could lead to infiltration and inflow (I&I) issues. With increased flows, the City's overall cost of wastewater treatment would, in turn, also increase. That being the case, it becomes very cost-effective to properly and adequately maintain the collection system in order to minimize I&I issues on the system. The City has taken a pro-active approach in past studies and in this analysis to maintain capital funding equal to greater than annual depreciation.

Capital Reserve Funding **–** The capital reserve can serve different purposes but capital reserves are primarily a means to set aside funds for larger capital projects that may require funding greater than the annual rate funding component provides. Maintaining adequate capital reserves help to smooth out the fluctuations in the capital improvement spending, but it also provides the City with greater financial flexibility during the planning and construction of the projects. As part of the current capital funding plan, there will be approximately $41.1 million in capital projects over the five year period, with an annual average ending cash balance of $7.8 million in capital reserves used as a funding source over the five-year rate setting period (2021 – 2025). Over the planning horizon, close attention should be given to the capital reserve balance as to not reduce fund balances below minimum targets. The target minimum capital reserve amount is typically set equal to two-year of capital projects.

Long-Term Debt **–** Another funding source for capital projects is from the issuance of long-term debt (e.g., low-interest loans, revenue bonds). While there are certain advantages and disadvantages with the issuance of long-term debt, it is important to weigh all of them when deciding whether to issue new debt or fund a project by other means. Long-term debt is often issued for major capital projects which have an immediate impact on rates and long-term debt is a financing mechanism to smoothly finance / fund the major capital project. For this analysis, the City is anticipating issuing additional long-term debt in FY 2024/2025 for $15.0 million to fund necessary capital improvement projects.

2.2.6 Projection of Debt Service

The final component of the City's revenue requirement is annual debt service payments. The City currently has three outstanding debt obligations; the 2016 Refunding, and the 2016 and 2019 revenue bonds, amounting to a total annual debt service of approximately $2.5 million for 2022/2023. In addition, the City has projected the need to issue additional long term debt during the projected five-year period. The City is expecting to issue approximately a $15 million bond in FY 2024/2025 to fund capital project needs. The level of annual debt service payments resulting from this new issuances would increase the annual debt service by approximately $975,000 and is estimated to start in FY 2024/2025.

2.2.7 Reserve Funding

This study has used reserve funding, or transfers to and from sewer reserve funds, to smooth and mitigate the rate adjustments in any particular year. Funds can be drawn down to mitigate the need for a rate adjustment, or increased to replenish reserves if they have been drawn down in prior years. In this analysis, change in working capital is primarily used to balance revenue requirements to the proposed rate adjustments. From year-to-year, the use of these reserves, or change in working capital, is very minimal.

2.2.8 Summary of the Sewer Revenue Requirement

Given the above projections of revenues and expenses, a summary of the revenue requirement for the sewer utility can be developed. In developing the final revenue requirement, consideration was given to the financial planning considerations of the City. In particular, emphasis was placed on attempting to minimize rates, yet still have adequate funds to support the operational and capital expenses, and the City's target financial metrics throughout the projected time period. Presented below in Table 2-5 is a summary of the sewer revenue requirement. A detailed analysis of the sewer revenue requirement can be found in Technical Appendix.

Table 2 – 5
Summary of Sewer Revenue Requirement ($000s)

	Budget	Projected				
	2021/22[1]	2022/23	2023/24	2024/25	2025/26	2026/27
Revenues						
Retail Rate Revenues	$13,840	$13,160	$13,291	$13,424	$13,559	$13,694
Other Revenues	138	244	225	206	247	228
Total Revenues	$13,979	$13,404	$13,516	$13,631	$13,806	$13,922
Expenses						
Collection O&M Expenses	$4,155	$4,351	$4,488	$4,630	$4,778	$4,931
Treatment O&M Expenses	3,387	3,530	3,670	3,990	4,700	4,690
Repair & Replace. Funding	1,900	2,250	2,600	2,950	3,300	3,650
I/I Capital Funding	627	644	661	679	697	716
Total Debt Service	2,502	2,500	2,500	3,479	3,474	3,477
Change in Working Capital +/-	1,407	853	1,099	242	95	661
Total Expenses	$13,979	$14,128	$15,018	$15,970	$17,044	$18,125
Balance/(Deficiency) of Funds	$0	($724)	($1,502)	($2,339)	($3,238)	($4,204)
Cumulative as a % of Rates	0.0%	5.5%	11.3%	17.4%	23.9%	30.7%
Proposed Rate Adjustments	0.0%	5.5%	5.5%	5.5%	5.5%	5.5%
Debt Service Coverage Ratio						
Before Rate Adjustment	2.52	2.15	2.09	1.40	1.21	1.20
After Rate Adjustment	2.52	2.44	2.69	2.07	2.14	2.41

[1] Note: FY 2021/22 includes the revenues at the adopted rate levels from the prior rate study. Therefore, no rate adjustment is included in FY 2021/22.

It is important to note the "Balance/(Deficiency) of Funds" row in Table 2-5 is cumulative. That is, any adjustments in the initial years will reduce the deficiency in the later years. Rates need to be adjusted approximately 30.7% in order to adequately fund annual O&M expenses, annual repair and replacement funding, and the system's capital needs over the five-year period. The size and timing of the adjustments is critical as it is proposed that the City set rates for a two year period. This is important as the rate transition plan, or proposed rate adjustments, have been developed for a 5-year period. Any adjustments to the proposed rate adjustments shown in the early years will result in the need for to adjust rates, more or less, in the future years depending upon the adjustments made in the early years. The graph illustrates the projected revenues, expenses, and reserve fund.

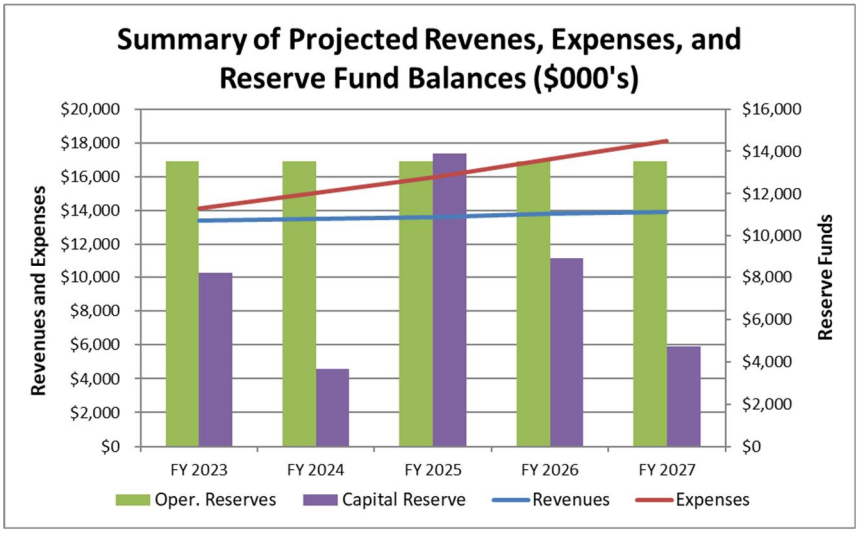


Table 2 – 5 shows the total deficiency of revenues before any sewer rate adjustments ranges from $724,000 in FY 2022/2023 to $4.2 million by FY 2026/2027. A 5.5% sewer revenue adjustment is proposed annually for each of the five years of the projected time period. As noted, this study is focused on the proposed rates for FY 2022/2023 and FY 2023/2024. The projected rate adjustments allow the City to meet three key prudent financial metric criteria, these are:

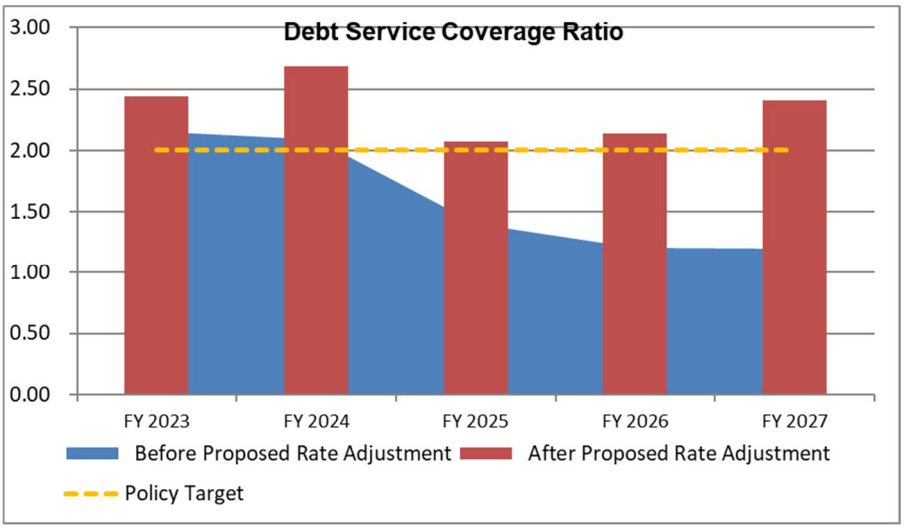
- Debt Service Coverage Ratios – DSC target of 2.0.
- Adequate Renewal and Replacement Funding – Annual renewal and replacement funding needs exceed depreciation over the 5-year plan.
- Maintain Prudent Reserve Fund Levels – Operating reserve target equal to annual minimum of 180 days of O&M; Capital project reserve target equal to two years of annual depreciation.

Meeting these three key criteria are critical to the City being able to fund/finance capital projects with long-term debt in the future. By adjusting rates the City is demonstrating to the outside financial community its willingness and commitment to maintain a strong financial position.

The revenue requirement developed in this sewer rate study will allow the City to develop cost-based rates that meet the City's goals and objectives for maintaining the existing system and funding past deferred capital projects. The rate transition plan provides smooth increases in rates over a 5-year period.

2.2.9 Debt Service Coverage Ratios

Generally, revenue bonds contain covenants requiring rates to be set at an adequate level to assure repayment of the annual principal and interest debt obligations. The financial measure of rate adequacy is typically determined using a debt service coverage ratio (DSC). The DSC ratio is financial measure of the utility's ability to repay the debt. Based in the City's approach, the DSC ratio is set at a level such that revenues less operating expenses will be 2.00 times greater than the maximum annual debt service on the outstanding debt. That is, rates will be sufficient to pay projected O&M and have an additional annual debt service payment.

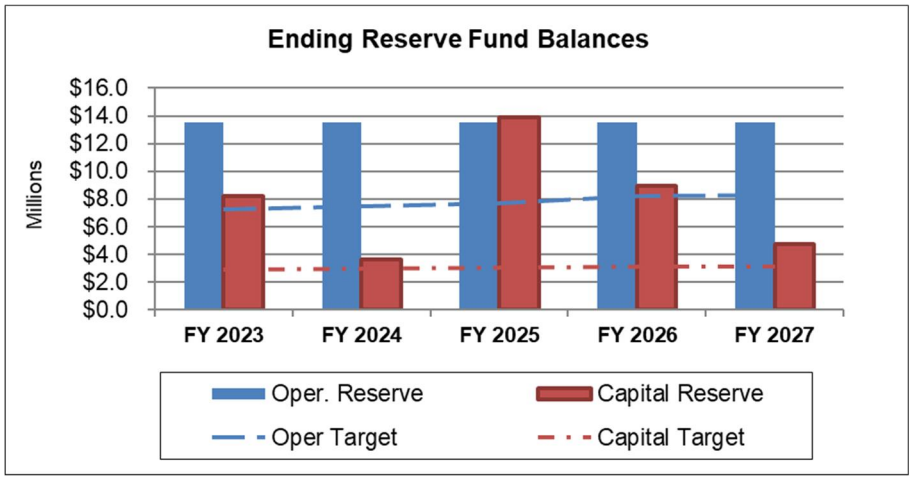


As noted above, the City has established a target of maintaining a 2.00 DSC ratio. At present rate levels, the sewer utility is meeting the policy minimum. However, absent any rate adjustments, the sewer system DSC ratio is declining as the capital plan assumes additional debt will be issued to pay for capital projects. Financially, this means that the City's debt service payments are projected to increase over time and absent any rate adjustments, the City will not be meeting the policy minimum DSC. However, with the proposed rate adjustments the coverage ratios continue to be strong and above the target of 2.0 DSC ratio.[1] This is an important financial target as planning around the absolute minimum level (e.g., 1.25 bond requirement) can result in a technical default on the bonds if unplanned expenditures occur or revenues are lower than anticipated in a given year. Planning a minimum target DSC of 2.0 was recommended by the City's financial advisors during the most recent bond issues. A higher DSC ratio can result in a higher bond rating and lower interest rates and bond costs.

[1] A debt service coverage (DSC) ratio is an indicator of the amount of funds available to pay debt service after O&M expenses and other pre-debt obligations have been met. A DSC ratio of 1.25 means the utility has 25% more funds available to pay debt service than the amount of the debt service payment(s). For example, assuming a utility has a $1.0 million debt service payment, a DSC of 1.25 means that the utility has $1.25 million available to pay debt service (i.e. $1.25 million ÷ $1.0 million = 1.25 DSC).

2.2.10 Review of the Sewer Reserve Levels

There can be many different purposes for reserves. They are also a good indicator of the long-term financial health of the utility. The City's sewer utility current has one reserve fund, however, for rate setting purposes it was split into two reserve funds: an operating reserve fund, and capital reserve fund. The operating fund reserve has a minimum ending fund balance target of 180 days of O&M expenses plus an emergency reserve of $2.0 million, which is approximately $7.3 million for FY 2022/2023. The capital fund reserve has a target minimum of approximately two years of annual depreciation expense or approximately $3 million for FY 2022/2023. Taken together, the City's minimum reserve is approximately $10 million for FY 2022/2023 increasing to $11.6 million by FY 2026/2027. Over this planning period, the City is projected to maintain adequate operating and capital reserves and not fall below these recommended minimum reserve levels. The annual cash flow and ending reserve balances should be reviewed each year to make sure that the uses of funds does not place the reserve below the minimum level. Additionally, as the sewer reserves approach the minimums, the need for rate adjustments should be evaluated so as to avoid future, large rate adjustments for customers. It should also be noted that the funding source for the capital reserve is through current, and future, long-term debt issuances which are placed in the capital reserve fund.



2.2.11 Consultant's Conclusions

Based on the City's revenue requirement analysis the proposed overall sewer rate adjustment should be adjusted annually by 5.5% over the projected five year period. These proposed rate adjustments are needed to fully fund the projected operating costs of the sewer utility and the annual capital improvement needs. HDR has reached this conclusion for the following reasons:

- Rate adjustments are necessary to continue to fund the City's annual renewal and replacement needs.
- Rate adjustments are necessary to move towards more prudent financial metrics for debt service coverage ratio and reserve levels.
- The proposed rate adjustments maintain the City's sewer system strong financial health, which is important as the City continues to maintain the existing system.

The rate transition plan presented in this study provides the City with the ability to meet the goals and objectives for the sewer system.

2.3 Summary

This section of the report has provided a discussion of the City's revenue requirement analysis. The revenue requirement analysis developed a financial plan to support the City's operating and capital needs for the sewer utility. The next section will discuss the cost of service analysis developed for the City.

3.0 Development of the Sewer Cost of Service Analysis

3.1 Introduction

A cost of service analysis is concerned with the proportional distribution of the total revenue requirement between the various customer classes of service. For the City's study, the customer classes of service are low strength (residential and commercial low) and high strength commercial. The previously developed revenue requirement for FY 2022/2023 was utilized in the development of the cost of service analysis.

In order to determine the proportional distribution of costs to each customer class of service on the sewer system, a cost of service analysis is conducted. As outlined in the WEF MOP #27, and to meet the requirements of Proposition 218, the cost of service functionalizes, allocates, and distributes the sewer revenue requirement to each of the classes of service in a proportional manner. In recent years, increasing emphasis has been placed on cost of service studies by government agencies, customers, utility regulatory commissions, and other parties. This interest has been generated in part by continued inflationary trends, increased operating and capital expenditures, and concerns of equity in rates among customers. Following the generally-accepted guidelines and principles of a cost of service analysis will inherently lead to rates which are equitable, cost-based, and not viewed as arbitrary or capricious in nature. Provided below is a detailed discussion of the cost of service analysis for the sewer utility.

3.2 Objectives of a Cost of Service Study

There are two primary objectives in conducting a cost of service study:

- Distribute the allocated the revenue requirement to the customer classes of service
- Derive average unit costs for subsequent rate designs

The objectives of a cost of service analysis are different from determining the revenue requirement. As noted in the previously, a revenue requirement analysis determines the utility's overall financial (revenue) needs, while the cost of service study determines the proportional manner to collect the revenue requirement.

The second rationale for conducting a cost of service analysis is to design the rates such that they properly reflect the costs incurred by the City to provide sewer service. For example, the City may incur costs related to flow or total volume, the strength of the wastewater flow, and customer cost components. Each of these types of costs may be collected in a slightly different manner to allow for the development of a rate that collects costs in the same manner as they are incurred.

In order to determine the cost to serve each customer class on a system, three basic analytical tasks are completed: functionalization, allocation, and distribution of the FY 2022/2023 revenue requirement. Each of these steps in the cost of service analysis is discussed in detail below.

3.3 Determining the Customer Class of Service

One of the first tasks of a cost of service analysis is determine the classes of service for the analysis. In determining classes of service, the objective is to group customers together into similar or homogeneous groups based upon wastewater flow and strength characteristics and/or sewer facility requirements. Based on the current rate schedules the classes of service used within the sewer study are:

- Low Strength
  - ✓ Residential
  - ✓ Non-Residential – Low
- High Strength
  - ✓ Non-Residential – High

In determining classes of service for cost of service purposes, the objective is to group customers together into similar or homogeneous groups based upon facility requirement and/or flow characteristics. In this case, low strength represents domestic level wastewater for the residential customers and those commercial customers with domestic strength wastewater flow. High strength represents those commercial customers with higher strength wastewater which is more costly to treat. Furthermore, the City is billed by SVCW based on the strength of the wastewater. In developing these customer classes of service, the costs of treatment can be distributed proportionately to reflect the impacts placed on the system.

3.4 General Cost of Service Procedures

In order to determine the cost to serve each customer class of service on the City's system, a cost of service analysis is conducted. A cost of service study utilizes a three-step approach to review costs. These were previously discussed in our general overview in Section 1, and take the form of functionalization, allocation, and distribution. Provided below is a detailed discussion of the sewer cost of service study conducted for the City, and the specific steps taken within the analysis.

3.4.1 Functionalization of Costs

The first analytical step of the sewer cost of service study is called functionalization. Functionalization is the arrangement of sewer expenses and asset (infrastructure) data by major operating functions. This is generally accomplished through the utility's system of

Terminology of a Cost of Service Analysis

Functionalization – The arrangement of the cost data by functional category (e.g. treatment, collection etc.).

Allocation – The assignment of functionalized costs to cost components (e.g. volume, strength, and customer related).

Distribution – Distributing the allocated costs to each customer class based on the proportional contribution to that specific cost component.

Volume Costs – Costs that are classified as volume related vary with the total flow of sewer (e.g. chemical use at the treatment facility).

Strength Costs – Costs classified as strength related refer to the wastewater treatment function. Typically, strength-related costs are further defined as biochemical oxygen demand (BOD) and suspended solids (SS). Customers with higher wastewater strength characteristics cost more to treat. Facilities are often designed and sized around meeting these costs.

Direct Assignment – Costs that can be clearly identified as belonging to a specific customer class.

accounts. In this study, the City's system of accounts was used to functionalize sewer plant assets and operating expenses.

3.4.2 Allocation of Costs

The second analytical task performed is the allocation of the functionalized expenses to cost components. This task reviews each cost and attempts to determine why the sewer cost was incurred and what type of need was being met (e.g. volume, strength, customer etc.). The cost classifiers used for the sewer utility cost of service study are as follows:

- **Volume Related Costs**. Volume-related costs are those that tend to vary according to the quantity of wastewater collected and treated. An example of a volume related cost is electricity for pumping of wastewater.
- **Strength Related Costs**. Strength related costs are those costs associated with the additional handling and treatment of high "strength" wastewater. Strength of wastewater is typically measured in biochemical oxygen demand (BOD) and total suspended solids (SS). Increased levels of BOD or SS generally equate to increased treatment costs. Pre-treatment is generally required if the discharge is known to regularly exceed the typical (i.e., domestic level) waste strength.
- **Customer Related Costs**. Customer-related costs vary with the addition or deletion of a customer. Customer related costs typically include the costs of billing, collecting, and accounting. Customer-related costs may also be further categorized as actual or weighted.
- **Revenue Related**. Some costs associated with the sewer utility may vary with the amount of revenue received by the utility. An example of a revenue related cost would be a utility tax which is based on gross utility revenue.
- **Direct Assignment**. Certain costs associated with operating the utility may be directly traced to a specific sewer customer or class of service. These costs are then directly assigned to that specific class of service. It should be noted there were not any costs that were directly assigned during the development of the City's cost of service analysis.

Once the costs have been allocated, the next step is to distribute the costs proportionally between the customer classes of service. Provided in the next section is a summary of the development of the distribution factors.

3.4.3 Development of Distribution Factors

Once the allocation process is complete, and the customer groups have been defined, the various allocated costs are distributed to the customer classes of service. The City's allocated costs were distributed using the following distribution factors:

- **Volume Distribution Factor:** Volume-related costs are distributed on the basis of contribution to wastewater flows. In order to develop this distribution factor, some knowledge of the contribution to flows must be determined. The assumed wastewater contribution by customer class for FY 2022/2023 was the basis for the development of the volume allocation factor. Sewer flows were projected based on historical winter water

billing for residential customers, and average water consumption for commercial customers.

- **Strength Distribution Factor:** Strength-related costs are allocated between biochemical oxygen demand (BOD) and suspended solids (SS). Both of these types of costs are distributed to the various classes of service based upon the relative estimated strengths that each class of service contributed to the overall flow at the plant. Strength factors for the low strength, and high strength, customers were based on industry standard data.
- **Customer Distribution Factor:** Customer costs within the cost of service study are distributed to the various customer classes of service based upon their respective customer counts. Two types of customer distribution factors were developed, actual and weighted. The actual customer distribution factor was based on the actual number of accounts for each customer class. The weighted customer factor was not used in the development of the cost of service study.
- **Revenue Related Distribution Factor:** The revenue related distribution factor was developed from the projected rate revenues for FY 2022/2023 for each customer group.

The development of distribution factors is based on generally accepted principles as developed in the WEF MOP #27 to meet the proportionality requirements of Proposition 218. Given the development of the distribution factors, the final step in the cost of service study is to distribute the allocated costs to the various customer classes of service.

3.4.4 Functionalization and Allocation of Sewer Plant in Service

The next step of the cost of service is the functionalization and allocation of sewer plant in service. In performing the functionalization of plant in service, HDR utilized the City's historical plant records. The allocation process included reviewing each group of assets and determining which cost classifiers the assets were related to. For example, the City's assets were allocated as: volume-related, strength-related, customer-related, or revenue-related. Provided below is a brief discussion of the allocation process used.

The City's system assets are collection in nature. In this study, the collection plant was classified as 65% volume and 35% actual customer to reflect a portion of the assets being in place to simply move wastewater away from the customer and to the treatment system as well as a portion being related to providing service based on the number of customers on the system. Table 3-1 shows the detail of the classification for the City's sewer plant in service. A more detailed exhibit of the City's functionalization and classification of plant investment can be found in the Sewer Technical Appendix.

Table 3 - 1 Summary of the Allocation of Sewer Plant in Service					
Category	Volume Related	BOD Related	SS Related	Actual Customer	Direct Assign
Improvements	65%	0%	0%	35%	0%
Machinery & Equipment	100%	0%	0%	0%	0%

3.4.5 Functionalization and Allocation of Operating Expenses

Operating expenses are generally functionalized and allocated in a manner similar to the corresponding plant account. For example, maintenance of collection lines is typically allocated in the same manner (allocation percentages) as the plant account for collection lines. This approach to allocation of operating expenses was used for this analysis.

Table 3 - 2 Summary of the Allocation of Sewer Expenses					
Category	Volume Related	BOD Related	SS Related	Actual Customer	Weighted Customer
SVCW Treatment	39%	29%	32%	0%	0%
Planning and Project Management, Sewer Operations, (Overall)	56%	1%	1%	26%	16%
Computer, Administrative Charge	0%	0%	0%	0%	100%

For the City's study, the revenue requirement for FY 2022/2023 were functionalized, allocated, and distributed. As noted earlier, the City utilized a cash basis revenue requirement, which was comprised of operation and maintenance expenses, debt service, and capital additions funded from rates. The SVCW treatment costs were allocated based on the SVCW wholesale contract for billing. A more detailed review of the allocation of revenue requirement can be found in the Technical Appendix.

3.4.6 Major Assumptions of the Cost of Service Study

A number of key assumptions were used within the City's cost of service study. Below is a brief discussion of the major assumptions used.

- The methodology used within the sewer cost of service study was based upon and is consistent with the methodology used in the City's sewer comprehensive rate study conducted in prior years and industry standard approaches.
- The test period used for the sewer cost of service analysis was FY 2022/2023. The revenue and expense data was previously developed within the revenue requirement study.

- A cash basis approach was utilized which conforms to generally accepted sewer cost of service approaches and methodologies.
- The allocation of plant in service was developed based upon generally accepted cost allocation techniques. Furthermore, they were developed using the City-specific data.
- Customer volumes used within this study were provided for each class of service by the City through Mid Penn's average winter billing data.
- Strength distribution factors were based on overall strength levels at the treatment plant within the City's records.

3.5 Summary of the Cost of Service Analysis

Given the allocation and distribution of the FY 2022/2023 revenue requirement a summary of the distributed costs as compared to the current revenues can be developed. Provided in Table 3-2 is a summary of the cost of service analysis.

Table 3 – 2
Summary of the FY 2022/23 Sewer Cost of Service Analysis ($000's)

Classes of Service	Present Rate Revenues	Distributed Costs	$ Difference	% Difference
Low Strength Residential and Non-Residential	$12,858	$13,565	($707)	5.5%
High Strength Non-Residential	302	318	($17)	5.5%
Total	$13,160	$13,883	($724)	5.5%

The results of the cost of service analysis indicated no cost differences between the customer classes of service. It should be noted that the cost of service analysis developed by HDR is not a simple fixed/variable analysis. Rather, the cost of service analysis distributes costs between the various customer classes of service based on each customer classes proportional share of volume, strength, and customer-related costs. As the City continues to monitor rates and cost of service results through future studies, cost of service adjustments may be made as the results are driven by customer consumption. Given that, no adjustments in the cost relationships between the customer classes of service are recommended at this time.

3.6 Consultant's Conclusions and Recommendations

The overall allocation of costs between low strength customers (e.g., residential and low strength non-residential) and high strength customers reflects the overall system average increase. In addition, it was noted that customers have been adjusting their water consumption habits and consumptive use has changed over the last several years, which has a direct impact on the rates charged in future years. As the City continues to monitor rates and cost of service results through future studies, cost of service adjustments may be made as the results are driven by customer consumption. Given that, no adjustments in the cost relationships between the customer classes of service are recommended at this time. As a result, the overall proposed revenue/rate adjustments will be applied equally across all customer groups.

3.7 Summary

This section of the study has provided a summary of the cost of service analysis developed for the City. This analysis was prepared using generally accepted cost of service techniques and principles. The next section of the study will review the present and proposed sewer rates for the City.

4.0 Development of the Sewer Rate Design

4.1 Introduction

The final step of the City's comprehensive sewer rate study is the design of sewer rates to collect the desired levels of revenues, based on the results of the prior analyses. In reviewing sewer rate designs, consideration is given to the level of the rates and the structure of the rates.

4.2 Rate Design Goals and Objectives

Prudent rate administration dictates that several criteria must be considered when setting utility rates. Some of these rate design criteria are listed below:

- ✓ Rates which are easy to understand from the customer's perspective.
- ✓ Rates which are easy for the utility to administer.
- ✓ Consideration of the customer's ability to pay.
- ✓ Continuity, over time, of the rate making philosophy.
- ✓ Policy considerations (encourage efficient use, economic development, etc.).
- ✓ Provide revenue stability from month to month and year to year.
- ✓ Promote efficient allocation of the resource.
- ✓ Equitable and non-discriminatory (cost-based).

Many contemporary rate economists and regulatory agencies recognize the last consideration, equitable and cost-based rates, should be of paramount importance and provide the primary guidance to utilities on rate structure and policy. It is important that the City provide its customers with a proper price signal as to what their consumption or usage is costing. This goal may be approached through rate level and structure. When developing the proposed rate designs, all the above listed criteria were taken into consideration. However, it should be noted that it is difficult, if not impossible, to design a rate that meets all the goals and objectives listed above. For example, it may be difficult to design a rate that takes into consideration the customer's ability to pay, and one which is cost-based. In designing rates, there are always trade-offs between these various goals and objectives.

4.3 Development of Cost Based Sewer Rates

As mentioned, developing cost-based and proportional rates is of paramount importance in developing proposed sewer rates. While always a key consideration in developing rates, meeting the legal requirements, and documenting the steps taken to meet the requirements, has been in the forefront with the recent legal challenges in the State of California on utility rates. Given this, the development of the City's proposed sewer rates have been developed to meet the legal requirements of California Constitution article XIII D, section 6 (Article XIII D). A key component of Article XIII D is the development of rates which reflect the cost of providing service and are proportionally distributed between the various customer classes of service. HDR would point out that there is no single methodology for equitably assigning costs to the various customer groups. The Water Environment Federation Manual of Practice #27 provides various methodologies which may be used to establish cost-based rates. Unfortunately, Article XII D is not prescriptive and does not provide a specific methodology for establishing rates. Given that, HDR developed

the City's proposed sewer rates based on generally accepted rate setting methodologies to meet the requirements of Article XIII D.

HDR is of the opinion that the proposed rates meet the legal requirements of Article XIII D. HDR reaches this conclusion based upon the following:

- **The revenue derived from sewer rates does not exceed the funds required to provide the property related service (i.e., sewer service).** The proposed rates are designed to collect the overall revenue requirement of the City's sewer system.
- **The revenues derived from sewer rates shall not be used for any purpose other than that for which the fee or charge is imposed.** The revenues derived from the City's sewer rates are used exclusively to operate and maintain the City's sewer system.
- **The amount of a fee or charge imposed upon a parcel or person as an incident of property ownership shall not exceed the proportional costs of the service attributable to the parcel.** The cost of service analysis focused exclusively on the issue of proportional assignment of costs to customer classes of service. The proposed rates have appropriately grouped customers into customer classes of service (low strength and high strength) that reflect the varying wastewater volumes and system requirements (i.e., the benefits they receive from and burdens they place on the system) of each customer class of service. The grouping of customers and rates into these classes of service creates the proportionality expected under Proposition 218 by having differing rates by customer classes of service which reflect both the level of revenue to be collected by the utility, and the manner in which these costs are incurred and equitably assigned to customer classes of service based upon their proportional impacts.

4.4 Present and Proposed Sewer Rates

The City's sewer rate is comprised of two components, a collection system component and a treatment system component. The collection system component is based on the costs to operate the City's sewer system, except for treatment costs. The treatment costs are based on the current treatment costs projections and can be adjusted as the City is notified of cost changes by the wholesale provider. Each parcels' sewer charge is the sum of the base charge and flow charges for both collection and treatment. The proposed sewer rate designs maintain their current rate structure.

For the five year rate period, the rates include a 10% flow adjustment factor that replaces the current 9% flow adjustment factor which was updated during the 2020 rate study. Mid-Peninsula Water District consumption billing data for the three year periods of FY 2019/2020 2020/2021, and 2021/2022 billing information was reviewed. Based on this data, along with the projected upcoming drought, the recommendation is to increase the flow adjustment factor from 9% to 10% for the two year rate setting period. The flow adjustment factor will allow the City to maintain sufficient revenues during the proposed rate period of FY 2022/2023 and FY 2023/2024. The flow adjustment factor will be reviewed again during the next rate study and a determination made as to adjust the flow adjustment factor or to eliminate, and restart, the flow adjustment factor.

The same formula for this adjustment will remain as follows: (HCF = 100 cubic feet)

Formula: Actual Volume Usage x (1 + (flow adjustment factor)) = adjusted volume usage
Example: 8 HCF x (1+ .10) = 8.8 HCF adjusted volume usage

Table 4-1 provides the present and proposed rates for the residential and non-residential customers for the next five fiscal years.

Table 4 – 1
Present and Proposed Sewer Rates (Annual)

	Present Rates	Proposed Rates FY 2022/23	Proposed Rates FY 2023/24	Forecasted Rates FY 2024/25	Forecasted Rates FY 2025/26	Forecasted Rates FY 2026/27
COLLECTION						
Residential						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge ($/HCF)[1]	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Non-Residential						
Base Charge	$386.93	$408.21	$430.66	$454.35	$479.34	$505.70
Flow Charge Low Strength ($/HCF)[1]	$5.51	$5.81	$6.13	$6.47	$6.83	$7.20
Flow Charge High Strength ($/HCF)[1]	$10.70	$11.29	$11.91	$12.56	$13.26	$13.98
TREATMENT						
Residential						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge ($/HCF)[1]	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Non-Residential						
Base Charge	$203.36	$214.54	$226.34	$238.79	$251.93	$265.78
Flow Charge Low Strength ($/HCF)[1]	$2.72	$2.87	$3.03	$3.19	$3.37	$3.55
Flow Charge High Strength ($/HCF)[1]	$5.30	$5.59	$5.90	$6.22	$6.57	$6.93
COMBINED						
Residential						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge ($/HCF)	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Non-Residential						
Base Charge	$590.29	$622.76	$657.01	$693.14	$731.27	$771.49
Flow Charge Low Strength ($/HCF)]	$8.23	$8.68	$9.16	$9.66	$10.20	$10.76
Flow Charge High Strength ($/HCF)	$16.00	$16.88	$17.81	$18.79	$19.82	$20.91

The above rates are based upon the rate transition plan developed from the revenue requirement and cost of service analyses. As noted above, the rate is split between collection

and treatment to allow the City to pass-through any increases in the wholesale treatment costs. All components of the rate structure – fixed and variable – are proposed to be increased to meet the target revenue levels based on the rate transition plan.

At present rates, a typical residential customer with 8 hundred cubic feet of winter water average would have a monthly bill of $120.96 (8 HCF X 1.09 = 8.72 HCF). Under the proposed rates, with the proposed flow adjustment factor increased to 10%, the same customer would have a monthly bill of $128.31 in FY 2022/23. The proposed rate adjustment for FY 2021 was 5.5%, however with the flow factor adjustment from 1.09 to 1.10, it results in an overall change to the bill of 6.1%. Table 4-2 shows the average residential bill for FY 2021 through FY 2025.

Table 4 – 2
Present and Proposed Sewer Rates (Monthly)

	Proposed FY 2022/23	Proposed FY 2023/24	Forecasted FY 2024/25	Forecasted FY 2025/26	Forecasted FY 2026/27
Proposed Revenue Adjustment	*5.5%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*
Present Average Monthly Bill [1]	$120.96				
After Proposed Rate Adj. [2]	$128.31	$135.36	$142.80	$150.66	$158.95
Monthly Bill Difference	$7.35	$7.05	$7.44	$7.86	$8.28
Cumulative Bill Difference	$7.35	$14.40	$21.85	$29.71	$37.99
% Change to Monthly Bill	*6.1%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*

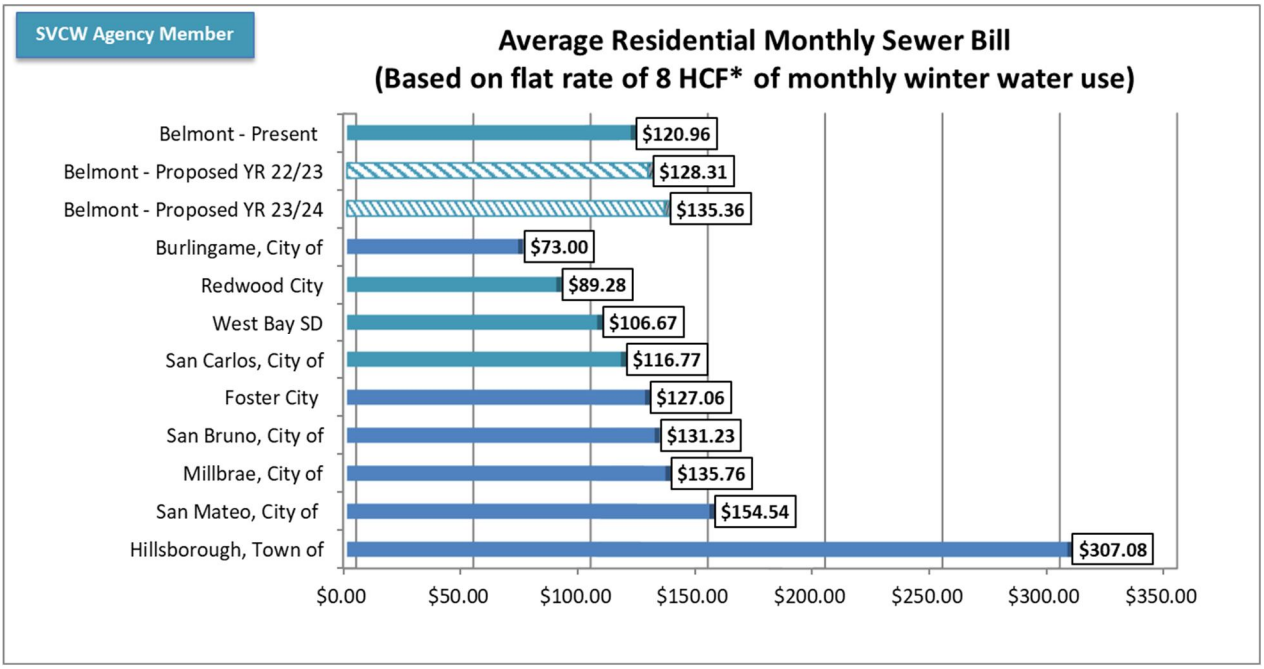
[1] – Current average bill assumes 9% flow adjustment factor and 8 HCF monthly consumption

[2] –Proposed average bill assumes a 10% flow adjustment factor and 8 HCF monthly consumption

As a point of reference, the proposed rates for FY 2022/2023 and FY 2023/2024 are the focus of this study and the only rates proposed for this study. Forecasted rates are for information only to provide the City with the expected future rates for planning purposes based on the assumptions of this study. Proposed rates for future periods will be developed as part of future comprehensive sewer rate studies.

4.5 Average Residential Local Bill Comparison

A comparison of the City's current average residential rate to other local surrounding sewer utilities has been developed. Provided in the chart below is a comparison of the City's current rate, and the proposed rates.



As can be seen in the above graph, with the potential adjustments, the City's sewer rates remain very competitive, while funding O&M, increased renewal and replacements, and deferred capital costs.

4.6 Summary of the Sewer Rate Study

This completes the analysis for the City's sewer rate study. The proposed sewer rates were developed using generally accepted rate making methods and principles. The proposed sewer rate adjustments for FY 2022/2023 through 2026/2027 are needed to adequately support the operating and capital needs of the City's sewer system. Adoption of the proposed sewer rates for FY 2022/2023 and FY 2023/2024 are projected to provide adequate funding for the sewer utility over the two year period, while financially positioning the utility for anticipated future capital and operation needs. Even with these proposed annual adjustments, it is prudent for the City to annually revisit the sewer rates to confirm their ability to cover expenses and maintain the identified financial metrics (e.g., reserve targets, debt service coverage ratios).

City of Belmont
Sewer Cost of Service Study - Rate Transition Plan
Summary of Revenue Requirement
Exhibit 1

	Actual	Estimated	Budget	Projected							
	FY 2019/20	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30
Sources of Funds											
Operating Revenues	$12,470,775	$12,385,054	$13,840,423	$13,159,760	$13,291,358	$13,424,271	$13,558,514	$13,694,099	$13,831,040	$13,969,351	$14,109,044
Other Revenue	357,950	138,406	138,406	244,382	224,573	206,328	247,355	227,596	210,700	255,966	245,044
Total Sources of Funds	**$12,828,725**	**$12,523,459**	**$13,978,828**	**$13,404,143**	**$13,515,931**	**$13,630,600**	**$13,805,869**	**$13,921,696**	**$14,041,741**	**$14,225,317**	**$14,354,089**
Applications of Funds											
Collection O&M Expense	$3,481,970	$4,020,600	$4,155,257	$4,351,460	$4,488,062	$4,630,056	$4,777,695	$4,931,243	$5,090,978	$5,257,196	$5,430,204
Treatment O&M Expenses	3,004,200	3,387,172	3,387,030	3,530,000	3,670,000	3,990,000	4,700,000	4,690,000	4,660,000	4,820,000	4,830,000
Repair and Replacement Funding	1,400,393	1,750,000	1,900,000	2,250,000	2,600,000	2,950,000	3,300,000	3,650,000	4,000,000	4,350,000	4,700,000
I/I Capital Funding	237,942	611,000	627,000	644,000	661,000	679,000	697,000	716,000	735,000	755,000	775,000
Total Debt Service	1,514,186	2,411,596	2,502,346	2,499,671	2,500,446	3,478,843	3,473,968	3,476,843	4,452,614	4,448,389	4,447,989
Change in Working Capital +/-	3,190,034	343,091	1,407,195	852,798	1,098,679	241,764	95,314	661,151	342,938	946,305	1,714,811
Total Revenue Requirements	**$12,828,725**	**$12,523,459**	**$13,978,828**	**$14,127,929**	**$15,018,187**	**$15,969,663**	**$17,043,977**	**$18,125,236**	**$19,281,531**	**$20,576,890**	**$21,898,004**
Total Balance/(Deficiency)	**$0**	**$0**	**$0**	**($723,787)**	**($1,502,256)**	**($2,339,064)**	**($3,238,107)**	**($4,203,541)**	**($5,239,790)**	**($6,351,573)**	**($7,543,916)**
Cumulative Balance as a % of Rate Revenues	**0.0%**	**0.0%**	**0.0%**	**5.5%**	**11.3%**	**17.4%**	**23.9%**	**30.7%**	**37.9%**	**45.5%**	**53.5%**
Proposed Rate Adjustment	**0.0%**	**0.0%**	**0.0%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**
Additional Revenue from Adjustment	**$0**	**$0**	**$0**	**$723,787**	**$1,502,256**	**$2,339,064**	**$3,238,107**	**$4,203,541**	**$5,239,790**	**$6,351,573**	**$7,543,916**
Total Balance/(Deficiency)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
Additional Rate Adjustment Required	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
Residential Bill Comparison (8 HCF X Adjustment Factor)											
Monthly											
After Proposed Rate Adjustment			$120.96	$128.31	$135.36	$142.80	$150.66	$158.95	$167.69	$176.91	$186.64
Monthly Bill Difference				$7.35	$7.05	$7.44	$7.86	$8.28	$8.74	$9.22	$9.73
Cumulative Bill Difference				$7.35	$14.40	$21.85	$29.71	$37.99	$46.73	$55.95	$65.68
Debt Service Coverage Ratio (Revenue Bonds Only)											
Before Proposed Rate Adjustment	3.99	2.06	2.52	2.15	2.09	1.40	1.21	1.20	0.93	0.90	0.89
After Proposed Rate Adjustment	3.99	2.06	2.52	2.44	2.69	2.07	2.14	2.41	2.11	2.33	2.59
Ending Reserve Balances	**$0**	**$0**	**$26,678,149**	**$21,725,947**	**$17,164,626**	**$27,421,390**	**$22,481,704**	**$18,257,855**	**$29,574,126**	**$26,843,764**	**$25,231,908**
Target Minimum (Operating + Capital)	$0	$0	$9,927,000	$10,194,000	$10,432,000	$10,761,000	$11,292,000	$11,474,000	$11,647,000	$11,921,000	$12,137,000

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City of Belmont
Sewer Cost of Service Study
Exhibit 2
Data Assumptions

	Actual FY 2019/20	Estimated FY 2020/21	Budget FY 2021/22	Projected FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	
Escalation Factors												
Revenues												
Rate Revenue	Actual	Actual	Estimated	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Other Revenues	Actual	Estimated	Budget	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	
Interest	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	0.4%	
Flat	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
Expenses												
Labor	Actual	Estimated	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Profess/Contractual	Actual	Estimated	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Data Processing	Actual	Estimated	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Benefits - Medical	Actual	Estimated	Budget	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	
Benefits - Other	Actual	Estimated	Budget	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	5.3%	
Materials & Supplies	Actual	Estimated	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Equipment/Vehicles	Actual	Estimated	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Education/Training	Actual	Estimated	Budget	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	
Indirect Expense	Actual	Estimated	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Miscellaneous	Actual	Estimated	Budget	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	
Utilities	Actual	Estimated	Budget	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
SVCW Treatment	Actual	Estimated	Budget	4.2%	4.0%	8.7%	17.8%	-0.2%	-0.6%	3.4%	0.2%	*Jan 2022, SVCW Long Range Plan, pg 156*
on Inflation			2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	2.7%	
Revenue Bond Issue												
Term in Years	30	30	30	30	30	30	30	30	30	30	30	
Rate	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	

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City of Belmont
Sewer Cost of Service Study
Exhibit 3
Sources and Applications of Funds

		Actual FY 2019/20	Estimated FY 2020/21	Budget FY 2021/22	Projected FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	Notes
	REVENUES												
	Operating Revenues												
6805	Sewer Use Fees - Rate Revenues	$12,470,775	$12,385,054	$13,840,423	$13,159,760	$13,291,358	$13,424,271	$13,558,514	$13,694,099	$13,831,040	$13,969,351	$14,109,044	As Rate Revenue
	Total Rate Revenues	$12,470,775	$12,385,054	$13,840,423	$13,159,760	$13,291,358	$13,424,271	$13,558,514	$13,694,099	$13,831,040	$13,969,351	$14,109,044	
	Miscellaneous Revenues												
6705	Public Works Service Charges	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	As Flat
6706	City CIP Chargeback	0	0	0	0	0	0	0	0	0	0	0	As Flat
6850	Sewer Lateral Certificate Fee	0	0	0	0	0	0	0	0	0	0	0	As Flat
7111	Interest Earnings - Investments	58,614	0	0	106,713	86,904	68,659	109,686	89,927	73,031	118,297	107,375	As Interest
7112	Other Interest Earnings	74,047	0	0	0	0	0	0	0	0	0	0	As Flat
7113	Interest Revenue - Change	85,656	0	0	0	0	0	0	0	0	0	0	As Flat
7252	Reimbursements	0	0	0	0	0	0	0	0	0	0	0	As Flat
	Standby Charges	139,633	138,406	138,406	137,669	137,669	137,669	137,669	137,669	137,669	137,669	137,669	As Flat
	Total Miscellaneous Revenues	$357,950	$138,406	$138,406	$244,382	$224,573	$206,328	$247,355	$227,596	$210,700	$255,966	$245,044	
	TOTAL REVENUES	**$12,828,725**	**$12,523,459**	**$13,978,828**	**$13,404,143**	**$13,515,931**	**$13,630,600**	**$13,805,869**	**$13,921,696**	**$14,041,741**	**$14,225,317**	**$14,354,089**	
	EXPENSES												
	Planning and Project Management (701)												
	Personnel												
8101	Regular Salaries	$515,746	$485,260	$339,632	$346,292	$353,082	$360,005	$367,064	$374,261	$381,600	$389,082	$396,711	As Labor
8102	Permanent Part-Time	$9,450	$16,306	$16,306	16,626	16,952	17,284	17,623	17,968	18,321	18,680	19,046	As Labor
8103	Temporary Part-Time	3,651	3,709	3,709	3,781	3,855	3,931	4,008	4,087	4,167	4,248	4,332	As Labor
8111	Overtime	272	0	0	0	0	0	0	0	0	0	0	As Labor
8119	Termination Pay	16,930	8,732	0	0	0	0	0	0	0	0	0	As Labor
8211	P.E.R.S. Retirement	99,291	96,474	69,390	73,068	76,941	81,018	85,312	89,834	94,595	99,609	104,888	As Benefits - Other
8232	Medicare	8,019	7,448	4,029	4,311	4,613	4,935	5,281	5,651	6,046	6,469	6,922	As Benefits - Medical
8233	Life & Disability Insurance	(206)	2,522	1,672	1,789	1,914	2,048	2,191	2,344	2,509	2,684	2,872	As Benefits - Medical
8235	State Unemployment Insurance	3,777	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
8241	Dental Plan	4,290	3,625	2,579	2,759	2,952	3,159	3,380	3,617	3,870	4,141	4,431	As Benefits - Medical
8242	Vision Plan	1,003	910	602	645	690	738	790	845	904	967	1,035	As Benefits - Medical
8253	Allowances	(1,270)	840	1,050	1,106	1,164	1,226	1,291	1,359	1,431	1,507	1,587	As Benefits - Other
8259	Deferred Compensation	11,945	13,569	9,170	9,656	10,168	10,707	11,274	11,872	12,501	13,163	13,861	As Benefits - Other
8271	SEC 125 Benefits	75,168	67,495	47,776	51,120	54,698	58,527	62,624	67,008	71,698	76,717	82,087	As Benefits - Medical
8281	Benefit Prefunding	53,337	48,732	35,792	37,688	39,686	41,789	44,004	46,336	48,792	51,378	54,101	As Benefits - Other
8283	GASB 68 Pension Expense	58,705	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
8284	GASB 75 OPEB Expense	(356,847)	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
8285	Workers' Compensation	1,818	14,245	9,312	9,806	10,326	10,873	11,449	12,056	12,695	13,368	14,076	As Benefits - Other
	Total Personnel	$505,079	$769,868	$541,018	$558,645	$577,039	$596,240	$616,291	$637,238	$659,128	$682,014	$705,950	
	Supplies & Services												
8351	Other Professional/Technical	$27,358	$4,000	$5,000	$5,098	$5,198	$5,300	$5,404	$5,510	$5,618	$5,728	$5,840	As Profess/Contractual
8522	Liability Insurance Charge	11,561	17,376	7,668	7,898	8,135	8,379	8,630	8,889	9,156	9,431	9,714	As Miscellaneous
8531	Postage/Delivery Services	0	50	100	103	106	109	113	116	119	123	127	As Materials & Supplies
8532	Telephone	8,721	0	0	0	0	0	0	0	0	0	0	As Utilities
8550	Printing & Binding	0	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
8580	Travel & Training	2,193	1,000	3,000	3,060	3,121	3,184	3,247	3,312	3,378	3,446	3,515	As Education/Training
8591	Membership & Dues	3,484	5,000	6,000	6,120	6,242	6,367	6,495	6,624	6,757	6,892	7,030	As Education/Training
8599	Miscellaneous	1,154	2,500	4,000	4,120	4,244	4,371	4,502	4,637	4,776	4,919	5,067	As Miscellaneous
8610	General Supplies	469	1,000	1,000	1,030	1,061	1,093	1,126	1,159	1,194	1,230	1,267	As Materials & Supplies
8612	Small Tools	90	500	500	515	530	546	563	580	597	615	633	As Miscellaneous
8680	Books/Manuals/Subscriptions	0	100	200	206	212	219	225	232	239	246	253	As Miscellaneous
	Total Supplies & Services	$55,030	$31,526	$27,468	$28,150	$28,850	$29,568	$30,304	$31,060	$31,835	$32,630	$33,446	
	Administrative & Other												
8307	Vehicle Usage Charge	$13,358	$16,089	$13,471	$13,875	$14,291	$14,720	$15,162	$15,617	$16,085	$16,568	$17,065	As Equipment/Vehicles
8308	Computer Usage Charge	140,177	89,135	144,038	148,359	152,810	157,394	162,116	166,980	171,989	177,149	182,463	As Data Processing
8309	Building Maintenance Charge	38,001	35,036	35,487	36,552	37,648	38,778	39,941	41,139	42,373	43,645	44,954	As Miscellaneous
8310	Administrative Charge	134,099	155,767	156,784	161,488	166,332	171,322	176,462	181,756	187,208	192,825	198,609	As Miscellaneous
	Total Administrative & Other	$325,635	$296,027	$349,780	$360,273	$371,082	$382,214	$393,680	$405,491	$417,656	$430,185	$443,091	
	Total Planning and Project Management (701)	**$885,744**	**$1,097,421**	**$918,266**	**$947,069**	**$976,971**	**$1,008,022**	**$1,040,276**	**$1,073,788**	**$1,108,619**	**$1,144,830**	**$1,182,487**	

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		Actual FY 2019/20	Estimated FY 2020/21	Budget FY 2021/22	Projected FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	Notes
	Sanitary Sewer Operations (710)												
	Personnel												
8101	Regular Salaries	$468,546	$477,752	$705,041	$758,383	$773,254	$788,415	$803,875	$819,637	$835,708	$852,095	$868,802	As Labor
8111	Overtime	3,510	6,385	6,385	6,511	6,638	6,769	6,901	7,037	7,175	7,315	7,459	As Labor
8112	Standby/Unscheduled	12,344	10,326	9,077	9,255	9,436	9,621	9,810	10,002	10,198	10,398	10,602	As Labor
8119	Termination Pay	3,722	19,625	0	0	0	0	0	0	0	0	0	As Labor
8211	P.E.R.S. Retirement	88,891	97,990	134,616	145,040	152,727	160,821	169,345	178,320	187,771	197,723	208,202	As Benefits - Other
8221	F.I.C.A. Social Security	4	0	0	0	0	0	0	0	0	0	0	As Benefits - Other
8232	Medicare	7,716	8,062	10,266	11,557	12,366	13,232	14,158	15,149	16,210	17,344	18,558	As Benefits - Medical
8233	Life & Disability Insurance	(256)	2,550	3,762	4,275	4,574	4,894	5,236	5,603	5,995	6,415	6,864	As Benefits - Medical
8241	Dental Plan	5,343	4,976	9,254	10,888	11,650	12,465	13,338	14,272	15,271	16,340	17,483	As Benefits - Medical
8242	Vision Plan	1,421	1,195	1,911	2,192	2,346	2,510	2,685	2,873	3,075	3,290	3,520	As Benefits - Medical
8253	Allowances	(988)	420	420	442	466	490	516	544	573	603	635	As Benefits - Other
8259	Deferred Compensation	11,128	12,643	23,417	26,299	27,693	29,161	30,706	32,334	34,047	35,852	37,752	As Benefits - Other
8271	SEC 125 Benefits	94,354	86,151	153,497	176,647	189,012	202,243	216,400	231,548	247,756	265,099	283,656	As Benefits - Medical
8281	Benefit Prefunding	50,999	51,873	76,855	83,985	88,436	93,123	98,058	103,255	108,728	114,491	120,559	As Benefits - Other
8282	Compensated Absences	(48,853)	0	0	0	0	0	0	0	0	0	0	As Labor
8285	Workers' Compensation	30,303	53,406	79,905	89,878	94,641	99,657	104,939	110,501	116,357	122,524	129,018	As Benefits - Other
	Total Personnel	$728,185	$833,354	$1,214,405	$1,325,351	$1,373,238	$1,423,401	$1,475,968	$1,531,075	$1,588,864	$1,649,488	$1,713,111	
	Supplies & Services												
8305	After Hours Dispatch Service	$10,000	$10,000	$10,000	$10,196	$10,396	$10,600	$10,808	$11,020	$11,236	$11,456	$11,681	As Profess/Contractual
8311	Property Tax Admin Fee	44,145	45,469	46,197	46,197	46,659	47,126	47,597	48,073	48,554	49,039	49,529	As Rate Revenue
8351	Other Professional/Tech	110,462	81,000	94,000	95,843	97,722	99,639	101,592	103,584	105,615	107,686	109,798	As Profess/Contractual
8411	Water	9,879	9,000	12,000	12,600	13,230	13,892	14,586	15,315	16,081	16,885	17,729	As Utilities
8417	Other Waste Water Treatment	270,841	150,000	150,000	157,500	165,375	173,644	182,326	191,442	201,014	211,065	221,618	As Utilities
8418	S.V.C.W. Sewer Treatment	3,004,200	3,387,172	3,387,030	3,530,000	3,670,000	3,990,000	4,700,000	4,690,000	4,660,000	4,820,000	4,830,000	As SVCW Treatment
8430	Repair & Maintenance Service	18,558	18,000	20,000	20,600	21,218	21,855	22,510	23,185	23,881	24,597	25,335	As Miscellaneous
8441	Land/Building Rentals	56,000	56,000	56,000	57,680	59,410	61,193	63,028	64,919	66,867	68,873	70,939	As Miscellaneous
8442	Equipment/Vehicle Rental	3,709	3,800	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	As Equipment/Vehicles
8522	Liability Insurance Charge	263,891	541,217	500,000	515,000	530,450	546,364	562,754	579,637	597,026	614,937	633,385	As Equipment/Vehicles
8530	Communications	1,220	6,649	7,000	7,210	7,426	7,649	7,879	8,115	8,358	8,609	8,867	As Materials & Supplies
8532	Telephone	7,343	0	0	0	0	0	0	0	0	0	0	As Materials & Supplies
8580	Travel And Training	4,054	3,000	7,000	7,140	7,283	7,428	7,577	7,729	7,883	8,041	8,202	As Education/Training
8590	Street Access Fee	204,204	204,204	204,204	204,204	204,204	204,204	204,204	204,204	204,204	204,204	204,204	As Flat
8591	Memberships & Dues	3,891	6,000	8,000	8,160	8,323	8,490	8,659	8,833	9,009	9,189	9,373	As Education/Training
8599	Miscellaneous	2,327	2,500	2,500	2,575	2,652	2,732	2,814	2,898	2,985	3,075	3,167	As Miscellaneous
8610	General Supplies	7,665	7,000	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	As Materials & Supplies
8612	Small Tools	20,575	5,500	10,000	10,300	10,609	10,927	11,255	11,593	11,941	12,299	12,668	As Materials & Supplies
8613	Safety Equipment	15,136	10,000	15,000	15,450	15,914	16,391	16,883	17,389	17,911	18,448	19,002	As Miscellaneous
8632	Natural Gas & Electricity	50,530	47,023	48,000	50,400	52,920	55,566	58,344	61,262	64,325	67,541	70,918	As Utilities
8639	Gasoline	12,998	16,000	16,000	16,800	17,640	18,522	19,448	20,421	21,442	22,514	23,639	As Utilities
8641	Repair & Maintenance Supplies	51,224	30,000	40,000	41,200	42,436	43,709	45,020	46,371	47,762	49,195	50,671	As Miscellaneous
	Total Supplies & Services	$4,172,852	$4,639,534	$4,639,931	$4,816,265	$4,991,294	$5,347,577	$6,095,164	$6,124,104	$6,134,452	$6,336,262	$6,389,593	
	Administrative & Other												
8307	Vehicle Usage Charge	$336,961	$383,743	$314,920	$324,368	$334,099	$344,122	$354,445	$365,079	$376,031	$387,312	$398,931	As Equipment/Vehicles
8308	Computer Usage Charge	99,681	120,865	124,449	128,182	132,028	135,989	140,068	144,270	148,599	153,057	157,648	As Data Processing
8309	Building Maintenance Ch	42,518	48,317	48,939	50,407	51,919	53,477	55,081	56,734	58,436	60,189	61,994	As Miscellaneous
8310	Administrative Support	117,414	147,204	148,093	152,536	157,112	161,825	166,680	171,680	176,831	182,136	187,600	As Miscellaneous
	Total Administrative & Other	$596,575	$700,129	$636,401	$655,493	$675,158	$695,413	$716,275	$737,763	$759,896	$782,693	$806,174	
	Total Sanitary Sewer Operations (710)	**$5,497,612**	**$6,173,018**	**$6,490,737**	**$6,797,109**	**$7,039,690**	**$7,466,391**	**$8,287,407**	**$8,392,942**	**$8,483,212**	**$8,768,444**	**$8,908,877**	
	Sanitary Sewer Capital Operations (730)												
8351	Other Professional/Tech	$5,074	$4,100	$4,100	$4,223	$4,350	$4,480	$4,615	$4,753	$4,896	$5,042	$5,194	As Miscellaneous
8310	Administrative Charge	97,740	133,233	129,184	133,060	137,051	141,163	145,398	149,760	154,252	158,880	163,646	As Miscellaneous
8599	Miscellaneous	0	0	0	0	0	0	0	0	0	0	0	As Profess/Contractual
9030	Improvement Other Than Building	0	0	0	0	0	0	0	0	0	0	0	As Miscellaneous
	Total Sanitary Sewer Capital Operations (730)	$102,814	$137,333	$133,284	$137,283	$141,401	$145,643	$150,012	$154,513	$159,148	$163,923	$168,840	
	Total Operating & Maintenance Expense	**$6,486,170**	**$7,407,772**	**$7,542,287**	**$7,881,460**	**$8,158,062**	**$8,620,056**	**$9,477,695**	**$9,621,243**	**$9,750,978**	**$10,077,196**	**$10,260,204**	

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City of Belmont
Sewer Cost of Service Study
Exhibit 3
Sources and Applications of Funds

	Actual FY 2019/20	Estimated FY 2020/21	Budget FY 2021/22	Projected FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	*Notes*
Repair and Replacement Funding	$1,400,393	$1,750,000	$1,900,000	$2,250,000	$2,600,000	$2,950,000	$3,300,000	$3,650,000	$4,000,000	$4,350,000	$4,700,000	FY 2021 Approx. Depr. $1,400,393
I/I Capital Funding Transfer	$237,942	$611,000	$627,000	$644,000	$661,000	$679,000	$697,000	$716,000	$735,000	$755,000	$775,000	
Deferred Capital Funding (Debt Service)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Debt Service												
2016 Sewer Revenue Refunding	$762,105	$770,355	$767,105	$767,705	$767,505	$771,255	$768,505	$764,505	$769,255	$771,455	$773,355	Debt Schedule
2016 Sewer Revenue	630,991	620,741	625,741	621,341	621,941	621,191	620,191	628,941	621,941	619,141	616,341	Debt Schedule
2019 Sewer Revenue	121,090	1,020,500	1,109,500	1,110,625	1,111,000	1,110,625	1,109,500	1,107,625	1,109,875	1,106,250	1,106,750	Debt Schedule
New Low Interest Loan	0	0	0	0	0	0	0	0	0	0	0	
New Revenue Bond 2024/2025	0	0	0	0	0	975,772	975,772	975,772	975,772	975,772	975,772	
New Revenue Bond 2027/2028	0	0	0	0	0	0	0	0	975,772	975,772	975,772	
Total Debt Service	$1,514,186	$2,411,596	$2,502,346	$2,499,671	$2,500,446	$3,478,843	$3,473,968	$3,476,843	$4,452,614	$4,448,389	$4,447,989	
Change in Working Capital +/-												
Operating (Cash) Reserve Transfer	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Capital Reserve Transfer	3,190,034	343,091	1,407,195	852,798	1,098,679	241,764	95,314	661,151	342,938	946,305	1,714,811	
Change in Working Capital +/-	$3,190,034	$343,091	$1,407,195	$852,798	$1,098,679	$241,764	$95,314	$661,151	$342,938	$946,305	$1,714,811	
TOTAL REVENUE REQUIREMENT	**$12,828,725**	**$12,523,459**	**$13,978,828**	**$14,127,929**	**$15,018,187**	**$15,969,663**	**$17,043,977**	**$18,125,236**	**$19,281,531**	**$20,576,890**	**$21,898,004**	
Total Balance/(Deficiency) of Funds	**$0**	**$0**	**$0**	**($723,787)**	**($1,502,256)**	**($2,339,064)**	**($3,238,107)**	**($4,203,541)**	**($5,239,790)**	**($6,351,573)**	**($7,543,916)**	
Total Incr. as a % of Current Rates				**5.5%**	**11.3%**	**17.4%**	**23.9%**	**30.7%**	**37.9%**	**45.5%**	**53.5%**	
Proposed Rate Adjustment				**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	**5.5%**	
Additional Revenue from Rate Increase				**$723,787**	**$1,502,256**	**$2,339,064**	**$3,238,107**	**$4,203,541**	**$5,239,790**	**$6,351,573**	**$7,543,916**	
Balance/(Deficiency) of Funds				**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	
Deficiency as a % of Retail Rate Revenues				**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	
Residential Bill Comparison (8 HCF X Adjustment Factor)												
Monthly												
After Proposed Rate Adjustment			$120.96	$128.31	$135.36	$142.80	$150.66	$158.95	$167.69	$176.91	$186.64	
Monthly Bill Difference				$7.35	$7.05	$7.44	$7.86	$8.28	$8.74	$9.22	$9.73	
Cumulative Bill Difference				$7.35	$14.40	$21.85	$29.71	$37.99	$46.73	$55.95	$65.68	
Percentage overall change to bill				6.1%	11.2%	16.1%	20.8%	25.2%	29.4%	33.4%	37.1%	
Debt Service Coverage Ratio (Revenue Bonds Only)												
Before Proposed Rate Adjustment	3.99	2.06	2.52	2.15	2.09	1.40	1.21	1.20	0.93	0.90	0.89	Minimum 1.0/Min Target 1.25
After Proposed Rate Adjustment	3.99	2.06	2.52	2.44	2.69	2.07	2.14	2.41	2.11	2.33	2.59	Minimum 1.0/Min Target 1.25
Reserve Balances												
Operating (Cash) Reserve												
Beginning Reserve Balance			$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	
Plus: To Reserves			0	0	0	0	0	0	0	0	0	
Less: Transfers to Capital Reserve			0	0	0	0	0	0	0	0	0	Needs to be (-)
Less: Other Uses of Funds			0	0	0	0	0	0	0	0	0	
Ending Reserve Balance			$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	$13,518,120	
Target Minimum = 180 Days of O&M			$5,070,000	$5,280,000	$5,460,000	$5,730,000	$6,200,000	$6,320,000	$6,430,000	$6,640,000	$6,790,000	
Emergency/Litigation Reserve			$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	$2,000,000	
Target Minimum			$7,070,000	$7,280,000	$7,460,000	$7,730,000	$8,200,000	$8,320,000	$8,430,000	$8,640,000	$8,790,000	
Capital Project Reserve												
Beginning Reserve Balance			$12,392,834	$13,160,029	$8,207,827	$3,646,506	$13,903,270	$8,963,584	$4,739,735	$16,056,006	$13,325,644	
Plus: To Reserves			1,407,195	852,798	1,098,679	241,764	95,314	661,151	342,938	946,305	1,714,811	
Plus: Bond Funds Year 1			0	0	0	15,000,000	0	0	0	0	0	Input from City Projections
Plus: Bond Funds Year 2			0	0	0	0	0	0	15,000,000	0	0	
Plus: Transfers from Operating Reserve			0	0	0	0	0	0	0	0	0	
Less: CIP			(640,000)	(5,805,000)	(5,660,000)	(4,985,000)	(5,035,000)	(4,885,000)	(4,026,667)	(3,676,667)	(3,326,667)	
Less: Other Uses of Funds			0	0	0	0	0	0	0	0	0	
Ending Reserve Balance			$13,160,029	$8,207,827	$3,646,506	$13,903,270	$8,963,584	$4,739,735	$16,056,006	$13,325,644	$11,713,788	
Target Minimum = 2 Yr's of Ann Depr Exp		$2,800,786	$2,857,000	$2,914,000	$2,972,000	$3,031,000	$3,092,000	$3,154,000	$3,217,000	$3,281,000	$3,347,000	FY 2021 Depr. $1,400,393 X 2
Connection Fee Reserve (Restricted)			$5,704,970	$6,704,970	$7,704,970	$8,704,970	$9,704,970	$10,704,970	$11,704,970	$12,704,970	$13,704,970	

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City of Belmont
Sewer Cost of Service Study
Exhibit 4
Capital Improvement Projects

Capital Improvement Projects	FY 2020/21	FY 2021/22	FY 2022/23	FY 2023/24	FY 2024/25	FY 2025/26	FY 2026/27	FY 2027/28	FY 2028/29	FY 2029/30	Total	*Notes*
Total Sewer Capital	$6,850,000	$2,540,000	$6,805,000	$8,260,000	$6,435,000	$3,585,000	$4,035,000	$5,276,667	$5,276,667	$5,276,667	$54,340,000	
Additional Master Plan Identified Capital Needs	$0	$0	$1,250,000	$0	$1,500,000	$4,750,000	$4,500,000	$2,750,000	$2,750,000	$2,750,000	$20,250,000	
Less: Funding Sources												
Grants	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	
Reserves	5,100,000	640,000	5,805,000	5,660,000	4,985,000	5,035,000	4,885,000	4,026,667	3,676,667	3,326,667	43,140,000	
Additional Long-Term Debt	0	0	0	0	0	0	0	0	0	0	0	
Total Funding Sources	$5,100,000	$640,000	$5,805,000	$5,660,000	$4,985,000	$5,035,000	$4,885,000	$4,026,667	$3,676,667	$3,326,667	$43,140,000	
Total Capital Improvement Funded Through Rates	**$1,750,000**	**$1,900,000**	**$2,250,000**	**$2,600,000**	**$2,950,000**	**$3,300,000**	**$3,650,000**	**$4,000,000**	**$4,350,000**	**$4,700,000**	**$31,450,000**	FY 2021 Approx. Depr. $1,400,393
I/I Capital Funding	**$611,000**	**$627,000**	**$644,000**	**$661,000**	**$679,000**	**$697,000**	**$716,000**	**$735,000**	**$755,000**	**$775,000**	**$6,900,000**	FY 2021 Approx. Depr. $234,197
	$1,750,000	$1,900,000	$2,250,000	$2,600,000	$2,950,000	$3,300,000	$3,650,000	$4,000,000	$4,350,000	$4,700,000		

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City of Belmont
Sewer Cost of Service Study
Exhibit 5A
Revenue At Present Rates for 2019-2020

Use Description	Billing Units	0.14	Rate Per Billing Unit	Total
Standby Charge	564		$245.40	**$138,405.60**
Residential				
Collection				
Base Charge $/Unit	10,630		$337.96	$3,592,514.80
Flow Charge $/HCF	665,755	758,961	$4.81	3,650,600.97
Total				$7,243,115.77
Treatment				
Base Charge $/Unit	10,630		$177.62	$1,888,100.60
Flow Charge $/HCF	665,755	758,961	$2.38	1,806,326.47
Total				$3,694,427.07
Total Residential Revenue				**$10,937,542.83**
Commercial				
Collection				
LS - Base Charge $/Unit	293		$337.96	$99,022.28
HS - Base Charge $/Unit	45		$337.96	15,208.20
Low Strength Flow Charge $/HCF	107,921	123,030	$4.81	591,774.01
High Strength Flow Charge $/HCF	20,629	23,517	$9.35	219,884.51
Total	**794,305**	**905,508**		$925,889.00
Treatment				
LS - Base Charge $/Unit	293		$177.62	$52,042.66
HS - Base Charge $/Unit	45		$177.62	7,992.90
Low Strength Flow Charge $/HCF	107,921	123,030	$2.38	292,811.26
High Strength Flow Charge $/HCF	20,629	23,517	$4.63	108,883.99
Total				$461,730.81
Total Commercial Revenue				**$1,387,619.81**

Summary of Revenues at Present Rates	
Total Number of Billing Units	
Standby	564
Residential	10,630
LS Commercial	293
HS Commercial	45
Total	**11,532**
Total Annual Flow	
Residential	665,755
LS Commercial	107,921
HS Commercial	20,629
Total	**794,305**
Total Revenue	
Standby Charge Revenue	$138,406
Residential Revenue	$10,937,543
LS Commercial	1,035,650
HS Commercial	351,970
Total	**$12,325,163**
Total Revenue	**$12,463,568**

Estimated 2020	$11,936,993
	$526,575
	4.4%

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City of Belmont
Sewer Cost of Service Study
Exhibit 5B
Projected Revenue At Present Rates for 2020-2021

Use Description	Billing Units	0.09	Rate Per Billing Unit	Total
Standby Charge	561		$245.40	**$137,669.40**
Residential				
Collection				
Base Charge $/Unit	11,129		$361.62	$4,024,361.16
Flow Charge $/HCF	580,968	633,255	$5.15	3,261,265.57
Total				$7,285,626.73
Treatment				
Base Charge $/Unit	10,748		$190.05	$2,042,580.75
Flow Charge $/HCF	580,968	633,255	$2.55	1,614,801.40
Total				$3,657,382.15
Total Residential Revenue				**$10,943,008.88**
Commercial				
Collection				
LS - Base Charge $/Unit	200		$361.62	$72,324.00
HS - Base Charge $/Unit	25		$361.62	9,040.50
Low Strength Flow Charge $/HCF	125,000	136,250	$5.15	701,687.50
High Strength Flow Charge $/HCF	16,495	17,980	$10.00	179,795.50
Total	**722,463**	**787,485**		$962,847.50
Treatment				
LS - Base Charge $/Unit	200		$190.05	$38,010.00
HS - Base Charge $/Unit	25		$190.05	4,751.25
Low Strength Flow Charge $/HCF	125,000	136,250	$2.55	347,437.50
High Strength Flow Charge $/HCF	16,495	17,980	$4.95	88,998.77
Total				$479,197.52
Total Commercial Revenue				**$1,442,045.02**

Summary of Revenues at Present Rates	
Total Number of Billing Units	
Standby	561
Residential	11,129
LS Commercial	200
HS Commercial	25
Total	**11,915**
Total Annual Flow	
Residential	580,968
LS Commercial	125,000
HS Commercial	16,495
Total	**722,463**
Total Revenue	
Standby Charge Revenue	$137,669
Residential Revenue	$10,943,009
LS Commercial	1,159,459
HS Commercial	282,586
Total	**$12,385,054**
Total Revenue	**$12,522,723**

	2017-18	2018-19	2019-20	Average	2020-21
Billed HCF	778,645	754,965	794,305	775,972	722,463
% Adjustment Factor	0.14	0.14	0.14		0.09
Total HCF	887,655	860,660	905,508	884,608	787,485

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City of Belmont
Sewer Cost of Service Study
Exhibit 5C
Projected Revenue At Present Rates for 2021-2022

Use Description	Billing Units	0.09	Rate Per Billing Unit	Total
Standby Charge	555		$245.40	**$136,197.00**
Residential				
Collection				
Base Charge $/Unit	10,748		$386.93	$4,158,650.10
Flow Charge $/HCF	678,490	739,554	$5.51	4,074,941.12
Total				$8,233,591.22
Treatment				
Base Charge $/Unit	10,748		$203.36	$2,185,674.63
Flow Charge $/HCF	678,490	739,554	$2.72	2,011,586.18
Total	97,521			$4,197,260.81
Total Residential Revenue				**$12,430,852.03**
Commercial				
Collection				
LS - Base Charge $/Unit	208		$386.93	$80,479.21
HS - Base Charge $/Unit	19		$386.93	7,351.67
Low Strength Flow Charge $/HCF	115,097	125,455	$5.51	691,258.09
High Strength Flow Charge $/HCF	13,938	15,193	$10.70	162,561.03
Total	**807,524**	**880,202**		$941,650.00
Treatment				
LS - Base Charge $/Unit	208		$203.36	$42,297.71
HS - Base Charge $/Unit	19		$203.36	3,863.84
Low Strength Flow Charge $/HCF	115,097	125,455	$2.72	341,238.11
High Strength Flow Charge $/HCF	13,938	15,193	$5.30	80,520.89
Total				$467,920.55
Total Commercial Revenue				**$1,409,570.55**

Summary of Revenues at Present Rates	
Total Number of Billing Units	
Standby	555
Residential	10,748
LS Commercial	208
HS Commercial	19
Total	**11,530**
Total Annual Flow	
Residential	678,490
LS Commercial	115,097
HS Commercial	13,938
Total	**807,524**
Total Revenue	
Standby Charge Revenue	$136,197
Residential Revenue	$12,430,852
LS Commercial	1,155,273
HS Commercial	254,297
Total	**$13,840,423**
Total Revenue	**$13,976,620**

	2018-19	2019-20	2020-21	Average	2021-22
Billed HCF	754,965	794,305	722,463	757,244	807,524
% Adjustment Factor	0.14	0.14	0.09		0.09
Total HCF	860,660	905,508	787,485	851,218	880,202

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City of Belmont
Sewer Cost of Service Study
Exhibit 5D
Projected Revenue At Present Rates for 2022-2023

Use Description	Billing Units	0.10	Rate Per Billing Unit	Total
Standby Charge	555		$245.40	**$136,197.00**
Residential				
Collection				
Base Charge $/Unit	10,748		$386.93	$4,158,650.10
Flow Charge $/HCF	580,968	639,065	$5.51	3,521,248.88
Total				$7,679,898.98
Treatment				
Base Charge $/Unit	10,748		$203.36	$2,185,674.63
Flow Charge $/HCF	580,968	639,065	$2.72	1,738,257.16
Total				$3,923,931.79
Total Residential Revenue				**$11,603,830.77**
Commercial				
Collection				
LS - Base Charge $/Unit	208		$386.93	$80,479.21
HS - Base Charge $/Unit	19		$386.93	7,351.67
Low Strength Flow Charge $/HCF	125,000	137,500	$5.51	757,625.00
High Strength Flow Charge $/HCF	16,495	18,145	$10.70	194,146.15
Total	**722,463**	**794,710**		$1,039,602.03
Treatment				
LS - Base Charge $/Unit	208		$203.36	$42,297.71
HS - Base Charge $/Unit	19		$203.36	3,863.84
Low Strength Flow Charge $/HCF	125,000	137,500	$2.72	374,000.00
High Strength Flow Charge $/HCF	16,495	18,145	$5.30	96,165.85
Total				$516,327.40
Total Commercial Revenue				**$1,555,929.43**

Summary of Revenues at Present Rates	
Total Number of Billing Units	
Standby	555
Residential	10,748
LS Commercial	208
HS Commercial	19
Total	**11,530**
Total Annual Flow	
Residential	580,968
LS Commercial	125,000
HS Commercial	16,495
Total	**722,463**
Total Revenue	
Standby Charge Revenue	$136,197
Residential Revenue	$11,603,831
LS Commercial	1,254,402
HS Commercial	301,528
Total	**$13,159,760**
Total Revenue	**$13,295,957**

	2019-20	2020-21	2021-22	Average	2022-23
Billed HCF	794,305	722,463	807,524	774,764	722,463
% Adjustment Factor	0.14	0.09	0.09		0.100
Total HCF	905,508	787,485	880,202	857,731	794,710

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City of Belmont
Sewer Cost of Service Study
Exhibit 6
Development of the Volume Distribution Factor

	FY 2022/23 Annual Wastewater Flow (CCF) [1]	11.0% Inflow and Infiltration [2] [3]	Total Annual Flow at Plant (CCF)	Avg. Daily Flow At Plant (MGD) [4]	% of Total
Residential	580,968	63,907	644,875	1.32	80.4%
Commercial	125,000	13,750	138,750	0.28	17.3%
Commercial High S.	16,495	1,814	18,309	0.04	2.3%
Total Consumption	722,463	79,471	801,934	1.64	100.0%
			Estimated Plant Flow [4]	*1.94*	

Distribution Factor **(VOL)**

Note:
[1] Based on 2021/22 customer's winter period consumption, plus estimated growth for FY 22/23
[2] Calculated based on billing report versus total plant flow.
- Inflow represents external groundwater that can enter the sewer at service connections where the pipe is broken, at defective joints, at connections to manholes, etc.
- Infiltration is water discharged to sewer from sources such as roof leaders, cellar, yard and drains from springs and other wet areas, storm sewers, catch basins, surface water runoff, etc
[3] Total I&I allocated to each class of service based on flow.
[4] City provided total flow for FY 2021/22 plus one year growth.

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City of Belmont
Sewer Cost of Service Study
Exhibit 7
Development of the Customer Distribution Factor

	Actual Customer		Customer Service & Accounting			
	Number of Units	% of Total	Number of Bills [1]	Weighting Factor	Weighted Customer	% of Total
Residential	10,748	97.9%	7,780	1.0	7,780	97.2%
Commercial	208	1.9%	208	1.0	208	2.6%
Commercial High S.	19	0.2%	19	1.0	19	0.2%
Total Customers	10,975	100.0%	8,007		8,007	100.0%
Distribution Factor		**(AC)**				**(WCA)**

Note:
[1] Number of Residential bills from billing records.

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City of Belmont
Sewer Cost of Service Study
Exhibit 8
Development of the Strength Distribution Factor

		Biochemical Oxygen Demand			Suspended Solids		
	Annual Flow (CCF)	**Avg. Factor (mg/l) [1]**	**Calculated Pounds [2]**	**% of Total**	**Avg. Factor (mg/l) [1]**	**Calculated Pounds [2]**	**% of Total**
Residential	644,875	250	1,006,337	77.2%	220	885,576	77.2%
Commercial	138,750	250	216,521	16.6%	220	190,539	16.6%
Commercial High S.	18,309	700	80,002	6.1%	616	70,402	6.1%
Total Strength	801,934		1,302,860	100.0%		1,146,517	100.0%
Distribution Factor				**(BOD)**			**(SS)**

Note:
[1] Average BOD and SS strength factors based on typical residential customer from similar studies. High strength based on 2.8 times residential based on WA State Dept Health, Rule Development Committee Issue Research Report, Wastewater Quality/Strength/Content, page 6 of 18.
[2] Calculated pounds equals (annual flow (x) 748 (x) strength factor mg/l (x) 8.34 /1,000,000)

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City of Belmont
Sewer Cost of Service Study
Exhibit 9
Development of the Revenue Related Distribution Factor

	Projected Year FY 2022/23	% of Total
Residential	$11,603,831	88.2%
Commercial	1,254,402	9.5%
Commercial High S.	301,528	2.3%
Total Rate Revenues	$13,159,760	100.0%
Distribution Factor		**(RR)**

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City of Belmont
Sewer Cost of Service Study
Exhibit 10
Functionalization and Allocation of Plant in Service

	Total Plant FY 2021	Operating Volume (VOL)	Biochemical Oxygen Demand (BOD)	Customer Related: Suspended Solids (SS)	Customer Related: Weighted for: Actual Customer (AC)	Customer Related: Weighted for: Customer Acct/Svcs (WCA)	Revenue (RR)	Direct (DA)	*Basis of Allocation*	
Sewer Operations (501)										
Land	$14,793	$9,615	$0	$0	$5,178	$0	$0	$0	65.0% VOL	35% AC
Improvements	8,442,998	5,487,949	0	0	2,955,049	0	0	0	65.0% VOL	35% AC
Machinery and Equipment	261,761	261,761	0	0	0	0	0	0	100.0% VOL	
Total Sewer Operations (501)	$8,719,552	$5,759,325	$0	$0	$2,960,227	$0	$0	$0		
Sewer Capital (503)										
Land	$0	$0	$0	$0	$0	$0	$0	$0	65.0% VOL	35% AC
Construction in Progress	5,254,615	3,415,500	0	0	1,839,115	0	0	0	65.0% VOL	35% AC
Improvements	33,530,504	21,794,828	0	0	11,735,676	0	0	0	65.0% VOL	35% AC
Machinery and Equipment	9,098	9,098	0	0	0	0	0	0	100.0% VOL	
Total Sewer Capital (503)	$38,794,217	$25,219,425	$0	$0	$13,574,792	$0	$0	$0		
TOTAL PLANT IN SERVICE	**$47,513,769**	**$30,978,751**	**$0**	**$0**	**$16,535,019**	**$0**	**$0**	**$0**		
Less: Accumulated Depreciation										
Improvements										
Sewer Operations (501)	($6,754,397)	($4,390,358)	$0	$0	($2,364,039)	$0	$0	$0	As Sewer Operations (501)	
Sewer Capital (503)	(10,343,235)	(6,723,103)	0	0	(3,620,132)	0	0	0	As Sewer Capital (503)	
Total Accum Depr Imprv.	($17,097,632)	($11,113,461)	$0	$0	($5,984,171)	$0	$0	$0		
Machinery and Equipment										
Sewer Operations (501)	($251,179)	($251,179)	$0	$0	$0	$0	$0	$0	As Sewer Operations (501)	
Sewer Capital (503)	(9,098)	(5,914)	0	0	(3,184)	0	0	0	As Sewer Capital (503)	
Total Accum Depr Mach & Equip	($260,277)	($257,093)	$0	$0	($3,184)	$0	$0	$0		
Total Accumulated Depreciation	($17,357,909)	($11,370,554)	$0	$0	($5,987,356)	$0	$0	$0		
Net Plant in Service	**$30,155,860**	$19,608,197	$0	$0	$10,547,663	$0	$0	$0		

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City of Belmont
Sewer Cost of Service Study
Exhibit 11
Functionalization and Allocation of Revenue Requirements

	Total FY 2022/23	Volume (VOL)	Strength Related: Biochemical Oxygen Demand (BOD)	Strength Related: Suspended Solids (SS)	Weighted for: Actual Customer (AC)	Weighted for: Customer Acct/Svcs (WCA)	Revenue (RR)	Direct (DA)	*Basis of Allocation*
EXPENSES									
Planning and Project Management (701)									
Personnel									
Regular Salaries	$346,292	$225,169	$0	$0	$121,123	$0	$0	$0	As Net Plant In Svc
Permanent Part-Time	16,626	10,810	0	0	5,815	0	0	0	As Net Plant In Svc
Temporary Part-Time	3,781	2,459	0	0	1,323	0	0	0	As Net Plant In Svc
Overtime	0	0	0	0	0	0	0	0	As Net Plant In Svc
Termination Pay	0	0	0	0	0	0	0	0	As Net Plant In Svc
P.E.R.S. Retirement	73,068	47,511	0	0	25,557	0	0	0	As Net Plant In Svc
Medicare	4,311	2,803	0	0	1,508	0	0	0	As Net Plant In Svc
Life & Disability Insurance	1,789	1,163	0	0	626	0	0	0	As Net Plant In Svc
State Unemployment Insurance	0	0	0	0	0	0	0	0	As Net Plant In Svc
Dental Plan	2,759	1,794	0	0	965	0	0	0	As Net Plant In Svc
Vision Plan	645	419	0	0	225	0	0	0	As Net Plant In Svc
Allowances	1,106	719	0	0	387	0	0	0	As Net Plant In Svc
Deferred Compensation	9,656	6,279	0	0	3,377	0	0	0	As Net Plant In Svc
SEC 125 Benefits	51,120	33,240	0	0	17,880	0	0	0	As Net Plant In Svc
Benefit Prefunding	37,688	24,506	0	0	13,182	0	0	0	As Net Plant In Svc
GASB 68 Pension Expense	0	0	0	0	0	0	0	0	As Net Plant In Svc
GASB 75 OPEB Expense	0	0	0	0	0	0	0	0	As Net Plant In Svc
Workers' Compensation	9,806	6,376	0	0	3,430	0	0	0	As Net Plant In Svc
Total Personnel	$558,645	$363,247	$0	$0	$195,398	$0	$0	$0	
Supplies & Services									
Other Professional/Technical	$5,098	$3,315	$0	$0	$1,783	$0	$0	$0	As Net Plant In Svc
Liability Insurance Charge	7,898	5,136	0	0	2,763	0	0	0	As Net Plant In Svc
Postage/Delivery Services	103	67	0	0	36	0	0	0	As Net Plant In Svc
Telephone	0	0	0	0	0	0	0	0	As Net Plant In Svc
Printing & Binding	0	0	0	0	0	0	0	0	As Net Plant In Svc
Travel & Training	3,060	1,990	0	0	1,070	0	0	0	As Net Plant In Svc
Membership & Dues	6,120	3,979	0	0	2,141	0	0	0	As Net Plant In Svc
Miscellaneous	4,120	2,679	0	0	1,441	0	0	0	As Net Plant In Svc
General Supplies	1,030	670	0	0	360	0	0	0	As Net Plant In Svc
Small Tools	515	335	0	0	180	0	0	0	As Net Plant In Svc
Books/Manuals/Subscriptions	206	134	0	0	72	0	0	0	As Net Plant In Svc
Total Supplies & Services	$28,150	$18,304	$0	$0	$9,846	$0	$0	$0	
Administrative & Other									
Vehicle Usage Charge	$13,875	$9,022	$0	$0	$4,853	$0	$0	$0	As Net Plant In Svc
Computer Usage Charge	148,359	0	0	0	0	148,359	0	0	100% WCA
Building Maintenance Charge	36,552	23,767	0	0	12,785	0	0	0	As Net Plant In Svc
Administrative Charge	161,488	0	0	0	0	161,488	0	0	100% WCA
Total Administrative & Other	$360,273	$32,789	$0	$0	$17,638	$309,847	$0	$0	
Total Planning and Project Management (701)	**$947,069**	**$414,340**	**$0**	**$0**	**$222,882**	**$309,847**	**$0**	**$0**	

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	Total FY 2022/23	Volume (VOL)	Strength Related: Biochemical Oxygen Demand (BOD)	Strength Related: Suspended Solids (SS)	Weighted for: Actual Customer (AC)	Weighted for: Customer Acct/Svcs (WCA)	Revenue (RR)	Direct (DA)	*Basis of Allocation*
Sanitary Sewer Operations (710)									
Personnel									
Regular Salaries	$758,383	$493,122	$0	$0	$265,261	$0	$0	$0	As Net Plant In Svc
Overtime	$6,511	4,233	0	0	2,277	0	0	0	As Net Plant In Svc
Standby/Unscheduled	$9,255	6,018	0	0	3,237	0	0	0	As Net Plant In Svc
Termination Pay	$0	0	0	0	0	0	0	0	As Net Plant In Svc
P.E.R.S. Retirement	$145,040	94,309	0	0	50,731	0	0	0	As Net Plant In Svc
F.I.C.A. Social Security	$0	0	0	0	0	0	0	0	As Net Plant In Svc
Medicare	$11,557	7,515	0	0	4,042	0	0	0	As Net Plant In Svc
Life & Disability Insurance	$4,275	2,779	0	0	1,495	0	0	0	As Net Plant In Svc
Dental Plan	$10,888	7,080	0	0	3,808	0	0	0	As Net Plant In Svc
Vision Plan	$2,192	1,425	0	0	767	0	0	0	As Net Plant In Svc
Allowances	$442	288	0	0	155	0	0	0	As Net Plant In Svc
Deferred Compensation	$26,299	17,100	0	0	9,199	0	0	0	As Net Plant In Svc
SEC 125 Benefits	$176,647	114,861	0	0	61,786	0	0	0	As Net Plant In Svc
Benefit Prefunding	$83,985	54,609	0	0	29,375	0	0	0	As Net Plant In Svc
Compensated Absences	$0	0	0	0	0	0	0	0	As Net Plant In Svc
Workers' Compensation	$89,878	58,441	0	0	31,437	0	0	0	As Net Plant In Svc
Total Personnel	$1,325,351	$861,781	$0	$0	$463,570	$0	$0	$0	
Supplies & Services									
After Hours Dispatch Service	$10,196	$6,630	$0	$0	$3,566	$0	$0	$0	As Net Plant In Svc
Property Tax Admin Fee	46,197	30,039	0	0	16,158	0	0	0	As Net Plant In Svc
Other Professional/Tech	95,843	0	0	0	0	95,843	0	0	100% WCA
Water	12,600	8,193	0	0	4,407	0	0	0	As Net Plant In Svc
Other Waste Water Treatment	157,500	60,834	45,457	51,208	0	0	0	0	39% VOL 29% BOD 33% SS
S.V.C.W. Sewer Treatment	3,530,000	1,363,460	1,018,823	1,147,717	0	0	0	0	39% VOL 29% BOD 33% SS
Repair & Maintenance Service	20,600	13,395	0	0	7,205	0	0	0	As Net Plant In Svc
Land/Building Rentals	57,680	37,505	0	0	20,175	0	0	0	As Net Plant In Svc
Equipment/Vehicle Rental	2,060	1,339	0	0	721	0	0	0	As Net Plant In Svc
Liability Insurance Charge	515,000	334,868	0	0	180,132	0	0	0	As Net Plant In Svc
Communications	7,210	4,688	0	0	2,522	0	0	0	As Net Plant In Svc
Telephone	0	0	0	0	0	0	0	0	100% WCA
Travel And Training	7,140	4,643	0	0	2,497	0	0	0	As Net Plant In Svc
Street Access Fee	204,204	204,204	0	0	0	0	0	0	100.0% VOL
Memberships & Dues	8,160	5,306	0	0	2,854	0	0	0	As Net Plant In Svc
Miscellaneous	2,575	1,674	0	0	901	0	0	0	As Net Plant In Svc
General Supplies	5,150	3,349	0	0	1,801	0	0	0	As Net Plant In Svc
Small Tools	10,300	6,697	0	0	3,603	0	0	0	As Net Plant In Svc
Safety Equipment	15,450	10,046	0	0	5,404	0	0	0	As Net Plant In Svc
Natural Gas & Electricity	50,400	50,400	0	0	0	0	0	0	100.0% VOL
Gasoline	16,800	10,924	0	0	5,876	0	0	0	As Net Plant In Svc
Repair & Maintenance Supplies	41,200	26,789	0	0	14,411	0	0	0	As Net Plant In Svc
Total Supplies & Services	$4,816,265	$2,184,983	$1,064,281	$1,198,925	$272,234	$95,843	$0	$0	

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City of Belmont
Sewer Cost of Service Study
Exhibit 11
Functionalization and Allocation of
Revenue Requirements

	Total FY 2022/23	Volume (VOL)	Strength Related: Biochemical Oxygen Demand (BOD)	Strength Related: Suspended Solids (SS)	Weighted for: Actual Customer (AC)	Weighted for: Customer Acct/Svcs (WCA)	Revenue (RR)	Direct (DA)	*Basis of Allocation*
					0				
Administrative & Other									
Vehicle Usage Charge	$324,368	$210,913	$0	$0	$113,455	$0	$0	$0	As Net Plant In Svc
Computer Usage Charge	128,182	0	0	0	0	128,182	0	0	100% WCA
Building Maintenance Ch	50,407	32,776	0	0	17,631	0	0	0	As Net Plant In Svc
Administrative Support	152,536	0	0	0	0	152,536	0	0	100% WCA
Total Administrative & Other	$655,493	$243,689	$0	$0	$131,086	$280,718	$0	$0	
Total Sanitary Sewer Operations (710)	**$6,797,109**	**$3,290,453**	**$1,064,281**	**$1,198,925**	**$866,889**	**$376,561**	**$0**	**$0**	
Sanitary Sewer Capital Operations (730)									
Other Professional/Tech	$4,223	$0	$0	$0	$0	$4,223	$0	$0	100% WCA
Administrative Charge	133,060	0	0	0	0	133,060	0	0	100% WCA
Miscellaneous	0	0	0	0	0	0	0	0	As Net Plant In Svc
Improvement Other Than Building	0	0	0	0	0	0	0	0	As Net Plant In Svc
Total Sanitary Sewer Capital Operations (730)	$137,283	$0	$0	$0	$0	$137,283	$0	$0	
Total Operating & Maintenance Expense	**$7,881,460**	**$3,704,793**	**$1,064,281**	**$1,198,925**	**$1,089,771**	**$823,691**	**$0**	**$0**	
Net Capital Funded Through Rates	$2,894,000	1,881,761	0	0	1,012,239	0	0	0	As Net Plant In Svc
Deferred Capital Funding (Debt Service)	$0	$0	$0	$0	$0	$0	$0	$0	As Net Plant In Svc
Debt Service				0					
2016 Sewer Revenue Refunding	$767,705	$499,184	$0	$0	$268,521	$0	$0	$0	As Net Plant In Svc
2016 Sewer Revenue	621,341	404,014	0	0	217,328	0	0	0	As Net Plant In Svc
2019 Sewer Revenue	1,110,625	722,160	0	0	388,465	0	0	0	As Net Plant In Svc
New Low Interest Loan	0	0	0	0	0	0	0	0	As Net Plant In Svc
New Revenue Bond 2024/2025	0	0	0	0	0	0	0	0	As Net Plant In Svc
Total Debt Service	$2,499,671	$1,625,357	$0	$0	$874,314	$0	$0	$0	
Change in Working Capital +/-	$852,798	$554,513	$0	$0	$298,284	$0	$0	$0	As Net Plant In Svc
TOTAL REVENUE REQUIREMENTS	**$14,127,929**	**$7,766,424**	**$1,064,281**	**$1,198,925**	**$3,274,609**	**$823,691**	**$0**	**$0**	
Less: Miscellaneous Revenue									
Public Works Service Charges	$0	$0	$0	$0	$0	$0	$0	$0	As Net Plant In Svc
City CIP Chargeback	0	0	0	0	0	0	0	0	As Net Plant In Svc
Sewer Lateral Certificate Fee	0	0	0	0	0	0	0	0	100% Vol
Interest Earnings - Investments	106,713	58,662	8,039	9,056	24,734	6,222	0	0	As Total Rev. Req.
Other Interest Earnings	0	0	0	0	0	0	0	0	As Total Rev. Req.
Interest Revenue - Change	0	0	0	0	0	0	0	0	As Total Rev. Req.
Reimbursements	0	0	0	0	0	0	0	0	As Total Rev. Req.
Standby Charges	137,669	75,680	10,371	11,683	31,909	8,026	0	0	As Total Rev. Req.
Total Miscellaneous Revenues	$244,382	$134,342	$18,410	$20,739	$56,644	$14,248	$0	$0	
NET REVENUE REQUIREMENTS FROM RATES	**$13,883,547**	**$7,632,082**	**$1,045,871**	**$1,178,186**	**$3,217,965**	**$809,443**	**$0**	**$0**	
% Net Revenue Requirement	100.0%	55.0%	7.5%	8.5%	23.2%	5.8%	0.0%	0.0%	

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City of Belmont
Sewer Cost of Service Study
Exhibit 12
Allocation of Revenue Requirements

Allocation Components	Net Revenue Requirement	Residential	Commercial		*Distribution Factor*
			Low Strength	High Strength	
Volume Related	$7,632,082	$6,137,333	$1,320,497	$174,253	(VOL)
Strength Related					
Bio-oxygen Demand	$1,045,871	$807,837	$173,813	$64,222	(BOD)
Suspended Solids	1,178,186	910,038	195,802	72,346	(SS)
Total Strength Related	$2,224,057	$1,717,874	$369,615	$136,568	
Customer Related					
Actual Customer	$3,217,965	$3,151,407	$60,987	$5,571	(AC)
Weighted Customer	809,443	786,495	21,027	1,921	(WCA)
Total Customer Related	$4,027,408	$3,937,903	$82,013	$7,492	
Revenue Related	$0	$0	$0	$0	(RR)
Direct Assignment	$0	$0	$0	$0	(DA)
NET REVENUE REQUIREMENT	**$13,883,547**	**$11,793,110**	**$1,772,124**	**$318,313**	

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City of Belmont
Sewer Cost of Service Study
Exhibit 13
Summary of the Cost of Service Analysis

	FY 2022/23 Expenses	Residential	Commercial	
			Low Strength	High Strength
Revenues at Present Rates	$13,159,760	$11,603,831	$1,254,402	$301,528
Allocated Revenue Requirement	$13,883,547	$11,793,110	$1,772,124	$318,313
Balance/(Deficiency) of Funds	($723,787)	($189,279)	($517,722)	($16,785)
Required % Change in Rates	5.5%	1.6%	41.3%	5.6%
Proposed Rate Adjustment	**5.5%**			
Additional Revenue from Rate Adjustment	$723,787	$614,807	$92,386	$16,594
Proposed Adjustment Based on COSA	**5.5%**	**5.3%**	**7.4%**	**5.5%**

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City of Belmont
Sewer Cost of Service Study
Exhibit 14
Average Unit Cost

	Total	Residential	Commercial Low Strength	Commercial High Strength
Volume - $/100 cf [1]	$9.60	$9.60	$9.60	$9.60
Strength - $/100 cf	$2.80	$2.69	$2.69	$7.53
Revenue/Direct - $/100 cf	$0.00	$0.00	$0.00	$0.00
Total $/100 cf	$12.40	$12.29	$12.29	$17.13
Customer Costs - $/account/annual	$366.97	$366.39	$394.31	$394.31
Average Total Cost $/100 cf	$17.47	$18.45	$12.89	$17.54
Average Current Revenue $/100 cf	$16.56	$18.16	$9.12	$16.62

Notes: [1] Volume per 100 cubic feet is based on annualized average monthly winter water usage values.

Annual Cost - $/account/year	**$1,265.04**	**$1,097.26**	**$8,520.06**	**$16,753.30**
Annual Revenue - $/account/year	**$1,199.09**	**$1,079.65**	**$6,030.95**	**$15,869.87**
Basic Data:				
Annual Volume(/100 cf)	794,710	639,065	137,500	18,145
Number of Accounts	10,975	10,748	208	19

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Proposition 218 Notice

STAFF REPORT

Meeting Date:	April 12, 2022
Agency:	City of Belmont
Staff Contact:	Peter Brown, Public Works Director, (650) 595-7459, pbrown@belmont.gov Bozhena Palatnik, Senior Civil Engineer, (650) 222-6444, bpalatnik@belmont.gov
Agenda Title:	Measure I Report
Agenda Action:	For Information Only

Recommendation

Receive an update on the projects delivered since the inception of the Measure I Sales Tax Measure between 2018 and present. This is an informational report, and no action is required.

Strategic Focus Area

Infrastructure and Mobility

Background

The City is responsible for the operation, repair, and maintenance of approximately 70 centerline miles (140 travel lane miles) of streets with a pavement replacement value of over $227 million in present day dollars.

The Metropolitan Transportation Commission (MTC) requires local agencies to develop and adopt a pavement management program as a condition of state grant eligibility (California Streets and Highway Code, Section 2108.1). The program requires the City to maintain an inventory of City streets and identify sections needing rehabilitation or replacement and the associated budget.

Measure I (the Belmont Streets and City Services Measure), a one-half cent transaction and use tax, was approved by Belmont voters in November 2016. The ballot results were confirmed in December 2016. The Board of Equalization implemented the tax beginning on April 1, 2017. Collections made between 2017 and 2018 were first expended in the fiscal year ending on June 30, 2019.

The City Council committed to focusing new funds on the resident priorities and started using the Measure I funds in FY 2019. This new source of funds generates approximately $1.8M per year on average and has been the key funding source to enable the construction of capital and roadway improvement projects within Belmont since its inception. After the passage of the measure, the City Council allocated $1M per year towards street pavement, and $300K towards stormwater and drainage improvements.

The Measure I Citizens Advisory Committee reviews use, expenditures, and fiscal audits of the program annually. While a portion of Measure I funds are critical to fixing potholes, emergency response, and improving the storm drain system, the largest investments have been made in Belmont's annual roadway improvements whereby city streets receive various level of treatment, slurry seal, medium rehabilitation, or full-depth reconstruction.

Analysis

Five Year Paving Program

In previous years, the City had limited funding for residential surface seal programs, pavement repairs, and paving on arterial streets. Given the passage of both Measure I and State's Senate Bill 1 in 2017, these new funding sources provide an annual funding estimate of about $1.6 to $1.7 million for pavement maintenance. In addition, over the last five years, the City Council has allocated over $2M in general fund supported infrastructure funds to further assist the program.

These newly committed funding sources has allowed the City to implement a more robust pavement preservation program to stretch our available dollars in the most effective way and to begin a long-term pavement capital improvement plan. As a result, in 2017 the City retained a subject matter consultant in to work with staff in developing a rolling five-year pavement construction plan available on the City website at www.belmont.gov/belmontpavement.

The Pavement Plan was guided based on previous City Council feedback and staff's technical review to incorporate best practices in developing the list of annual projects as follows:

1. Utilize the City's pavement management program, StreetSaver, as a platform to find the most cost-effective way in treating City streets.
2. Include an assortment of streets by functional classification.
3. Consider a concentration on arterials due to the heavy usage.
4. Ensure that roadway treatments were spread around the city.
5. Aggregate streets by recommended treatment plan for continuous construction and to minimize disruptions to residents and traffic.
6. Allocate treatments to residential/collector streets that would not be chosen by StreetSaver, but serve commercial/business area, schools and safe routes to school, and including residential streets with history of complaints and maintenance issues.
7. Minimize number of streets on list that has received recent treatments.

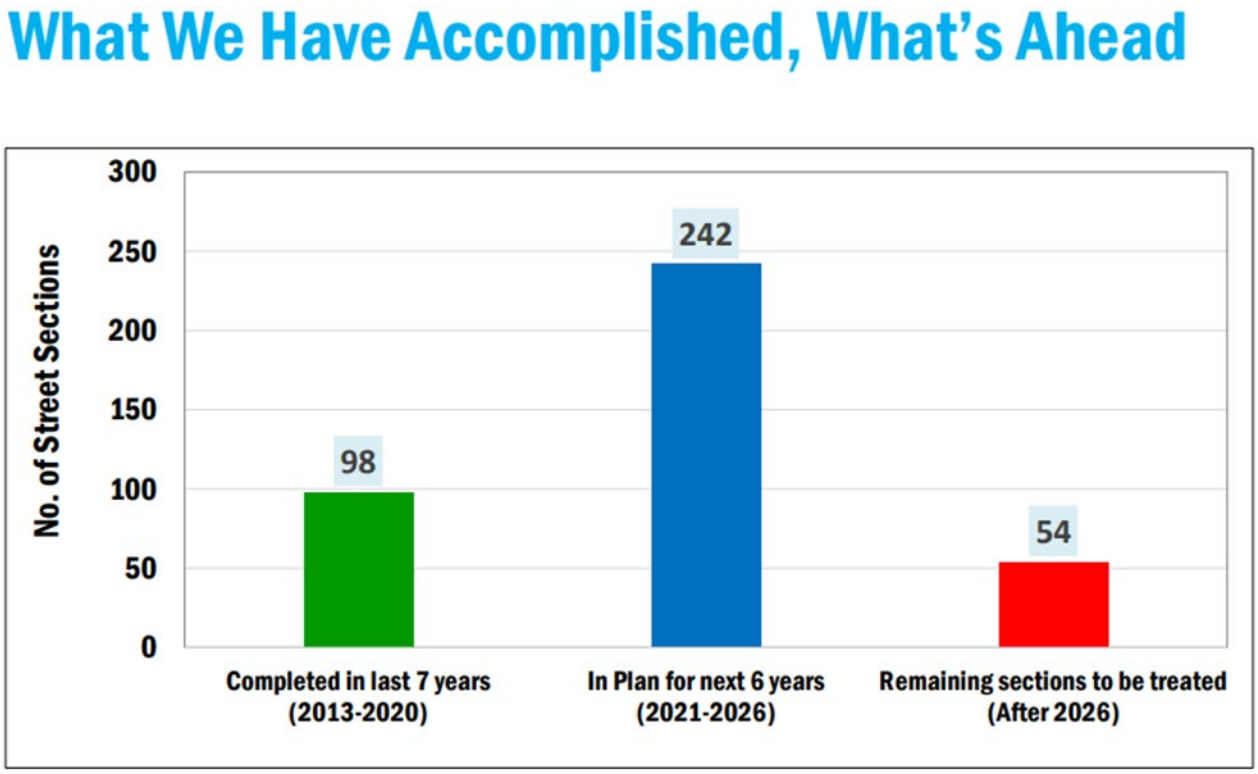
The draft list of projects may not fit the philosophy perfectly but is considered as the most cost-effective while staff continues to programmatically address the pavement needs, utility and development conflicts, and other roadway conflicts in the planning horizon. Therefore, the need for a list of the optional streets arose and is provided as the potential additional streets (next up) if additional funding is allocated, or streets planned in the 5-year program will need to be deferred due to utility conflicts, engineering consideration, cost of rehabilitation, etc. Streets on the list may also need additional work due to drainage problems, addition of sidewalks or ramps, or hillside slippage areas needing remedial work. Accordingly, those projects can be pushed down and/or switched with another proposed street on the optional list. Flexibility in adding or removing streets is critical to meet these variety of competing interests.

Before the passage of Measure I and SB1, the City was spending an average of only $360,000/year on pavement maintenance and rehabilitation. That level of funding was insufficient to maintain the City's pavement network. The City's PCI was on a downward trend prior to Measure I implementation, and since, the table below reflects that Measure I, prudent investment decisions, and the overall pavement improvement strategy are resulting in a marked rise in PCI citywide. While we still have a significant number of streets in need of rehabilitation, this trend is a positive one and most streets in Belmont are

slated to receive treatment within the current five-year plan, or in the next one.

Year	2010	2012	2014	2017	2019	2022
PCI	58	57	56	59	63	68

The additional funds provided by Measure I and SB1 have allowed the City to begin to address its maintenance backlog and the results are reflected in the PMP update which shows an increase in the City's PCI of 4 points from 2017 to 2019, and an additional 5 points by the current 2022 year. During this timeframe the City completed construction of the 2018 Slurry Seal Project which slurry sealed 18.3 lane miles of pavement and the 2019 Pavement Project Phase I that overlayed 2 lane miles of pavement.



Five Year Paving Program (2021-2026)

As indicated above after passage of Measure I, the City engaged the community and City Council to develop a prioritization process for an ongoing five-year Capital Improvement Program (CIP) over an initial five-year period, 2019 through 2023. This plan is intended to be updated on a regular 3-year cycle to provide an update on progress made to that point and update the workplan for the next five-year CIP cycle.

In May 2021 staff presented the revised five-year paving plan for 2021 through 2026. Given the funding through Measure I, SB 1, and now recently passed Countywide Measure W, these funding sources provide an annual funding estimate of about $2.0 to $2.5 million for pavement maintenance, which equates to a

funding estimate of $13.1 million over the next 5 years. In addition, the City Council has allocated $1.4M in Infrastructure funds to further assist the program, for a total of $14.5M between 2021 and 2026. This will be the most investment Belmont has made over any such period in improving pavement conditions.

Attachment B provides a list of streets improved and completed since implementation of the Measure I. Other than Measure I, all these capital projects had additional sources of funding. In that sense, Measure I has enabled the leveraging of regional, state, and federal funds to go much further than otherwise possible without the measure. This makes Belmont much more competitive for securing matching funds, grants, and allowing local dollars to stretch even further beyond the locally generated ½ cent sales tax. Below is a summary of Measure I work completed by fiscal year, with a look ahead beyond 2022 as well.

FY 2018/2019

1. Storm Drain Improvement Project. The project involved repair of the defective storm drain lines in various locations throughout the city
2. 2019 Pavement Maintenance Project – Phase I. The project included dig-out repairs, pavement rehabilitation, and striping on five street segments

FY 2019-2020

1. 2019 Pavement Maintenance Project – Phase II. The work included dig-out repairs, pavement overlay, and striping on approximately one (1) centerline miles of streets on 4 street segments.
2. Initiated design of the 2020 Street Reconstruction Project. The project involves heavy pavement rehabilitation on 11 street segments
3. Initiated the design of 2022 Pavement Rehabilitation Project. The project includes reconstruction of 5 major street segments

FY 2020-2021

1. 2020 Street Reconstruction Project (construction)
2. 2021 Slurry Seal Pavement Project. The project involved dig-outs and slurry pavement treatment of 103 street segments comprising 25% of the city's street network as measured by centerline miles (17.5/70)

FY 2021-2022 and Beyond

1. 2020 Street Reconstruction Project (finishing construction).
2. 2022 Pavement Rehabilitation Project (finalizing design and bidding the project)
3. Arthur Avenue Storm Drain Improvement Project
4. Ralston Avenue Corridor Improvement Project - Segment 3 (construction)
5. Storm Water Master Plan
6. PTAP-22 to update pavement condition underway, expected in Summer/Fall 2022
7. City to update workplan on a regular every 2 to 3-year cycle to revise funding estimates and update pavement conditions
8. 2023-2026 draft list of streets available, $2M-$3M per year in investments anticipated for the next four years.

Alternatives

1. None

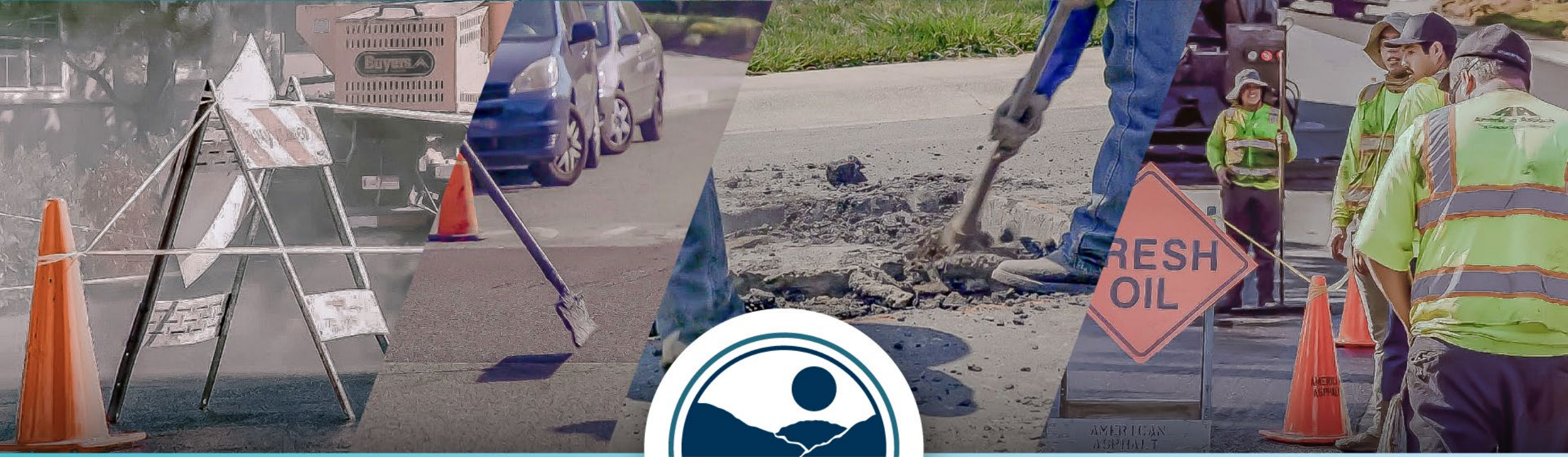
Attachments

A. Measure I PowerPoint Presentation
B. Street Segment Improvements List

Fiscal Impact

☒ No Fiscal Impact
☐ Funding Source Confirmed:

Source:	**Purpose:**	**Public Outreach:**
Staff	Discretionary Action	Posting of Agenda



BELMONT
CALIFORNIA

MEASURE I AT WORK

APRIL 12, 2022

What is Measure I?

> Measure I is a ½ cent local sales tax measure enacted by voters in 2017 with a 30-year sunset.

To provide local funding for maintaining general City of Belmont services / facilities, such as:

- **Fixing potholes**
- **Repairing 69 Miles of City Streets**
- **Maintaining 911 Emergency Response**
- **Repairing Deteriorating Storm Drains**
- **Reducing Traffic Congestion / improving public safety on neighborhood streets**

What Happened

Before Measure I's Adoption?

- Belmont **struggled** to fund pavement maintenance
- Investment of $200,000–$400,000 per year for **decades**
- **Significant backlog** of deferred roadway maintenance

What Benefits

has Belmont seen since Measure I's Adoption?

Completed & Upcoming Projects
In this presentation!

Pavement Condition Index (PCI) Improvement

- Measurement of street quality on a scale of 0-100
- **Risen significantly** since Measure I's adoption in 2017

Five Year Pavement Plan Underway

- **Now in place,** systematically improving roads citywide
- Plan is updated every **three years**
- **Details available** on Belmont's Public Works page at: belmont.gov/belmontpavement

// COMPLETED PROJECTS

THAT UTILIZED MEASURE I FUNDS

1. 2019 Pavement Maintenance Project, Phase I
2. Storm Drain Improvement Project
3. 2019 Pavement Maintenance Project, Phase II
4. 2020 Street Reconstruction Project
5. 2021 Slurry Seal Pavement Project
6. Arthur Avenue Storm Drain Improvement Project

2019 Pavement Maintenance

Project, Phase One



For 6 Street segments, spanning about one mile:

- **PAVEMENT OVERLAY** • New Street Surface
- **DIG-OUTS** • New Street Sections
- **PATCHING** • Repair Potholes
- **STRIPING**

Additionally:

- **SINKHOLE REPAIR**
- **DIG-OUTS** • New Street Sections
- **CURB & GUTTER REPLACEMENT**
- **CURB RAMP REFRAMING**



Storm Drain

Improvement Project

For various locations throughout city:

DEFECTIVE STORM DRAIN REPAIR

2019 Pavement Maintenance

Project, Phase Two



4 Street Segments • 1 CENTERLINE MILE

- **PAVEMENT OVERLAY** • New Street Surface
- **DIG-OUTS** • New Street Sections
- **THERMOPLASTIC STRIPING**
- **UPDATED SIGNAGE**
- **CURB RAMP CONSTRUCTION**
- **SINKHOLE REPAIR**

2020 Street Reconstruction

Project

12 Streets • 1.5 CENTERLINE MILES

RECONSTRUCTION • All-New Street Replacement

CURB RAMP INSTALLATION

STORM DRAIN MODIFICATIONS

STRIPING



2021 Slurry Seal Pavement

Project

103 Street Segments

17 CENTERLINE MILES THROUGHOUT THE CITY

DIG-OUTS • New Street Sections

SLURRY SEAL • Repair Street Cracks





Arthur Avenue Storm Drain

Improvement Project

For Storm Drain from Arthur Ave. to Pullman Ave.

REPLACED DEFECTIVE SEWER PIPE

// UPCOMING PROJECTS

THAT UTILIZE MEASURE I FUNDS

1. Ralston Avenue Corridor Improvement Project Segment 3
2. 2022 Pavement Project
3. Storm Water Master Plan
4. Belmont Creek Restoration Project
5. Twin Pines Park Stormwater Detention Basin

Ralston Avenue Corridor Improvement

Project Segment 3

For Ralston Avenue:

- **SLURRY SEAL** • Repair Street Cracks
- **SIDEWALK CONSTRUCTION**
- **CURB RAMP INSTALLATION**

Between South Road & Alameda de las Pulgas:

- **PEDESTRIAN & BICYCLE IMPROVEMENTS**



2022 Pavement

Project





Begin construction April 2022, projected completion Fall 2022

- **RECONSTRUCTION** • All-New Street Replacement
- **CURB RAMP CONSTRUCTION & MODIFICATIONS**
- **REPAIR STORM DRAINS**
- **STRIPING**

Storm Water

Master Plan

- **UPDATE STORMWATER MASTER PLAN**
- **PROVIDE PLANNING & BUDGETING SUPPORT TO FUND CIP**



Belmont Creek

Restoration Project

Twin Pines Park Stormwater

Detention Basin

In-House Street Maintenance

	FY 2017–18	FY 2018–19	FY 2019–20	FY 2020–21	4 YEAR TOTAL
PAVING	357 Tons	599 Tons	427 Tons	420 Tons	1,803 Tons
POHTHOLES FILLED	630 Potholes	810 Potholes	277 Potholes	347 Potholes	2,064 Potholes
CRACK SEALED	96,472 Ft.	66,836 Ft.	52,817 Ft.	165,175 Ft.	381,300 Ft.
USA MARK OUTS	1,860 Marked	1,635 Marked	1,828 Marked (UTILITY, DEV.)	1,760 Marked	7,083 Marked

Total Revenue & Expenditures

Collected by Fiscal Year, in Millions

	FY 2021–22 ESTIMATED	FY 2022–23 ANTICIPATED	FY 2023–24 ANTICIPATED	FY 2024–25 ANTICIPATED
REVENUE	$2.2m	$2.2m	$2.2m	$2.3m
EXPENDITURES	$1.5m	$4.7m	$2.1m	$3m

THANK YOU



ATTACHMENT B

Citywide Pavement Improvement Street Segment List

FY 2018/2019

2019 Pavement Maintenance Project – Phase I
Bayview Avenue
Belle Monte Avenue
Ponce Avenue
Kimmie Court
Lyall Way

FY 2019/2020

2019 Pavement Maintenance Project – Phase II
Ruth Avenue
Semeria Avenue
Coronet Boulevard
Continental Way

2020 Street Reconstruction Project
Beresford Avenue
Biddulph Way
Buena Vista Avenue
Pine Knoll Drive
Robin Whipple Way
Sussex Court
Terrace Drive
Valerga Drive
Wessex Way
Wooster Avenue
Villa Avenue

2022 Pavement Rehabilitation Project
Hillman Avenue
Old County Road
Masonic Way
Mezes Avenue
Holly Road

FY 2020/2021

2021 Slurry Seal Pavement Project	
Academy Avenue	Lane Street
Academy Court	Lassen Drive
Alden Court	Leigh Way
Alden Street	Lincoln Avenue
All View Way	Lodge Drive
Arbor Avenue	Lyall Way
Avon Avenue	Marine View Avenue
Bay Court	Merry Moppet Lane
Bayview Avenue	Monroe Avenue
Belmont Canyon Road	Mulberry Court
Bettina Avenue	Naughton Avenue
Bishop Road	Newlands Avenue
Briarfield Way	Oak Court
Briarwood Way	Oxford Way
Broadway	Fifth Avenue
Buena Vista Avenue	Palmer Avenue
Carlmont Drive	Ponce Avenue
Carmelita Avenue	Read Avenue
Casa Bona Avenue	Reposo Way
Chesterton Avenue	San Ardo Way
Christian Drive	Seagate Place
Christian Court	Seagate Way
Cipriani Blvd.	Sherborne Drive
Cliffside Court	Somerset Drive
Continentals Way	South Road
Cornish Way	Spring Lane
Dale View Avenue	Sterling View Avenue
East Laurel Creek Road	Sunnyslope Avenue
Elder Drive	Tahoe Drive
Encline Way	Thurm Avenue
Escondido Way	Valley View Avenue
Ewell Road	Village Drive
Fairway Drive	Village Court
Folger Drive	Vine Street
Garden Court	Wakefield Drive
Geraldine Way	Wakefield Court
Haskins Drive	Waltermire Street
Haydon Court	Yosemite Drive
Hillcrest Drive	