CITY COUNCIL AGENDA
CITY COUNCIL REGULAR MEETING
CITY OF HALF MOON BAY

TUESDAY, DECEMBER 2, 2025

HYBRID MEETING (SEE NEXT PAGE)
ADCOCK COMMUNITY CENTER
535 KELLY AVENUE
HALF MOON BAY, CA 94019

Robert Brownstone, Mayor
Debbie Ruddock, Vice Mayor
Patric Jonsson, Councilmember
Paul Nagengast, Councilmember
Deborah Penrose, Councilmember

7:00 PM

This agenda contains a brief description of each item to be considered. Those wishing to address the City Council on any matter not listed on the Agenda, but within the jurisdiction of the City Council to resolve, may come forward to the podium during the Public Forum portion of the Agenda and will have a maximum of three minutes to discuss their item. Those wishing to speak on a Public Hearing matter will be called forward at the appropriate time during the Public Hearing consideration.

Please Note: Anyone wishing to present materials to the City Council, please submit seven copies to the City Clerk.

Copies of written documentation relating to each item of business on the Agenda are on file in the Office of the City Clerk at City Hall and the Half Moon Bay Library where they are available for public inspection. If requested, the agenda shall be available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132.) Information may be obtained by calling 650-726-8271.

In compliance with the Americans with Disabilities Act, special assistance for participation in this meeting can be obtained by contacting the City Clerk's Office at 650-726-8271. A 48-hour notification will enable the City to make reasonable accommodations to ensure accessibility to this meeting (28 CFR 35.102-35.104 ADA Title II).

https://www.halfmoonbay.gov/

HYBRID MEETING PARTICIPATION PROTOCOLS

This meeting will be held in-person and via Zoom for public participation. Remote participation is provided as a supplemental way to provide public comment, but this method does not always work. The public is encouraged to attend in person to ensure full participation. Public comments may be made in-person or remotely via Zoom, and interpretation will be available. All Councilmembers and staff will participate in person. During any public comment portions, attendees may use the "raise your hand" feature and will be called upon and unmuted when it is their turn to speak. The meeting will also be streamed on Channel 27, on pacificcoast.tv, and on the City website at https://www.halfmoonbay.gov/315/City-Council-Agendas. Please click to join the webinar: https://us06web.zoom.us/j/87674804231 or join by phone at 669-900-9128, using Webinar ID 876-7480-4231. If joining by phone, use *9 to raise your hand, *6 to mute and unmute.

1. ROLL CALL / PLEDGE OF ALLEGIANCE

2. APPROVAL OF AGENDA

3. PROCLAMATIONS AND PRESENTATIONS

3.A ALCOVE YOUTH ADVISORY GROUP

4. MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE

5. REPORT OUT FROM RECENT CLOSED SESSION MEETINGS

6. CITY MANAGER UPDATES TO COUNCIL

7. PUBLIC FORUM

8. CONSENT CALENDAR

8.A WAIVE READING OF RESOLUTIONS AND ORDINANCES

8.B APPROVE THE MINUTES OF THE NOVEMBER 14, 2025 SPECIAL MEETING

ATTACHMENT

8.C APPROVE THE MINUTES OF THE NOVEMBER 18, 2025 SPECIAL MEETING

ATTACHMENT

8.D APPROVE THE MINUTES OF THE NOVEMBER 18, 2025 REGULAR MEETING

ATTACHMENT

8.E APPROVE THE MINUTES OF THE NOVEMBER 18, 2025 JOINT CITY COUNCIL / PLANNING COMMISSION SPECIAL MEETING.

ATTACHMENT

8.F APPROVE THE MINUTES OF THE NOVEMBER 22, 2025 SPECIAL MEETING.

ATTACHMENT

8.G ACCEPTANCE OF IMPROVEMENTS FOR THE CREEKSIDE COURT SUBDIVISION LOCATED AT 320 CHURCH STREET

Staff Recommendation: Adopt a resolution granting initial acceptance of improvements for the Creekside Court Subdivision, subject to one-year warranty period and release of securities.

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

ATTACHMENT 3

8.H SAFE STREETS FOR ALL - AWARD OF PROFESSIONAL SERVICES AGREEMENT

Staff Recommendation: Adopt a resolution authorizing the City Manager to execute a Professional Services Agreement with Kittelson & Associates, Inc. in an amount not to exceed $149,880 for the preparation of a Safe Streets for All Road Safety Action Plan.

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

8.I ADOPT THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Staff Recommendation: Adopt a resolution receiving the City of Half Moon Bay Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025.

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

9. ORDINANCES AND PUBLIC HEARINGS

9.A INTRODUCTION OF AN ORDINANCE ADDING CHAPTER 7.65 “COMMERCIAL VITALITY” TO THE HALF MOON BAY MUNICIPAL CODE

Staff Recommendation: Conduct a public hearing, waive first reading, and introduce an ordinance adding Chapter 7.65 “Commercial Vitality” to the Half Moon Bay Municipal Code, establishing maintenance standards for commercial storefronts. (Continued Public Hearing.)

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

9.B ADOPT A RESIDENTIAL DWELLING UNIT PHASING AGREEMENT PURSUANT TO HALF MOON BAY MUNICIPAL CODE SECTION 17.06.055 (MEASURE D)

Staff Recommendation: Conduct a public hearing and adopt a resolution approving a Development Unit Phasing Agreement pursuant to Half Moon Bay Municipal Code Section 17.06.055 for 34 Measure D residential dwelling unit allocations over two years and make required findings.

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

ATTACHMENT 3

ATTACHMENT 4

ATTACHMENT 5

10. RESOLUTIONS AND STAFF REPORTS

10.A ADOPT A RESOLUTION AUTHORIZING PARTICIPATION IN THE POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS INSURANCE AUTHORITY (PLAN JPA) WORKERS COMPENSATION PROGRAM.

Staff Recommendation: Adopt a resolution: 1) Authorizing the City Manager to execute all documents necessary for the City's participation in the Pooled Liability Assurance Network Joint Powers Insurance Authority (PLAN JPA) Workers Compensation Program, and 2) Authorizing the Interim Administrative Services Director to make a budget adjustment in the amount of $24,000.

STAFF REPORT

ATTACHMENT 1

ATTACHMENT 2

ATTACHMENT 3

10.B DRAFT CLIMATE ACTION AND ADAPTATION PLAN (PHASE TWO) UPDATE

Staff Recommendation: Receive an update on the Draft Climate Action and Adaptation Plan Phase Two and provide feedback and direction for final preparation of the plan.

STAFF REPORT

ATTACHMENT

10.C AUTHORIZE INTERIM LEGAL SERVICES AGREEMENT

Staff Recommendation: Authorize the Mayor and Vice Mayor to negotiate and execute an interim legal services agreement with Burke, Williams & Sorensen LLP for a period of six months, with the option to convert to a permanent appointment.

STAFF REPORT

ATTACHMENT

11) COMMISSION / COMMITTEE UPDATES

12) FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS

13) CITY COUNCIL REPORTS

14) ADJOURNMENT

MINUTES

CITY OF HALF MOON BAY CITY COUNCIL

SPECIAL MEETING

FRIDAY, NOVEMBER 14, 2025

ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE

1. CONVENE SPECIAL MEETING / ROLL CALL

Mayor Brownstone called the meeting to order at 6:00 p.m. and called the Roll Call.

PRESENT: Councilmembers Nagengast, Jonsson, Penrose, Vice Mayor Ruddock and Mayor Brownstone

2. CLOSED SESSION

2.A PUBLIC EMPLOYMENT (GOVT. CODE SECTION 54957): TITLE: CITY ATTORNEY

3. ADJOURN SPECIAL MEETING

The meeting adjourned at approximately 7:15 p.m.

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

MINUTES

CITY OF HALF MOON BAY CITY COUNCIL

TUESDAY, NOVEMBER 18, 2025

ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE

1. CONVENE SPECIAL MEETING / ROLL CALL

Mayor Brownstone called the meeting to order at 6:03 p.m. Assistant City Clerk Rodriguez called the Roll Call.

PRESENT: Councilmembers Nagengast, Jonsson, Penrose, Vice Mayor Ruddock and Mayor Brownstone

2. OPEN SESSION IDENTIFICATION OF CLOSED SESSION ITEMS

City Attorney Engberg announced that Councilmember Nagengast would be recused from agenda item 4.A. and would rejoin the Special Meeting after that item.

3. PUBLIC COMMENT ON CLOSED SESSION ITEMS - None

4. CLOSED SESSION

4.A CONFERENCE WITH LEGAL COUNSEL—EXISTING LITIGATION (Govt. Code section 54956.9(d)(1)) Name of case: Ellingson v. City of Half Moon Bay, – San Mateo Superior Court Civil No. 25-CIV- 04838

4.B CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION (Govt. Code section 54956.9(d)(4) Initiation of litigation: (1 potential case)

5. ADJOURN SPECIAL MEETING

The meeting adjourned at approximately 7:00 p.m.

_____	_____
Maggie Rodriguez, Assistant City Clerk	Robert Brownstone, Mayor

-

MINUTES

CITY OF HALF MOON BAY CITY COUNCIL

TUESDAY, NOVEMBER 18, 2025

ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE

1. ROLL CALL / PLEDGE OF ALLEGIANCE

Mayor Brownstone called the meeting to order at 7:04 p.m. Assistant City Clerk Rodriguez took the roll call.

PRESENT: Councilmembers Jonsson, Nagengast and Penrose, Vice Mayor Ruddock and Mayor Brownstone

2. APPROVAL OF AGENDA

MOTION

Councilmember Penrose moved and Vice Mayor seconded a motion to approve the agenda. The question was called and the motion carried unanimously.

3. PROCLAMATIONS AND PRESENTATIONS

3.A PROCLAMATION HONORING LENNIE ROBERTS

Mayor Brownstone presented a Proclamation to Lennie Roberts, Committee for Green Foothills for her many years of advocacy of open space and community service.

4. MAYOR'S ANNOUNCEMENTS OF COMMUNITY ACTIVITIES AND COMMUNITY SERVICE - None

5. REPORT OUT FROM RECENT CLOSED SESSION MEETINGS - None

6. CITY MANAGER UPDATES TO COUNCIL

Interim Public Works Director Seeley discussed the Community Emergency Response Team (CERT) program and their most recent program and graduates.

7. PUBLIC FORUM

The following members of the public addressed the City Council:

- Deborah Penrose
- Joaquin Jimenez
- Joe Farrell
- Cid Young

8. CONSENT CALENDAR

8.A WAIVE READING OF RESOLUTIONS AND ORDINANCES

8.B APPROVE THE MINUTES OF THE NOVEMBER 4, 2025 SPECIAL MEETING

8.C APPROVE THE MINUTES OF THE NOVEMBER 4, 2025 REGULAR MEETING

8.D ACCEPT WARRANTS FOR THE MONTH OF OCTOBER 2025

8.E ADOPT RESOLUTION 2025-75, AUTHORIZING THE CITY MANAGER TO DISPOSE OF ASSETS ACQUIRED TO PROVIDE SERVICES AT THE OPPORTUNITY CENTER OF THE COASTSIDE IN ACCORDANCE WITH THE CITY'S ASSET DISPOSITION POLICY

8.F ADOPT RESOLUTION 2025-76, APPROVING THE MITIGATION MONITORING REPORTING PROGRAM (MMRP) FOR 6TH CYCLE HOUSING ELEMENT MITIGATED NEGATIVE DECLARATION ADOPTED BY THE CITY COUNCIL ON NOVEMBER 4, 2025

8.G ADOPT ORDINANCE 2025-01, ADOPTING THE 2025 EDITIONS OF THE CALIFORNIA BUILDING STANDARDS CODE REPEALING CHAPTER 14.06 OF THE HALF MOON BAY MUNICIPAL CODE, "ELECTRIFICATION OF BUILDINGS," AND REPEALING AND REPLACING CHAPTER 14.04 OF THE HALF MOON BAY MUNICIPAL CODE, ADOPTING BY REFERENCE THE 2025 EDITION OF THE CALIFORNIA BUILDING STANDARDS CODE, WITH LOCAL AMENDMENTS, AND FINDING THE AMENDMENTS TO BE EXEMPT FROM ENVIRONMENTAL REVIEW UNDER THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA); AND, ADOPT RESOLUTION 2025-77, ESTABLISHING THE "NEED FOR LOCAL MODIFICATIONS TO THE CALIFORNIA BUILDING STANDARDS CODE" AND RATIFYING THE COASTSIDE FIRE PROTECTION DISTRICT'S ORDINANCE NO. 2025-01.

MOTION

Mayor Brownstone moved and Councilmember Penrose seconded a motion to approve the Consent Calendar items 8.A - 8.G. The question was called and the motion carried unanimously.

9. ORDINANCES AND PUBLIC HEARINGS - None

10. RESOLUTIONS AND STAFF REPORTS - None

11. COMMISSION / COMMITTEE UPDATES - None

12. FOR FUTURE DISCUSSION / POSSIBLE AGENDA ITEMS - None

13. CITY COUNCIL REPORTS - None

14. ADJOURNMENT

The meeting adjourned at 7:47 p.m.

Respectfully submitted,

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

MINUTES

CITY OF HALF MOON BAY

CITY COUNCIL / PLANNING COMMISSION JOINT MEETING

TUESDAY, NOVEMBER 18, 2025

ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE

1. CONVENE SPECIAL MEETING / ROLL CALL

Mayor Brownstone called the Special Meeting to order at 8:00 p.m. Assistant City Clerk Rodriguez took the Roll Call:

PRESENT: Mayor Brownstone, Vice Mayor Ruddock, Councilmembers Jonsson, Nagengast, and Penrose. Planning Chair Ruddock, Commissioners Del Nagro, Hernandez and Rems.

ABSENT: Planning Commission Vice Chair Gorn.

2. SPECIAL STUDY SESSION: CITY COUNCIL / PLANNING COMMISSION

2.A LOCAL RESPONSIBILITY AREA FIRE HAZARD SEVERITY ZONES MAPS

Interim Public Works Director Seeley and Cal Fire Unite Chief Wilson presented a report on Fire Hazard Severity Zones maps and the implications to the Half Moon Bay community associated with the maps and Defensible Space Zones.

The following members addressed the City Council and Planning Commission:

- Jimmy Benjamin
- Sarah O'Sullivan
- Colleen Henney
- Janice Moody
- Amber Stow

RECESS

Mayor Brownstone announced a recess at 9:19 p.m.

RECONVENED

Mayor Brownstone reconvened the meeting at 9:34 p.m. with all Councilmembers and Planning Commissioners present. Planning Commission Vice Chair Gorn was absent.

2.B HALF MOON BAY SAFETY ELEMENT UPDATE

Community Development Director Lacko and San Mateo County Safety Element consultant Pfannestiel presented a progress report on the City's Safety Element update. The Council and Planning Commission asked questions of staff and consultant.

The following members addressed the City Council and Planning Commission:

- Jimmy Benjamin

3. ADJOURN SPECIAL MEETING

The meeting adjourned at approximately 10:59 p.m.

Respectfully submitted,

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

MINUTES

CITY OF HALF MOON BAY CITY COUNCIL

SPECIAL MEETING

SATURDAY, NOVEMBER 22, 2025

ADCOCK COMMUNITY CENTER, 535 KELLY AVENUE

1. CONVENE SPECIAL MEETING / ROLL CALL

Mayor Brownstone called the meeting to order at 10:00 a.m. and called the Roll Call.

PRESENT: Councilmembers Nagengast, Jonsson, Penrose, Vice Mayor Ruddock and Mayor Brownstone

2. CLOSED SESSION

2.A PUBLIC EMPLOYMENT (GOVT. CODE SECTION 54957): TITLE: CITY ATTORNEY

3. ADJOURN SPECIAL MEETING

The meeting adjourned at approximately 12:30 p.m.

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 02, 2025**

TO: Honorable Mayor and City Council

VIA: Matthew Chidester, City Manager

FROM: Dale Leda, Interim City Engineer

TITLE: **ACCEPTANCE OF IMPROVEMENTS FOR THE CREEKSIDE COURT SUBDIVISION LOCATED AT 320 CHURCH STREET**

RECOMMENDATION:
Adopt a resolution granting initial acceptance of improvements for the Creekside Court Subdivision, subject to one-year warranty period and release of securities.

FISCAL IMPACT:
There is no fiscal impact associated with this action. All costs associated with this subdivision are covered by the various development fee payments.

STRATEGIC ELEMENTS:
This action supports the *Infrastructure and Environment* and *Healthy Communities and Public Safety* elements of the Strategic Plan.

BACKGROUND:
On November 7, 2017, the City Council by Resolution No. C-2017-92 conditionally approved the Tentative Subdivision Map, Coastal Development Permit, and Use Permit to divide two parcels totaling 5.5 acres into 12 residential lots with associated improvements, including utilities, an open space conservation easement, and an open space area for passive recreation at 320 Church Street in the C-D (Commercial Downtown) Residential Zoning District.

On July 20, 2021, the City Council approved the Final Map and Subdivision Improvement Agreement for the Creekside Court Subdivision. The agreement covered the construction of improvements, including private road, sewer, storm drain, utilities, passive park, trail easement, and access easements, as well as limited public improvements within the Church Street right-of-way for the subdivision.

As part of the City Council's approval, the developer entered into an Affordable Housing Agreement with the City on July 21, 2021, pursuant to Municipal Code Chapter 18.35. The

project provides four multifamily affordable housing units on Lot 1 (two Very Low Income and two Low Income units), to be rented at affordable rates for 55 years.

The improvements for the Creekside Court Subdivision have been completed by the Subdivider per the approved improvement plans and are now ready for initial acceptance in accordance with the Subdivision Improvement Agreement. The Subdivider's securities for the faithful performance and labor and materials bonds will be released upon the City's receipt of a Warranty Bond in the amount of $236,250 from the Subdivider, which is 25 percent of the value of the improvements, in accordance with the agreement.

DISCUSSION:
The improvements for the Creekside Court Subdivision were inspected on November 6, 2025, and completed to the satisfaction of the Interim City Engineer and initial acceptance is ready to be granted to the Subdivider. After initial acceptance is granted, the Subdivider and City will enter into a one-year bonded warranty period in which the Subdivider will guarantee or warranty the improvements against any defective work or labor done or defective materials furnished.

The completed improvements include the following:

Private Improvements (to be maintained by the Homeowners' Association):

- **Sewer System**: Private sewer main, lift station with backup generator, and force main to convey flows back to Church Street. The owner has provided a spill response plan for the HOA which covers maintenance and operation of the lift station and procedures for responding to pump failures or sewer overflow events.
- **Storm Drain System**: Storm drain inlets, mains, manholes, and a bioretention planter located in the Common Area.
- **Street Improvements**: Curb, gutter, and sidewalk, with asphalt and permeable paver street paving, and gated emergency vehicle access to Shoreline Station.
- **Street Lights, Trees, Landscaping, Irrigation, Signage, and Fencing**: Street lights, street trees, landscaping, landscape irrigation, signage, and fencing throughout the subdivision.
- **Passive Park**: Park area and related amenities within the Common Area on Parcel A.
- **Utilities**: Underground utilities.

Public Improvements (to be accepted by the City):

- **Street Improvements:** Curb, gutter, and sidewalk improvements to complete the cul-de-sac within the Church Street right-of-way.

At the conclusion of the one-year warranty period, staff will bring an item to Council to release the warranty bond. As indicated in the original Subdivision Improvement Agreement, all private improvements will be maintained by the Homeowners' Association, while the limited public improvements within Church Street right-of-way will be accepted into the City-maintained system. The subdivision includes a total of 12 residential lots.

The Final Map has been recorded with the office of the San Mateo County Recorder and offers in dedication to the City for public use Emergency Vehicle Access Easements, 10-foot Trail Easement, and Public Access Easements. Water system improvements have also been accepted for maintenance by the Coastside County Water District.

ATTACHMENTS:

1. Resolution
2. Copy of Subdivision Improvement Agreement
3. Copy of Affordable Housing Agreement

Resolution No. C-2025-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY TO APPROVE THE INITIAL ACCEPTANCE OF IMPROVEMENTS AND RELEASE OF SECURITIES, FAITHFUL PERFORMANCE BOND, AND LABOR AND MATERIALS BONDS, AND ACCEPTANCE OF WARRANTY BOND FOR THE CREEKSIDE COURT SUBDIVISION

WHEREAS, the Public Improvement Plans for the Creekside Court Subdivision were approved on July 20, 2021, under and pursuant to the provisions of the Subdivision Improvement Agreement ("Agreement") between the City of Half Moon Bay and Gibraltar Capital Inc.; and

WHEREAS, HMB Coast LLC subsequently acquired the property and assumed all obligations under the Agreement as successor in interest; and

WHEREAS, the Subdivider executed and posted securities conditioned upon the faithful performance and labor and materials provisions of the Agreement; and

WHEREAS, the improvements for the Creekside Court Subdivision project have been completed; and

WHEREAS, the improvements include private improvements to be maintained by the Homeowners' Association consisting of a private sewer system (including private sewer main, lift station with backup generator, and force main), storm drain system (including inlets, mains, manholes, and bioretention planter), street improvements (including curb, gutter, sidewalk, asphalt and permeable paver paving, and gated emergency vehicle access), street lights, street trees, landscaping, landscape irrigation, signage, fencing, passive park and related amenities, and underground utilities; and

WHEREAS, the improvements also include limited public improvements within the Church Street right-of-way consisting of curb, gutter, and sidewalk to complete the cul-de-sac, which will be accepted into the City-maintained system; and

WHEREAS, the City Council is willing to release the securities for the faithful performance and labor and materials upon receipt of a warranty bond; and

WHEREAS, the Agreement provides that the security shall extend for a period of one year after the date of acceptance of improvements to cover the warranty period of said improvements under the Agreement; and

WHEREAS, the Interim City Engineer has made a final inspection of the improvements for the Creekside Court Subdivision project on November 6, 2025, and recommends that the City Council accept the improvements as constructed in accordance with the approved plans and specifications.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby authorizes the City Manager or his designee to accept those certain public and private improvements included in the Creekside Court Subdivision project, as completed in accordance with the recorded Improvement Agreement, the approved plans, specifications, and upon recommendation of the Interim City Engineer.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

_____
Maggie Rodriguez, Assistant City Clerk

APPROVED:

_____
Robert Brownstone, Mayor

2021-154698

County
11:25 am 11/04/21 AG Fee: NO FEE
Count of Pages: 14
Recorded in Official Records
County of San Mateo
Mark Church
Assessor-County Clerk-Recorder

* $ R 0 0 0 5 1 6 9 2 6 2 $ *

RECORDING REQUESTED BY)
AND WHEN RECORDED MAIL TO:)
)
City of Half Moon Bay)
501 Main Street)
Half Moon Bay, California 94019)

(Space Above This Line for Recorder's Use Only)
Exempt from recording fee per Gov. Code Sec 27383

14

IMPROVEMENT AGREEMENT

CITY OF HALF MOON BAY

CREEKSIDE COURT SUBDIVISION

THIS IMPROVEMENT AGREEMENT (the "Agreement") is made and entered into on this 3RD day of November, 2021 (the "Effective Date") by and between Gilbraltar Capital, Inc. ("Developer"), and the CITY OF HALF MOON BAY, a California municipal corporation ("City").

RECITALS

A. On November 7, 2017, the City Council of the City of Half Moon Bay adopted among other approvals, Resolution No. C-2017-92, approving the Tentative Map for the Creekside Court Subdivision hereinafter referred to as "Creekside Court Subdivision" prepared by BGT Land Surveying April 2017 and (the "Tentative Map"), subject to certain conditions of approval (the "Conditions").
B. The Conditions require either (1) that certain public improvements for the Creekside Court Subdivision be constructed prior to approval of the final map, or (2) that Developer enter into an agreement with the City providing for the future construction of such improvements.
C. Developer has submitted the final map and applied to City for final map approval without having completed the required public improvements and therefore will enter into an agreement with the City providing for the future construction and installation of such improvements, as required by Government Code section 66462(a)(1).
D. Developer has submitted to the City plans, specifications, and drawings entitled "Creekside Court Subdivision", prepared by BKF Engineers, dated June 2020, (the "Improvement Plans"), which, in addition to other improvements, provide for certain on-site public improvements for the Creekside Court Subdivision (the "Improvements").
E. Developer is the current fee owner of that certain real property consisting of approximately 5.483 acres located within the City of Half Moon Bay, County of San Mateo, State of California, described in Exhibit A, attached hereto and incorporated herein by reference (the "Property"). Upon approval and recordation of the final map,

the Property will be divided into 12 lots and associated parcels intended for residential development.

F. City and Developer desire to enter into an agreement providing for the construction and installation of the Improvements in accordance with the Improvement Plans.

AGREEMENT

NOW, THEREFORE, in consideration of the faithful performance of the terms and conditions set forth in this Agreement, the parties hereto agree as follows:

1. Purpose. The purpose of this Agreement is to guarantee completion of the Improvements and ensure satisfactory performance by Developer of Developer s obligations to satisfy the Conditions pertaining solely to the Improvements.

2. Property Subject to Agreement. The Property shall be subject to this Agreement; provided, however, that from and after acceptance of the Improvements as set forth in Section 12 below, the Property shall be released and no longer subject to this Agreement, and a release shall be executed and recorded by the City.

3. Duty to Install Improvements. Developer shall construct, install and complete, or cause to be constructed, installed or completed, at the Developer's sole cost and expense, the Improvements, in accordance with the Improvement Plans (defined in Recital D. above) and to the satisfaction of the City Engineer, in his reasonable discretion consistent with the Conditions and Improvement Plans. Developer will also supply all labor and materials therefore, all in strict accordance with the terms and conditions of this Agreement. The construction, installation and completion of the Improvements and all labor and materials furnished in connection therewith are hereinafter referred to collectively as the "Work".

4. Completion Date. Developer shall complete the Work within one year of the commencement of the Work. All Work shall be completed and in a good and workmanlike manner in accordance with accepted design and construction practices consistent with the Conditions and Improvement Plans. This completion date may be extended by the City in its sole and absolute discretion at the request of the Developer, which request shall be accompanied by a written assurance acceptable to the City Attorney that the securities required by Section 13 shall remain enforceable throughout the term of the extension.

5. Estimated Cost of Work. The engineer's estimated cost of the Work is $945,000.

6. Modifications to the Plans. Approval of this Agreement by the City does not release Developer of its responsibility to correct mistakes, errors or omissions in the Improvement Plans. If, at any time, in the opinion of the City Engineer, in his reasonable discretion, the Improvement Plans are deemed inadequate in any respect Developer

agrees to make such modifications, changes or revisions as necessary in order to complete the Work in a good and workmanlike manner in accordance with accepted design and construction standards consistent with the Conditions and Improvement Plans.

7. Repairs. Developer agrees to repair or have repaired in a timely manner at its sole cost and expense all other public or private property damaged as a result of or incidental to the Work or in connection with the development of the project, or to pay to the City or property owner of any damaged property, the full cost of such repair. In addition, Developer shall obtain the written acceptance of such repair or payment from any owner whose private property was repaired by Developer or to whom Developer has paid the full cost of such repair in accordance with this Section 7. City shall be under no obligation whatsoever to accept the Work completed under this Agreement until such time as all repairs have been completed or have been paid for and written acceptances have been provided to the City Engineer, except as otherwise provided in Section 12.1

8. Foreman or Superintendent. Developer shall give personal attention to the Work. A competent foreman or superintendent, satisfactory to the City Engineer, in his reasonable discretion, with authority to act for and on behalf of Developer, shall be named in writing by Developer prior to commencement of the Work, shall be present on the Property during the performance of the Work and may not be changed without the advance notification to and satisfaction and concurrence of the City Engineer.

9. Examination of Work. All the Work shall be performed to the satisfaction of the City Engineer, in his reasonable discretion consistent with the Improvement Plans. The City and its authorized agents shall, at all times during the performance of the Work, have free access to the Work and shall be allowed to examine the Work and all materials used and to be used in the Work.

10. City's Inspection, Administration and Testing Costs. Developer shall pay to the City the actual cost for all inspection, administration and testing services furnished by City in connection with this Agreement, including those performed by consultants under contract with the City (the "City Costs"). The estimated City Costs are $57,526 (the "Estimated Cost"). Prior to or concurrently with the execution of this Agreement, Developer shall deposit an amount equal to the Estimated Cost with City for the payment of the City Costs. In the event that the Estimated Cost is insufficient to cover the actual City Costs incurred, Developer shall, upon notice in writing by the City Engineer, deposit such additional amount as may be required to pay the City Costs. Any amount of the Estimated Cost, initial deposit or additional amounts deposited remaining after payment of all City Costs shall be returned to Developer. City may, at its discretion, deposit such funds in an interest-bearing account and retain any and all interest earned.

11. Completion of Work. After Developer (a) completes the Work in accordance with the Improvement Plans and the terms and conditions of this Agreement, and (b) repairs any

private or public property (other than public roads and streets) damaged as a result of the Work or pays the full cost of such repair to the owner whose property was damaged and (c) obtains the written acceptance of such repair or payment from any owner whose private property was repaired by Developer or to whom Developer paid the full cost of such repair, Developer will provide City with a written notice of completion, together with copies of all written acceptances, if any.

12. Final Acceptance.

12.1 Notice of Completion. Within thirty (30) days of receipt of Developer's written notification pursuant to Section 11 above, City Engineer shall inspect the Work and repairs and review the written acceptances, if any, and send Developer a written notice stating whether the Work and repairs are complete to the satisfaction of the city Engineer, in his reasonable discretion, and whether the written acceptances have been provided. If the Work and repairs are, in the opinion of the City Engineer, not complete and satisfactory, and/or written acceptances have not been provided, the City Engineer shall list the deficiencies that must be corrected to find the Work and repairs complete and satisfactory. Upon satisfactory completion of the Work and repairs and submittal of written acceptances, the City Engineer shall send Developer a written notice of satisfactory completion. The requirement for written acceptances may be waived by the City Engineer, in his reasonable discretion, if Developer has made commercially reasonable efforts to obtain such acceptances.

12.2 Acceptance of Improvements. After sending Developer a written notice of satisfactory completion pursuant to Section 12.1, the City Engineer shall recommend acceptance of the Improvements to the City Council. The acceptance of the Improvements shall be by resolution of the City Council, with the hearing on said resolution held within thirty (30) days of the City Engineer's written notice of satisfactory completion. Upon adoption of such resolution, the City Engineer shall promptly record a notice of acceptance, in a form to be approved by the City Attorney, in the Official Records of San Mateo County. Alternately, the City may in its sole discretion request that Developer deliver to the City a quitclaim deed conveying the fee interest in the Improvements and, as appropriate, the underlying real property; Developer shall promptly deliver the requested deed. The Improvements shall be deemed to be "Finally Accepted" upon recordation of such notice and/or deed.

13. Performance, Labor and Materials and Warranty Security. Developer shall furnish and deliver to the City, within the times set forth below, the following surety bonds, each of which must be issued by a surety company duly and regularly authorized to do general surety business in the State of California, or such other surety as may be acceptable to the City Attorney.

13.1 Performance Bond. Developer shall furnish and deliver a performance surety bond in the amount of $945,000 (100% of estimated "hard" cost of completion of the

construction and installation of the Improvements and the installation of monuments as required by the Final Map, as determined by the City Engineer) concurrently with the execution of this Agreement, which bond must meet the requirements of Government Code Section 66499.1 and be reasonably acceptable to the City Attorney. The bond shall be conditioned upon the faithful performance of this Agreement with respect to the Work and shall be released by the City upon final acceptance of the Improvements as described in Section 12.2 and Developer's delivery of the Warranty Bond described in Section 13.3.

13.2 Labor and Materials Bond. Developer shall furnish and deliver a labor and materials surety bond in the amount of $945,000 (100% of estimated "hard" cost of completion of the construction and installation of the Improvements and the installation of monuments as required by the Final Map, as determined by the City Engineer) concurrently with the execution of this Agreement, which bond must meet the requirements or Government Code Section 66499.2 and be acceptable to the City Attorney. The bond shall secure payment to the contractor(s) and subcontractor(s) performing the Work and to all persons furnishing labor, materials or equipment to them. The City shall retain the bond until both (i) the City accepts the Work in accordance with Section 12 above and (ii) the statute of limitations to file an action under Civil Code section 3114 *et seq.* has expired. After said date, the bond may be reduced by the City Engineer to an amount not less than the total amount claimed by all claimants for whom claims of lien have been recorded and notice given in writing to the City Council. The balance of the bond shall be retained until the final settlement of all such claims and obligations. If no such claims have been recorded within the statutory time limits, the bond shall be released in full by the City Engineer.

13.3 Warranty Bond. Developer shall furnish and deliver a warranty bond in the amount of $236,250 (25% of estimated "hard" cost of completion of the construction and installation of the Improvements, as determined by the City Engineer) upon Final Acceptance of the Improvements and prior to release of the Performance Bond. The bond shall be in a form reasonably acceptable to the City Attorney and shall guarantee and warrant the Work for a period of one (1) year following the completion and acceptance thereof against any defective work or labor done, or defective materials furnished.

14. Warranty Period; Repair and Reconstruction. Without limiting the foregoing, Developer expressly warrants and guarantees all Work performed under this Agreement and all materials used in the Work for a period of two (2) years after final acceptance in accordance with Section 12. If, within this two (2) year period, any Improvement or part of any Improvement installed or constructed, or caused to be installed or constructed by Developer, or any of the Work done under this Agreement, fails to fulfill any of the requirements of the Improvement Plans or this Agreement, Developer shall, without delay and without cost to City, repair, replace or reconstruct any defective or otherwise unsatisfactory part or parts of the Work or Improvement to the satisfaction of the City

Engineer. Should Developer fail to act promptly or in accordance with this requirement, or should the exigencies of the situation require repairs, replacements or reconstruction to be made before Developer can be notified, City may, at its option, make the necessary repairs, replacement or perform the necessary reconstruction and Developer shall pay to the City upon demand the actual cost of such repairs, replacements or reconstruction. The warranty provided in this section shall survive the termination of this Agreement.

15. Maintenance. At all times prior to Final Acceptance, Developer shall be solely responsible for the maintenance of the Improvements.

16. Developer Not Agent of City. Neither Developer nor Developer's contractors, subcontractors, agents, officers, or employees are agents or employees of City and the Developer's relationship to the City, if any, arising here from is strictly that of an independent contractor.

17. Indemnification. Developer agrees to indemnify, defend and hold the City, its elective and appointed boards, commission, officers, agents, employees and consultants, harmless from and against any and all claims, liabilities, losses, damages or injuries to persons or property of any kind, including the reasonable costs to the City of carrying out the terms of any judgment, settlement, consent decree, or other partial or complete termination of an action or procedure that requires the City to take any action (collectively, "Claims") arising out of (a) Developer's or Developer's contractors', subcontractors', agents' or employees', acts, omissions, or operations or (b) the non-compliance of the Improvements with any applicable federal, State, or local law. The aforementioned indemnity shall apply regardless of whether any insurance required under this Agreement is applicable to any Claims. The City does not and shall not waive any of its rights under this indemnity provisions because of its acceptance of the bonds or insurance required under the provisions of this Agreement. The indemnification herein shall survive termination of this Agreement.

18. Insurance.
    a. Developer shall require each and every design consultant involved in the design of the Improvements to carry errors and omissions insurance coverage (primary as to City) as to such involvement in the minimum amount of two million dollars ($2,000,000) and subject to requirement to provide extended claim reporting provision in the insurance policy ("tail coverage").
    b. Developer shall maintain Comprehensive Liability Insurance protecting the City from incidents as to bodily injury liability and property damage liability that may occur as a result of the Work and additional warranty repairs. Developer shall provide a certificate of insurance to City before any Work commences. The insurance policy shall contain, or be endorsed to contain, the following provisions:

(1) The City, its officers, officials, employees, consultants and agents are to be covered as additional insureds as respects liability arising out of activities performed by or on behalf of Developer. The coverage shall contain no special limitations on the scope of protection afforded to the City, its officers, officials, employees, consultants and agents.

(2) The amounts of public liability and property damage coverage shall not be less than $2,000,000 (Two Million Dollars) per occurrence for bodily injury, personal injury and property damage. Coverage shall include Contractual Liability, owners' and contractors' protection, products an operations coverages, and Premises and Operations Liability with no explosion, underground, or collapse exclusions.

(3) The insurance shall be maintained in full force until the City Engineer issues a notice of satisfactory completion pursuant to Section 12.1 above.

(4) The insurance policy shall provide for 30 days notice of cancellation to the City. The policy shall not be cancelled earlier than nor the amount of coverage be reduced earlier than 30 days after the City receives, notice from the insurer of the intent of cancellation or reduction.

(5) Any failure to comply with the reporting provisions of the policy shall not affect the coverage provided to the City, its officers, officials, employees, consultants and agents.

(6) Developer's insurance coverage shall be primary insurance as respects the City, its officers, officials, employees, consultants and agents. Any insurance or self-insurance maintained by the City, its officers, officials, employees, consultants or agents shall be in excess of Sub-divider's insurance and shall not contribute to it. If commercially available, the insurance policy shall contain a waiver of subrogation for the benefit of the City.

(7) In the event that Developer's insurance is cancelled, Developer shall provide replacement coverage or all Work must cease as of the cancellation date until replacement insurance coverage is provided.

(8) Any deductibles or self-insured retentions shall be the Developer's responsibility to pay; any such deductible or self-insured retention greater than $50,000 shall be approved by the City Manager.

(9) The insurer shall waive its right of subrogation against the City. Developer hereby waives all rights against the City for loss or damage to the extent covered by the insurance required under this Agreement.

(10) Prior to commencing Work and upon request by the City, Developer shall provide a Certificate of Insurance with endorsements showing compliance with the requirements of this Agreement.

19. Worker's Compensation and Employers' Liability Insurance. Developer shall provide, or cause to be provided, Workers' Compensation insurance as required by law, including $1,000,000 Employers' Liability coverage and shall cause its contractors and their subcontractors, agents and representatives to also maintain such insurance as required by law. No Work shall commence until such Workers' Compensation insurance is obtained and in full force and effect.

20. Compliance with Laws. Developer shall comply with all federal, state and local laws, ordinances and regulations in the performance of this Agreement. Developer shall, at its own cost and expense, obtain all necessary permits and licenses for the Work, give all necessary notices, pay all fees and taxes required by law and make any and all deposits legally required by those public utilities that will serve the residential development on the Property. Copies and/or proof of payment of said permits, licenses, notices, fee and tax payments and deposits shall be furnished to the City Engineer upon request.

21. Encroachment Permits. Developer shall obtain, at its sole cost and expense, any encroachment permits required by the City in order to perform the Work.

22. Payments. Developer agrees that it will pay, when due, all those furnishing labor or materials in connection with the Work. Developer further agrees that pursuant to Government Code section 66499.7, the Labor and Materials Bond provided by Developer in accordance with Section 13.1 of this Agreement shall not be released if any mechanics liens or stop notices are outstanding, unless said liens are released by bond in compliance with Civil Code section 3143.

23. Notice of Breach and Default. The occurrence of any of the following constitutes a breach and default of this Agreement:

    (1) Developer refuses or fails to complete the Work within the time set forth herein or abandons the Work.
    (2) Developer assigns the Agreement in violation of Section 29 below.
    (3) Developer is adjudged bankrupt or makes a general assignment for the benefit of creditors, or a receiver is appointed in the event of Developer's insolvency.
    (4) Developer or Developer's contractors, subcontractors, agents or employees, fail to comply with any terms or conditions of this Agreement.
    (5) Any delay in the construction of any portion of the Work or repairs, which in the reasonable opinion of the City Engineer, endangers public or private property.
    (6) Developer fails to maintain insurance in the amounts and subject to the terms required in Sections 18 and 19 above.

    The City may serve written notice of breach and default upon Developer and the financial institution holding the bonds.

24. Opportunity to Cure. If the City gives Developer notice under Section 23 of breach and default of this Agreement, Developer shall have 30 days within which to correct, remedy or cure the default. If the written notification states that the problem is urgent and relates to the public health and safety, then Developer shall have 24 hours to correct, remedy or cure the default, If Developer does not cure the default within the applicable timeframe, the City may pursue the remedies set forth in Section 25 below.

25. Remedies.

25.1 City may proceed to complete the Work by contract or other method the City considers advisable at the sole expense of Developer. Developer, immediately upon demand, shall pay the costs and charges related to the Work and any subsequent repairs. City, without liability for doing so, may take possession of and utilize in completing the Work and repairs, if any, such materials and other property belonging to the Developer as may be on or about the Property and necessary for completion of the Work. Developer hereby grants the City an easement, effective upon the running of the 30-day cure period for an uncured default under Sections 23(1) –(5) above, to enter the Property as necessary to complete the Work. In the event of default, the financial institution holding the bonds shall be liable to City to pay the face amount of the bonds, as specified under Section 13.

25.2 City may bring legal action to compel performance of this Agreement and recover the cost of completing the Work and/or repairs, if any, including City's administrative and legal costs or pursue any other action at law or equity.

25.3 Developer agrees that if legal action is brought by City under this section of the Agreement, Developer shall pay all of the costs of suit, reasonable attorney fees, arbitration costs and such other costs as may be determined by the court or arbitrator.

25.4 No failure on the part of City to exercise any right or remedy hereunder shall operate as a waiver of any right or remedy that City may have hereunder.

25.5 The rights and remedies of City are cumulative, and the exercise by City of one or more of such rights or remedies shall not preclude the exercise by it, at the same or different times, of any other rights or remedies for the same default or any other default.

26. Final Drawings. Upon completion of the Work and prior to Final Acceptance, Developer shall deliver to City a set of "As-Built" drawings as required by the Conditions. These drawings shall be in a form reasonably acceptable to the City Engineer, shall be certified as being "As-Built" and shall reflect the Work as actually constructed, with any and all changes incorporated therein. Said drawings shall be signed and sealed as accurate by the engineer of record.

27. Attorney Fees. Should any legal action or arbitration be brought by either party because of breach of this Agreement or to enforce any provision of this Agreement, the prevailing party shall be entitled to all costs of suit, reasonable attorney fees, arbitration costs and such other costs as may be determined by the court or arbitrator.

28. Notices. Formal written notices, demands, correspondence and communications between City and Developer shall be sufficiently given if: (a) personally delivered; or (b) dispatched by next day delivery by a reputable carrier such as Federal Express to the office of City and Developer indicated below, provided that a receipt for delivery is provided; or (c) if dispatched as first class mail, postage prepaid, to the offices of City and Developer indicated below. Such written notices, demands, correspondence and communications may be sent in the same manner to such persons and addresses as either party may from time-to-time designate by next day delivery or by mail as provided in this section.

City:	City of Half Moon Bay 501 Main Street Half Moon Bay, CA 94109 Attn: City Manager
With a copy to:	City of Half Moon Bay 501 Main Street Half Moon Bay, CA 94109 Attn: City Attorney
Developer:	Gilbraltar Capital, Inc. 6 Ashdown Place Half Moon Bay, CA, 94019

Notices delivered by deposit in the United States mail as provided above shall be deemed to have been served two (2) business days after the date of deposit if addressed to an address within the State of California, and thee (3) business days if addressed to an address within the United States but outside the state of California.

29. Transfers; Assignments. Developer may not assign its obligations under this Agreement without the prior written approval of the City, which approval shall not be unreasonably withheld. In connection with any such assignment, Developer and its assignee shall execute and deliver to City a written assignment and assumption agreement in a form reasonably acceptable to the City Attorney.

30. Binding Upon Heirs, Successors and Assigns. Subject to the transfer restrictions set forth in Section 29, the terms, covenant and conditions of this Agreement shall be binding upon all heirs, successors and assigns of the parties hereto.

31. Headings. Section headings in this Agreement are for convenience only and are not intended to be used in interpreting or construing the terms, covenants or conditions contained in this Agreement.

32. Severability. If any provision of this Agreement is held, to any extent, invalid, the remainder of this Agreement shall not be affected, except as necessarily required by the invalid provision, and shall remain in full force and effect.

33. Entire Agreement. The terms and conditions of this Agreement constitute the entire agreement between City and Developer with respect to the matters addressed in this Agreement. This Agreement may not be altered, amended or modified without the written consent of all parties hereto.

34. Governing Law; Venue. This Agreement shall be construed and enforced in accordance with the laws of the State of California, without reference to choice of law provisions. Any legal actions under this Agreement shall be brought only in the Superior Court of the County of San Mateo, State of California.

35. Authority. Each party executing this Agreement on behalf of a party represents and warrants that such person is duly and validly authorized to do so on behalf of the entity it purports to bind and if such party is a partnership, corporation or trustee, that such partnership, corporation or trustee has full right and authority to enter into this Agreement and perform all of its obligations thereunder.

36. Time is of the Essence. Time is of the essence of this Agreement and of each and every term and condition hereof.

37. Runs with the Land; Recordation. This Agreement pertains to and shall run with the Property. Upon execution, this Agreement shall be recorded in the Official Records of San Mateo County. Upon City Final Acceptance of the Improvements, a written statement shall be recorded by the City in the Official Records of San Mateo County terminating this Agreement and releasing all of the Property as set forth in Section 2 above. The recorded written statement does not release the parties from obligations that survive termination of the Agreement, including indemnification.

38. Domestic Water System. The City and Developer acknowledge and agree that the public domestic water system for the Property (the "Water System") is also shown on the Improvement Plans, but is not subject to this Agreement. The Water System will be the subject of a Water Service Agreement by and between the Developer and Coastside County Water District, which district (as opposed to the City) has jurisdiction over plan approval, construction, bonding and acceptance of the public domestic water system.

IN WITNESS WHEREOF, City and Developer have executed this Agreement as of the Effective Date.

"CITY"
CITY OF HALF MOON BAY, a California municipal corporation

Dated: 11/3/21

By: _____
City Manager

(City Council Action dated 7/20/21

ATTEST:

_____
City Clerk

APPROVED AS TO FORM:

_____
City Attorney

Dated: November 1st, 2021

"DEVELOPER"

Gilbraltar Capital, Inc.

By: _____

Name: Cameron Jeffs

Title: CFO

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo)

On November 01 ,2021 before me, Carlos Garcia, Notary Public
(insert name and title of the officer)

personally appeared Cameron Jeffs,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

CARLOS GARCIA
Notary Public - California
San Mateo County
Commission # 2375381
My Comm. Expires Oct 15, 2025

Signature Carlos Garcia (Seal)

Title or Type of Document: Improvement Agreement

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo }

On November 3, 2021 before me, Sheri Saisi, Notary Public
Date *Here Insert Name and Title of the Officer*

personally appeared Robert Nisbet
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/~~are subscribed~~ to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(~~ies~~), and that by his/her/their signature(~~s~~) on the instrument the person(~~s~~), or the entity upon behalf of which the person(~~s~~) acted, executed the instrument.

SHERI SAISI
Notary Public – California
San Mateo County
Commission # 2222900
My Comm. Expires Nov 23, 2021

Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Sheri Saisi
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document IMPROVEMENT AGREEMENT
Title or Type of Document: CREEKSIDE SUBDIVISON
Document Date: _____ Number of Pages: 14
Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name: ROBERT NISBET	Signer's Name: _____
☐ Corporate Officer – Title(s): _____	☐ Corporate Officer – Title(s): _____
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian of Conservator	☐ Trustee ☐ Guardian of Conservator
☑ Other: CITY MANAGER	☐ Other: _____
Signer is Representing: CITY OF HALF MOON BAY	Signer is Representing: _____

©2017 National Notary Association

RECORDING REQUESTED BY AND WHEN RECORDED MAIL TO:

City Clerk
City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019

2021-154699
11:27 am 11/04/21 AG DR Fee: NO FEE
Count of Pages 21
Recorded in Official Records
County of San Mateo
Mark Church
Assessor-County Clerk-Recorder
$R000316826 4$

No fee for recording pursuant to Government Code § 27383

(space above for Recorder's use only)

AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS

This Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants (this "Agreement") is entered into for reference purposes as of July 21, 2021 (the "Effective Date"), by and between the City of Half Moon Bay, a California municipal corporation ("City") and Gibraltar Capital Inc., a California corporation, and any authorized successor or assignee ("Developer"). City and Developer are individually referred to herein as a "Party" and collectively as the "Parties."

RECITALS

A. Developer is the owner of approximately 5.5 acres of real property in the City of Half Moon Bay, San Mateo County, State of California, located at 320 Church Street, which is the subject of Tentative Subdivision Map No. 16-02 Creekside Court (the "Property"). The Property is more particularly described in Exhibit A, attached hereto.

B. Developer submitted an application to the City for a Tentative Subdivision Map, Coastal Development Permit, and environmental review pursuant to the California Environmental Quality Act on the Property, consisting of 12 residential lots, known as Creekside Court (the "Project"). The City Planning Commission recommended approval of the tentative subdivision map and related permits for the Project on October 10, 2017. The City Council approved the Project on November 7, 2017, including by adopting the Tentative Subdivision Map and associated Coastal Development Permit, and conditioned the approval on Developer's compliance with the requirements described in the Conditions of Approval. On October 20, 2020, the City Council approved a 12-month extension of the Project's Tentative Subdivision Map. The final Project includes 11 lots for single family residential development and one lot for a four-unit multifamily residential development.

C. The Project's Conditions of Approval include standards for the development of the Property and specifically require that 20 percent of all new residential units developed on the Property be affordable to moderate and/or lower income households pursuant to Half Moon Bay Municipal Code Chapter 18.35, Below Market Rate Housing. The Project shall provide four multifamily housing units, to be rented at affordable rates for 55 years, as further described below (the "Affordable Units"). Developer shall lease or sell two of the Affordable Units to Very

Low Income Households and two of the Affordable Units to Low Income Households at affordable rental rates or sales prices, as described below in Section 2.5, and must grant first preference to rental or sale of the Affordable Units to those households with a household member who works or lives in Half Moon Bay, as described below.

D. The Conditions of Approval also require Developer to enter into an Affordable Housing Compliance Agreement, subject to approval of the City Attorney, that implements the City-approved affordable housing requirements in the Conditions of Approval. This Agreement serves as that required Affordable Housing Compliance Agreement.

E. To ensure the continued affordability of the Affordable Units for the Term as described below in Section 5.1, this Agreement shall be executed and recorded against the Property prior to the recordation of any final subdivision map or issuance of building permits for the Project, whichever occurs first.

F. The Parties intend the covenants set forth in this Agreement to run with the land and to be binding upon Developer and Developer's successors and assigns for the full term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, it is mutually agreed by and between the undersigned parties as follows:

1. Definitions. The following terms have the meanings set forth in this Section wherever used in this Agreement or the attached exhibits.

"**Adjusted for Family Size Appropriate for the Unit**" means adjusted for a household of one person in the case of a studio unit, two persons in the case of a one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and one additional person for every additional bedroom thereafter. The Family Size Appropriate for the Unit is intended to be used solely for the purposes of establishing maximum rent limits for the Affordable Units, and not as a maximum occupancy limit for the Affordable Units.

"**Affordable Rent**" means all monthly payments, other than deposits, paid by the Tenant of an Affordable Unit for (1) the use and occupancy of an Affordable Unit and land and all facilities associated with the Affordable Unit, including but not limited to parking, and use of all common areas, (2) any rent increase allowed by, and imposed in accordance with the terms of this Agreement, and (3) reasonable utility allowance for utilities paid by the tenant, including garbage collection, sewer, water, electricity, gas and other heating, cooking and refrigeration fuel, but not telephone service, Internet, or cable or subscription TV, plus other fees and charges required to be paid by tenants of the Affordable Units on a non-optional basis. "Maximum Monthly Rent" shall have the meaning as set forth in Section 2.6 below.

"**Affordable Unit**" shall mean one of the Low Income or Very Low Income Units offered by the Developer to be sold to Eligible Households at an Affordable Sales Price (as defined in Section 11(d)) or rented to Eligible Households at Affordable Rents.

"**Area Median Income**" means the median income for San Mateo County, California, adjusted for the actual number of persons in the applicable household, as determined by the U.S. Department of Housing and Urban Development ("HUD") pursuant to Section 8 of the United States Housing Act of 1937. In the event that such income determinations are no longer published, or are not updated for a period of at least 18 months, the City shall provide the Developer with other income determinations which are reasonably similar with respect to methods of calculation to those previously published by HUD.

"**Eligible Household**" means a household for which gross household income does not exceed the applicable maximum income level for an Affordable Unit.

"**Low Income Household**" means any household whose income, as adjusted for the actual number of persons in the applicable household, is between 50 and one-tenth percent and 80 percent of the Area Median Income for San Mateo County, pursuant to Half Moon Bay Municipal Code Section 18.35.015(C).

"**Tenant**" is a household occupying an Affordable Unit.

"**Very Low Income Household**" means any household whose income, as adjusted for the actual number of persons in the applicable household, is 50 percent or less of the Area Median Income for San Mateo County, pursuant to Half Moon Bay Municipal Code Section 18.35.015(D).

2. Unit Affordability, Construction, and Use.

2.1 Compliance with Affordability and Occupancy Requirements. Developer hereby covenants and agrees, for itself and its successors and assigns, that the Affordable Units shall be used solely in compliance with this Agreement, and the requirements set forth herein. Developer represents and warrants that it has not entered into any agreement that would restrict or compromise its ability to comply with the occupancy and affordability restrictions set forth in this Agreement, and Developer covenants that it shall not enter into any agreement that is inconsistent with such restrictions without the express written consent of City.

2.2 Timing for Affordable Unit Construction. The Parties intend that all of the Affordable Units be constructed and completed concurrently with, or earlier than, the Project's market rate units. The City will not issue certificates of compliance for more than two market rate units until the Developer has rented or sold all of the Affordable Units.

2.3 Unit Design and Quality. The Affordable Units in the Project shall be of comparable design and construction quality as market rate units in the Project, and each Affordable Unit shall be of comparable quality as each other Affordable Unit. Affordable Units shall all have similar standard fixtures, finishes and appliances as the market rate units, but the Affordable Units shall not be required to include any above standard, fixtures, finishes or appliances.

2.4 Affordable Unit Size. The Affordable Units shall be at least 700 square feet and have at least two bedrooms, and generally range in size between 700 and 1,000 square feet per unit. Each Affordable Unit shall be of comparable size to each other Affordable Unit.

2.5 Income Mix for Affordable Units. Two of the Affordable Units will be made available for rent to Very Low Income Households (each, a "Very Low Income Unit"), and two Affordable Units shall be made available for rent to Low Income Households (each, an "Low Income Unit").

2.6 Requirement of Occupancy of Affordable Units by Eligible Households. The Developer shall not permit a household to occupy an Affordable Unit designated for Low-Income or Very Low-Income households unless the household is determined to be an Eligible Household. The Developer shall recertify the income eligibility of the Low- and Very Low-Income Households occupying the Affordable Units on not less than an annual basis to determine the continuing eligibility of the Eligible Household, as described in Sections 4.2 and 4.3, below. If the household no longer qualifies as an Eligible Household, as defined herein, the provisions of Section 4.5, below, shall apply.

2.7 Maximum Monthly Rent. Except as otherwise stated in the Definition of Affordable Rent above, monthly rents for Affordable Units for Low Income households shall not exceed one-twelfth of 30 percent of 80 percent of Area Median Income, Adjusted for Family Size Appropriate for the Unit. The monthly rents for the Affordable Units for the Very Low Income households shall not exceed one-twelfth of 30 percent of 50 of percent of Area Median Income, Adjusted for Family Size Appropriate for the Unit.

2.8 Prohibited Assignments. Developer may prohibit any assignment of any Affordable Unit lease at any time, except to that Affordable Unit's previously listed, existing, and identified Eligible Household Members under 4.2(a) below, nor shall any Affordable Unit be rented in whole or part via short term rental platforms. Any attempted assignment or assignment, sublease or attempted sublease, license or attempted license of such a unit to anyone, except an existing identified Eligible Household Member under 4.2(a) below, shall be made a material default under any lease.

3. Non-Discrimination; Compliance with Fair Housing Laws.

3.1 Preference for Local Employees and Residents. In order to ensure that there is an adequate supply of affordable housing within the City for residents and employees of businesses within the City, to the extent permitted by fair housing law and other laws, at initial lease up and during the term of this Agreement, Developer shall give first preference in the renting or sale of the Affordable Units to Eligible Households with members who live or work in the city limits of Half Moon Bay. If there are no eligible Very Low and Low Income Households who meet these criteria, second preference shall be granted to Eligible Households with members who live or work in San Mateo County Coastside. In the event there are fewer applicants for the Affordable Units that meet the criteria specified in this paragraph than there are available Affordable Units, such units shall be made available to members of the general public who are qualified Very Low and Low Income Households.

3.2 Fair Housing. Developer shall comply with state and federal fair housing laws in the marketing and rental of the Affordable Units. With respect to the Affordable Units, Developer shall accept as tenants, on the same basis as all other prospective tenants, persons who are recipients of federal certificates or vouchers for rent subsidies pursuant to the existing

Section 8 program or any successor thereto. Developer shall not apply or permit the application of management policies or lease provisions with respect to the Affordable Units which have the effect of precluding occupancy of Affordable Units by tenants who are recipients of federal certificates for rent subsidies pursuant to such Section 8.

3.3 Non-Discrimination. Developer shall not restrict the rental, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Affordable Units on the basis of race, color, religion, creed, sex, sexual orientation, gender identity or status, disability, marital status, ancestry, or national origin of any person. Developer covenants for itself and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the condition that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Affordable Units, nor shall Developer or any person claiming under or through Developer establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, sublessees or purchasers in, of, or for the Affordable Units.

4. Reporting and Income Certification Requirements; Leases.

4.1 Retaining a Third Party Organization. In performing under this Agreement, Developer has the right to retain as agent for Developer any qualified third party approved by the City including, but not limited to, a nonprofit housing organization, with experience in qualifying low income households in San Francisco or San Mateo County, provided that no such action shall relieve Developer from its obligations under this Agreement.

4.2 Eligible Household Certification. Developer, or Developer's authorized agent, shall obtain from each household prior to that household's initial occupancy of each Affordable Unit, and on every anniversary thereafter, a written certificate containing at least all the following, in such format and with such supporting documentation, as City and Developer may reasonably require: (a) the identity of each household member; (b) the number of household members; and (c) the total gross household income (i.e., inclusive of all household members' individual income). Developer shall retain such certificates for not less than five years, and upon City's request, shall provide copies of such certificates to City and make the originals available for City inspection.

4.3 Verification of Income. The Developer shall make a good faith effort to verify and document that the income statement provided by applicants for and Tenants of a Low Income Unit or Very Low Income Unit is accurate by obtaining a copy of the federal income tax return for each Eligible Household Member under Section 4.2(a) for the taxable year immediately preceding such lessee's initial occupancy in the Project or, if an Eligible Household Member certifies that he or she did not file or did not retain a copy of such tax return, other satisfactory evidence of income for such year, such as wage statements, employer records or other form of independent verification approved by City.

4.4 Certified Annual Report. By not later than April 30th of each year during the term of this Agreement, Developer shall submit an annual report to the City ("Annual Report") for the prior calendar or portion of any prior calendar year that the Affordable Units start or cease being required under the terms of this Agreement with a certification that the Project complies with this Agreement. The Annual Report shall, at a minimum, include the following information for each Affordable Unit in the Project: (a) unit number; (b) number of bedrooms; (c) current rent and other charges; (d) dates of any vacancies during the previous year; (e) number of people residing in the unit; (f) total gross household income of all residents living in the unit; (g) documentation of source of household income including if applicable, place of any employment.

Developer shall include with the Annual Report, an income recertification for each household, documentation verifying Eligible Household eligibility, and such additional information as City may reasonably request from time to time in order to demonstrate compliance with this Agreement. The Annual Report shall conform to the format requested by City.

4.5 Household Income Increases.

(a) Low Income Household Income Increases. If upon recertification of an Low Income Household's gross income, Developer determines that such Household's gross income has increased and exceeds the qualifying income for a Low Income Household, then upon the expiration of such Tenant's lease and following 6 months' notice, and if so permitted by local and state law, such Tenant shall be required to vacate the unit and Developer shall rent the unit to a Low Income Household to restore the affordability mix required by this Agreement. During the 6 months following the above-referenced notice, Developer shall not increase Tenant's Monthly Rent. In addition, should a Tenant's gross income exceed the qualifying income for a Low Income Household, Developer shall still be deemed in compliance with this Agreement until such time as Tenant is required to move out pursuant to this Agreement, at which point the Affordable Unit shall be rented as an Low Income Unit as needed to restore the affordability mix required by this Agreement.

(b) Very Low Income Household Income Increases. If upon recertification of a Very Low Income Household's gross income, Developer determines that such Tenant's gross income has increased and exceeds the qualifying income for a Very Low Income Household but does not exceed the qualifying income for a Low Income Household, then upon the expiration of such Tenant's lease and following 3 months' notice, Developer may increase Tenant's Monthly Rent to Low Income rent and Developer shall make the next vacant Low Income unit available as a Very Low Income Unit to restore the affordability mix required by this Agreement.

If upon recertification of a Very Low Income Household's gross income, Developer determines that such household's gross income has increased and exceeds the qualifying income for a Very Low Income Household and Low Income Household, then upon the expiration of such Tenant's lease and following 6 months' notice, and if so permitted by local and state law, such Tenant shall be required to vacate the unit and Developer shall rent the unit to a Very Low Income Household to restore the affordability mix required by this Agreement. During the 6 months following the above-referenced notice, Developer shall not increase Tenant's Monthly Rent. In addition, should a Tenant's gross income exceed the qualifying income for a Low Income Household, Developer shall still be deemed in compliance with this Agreement until such time

as Tenant is required to move out pursuant to this Agreement, at which point the Affordable Unit shall be rented as a Very Low Income Unit as needed to restore the affordability mix required by this Agreement.

4.6 Minimum Lease Term. Tenants must be offered an initial lease term of 12 months; however, leases may be renewed for terms of less than 12 months at the Tenant's request.

4.7 Lease Provisions. Developer shall use a form of tenant lease approved by the City for the Affordable Units. The tenant lease form shall, among other matters:

(a) provide for termination of the lease for failure: (1) to provide any information required under this Agreement (or subject to the City's approval on a case by case basis, any additional reasonably requested by the Developer) to establish or recertify the Tenant's qualification, or the qualification of the Tenant's household, for occupancy of the Affordable Units in accordance with this Agreement, or (2) to qualify as a Low Income Household as a result of any material misrepresentation made by such Tenant with respect to the income computation or certification;

(b) provide that the rent may not be raised more often than once every 12 months. The Developer will provide each Tenant with at least 90 days written notice of any increase in rent applicable to such Tenant, and with such further notice as may be required by this Section or by any applicable law or regulation;

(c) prohibit subleasing of the Affordable Unit or any portion of the unit, contain nondiscrimination provisions, and include the Tenant's obligation to inform the Developer of any need for maintenance or repair;

(d) include reasonable rules of conduct consistent with California law; and

(e) allow termination of the tenancy only for good cause, including violation of the terms and conditions of the lease, violations of applicable federal, state, or local law, or other good cause.

4.8 Accounting Records. The Developer shall maintain records and books accurately and fully showing the amount of rent charged to and received from each of the Affordable Units. The Developer shall not be required to maintain such records and books relating to a particular rental of a particular Affordable Unit for more than five years following termination of a tenancy.

4.9 Annual Monitoring Fees. The Developer shall pay to the City on or before April 1 of each year for the term of this Agreement an annual fee covering the period of the immediately preceding fiscal year ending June 30, in an amount equivalent to one hour of City Planning staff time billed at the rate adopted by resolution of the City Council, to defray a portion of the cost incurred by the City to monitor the Developer's compliance with the terms of this Agreement. This Annual Monitoring Fee may be increased on an annual basis by the lesser of three percent of the then current fee or the increase in the Consumer Price Index for each corresponding year.

5. Term of Agreement.

5.1 Term of Restrictions. This Agreement shall remain in effect for each Affordable Unit through the 55th anniversary of the latest lease start date for the initial occupancy of any of the four Affordable Units, if the Affordable Units are initially offered for rent; or the 55th anniversary of the latest date that title transfers on any of the four Affordable Units, if the Affordable Units are initially offered for sale (the "Term"). After the end of the Term, this Agreement and all of its restrictions shall irrevocably and permanently terminate as to the Affordable Units without any act, cost or fee due from Developer or occupant of the Project except as provided in Section 4.3.

5.2 Effectiveness Succeeds Conveyance of Property. This Agreement shall remain effective and fully binding for the full fixed 55-year Term hereof, described in Section 5.1, regardless of any sale, assignment, transfer, or conveyance of the Property or the Project or any part thereof or interest therein.

5.3 Conveyance. Upon the termination of this Agreement at the end of the Term, the Parties agree to execute and record appropriate instruments at no cost to the Developer, except for the reimbursement of any City incurred title report, title insurance, drafting of instruments fees and costs, and recording fees incurred, if any; provided, however, the execution and recordation of such instruments shall not be necessary or a prerequisite to the termination of this Agreement upon the expiration of the term.

6. Property Management, Repair and Maintenance; Marketing.

6.1 Management Responsibilities. Developer shall be responsible for all management functions with respect to the Affordable Units, including without limitation the selection of tenants, certification and recertification of household income and eligibility, evictions, collection of rents and deposits, maintenance, landscaping, routine and extraordinary repairs, replacement of capital items, and security. City shall have no responsibility for construction, rehabilitation, management, repair, maintenance or marketing of the Affordable Units.

6.2 Required Submissions to City. Three months before the first certificate of occupancy is issued to an Affordable Unit, the Developer or its designated representative shall notify City of the availability of the Affordable Units and provide to the City its proposed Marketing and Management Plan for the Affordable Units as described below in Section 6.3; and the proposed form of tenant lease to confirm conformance with the provisions of this Agreement, all for City review and approval.

6.3 Marketing and Management Plan. The Marketing and Management Plan shall address, in detail, how Developer plans to market the Affordable Units to prospective Eligible Households in accordance with fair housing laws and this Agreement ("Marketing and Management Plan" or "Plan"). The Plan shall include the following: means to be used to advertise Affordable Units to the public upon initial occupancy and as vacancies occur and maintenance of a waiting list; the amount of any application screening fee based on reasonable costs of processing applications by Developer, and information to be provided to applicants, including the preferences described in Section 3.1, conditions and restrictions applicable to

occupancy of the Affordable Units, proposed Affordable Rents for the Affordable Units, permitted rent increases, maximum qualifying income for an Eligible Household, the requirement for annual household income recertification, and requirement to vacate the Affordable Unit if the Tenant's household income exceeds the maximum qualifying income, as described in Section 4.5. The Plan shall also describe the management team and shall address how Developer and any management entity plan to manage and maintain the Affordable Units.

6.4 Review of Marketing and Management Plan. Upon receipt of the Plan, the City shall promptly review the Plan and shall approve or disapprove it within 45 days after City determines that the submitted Plan is complete. If the Plan is not approved, the City shall provide Developer with a written description of the changes required to obtain approval, and the Developer shall submit a revised Plan within 30 days of receipt of such comments, which the City will again review and reasonably approve or disapprove within 15 days, again stating reasons for disapproval and corrections required as detailed above. If the Plan is not approved, the Developer shall submit a revised Plan within 30 days, which shall be subject to the same review procedure set forth in this Section 6.4. Developer shall abide by the terms of the Plan in marketing, managing, leasing, and maintaining the Affordable Units, and throughout the term of this Agreement, shall submit proposed material modifications to City for review and approval.

6.5 Repair, Maintenance and Security. Throughout the term of this Agreement, Developer shall at its own expense, maintain the Affordable Units in good physical condition, in good repair, and in decent, safe, sanitary, habitable and tenantable living conditions in conformity with all applicable state, federal, and local laws, ordinances, codes, and regulations. Without limiting the foregoing, Developer agrees to maintain the Affordable Units (including without limitation, the residential units, common areas, landscaping, driveways, parking areas and walkways) in a condition free of all waste, nuisance, debris, unmaintained landscaping, graffiti, disrepair, abandoned vehicles/appliances, and illegal activity, and shall take all reasonable steps to prevent the same from occurring on the Affordable Units. Developer shall prevent and/or rectify any physical deterioration apart from reasonable wear and tear of the Affordable Units and shall make all repairs, renewals and replacements necessary to keep the Affordable Units and the improvements located therein in good condition and repair. Developer shall provide adequate security measures for the Affordable Units, including without limitation, the installation of adequate lighting and deadbolt locks.

6.6 City's Right to Perform Maintenance. In the event that Developer breaches any of the covenants contained in Section 6.5, and such default continues for a period of 10 days after written notice from City (with respect to graffiti, debris, and waste material) or 30 days after written notice from City (with respect to landscaping, building improvements and general maintenance), or such additional time as is reasonably required to rectify the condition, then City, in addition to any other remedy it may have under this Agreement or at law or in equity, shall have the right, but not the obligation, to enter upon the Affordable Units and perform all acts and work necessary to protect, maintain, and preserve the improvements and the landscaped areas on the Property. All reasonable third-party costs expended by City in connection with the foregoing shall be paid by Developer to City upon demand. All such sums remaining unpaid 30 days following delivery of City's invoice therefor shall bear interest at the lesser of 8% per annum or the highest rate permitted by applicable law. City shall have a lien against the

Affordable Units for the amount of such unpaid sums and shall have the right to record a Notice of Claim of Lien against the Affordable Units.

6.7 Property Damage or Destruction. If any part of the Affordable Units are damaged or destroyed, Developer shall repair or restore the same, consistent with the occupancy and rent restriction requirements set forth in this Agreement. Such work shall be commenced as soon as reasonably practicable after the damage or loss occurs and shall be completed within one year thereafter or as soon as reasonably practicable, provided that insurance proceeds are available to be applied to such repairs or restoration within such period and the repair or restoration is financially feasible. During such time that lenders providing financing for the construction of the Affordable Units impose requirements that differ from the requirements of this Section the requirements of such lenders and investors shall prevail.

7. Binding Upon Successors; Covenants to Run with the Land. Developer hereby subjects its interest in that parcel with the Affordable Units (Lot 1, as shown in Exhibit A ("Lot 1") to the covenants and restrictions set forth in this Agreement, as they may apply to that residential building. The Parties hereby declare their express intent that the covenants and restrictions set forth herein shall be deemed covenants running with the land and shall be binding upon and inure to the benefit of the heirs, administrators, executors, successors in interest, transferees, and assigns of the Parties, regardless of any sale, assignment, refinancing, conveyance or transfer of the Affordable Units, or any part thereof or interest therein, whether a change in interest occurs voluntarily or involuntarily, by operation of law or otherwise, except as expressly released by City. Any successor-in-interest to Developer, including without limitation any purchaser, transferee or lessee of the Affordable Units (other than the tenants of the individual Affordable Units) shall be subject to all of the duties and obligations imposed hereby for the full term of this Agreement. Each and every contract, deed, lease or other instrument affecting or conveying the Affordable Units or any part thereof, shall conclusively be held to have been executed, delivered and accepted subject to the covenants, restrictions, duties and obligations set forth herein, regardless of whether such covenants, restrictions, duties and obligations are set forth in such contract, deed, lease or other instrument. If any such contract, deed, lease or other instrument has been executed prior to the date hereof, Developer hereby covenants to obtain and deliver to City an instrument in recordable form signed by the parties to such contract, deed, lease or other instrument pursuant to which such parties acknowledge and accept this Agreement and agree to be bound hereby.

Developer agrees for itself and for its successors that in the event that a court of competent jurisdiction determines that the covenants herein do not run with the land, such covenants shall be enforced as equitable servitudes against the Affordable Units in favor of City. Without limiting the generality of the foregoing, Developer and City hereby declare their understanding and intent that:

(a) The covenants and restrictions contained in this Agreement shall be construed as covenants running with the land pursuant to California Civil Code section 1468 and not as conditions which might result in forfeiture of title by Developer;

(b) The burden of the covenants and restrictions set forth in this Agreement touch and concern the Property in that the Developer's legal interest in the Property and all improvements thereon are rendered less valuable thereby; and

(c) The benefit of the covenants and restrictions set forth in this Agreement touch and concern the land by enhancing and increasing the enjoyment and use of the Property by the Affordable Unit tenants.

(d) All covenants and restrictions contained herein without regard to technical classification or designation shall be binding upon Developer and its successors in interest for the benefit of the City, and such covenants and restrictions shall run in favor of the City for the entire period during which such covenants and restrictions shall be in force and effect, without regard to whether the City is an owner of any land or interest therein to which such covenant and restrictions relate.

8. Recordation; Subordination. This Agreement shall be recorded in the Official Records of San Mateo County prior to the recordation of the final subdivision map for the Project. Developer hereby represents, warrants and covenants that with the exception of easements of record, absent the written consent of City, this Agreement shall not be subordinated in priority to any lien (other than those pertaining to taxes or assessments), encumbrance, or other interest in the Affordable Units. If, at the time this Agreement is recorded, any interest, lien, or encumbrance has been recorded against Lot 1 in a position superior to this Agreement, upon the request of City, Developer hereby covenants and agrees to promptly undertake all action necessary to clear such matter from title or to subordinate such interest to this Agreement consistent with the intent of and in accordance with this Section 7, and to provide such evidence thereof, as City may reasonably request. Notwithstanding the foregoing, the City agrees that, pursuant to Health and Safety Code Section 33334.14(a)(4), the City will not withhold consent to reasonable requests for subordination of this Agreement to deeds of trust, provided that the instruments effecting such subordination include reasonable protections to the City in the event of default consistent with the requirements of Health and Safety Code Section 33334.14(a)(4), including without limitation, extended notice and cure rights.

9. Transfer and Encumbrance.

9.1 Permitted Transfers. Notwithstanding any contrary provision hereof, the Permitted Transfers of the Affordable Units or of Lot 1 ("Permitted Transfers") are as follows: (a) the granting of easements or permits to facilitate development of the Property; (b) bulk sale of all four Affordable Units by the Developer or Developer's successors in interest; (c) the sale, lease or rental of the individual Affordable Units to Eligible Households for occupancy as their principal residence during the 55-year Term in accordance with this Agreement, and the market rate sale, lease or rental of any Affordable Units following the end of the 55-year Term; or (d) assignments creating security interests for the purpose of financing the acquisition, construction, or permanent financing of the Project or the Property or portions of the Project or Property or the reconstruction, repair of the Project or Property, or portions of the Project or Property, or as may be permitted by law, or Permitted Transfers directly resulting from the foreclosure of, or granting of a deed in lieu of foreclosure of, such a security interest.

9.2 Agreement by Transferees. Each transferee shall agree: that (a) the Project is and shall, during the Term of this Agreement, continue to be operated in compliance with this Agreement and (b) the transferee expressly assumes all obligations of Developer imposed by this Agreement.

9.3 City Purchase Option. In the event that the Developer or the Developer's successor in interest elects to place all four Affordable Units on the market for bulk sale during the 55-year Term of this Agreement, the Developer shall notify the City, in writing, of that decision at least six months before any Affordable Units are listed for sale or any sales agreements are executed. The City shall have the option to purchase the Affordable Units, and may choose to exercise this option at its sole discretion by providing written notice to Developer.

9.4 Mortgagee Protection. No violation of any provision contained herein shall defeat or render invalid the lien of any mortgage or deed of trust made in good faith and for value upon all or any portion of the Project or the Property, and the purchaser at any trustee's sale or foreclosure sale shall not be liable for any violation of any provision hereof occurring prior to the acquisition of title by such purchaser. Such purchaser shall be bound by and subject to this Agreement from and after such trustee's sale or foreclosure sale. Promptly upon determining that a violation of this Agreement has occurred, City shall give written notice to the holders of record of any mortgages or deeds of trust encumbering the Project or the Property that such violation has occurred.

10. Transition to For-Sale Project. In the event that the Developer elects to place the Affordable Units on the market for sale during the 55-year Term of this Agreement, the Developer shall notify the City, in writing, of that decision at least six months before any Affordable Units are listed for sale or any sales agreements are executed. City and Developer shall meet and confer to determine procedures to be utilized for sale of the Affordable Units. Purchase Option. The City shall have the option to purchase the Affordable Units, and may choose to exercise this option at its sole discretion by providing written notice to Developer ("Exercise Notice"). Not later than 90 days after Developer's receipt or refusal of the City's Exercise Notice, the City may purchase the Affordable Unit at a price equal to the Affordable Sales Price, as defined below in Section 10(c). This Section 11 shall not apply to the bulk sale of all four Affordable Units by the Developer or Developer's successors in interest, although it would apply to the sale of individual units following such bulk sale.

(a) If the City does not exercise its option to purchase the Affordable Units, the Affordable Units shall be sold to and occupied by Eligible Households at an Affordable Sales Price, as defined below in Section 10(c). Each Affordable Unit shall first be offered for sale to the existing Tenant at the Affordable Sales Price. If City has created a waiting list of Eligible Households, the Affordable Units shall next be offered for sale to any household on the City's list of Eligible Households.

(b) The initial and any subsequent purchasers ("Purchaser") of an Affordable Unit shall execute those instruments or agreements approved by and provided by the City restricting the resale price of the Affordable Unit in accordance with City Ordinances for the remainder of the 55-year period defined in Section 5.1, above. Such instruments or agreements shall be recorded, as applicable, against each individual Affordable Unit sold and shall contain such provisions as

the City may reasonably require to ensure continued compliance by the Purchaser with City's existing Ordinances. The instruments or agreements shall be in a form as may mutually be agreed to by the City and the Developer. Developer and City shall cooperate to ensure that the instruments and agreements provided by the City are executed by the Purchaser and recorded, as appropriate, at Developer's sale of the Affordable Units.

(c) The "Affordable Sales Price" for the Affordable Units at initial sale by the Developer shall be determined by the City within 60 days of the Developer's notice of intent to sell, after consultation with the Developer, based on a reasonable down payment and total monthly costs (as those costs exist on the date of City's determination) that do not exceed Maximum Monthly Rent. Total monthly costs shall include mortgage interest and principal, property taxes, mortgage insurance, homeowner's insurance, and homeowners' association dues.

(d) Developer shall comply with all applicable provisions of the Subdivision Map Act, the Subdivided Lands Act, and other applicable law if Developer elects to place the Affordable Units on the market for sale.

11. Violation of Agreement.

11.1 Events of Default. An Event of Default shall arise hereunder if Developer fails to perform any obligation under this Agreement and fails to cure such default within 30 days after the City has notified the Developer in writing of the default, or if the default cannot be cured within 30 days, has failed to commence to cure within 30 days and thereafter diligently pursued such cure and completed such cure within a reasonable time.

11.2 Remedies. Upon the occurrence of an Event of Default and its continuation beyond any applicable cure period, City may proceed with any of the following remedies:

(a) Bring an action for equitable relief seeking the specific performance of the terms and conditions of this Agreement, and/or enjoining, abating, or preventing any violation of such terms and conditions, and/or seeking declaratory relief;

(b) In the event that the Developer's breach, non-performance or violation involves the rents to Tenants or other charges in excess of those permitted under this Agreement, the City shall be entitled to require, as an additional remedy, the return of such excess rents or other charges to the affected households, if such households can be located within a reasonable amount of time by Developer's good faith search for such households. If in fact such households cannot be found within a reasonable amount of time after Developer's good faith search, then Developer shall return such excess rents or other charges to the City.

(c) Pursue any other remedy allowed at law or in equity.

Each of the remedies provided herein is cumulative and not exclusive. City may exercise from time to time any rights and remedies available to it under applicable law or in equity, in addition to, and not in lieu of, any rights and remedies expressly provided in this Agreement. Any failure or delay by City in asserting any of its rights or remedies, including specific performance, as to any Event of Default shall not operate as a waiver of any default or of any such rights or

remedies or deprive City of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

11.3 Violations by the City. Any violation, non-performance or breach by the City of any representation, obligation, warranty or covenant hereunder, which is not cured within 30 days after notice thereof given by the Developer, or where cure is not possible within 30 days, whose cure is not commenced within 30 days and diligently prosecuted to completion shall constitute an Event of Default, in which event the Developer's sole remedy shall be to seek specific performance of the Agreement.

12. Miscellaneous.

12.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both Parties and recorded thereafter.

12.2 No Waiver. Any waiver by City or Developer of any term or provision of this Agreement must be in writing. No waiver shall be implied from any delay or failure by City or Developer to act on any breach or default hereunder or to pursue any remedy allowed under this Agreement or applicable law. Except as otherwise provided herein, no failure or delay by City at any time to require strict performance by Developer of any provision of this Agreement or to exercise any election contained herein or any right, power or remedy hereunder shall be construed as a waiver of any other provision or any succeeding breach of the same or any other provision hereof or a relinquishment for the future of such election.

12.3 Notices. Except for any notice, demand or communication required under applicable law to be given in another matter, all notices, demands and communications to be sent pursuant to this Agreement shall be made in writing, and sent to the parties at their respective addresses specified below or to such other address as a party may designate by written notice delivered to the other parties in accordance with this Section. All notices demands or communications shall be shall be sent by personal delivery, by reputable overnight delivery service (which provides a delivery receipt), or by certified or registered mail, return receipt requested, postage prepaid. Any notice, demand or communication shall be deemed given, received, made or communicated on the date personal delivery is effected or, if mailed in the manner herein specified, on the delivery date or date delivery is refused by the addressee, as shown on the return receipt. Either party may change its address at any time by giving written notice of such change to City or Developer as the case may be, in the manner provided herein, at least 10 days prior to the date such change is desired to be effective.

Any notice to be delivered to City shall be addressed to:

City of Half Moon Bay
501 Main Street
Half Moon Bay, CA 94019
Attn: City Manager

With copy to:

Shute, Mihaly & Weinberger, LLP
Catherine Engberg, City Attorney
396 Hayes Street
San Francisco, CA 94102

Any notice to be delivered to Developer shall be addressed to:

Gibraltar Capital Inc.
6 Ashdown Place
Half Moon Bay, CA 94019
Attn: Cameron Jeffs

12.4 Further Assurances. The Parties shall execute, acknowledge and deliver to the other such other documents and instruments, and take such other actions, as either shall reasonably request as may be necessary to carry out the intent of this Agreement.

12.5 Parties Not Co-Venturers. Nothing in this Agreement is intended to or shall establish the Parties as partners, co-venturers, or principal and agent with one another.

12.6 Action by the City. Except as may be otherwise specifically provided herein, whenever any approval, notice, direction, consent or request by the City is required or permitted under this Agreement, such action shall be in writing, and such action may be given, made or taken by the City Manager or by any person who shall have been designated by the City Manager, without further approval by the City Council.

12.7 Non-Liability of City and City Officials, Employees and Agents. No member, official, employee or agent of City shall be personally liable to Developer or any successor in interest, in the event of any default or breach by City, or for any amount of money which may become due to Developer or its successor or for any obligation of City under this Agreement.

12.8 Indemnification. Developer agrees to indemnify, protect, defend with counsel selected by the City, and hold harmless, the City, and any agency or instrumentality thereof, and its elected and appointed officials, officers, employees and agents, from and against an and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorney's fees and disbursements arising out of or in any way relating to the Project, the Affordable Units, or Developer's performance, non-performance under this Agreement, or its failure to comply with any of its obligations contained in this Agreement (collectively, "Claims"). The indemnification shall include any Claims that may be asserted by any person or entity, including Developer, whether or not there is concurrent, passive or active negligence on the part of the City, and any agency or instrumentality thereof, and its elected and appointed officials, officers, employees and agents. Developer's duty to defend the City shall not apply in those instances when Developer has asserted the Claims, although the Developer shall still have a duty to indemnify, protect and hold harmless the City.

This indemnification shall include, but not be limited to, City costs required to respond to any Claim, any damages awarded against the City, the City's attorneys' fees and cost of suit, any

award of opposing counsel's attorneys' fees or costs of suit, and any other liabilities and expenses incurred in connection with such proceeding, whether incurred by Developer, the City, and/or the parties initiating or bringing such proceeding. Developer acknowledges that the City may elect to retain its own counsel to represent it in such proceeding and agrees to reimburse the City for associated attorneys' fees and costs of suit. Developer further agrees to indemnify the City for all costs, attorneys' fees, and damages, which the City incurs in enforcing this Agreement.

12.9 Headings; Construction. The headings of the sections and paragraphs of this Agreement are for convenience only and shall not be used to interpret this Agreement. The language of this Agreement shall be construed as a whole according to its fair meaning and not strictly for or against any Party.

12.10 Time is of the Essence. Time is of the essence in the performance of this Agreement.

12.11 Governing Law; Venue. This Agreement shall be construed in accordance with the laws of the State of California without regard to principles of conflicts of law. Any action to enforce or interpret this Agreement shall be filed and heard in the Superior Court of San Mateo County, California or in the Federal District Court for the Northern District of California.

12.12 Attorneys' Fees and Costs. If any legal or administrative action is brought to enforce the terms of this Agreement, the prevailing party shall be entitled to recover all reasonable attorneys' fees and costs incurred in such action.

12.13 Severability. If any provision of this Agreement is held invalid, illegal, or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

12.14 Entire Agreement; Exhibits. This Agreement contains the entire agreement of Parties with respect to the subject matter hereof, and supersedes all prior oral or written agreements between the Parties with respect thereto. Exhibit A attached hereto is incorporated herein by this reference.

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

12.16 No Third Party Beneficiaries. Except as otherwise provided herein, City and Developer hereby renounce the existence of any third party beneficiary to this Agreement and agree that nothing contained herein shall be construed as giving any other person or entity third party beneficiary status.

SIGNATURES ON FOLLOWING PAGE(S)

IN WITNESS WHEREOF, the Parties have executed this Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants as of the date first written above.

CITY
CITY OF HALF MOON BAY
A California Municipal Corporation

By: _____
ROBERT NISBET
City Manager
[signature must be notarized]

APPROVED AS TO FORM:

_____
CATHERINE ENGBERG
City Attorney

ATTEST:

_____
JESSICA BLAIR
City Clerk

DEVELOPER
Gilbraltar Capital, Inc.
A California Corporation

By: _____
CAMERON JEFFS
Chief Financial Officer
[signature must be notarized]

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo)

On November 01 ,2021 before me, Carlos Garcia, Notary Public
(insert name and title of the officer)

personally appeared Cameron Jeffs,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

CARLOS GARCIA
Notary Public - California
San Mateo County
Commission # 2375381
My Comm. Expires Oct 15, 2025

Signature Carlos Garcia (Seal)

Title or Type of Document: Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants

CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT CIVIL CODE § 1189

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of San Mateo }

On November 3, 2021 before me, Sheri Saisi, Notary Public
Date *Here Insert Name and Title of the Officer*

personally appeared Robert Nisbet
Name(s) of Signer(s)

who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

SHERI SAISI
Notary Public – California
San Mateo County
Commission # 2222900
My Comm. Expires Nov 23, 2021

Place Notary Seal and/or Stamp Above

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature Sheri Saisi
Signature of Notary Public

OPTIONAL

Completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document CREEKSIDE COURT: AFFORDABLE HOUSING REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS
Title or Type of Document:
Document Date: JULY 21, 2021 Number of Pages: 21
Signer(s) Other Than Named Above: NONE

Capacity(ies) Claimed by Signer(s)

Signer's Name:	Signer's Name:
☐ Corporate Officer – Title(s):	☐ Corporate Officer – Title(s):
☐ Partner – ☐ Limited ☐ General	☐ Partner – ☐ Limited ☐ General
☐ Individual ☐ Attorney in Fact	☐ Individual ☐ Attorney in Fact
☐ Trustee ☐ Guardian of Conservator	☐ Trustee ☐ Guardian of Conservator
☑ Other: CITY MANAGER	☐ Other:
Signer is Representing: CITY OF HALF MOON BAY	Signer is Representing:

©2017 National Notary Association

Exhibit A

Legal Description of the Property

[insert description of the Property]

Exhibit A

Legal Description of the Property

Lot 1 of the Creekside Court Final Map No. 16-02 as recorded in the Offices of the San Mateo County Recorder.

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

VIA: Matthew Chidester, City Manager

FROM: Dale Leda, Interim City Engineer

TITLE: **SAFE STREET FOR ALL – AWARD OF PROFESSIONAL SERVICES AGREEMENT**

RECOMMENDATION:
Adopt a resolution authorizing the City Manager to execute a Professional Services Agreement with Kittelson & Associates, Inc. in an amount not to exceed $149,880 for the preparation of a Safe Streets for All Road Safety Action Plan.

FISCAL IMPACT:
The project is funded by a $120,000 Federal Safe Streets for All (SS4A) grant and a $30,000 local match. The local match was included in the FY 2024-25 adopted budget. No additional funding is required.

STRATEGIC ELEMENT:
This action supports the *Infrastructure and Environment* and *Healthy Communities and Public Safety* element of the Strategic Plan.

BACKGROUND:
The Safe Streets for All (SS4A) program provides federal funding to develop comprehensive safety action plans addressing roadway fatalities and serious injuries through a Safe System Approach. The City was awarded a $120,000 SS4A planning grant with a $30,000 local match (total budget $150,000). The grant agreement was executed July 24, 2024, and requires completion within 36 months.

Half Moon Bay has experienced significant roadway safety challenges. The Road Safety Action Plan will provide comprehensive crash analysis, identify high-priority locations, develop evidence-based countermeasures, and create grant-ready projects positioning the City for future SS4A Implementation funding (up to $25 million). The plan is also intended to supplement other existing and in-progress planning studies and will be focused primarily on local streets.

DISCUSSION:

Request for Proposals (RFP) Process

On August 15, 2025, the City issued an RFP for consultant services to prepare the SS4A Road Safety Action Plan, with proposals due September 26, 2025. The scope included project management, data collection and analysis, identification of potential projects with conceptual designs, and preparation of a final SS4A-compliant action plan with public meetings.

The City received six proposals from: Kimley-Horn and Associates, Kittelson & Associates (with BKF Engineers), Mead & Hunt, Minager & Associates, TJKM Transportation Consultants, and TYLin International. A three-member City staff evaluation panel reviewed all proposals based on clarity, project understanding and approach, qualifications and experience, similar projects, and references. The top two scoring firms, Kittelson and Kimley-Horn, were invited to interviews.

Consultant Interviews

The top two firms participated in 30-minute interviews on October 23, 2025, addressing outreach strategy, coordination with the concurrent South Corridor Study, lessons learned from other SS4A projects, and approach to delivering an implementable action plan. Following interviews, the panel unanimously recommended Kittelson & Associates based on their direct experience with the C/CAG 2024 Countywide Local Road Safety Plan (which included Half Moon Bay), ongoing work with Caltrans on District Road Safety Infrastructure Plans, demonstrated track record of SS4A-compliant plans in similar California communities, and competitive fee proposal.

Recommended Consultant

Kittelson & Associates is a nationally recognized transportation planning and engineering firm with 40 years of experience. The firm led development of the AASHTO Highway Safety Manual, authored the FHWA Road Safety Audit Guidebook, and has completed 40+ safety planning projects in California. The project team includes experienced transportation safety professionals with California PE and TE licenses, meeting all RFP requirements. BKF Engineers will provide conceptual design and cost estimating services.

Kittelson's proposed scope of work fully addresses all RFP requirements including project management, data collection and analysis, identification of potential projects with conceptual designs and cost estimates, and preparation of a final SS4A-compliant Action Plan. The Professional Services Agreement includes detailed task descriptions and deliverables.

Project Schedule

Work is anticipated to commence in December 2025 with completion expected in November 2026. Kittelson & Associates demonstrated the highest qualifications, most relevant experience, and best understanding of project needs. Their familiarity with Half Moon Bay and involvement in regional planning efforts positions them to deliver an implementable, grant-ready action plan

ATTACHMENTS:

1. Resolution
2. Scope of Work and Fee Schedule

Resolution No. C-2025-____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE CITY MANAGER TO EXECUTE A PROFESSIONAL SERVICES AGREEMENT WITH KITTELSON & ASSOCIATES, INC. FOR PREPARATION OF A SAFE STREETS FOR ALL ROAD SAFETY ACTION PLAN, IN THE AMOUNT OF $149,880

WHEREAS, the Safe Streets for All (SS4A) program provides federal funding to develop comprehensive safety action plans addressing roadway fatalities and serious injuries through a Safe System Approach; and

WHEREAS, the City was awarded a $120,000 SS4A planning grant with a $30,000 local match, and the grant agreement was executed July 24, 2024; and

WHEREAS, the Road Safety Action Plan will provide comprehensive crash analysis, identify high-priority locations, develop evidence-based countermeasures, and create grant-ready projects positioning the City for future SS4A Implementation funding; and

WHEREAS, on August 15, 2025, the City issued a Request for Proposals (RFP) for consultant services to prepare the SS4A Road Safety Action Plan, and received six proposals from qualifying firms; and

WHEREAS, following interviews on October 23, 2025, an evaluation panel made up of city staff unanimously recommended Kittelson & Associates based on their direct experience with the C/CAG 2024 Countywide Local Road Safety Plan, ongoing work with Caltrans on District Road Safety Infrastructure Plans, demonstrated track record of SS4A-compliant plans in similar California communities, and competitive fee proposal; and

WHEREAS, the professional services agreement with Kittelson & Associates includes detailed task descriptions and deliverables for project management, data collection and analysis, identification of potential projects with conceptual designs and cost estimates, and preparation of a final SS4A-compliant Action Plan; and

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby authorizes the City Manager to execute a professional services agreement with Kittelson & Associates, Inc., for preparation of a Safe Streets for All Road Safety Action Plan, in the not-to-exceed amount of $149,880.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST:

_____

Maggie Rodriguez, Assistant City Clerk

APPROVED:

_____

Robert Brownstone, Mayor

SCOPE OF WORK

Task 1: Project Management and Work Plan

PURPOSE: *Maintain regular communication throughout project to stay on schedule and within budget.*

Project Kick-Off Meeting

Kittelson will prepare for and conduct a kick-off meeting with the City project manager and other core participants of the project, as determined by the City project manager. The meeting will be to confirm schedule, scope, key interests from the City's perspective, identify a potential Stakeholder Committee to guide the project and review interim deliverables (if desired), and identify near-term data or information the consultant team needs from the City.

Bi-weekly Conference Calls and Monthly Progress Reports and Invoices

Kittelson project manager, Matt Braughton, will be the primary point of contact for the City. Matt will conduct bi-weekly 30-minute conference calls with the City project manager and work with the City to coordinate and distribute project materials to a Stakeholder Committee. The focus of the bi-weekly calls will be to provide an update regarding ongoing work, identify any potential issues that require resolution, and provide a recurring opportunity for the City's project manager to provide our team with feedback to ensure we are meeting or exceeding expectations.

Deliverables

- Kick-off meeting agenda, materials, and meeting notes
- Agendas and notes from bi-weekly conference calls
- Monthly invoices and progress reports

Task 2: Data Collection and Analysis

PURPOSE: *Document current multimodal roadway safety performance across the city to establish a baseline from which to improve, identify safety programs with measurable success, and establish a comprehensive database for evaluating safety performance into the future.*

Summary of Existing Safety Related Policies and Programs

Building upon the work conducted for the C/CAG 2024 Countywide LRSP, Kittelson will obtain from the City information related to existing transportation safety-related policies and programs already underway. This could include past HSIP applications or projects, roadway safety-related policies, safety-related programs, and other similar activities occurring at the local or regional level. This will provide an opportunity to succinctly document in the SAP work recently completed or already underway.

Data Collection and Comprehensive Database Establishment

Kittelson will work with the City to obtain the following datasets, as available, for use in the Safety Analysis.

Crash Data

Kittelson will begin with the database developed as part of the 2024 Half Moon Bay LRSP analysis and build upon that dataset to cover the most recent two years of available crash data to create a comprehensive crash database representing the last seven years. We know from working with other cities and counties throughout California that state databases do not always represent the most complete set of crash data available. We bring in experience working with data in local databases, such as Crossroads, excel-based inventories, XML-based inventories, and/or other sources of crash data. If these sources are determined to be useful

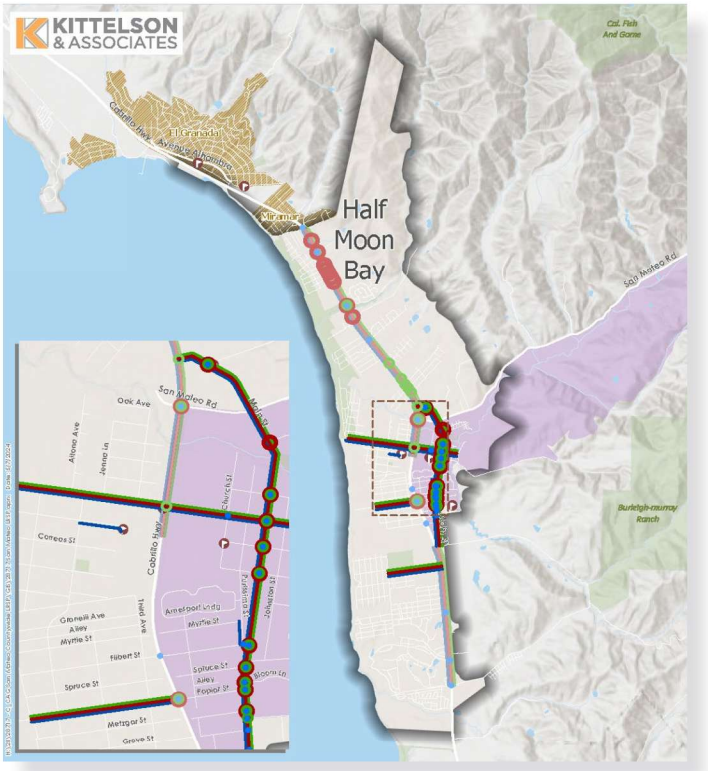
for the citywide analysis, our team will bring those into a uniform set of reported crashes that is mapped accurately in a GIS-based database.

Other Data

Kittelson will work with the City and its partner agencies to gather as much of the traffic volume, roadway characteristics, land use data, weather data, and demographic data as is currently available, and we will build upon the roadway data collected and assembled as part of the 2024 Countywide LRSP. Kittelson will obtain available traffic volume data collected including available volume data from Kittelson's license with the Replica data platform.

We will then integrate that data, along with crash data, into a GIS-based database, which will be used for the analysis described in the Safety Analysis subtask below. The database will also be a deliverable to the City for future use. The database will include supporting documentation so that the City can maintain, update, and use it for future analyses.

Figure 2. Priority Intersections and Segments in Half Moon Bay



Data Assessment

Based on available data, Kittelson will document safety data development best practices and make recommendations on future updates for the City.

Safety Analysis

PURPOSE: *Evaluate existing multimodal roadway safety performance and establish a safety management process for the City.*

Kittelson will use the established database to analyze citywide safety performance. This will include documenting collision patterns and trends by mode as well as by neighborhood or community area, as appropriate. We will conduct this work by considering descriptive statistics of the crash data and by analyzing the crash data spatially as described below. This analysis will be compared to that of the 2024 Countywide LRSP findings and similar communities in San Mateo County.

Descriptive Statistics

We will identify crash patterns, crash trends, and primary contributing factors that most commonly occur in the crash data as well as those that are most common by mode. These findings will be summarized using charts and graphs. As part of this effort, we will look at how the city's crash patterns and trends compare to the Challenge Areas identified in the current SHSP as well as the 2024 Countywide LRSP.

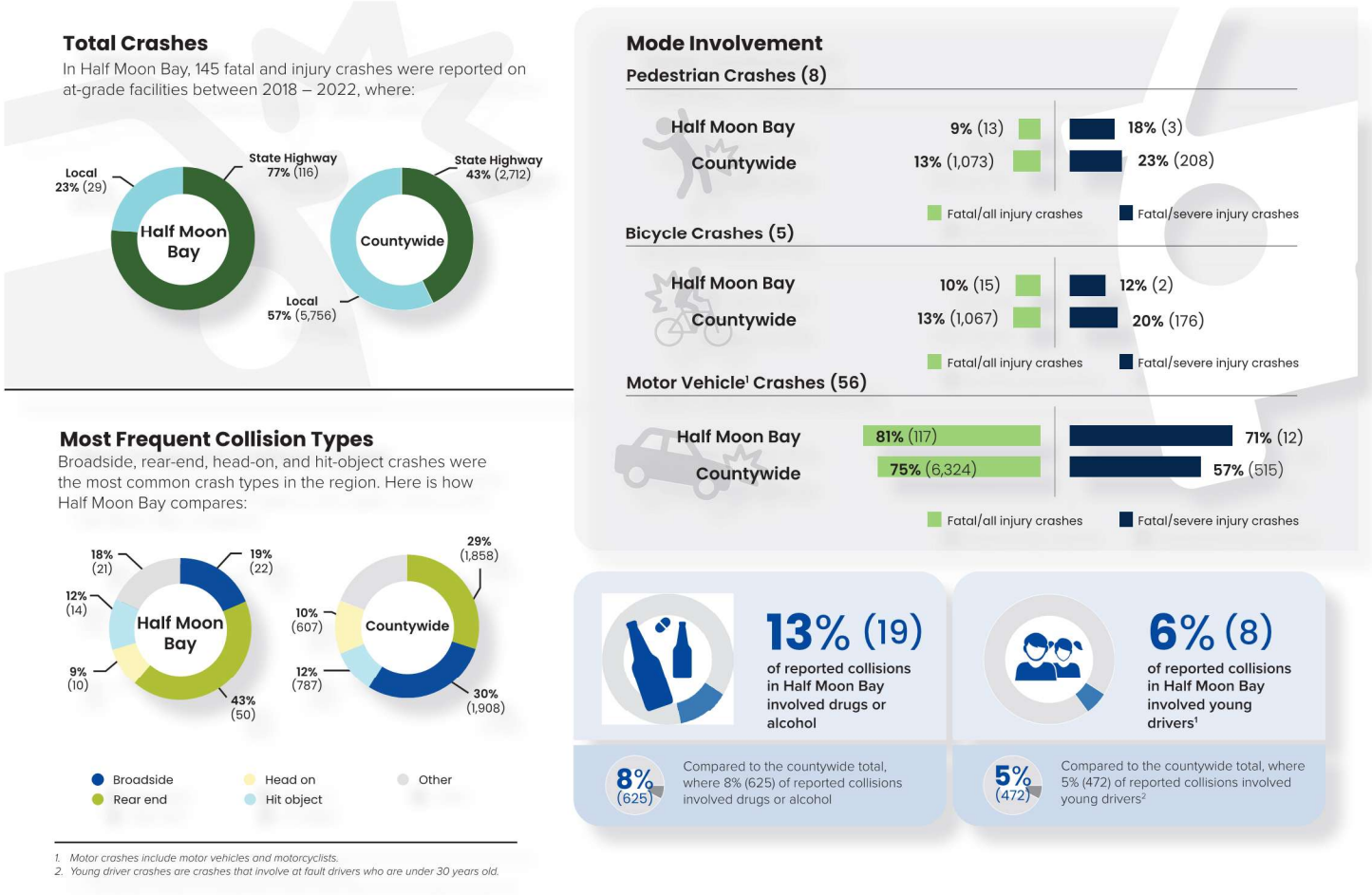
Spatial Analysis

We will identify an updated high-injury network (HIN) and high-priority locations by mode, building off of the C/CAG analysis to identify the locations across the city that have the greatest opportunity for both reactive and proactive safety improvements. This will document safety corridors and intersections by mode as priorities for eliminating fatal and serious injury crashes citywide.

Deliverables

- Existing conditions memorandum outlining safety policies and prior studies
- Comprehensive crash database in GIS format, with documentation
- Safety analysis memorandum

Figure 3. Half Moon Bay Crash History



Task 3: Identify Potential Projects

PURPOSE: *Establish a tailored countermeasure toolbox to both reactively and proactively address safety consistent with the Safe System Approach including non-engineering strategies. Develop project scopes for the highest priority locations and conceptual designs for those determined to be most grant-ready and feasible for implementation.*

Safety Toolkit

The Kittelson team will identify appropriate strategies to mitigate the City's crash type trends and location-based priorities. Strategies refer to infrastructure projects (e.g., countermeasures), policies, and programs that could improve roadway safety. Development of the strategies will be specific to the context and in response to the data analysis findings. Our team will integrate the Safe System Approach by developing multidisciplinary strategies that touch on the different Safe System Approach elements. The recommended strategies will be documented in a toolkit that provides a description of each strategy, reason for inclusion, potential applications, planning level costs, and high-level implementation guidance. The discussion of countermeasures is intended to include the following components:

- **Infrastructure Projects** – We anticipate that infrastructure projects would be organized primarily using the Movement-Place Framework that builds on the Safe System Approach to classify treatments based on the type of travel a street is serving as well as the surrounding place context (neighborhood, downtown, recreational, etc.).

- **Policies** – We anticipate policies to be organized to target safety needs and priorities. We would incorporate strategies from best practice resources such as National Highway Traffic Safety Administration's (NHTSA) Countermeasures that Work, which includes policies and considerations specific to speed and speeding management which is a core element of the Safe System Approach.
- **Programs –** We anticipate programs to be organized to target identified priorities. We would incorporate strategies from best practice resources such as NHTSA Countermeasures that Work, programs underway with the California Office of Traffic Safety and California Highway Patrol, and other national best practices for small towns and cities.

Field Visits to Longer List of Priority Locations

We will conduct field visits to the longer list of priority corridors identified as part of Task 2. The purpose of this activity will be to review and observe existing conditions and road user behavior to ground-truth and assess the feasibility, on a location-specific/corridor-specific level, and effectiveness of systemic treatments to reduce crash frequency and severity. To the extent there is interest from City staff and/or partners, we would welcome the opportunity to conduct field visits or a field tour with these broader team members.

Safety Improvement Projects

Kittelson will work with the City and partners to identify up to 15 high priority locations from the HIN and field reviews. The 15 projects (which may encompass multiple similar sites, if relevant) will be evaluated for feasibility. This subtask is intended to: (1) demonstrate how treatments from the toolbox can be applied to specific locations; and (2) create projects and materials that the City and its partners can use to pursue grant funding to implement improvements (e.g., preparing projects and content competitive for HSIP or SS4A grant funding).

Develop Project Scopes

Kittelson will develop preliminary project scopes and discuss the feasibility of location-specific engineering enhancements identified at a planning level through the previous tasks. The scopes will include the following information:

- Location maps and plans with project extents
- Statement of need through crash assessment
- Description of paired safety treatments and how treatments will address safety needs
- Inventory of safety countermeasures previously deployed or programmed
- Planning level project costs and implementation schedule

Concept Design and Cost Estimates

BKF will provide support with developing and identifying concepts and project elements for top projects. With the concepts defined, we will provide support for estimating the project costs, including construction costs and potential soft costs. Rough order of magnitude construction costs will be based on typical unit costs reported on recent projects in the area. The anticipated purpose of these costs is to support programming for future project funding. Along with this support, other flexible and collaborative services including meetings, site walks, or typical details will be provided up to a budget of $30,000 at the direction of the City of Half Moon Bay to support design and cost estimating needs.

Task 4: Final Action Plan

PURPOSE: *Prepare an actionable safety action plan for citywide road safety management.*

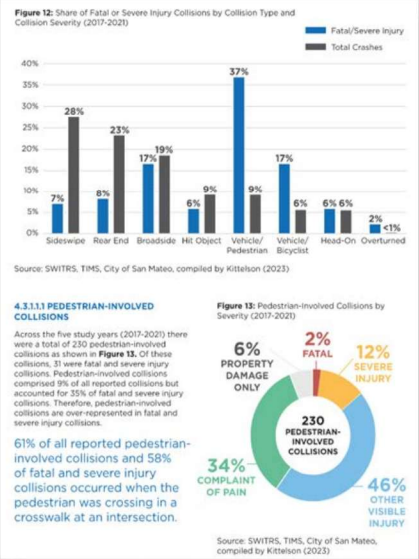
Implementation Matrix

Kittelson will work with the City to develop an actionable implementation plan to prioritize projects, identify funding opportunities to implement projects, and outline actions needed to achieve the goals, objectives, and vision of the plan. The implementation plan will also serve as a resource to identify and engage key partners

to maintain momentum and commitment to the SAP's vision and address cross-jurisdictional roadway safety performance.

Projects will be presented in a matrix that is organized by project readiness for short-, mid-, and long-term phases as well as implementation feasibility considerations. Combined, these will help to ensure a sustainable approach to road safety management with consideration of fiscal and staffing resources.

Figure 4. Example subarea summary sheet from San Mateo Local Road Safety Plan



Draft Plan and Final Plan

Kittelson will prepare the Administrative Draft of the SAP for review by the City consistent with the analysis and findings from the prior tasks. Kittelson will revise the SAP based on those comments and prepare a Final Plan, which will present results and findings in a graphical format using statistical, informational, and comparison infographics. These infographics will communicate the story behind the data analysis, strategies, and plan recommendations to City staff, stakeholders, policymakers, and the community.

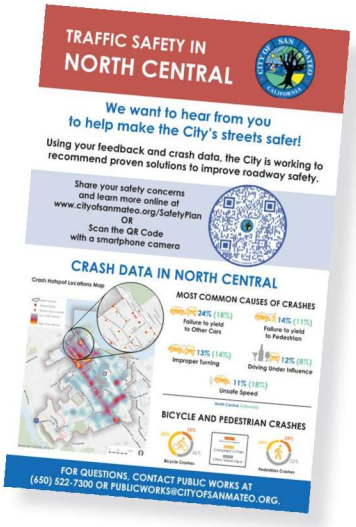
Kittelson will also prepare a USDOT SS4A Self-Certification Eligibility Checklist using the latest version available at the completion of the plan. Upon receiving any feedback from USDOT on the checklist, Kittelson will assist the City in updating the SAP to address USDOT feedback to ensure eligibility for SS4A grant funding.

Public Meetings (2)

We will coordinate with the City to present the Draft SAP at up to two (2) in-person meetings. Kittelson will prepare presentation materials and boards (as needed) to support the meetings. Up to three (3) Kittelson staff will attend the public meetings and assist the City in answering questions from the public.

Social Media Campaign

To complement public meetings, if desired by the City, the project team will develop social media materials for the City to share and encourage attendance at the public meetings through platforms such as Facebook and Instagram.



Project Webpage

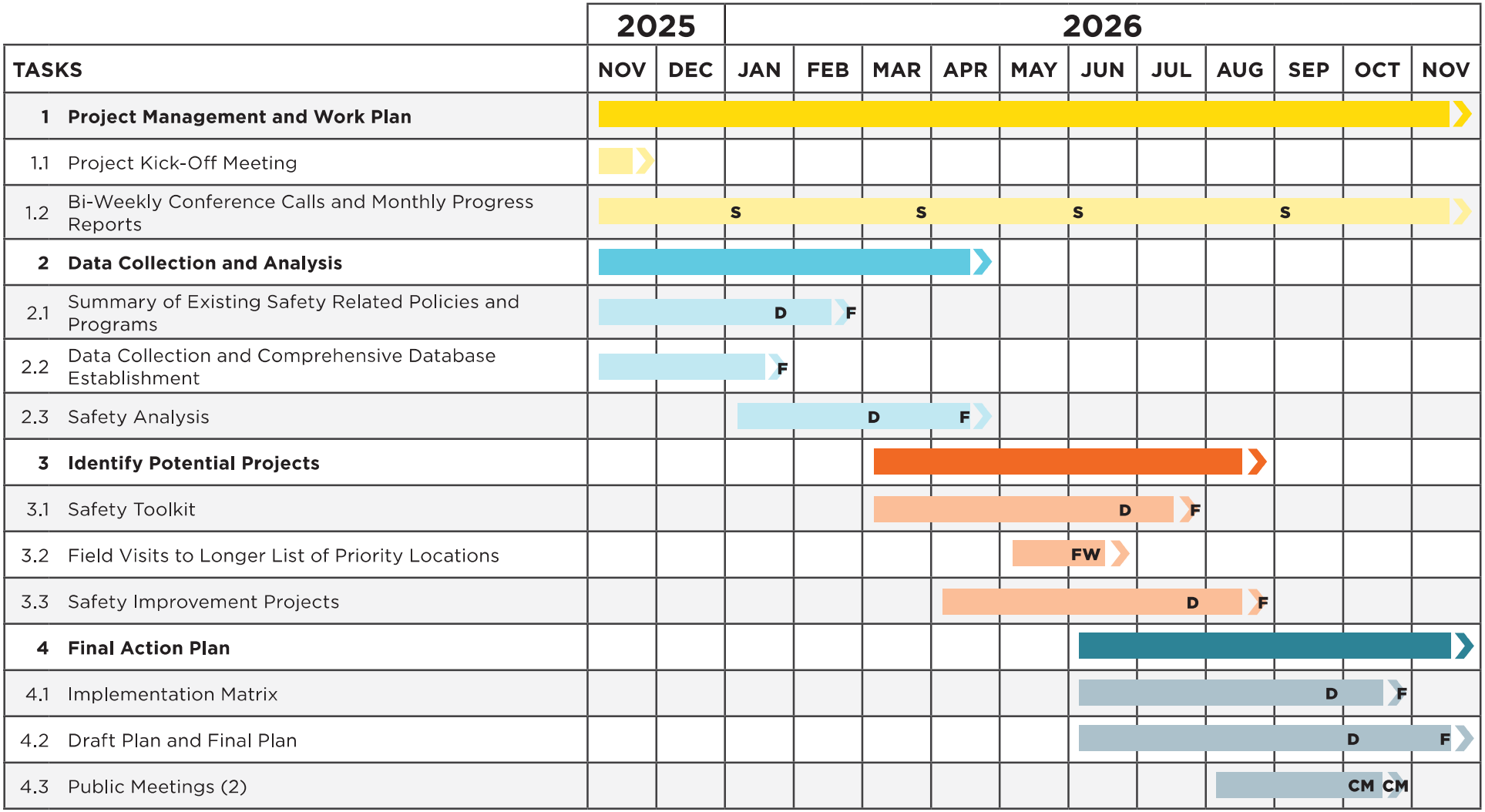
As desired by the City, the project team will develop maps, graphics, and language for the City's website throughout the duration of the SAP development. Deliverables could include but are not limited to:

- Project information
- Maps
- Graphics
- Community workshop notices
- Link to Draft Plan
- Toolkit materials

Deliverables

- Draft Plan
- Final Plan, including all relevant materials and datasets
- Presentation of the Plan at up to two (2) public meetings including presentations, social media, and website post materials.

Figure 5. Proposed project schedule



KEY
D = Draft deliverables
F = Final deliverables
S = Stakeholder meeting (proposed)
CM = Community meetings
FW = Field walks

COST PROPOSAL

Task	Notes / Staff	Kittelson & Associates, Inc.					BKF Engineers		WORK TASK/ TASK HOURS	WORK TASK/ TASK COST
		Matt Braughton, RSP1	Mike Alston, TE	Laurence Lewis, AICP, LEED AP	Nada Mahmoud, PhD	Sam Liu, EIT	Jason Mansfeld, PE	Irish Pella, PE		
		Project Manager	Project Engineer	Project Principal	Engineering Associate	Engineering Associate	Design Project Manager	Project Engineer		
001	**Task 1**									
	Project Kick-Off Meeting	4	2	2	4		4		16	$3,989
	Bi-Weekly Conference Calls and Monthly Progress Reports	12	6	4	12		4		38	$9,064
	Reimbursable Expense									$0
	Task #001 - Subtotal	16	8	6	16	0	8	0	54	$13,053
002	**Data Collection and Analysis**									
	Summary of Existing Safety Related Policies and Programs	2		2	24				28	$5,398
	Data Collection and Comprehensive Database Establishment	2		1	8	24			35	$6,511
	Safety Analysis	8	4	2	24	64	4	4	110	$21,207
	Reimbursable Expense									$0
	Task #002 - Subtotal	12	4	5	56	88	4	4	173	$33,115
003	**Identify Potential Projects**									
	Safety Toolkit	4	2	2	12	24			44	$8,507
	Field Visits to Longer List of Priority Locations	8	8		8		8		32	$7,651
	Safety Improvement Projects	8	12	2	32	60	32	64	210	$44,024
	Reimbursable Expense									$1,150
	Task #003 - Subtotal	20	22	4	52	84	40	64	286	$61,331
004	**Final Action Plan**									
	Implementation Matrix	4	2	1	32	8			47	$8,911
	Draft Plan and Final Plan	12	16	4	32	48	4	4	120	$24,139
	Public Meetings (2)	16		2	12	8			38	$8,480
	Reimbursable Expense									$850
	Task #004 - Subtotal	32	18	7	76	64	4	4	205	$42,380

	TOTAL HOURS	80	52	22	200	236	56	72		
	LABOR RATE	$270.77	$221.51	$303.38	$177.05	$177.05	$287.00	$205.00	**TOTAL HOURS**	**TOTAL LABOR**
	LABOR COST	$21,662	$11,519	$6,674	$35,410	$41,784	$16,072	$14,760	**718**	**$147,880**

Rates shown above are for budgeting purposes only. Additional staff may be billed at the time services are performed.

TOTAL REIMBURSABLES
$2,000

TOTAL PROJECT BUDGET
$149,880

KITTELSON & ASSOCIATES

City of Half Moon Bay
Rate Schedule
As of September 2025

Classification	Hourly Billing Rate*
Senior Principal Engineer/Planner *Lewis, Laurence*	$303.38
Principal Engineer/Planner	$270.77
Associate Engineer/Planner *Braughton, Matthew*	$246.89
Senior Engineer/Planner *Alston, Michael*	$221.51
Engineer/Planner *Liu, Samantha* *Mahmoud, Nada*	$177.05
Transportation Analyst	$142.49
Technician I	$118.39
Technician II	$143.50
Senior Technician	$159.90
Associate Technician	$195.60
Office Support	$107.73
Data Analyst / Software Technician	$153.97
Senior Data Scientist/Developer	$231.56

**Above classification rates are based on actual wage rates for key personnel and average rates for classifications without key personnel specifically identified. These rates were developed using Kittelson's audited overhead of 207.16% and 10% profit. Classification billing rates will be invoiced for the initial term of the contract, subject to increase at each option year renewal.*

REIMBURSABLE COSTS	
Mileage	(Actual Federal Mileage Rate, no markup)
Lodging	(Reimbursement for actual, no markup)
Air Travel	(Reimbursement for actual, no markup)
Meals	(Reimbursement for actual, no markup)
Outside Services	(Reimbursement for actual, no markup)

Other costs, if applicable, will also be invoiced for reimbursement at actual cost with no markup. (For example, outside reproduction costs, taxi services, equipment rental, etc.)

BKF ENGINEERS PROFESSIONAL SERVICES RATE SCHEDULE

EFFECTIVE JANUARY 1, 2025

CLASSIFICATION	HOURLY RATE
PROJECT MANAGEMENT	
Principal in Charge	$317.00
Senior Project Executive	$294.00
Project Executive	$287.00
Senior Project Manager | Senior Technical Manager	$278.00
Project Manager | Technical Manager	$273.00
Engineering Manager | Surveying Manager | Planning Manager	$251.00
TECHNICAL STAFF	
Senior Project Engineer | Senior Project Surveyor | Senior Project Planner	$233.00
Project Engineer | Project Surveyor | Project Planner	$205.00
Design Engineer | Staff Surveyor | Staff Planner	$179.00
BIM Specialist I, II, III	$179.00 - $205.00 - $233.00
Technician I, II, III, IV, V	$170.00 - $181.00 - $198.00 - $213.00 - $230.00
Drafter I, II, III, IV	$133.00 - $146.00 - $158.00 - $175.00
Engineering Assistant | Surveying Assistant | Planning Assistant	$111.00
FIELD SURVEYING	
Survey Party Chief	$233.00
Instrument Person	$200.00
Survey Chainperson	$150.00
Utility Locator I, II, III, IV	$122.00 - $172.00 - $207.00 - $235.00
Apprentice I, II, III, IV	$92.00 - $124.00 - $137.00 - $145.00
CONSTRUCTION ADMINISTRATION	
Senior Consultant	$305.00
Senior Construction Administrator	$266.00
Resident Engineer	$197.00
Field Engineer I, II, III, IV	$179.00 - $205.00 - $233.00 - $250.00
FUNDING & GRANT MANAGEMENT	
Director of Funding Strategies	$218.00
Funding Strategies Manager	$200.00
Funding/Research Analyst I, II, III, IV	$137.00 - $158.00 - $168.00 - $185.00
PROJECT ADMINISTRATION	
Project Coordinator	$149.00
Senior Project Assistant	$128.00
Project Assistant	$113.00
Clerical | Administrative Assistant	$95.00

Expert witness rates are available upon request.

Subject to the terms of a services agreement:

- Charges for outside services, equipment, materials, and facilities not furnished directly by BKF Engineers will be billed as reimbursable expenses at cost plus 10%. Such charges may include, but shall not be limited to: printing and reproduction services; shipping, delivery, and courier charges; subconsultant fees and expenses; agency fees; insurance; transportation on public carriers; meals and lodging; and consumable materials.
- Allowable mileage will be charged at the prevailing IRS rate per mile.
- Monthly invoices are due within 30 days from invoice date. Interest will be charged at 1.5% per month on past due accounts.
- The rates shown are subject to periodic increases, including January 1st of each year.

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

VIA: Matthew Chidester, City Manager

FROM: Kenneth Stiles, Interim Administrative Services Director

TITLE: **ADOPT THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

RECOMMENDATION:
Adopt a resolution receiving the City of Half Moon Bay Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2025.

FISCAL IMPACT:
There is no fiscal impact associated with the adoption of this resolution.

STRATEGIC ELEMENT:
This recommendation supports the *Fiscal Sustainability* and *Inclusive Governance* Elements of the Strategic Plan.

BACKGROUND:
The City of Half Moon Bay annually conducts an independent audit of financial transactions and issues the Annual Comprehensive Financial Report (ACFR). The Final draft ACFR Report has been prepared in conformity with the Governmental Accounting and Financial Reporting Standards.

An independent audit was conducted by the auditing firm Maze & Associates (Maze) in conformity with General Accepted Auditing Standards. The City received a clean audit opinion on the financial statements.

The City's ACFR presents an easily readable and organized report of the City's financial transactions and provides users of government financial statements with a wide variety of information needed to help them evaluate the financial condition of the City. The final step in preparing these financial statements is to present them to the City Council for acceptance.

The ACFR document (Attachment 2) is composed of the following parts:

- Introductory Section including letter of transmittal
- Independent Auditors' Report

- Management Discussion and Analysis
- Basic City-wide and fund-level financial statements
- Explanatory notes to financial statements and supplemental schedules
- Statistical section

The transmittal letter included in the ACFR provides information on the City's profile, financial planning and budgeting, and the local economy.

DISCUSSION:
The General Fund is the City's primary operating fund. It receives unrestricted revenues and provides general administrative services, law enforcement and animal control services, and land development-related activities such as planning, building, and engineering. The City's General Fund balance on June 30, 2025, was $13.9 million, of which $8.6 million was committed for reserves and the balance of $5.2 million was unassigned. The fund balance on June 30, 2025, shows a decrease of $456 thousand, or 3%, from the prior year.

The Management Discussion & Analysis (MD&A) section of the ACFR summarizes the financial results for the fiscal year ended June 30, 2025, and provides additional explanations for changes from the prior fiscal year.

The City of Half Moon Bay was the honored recipient of the "Certificate of Achievement for Excellence in Financial Reporting" award presented by the Government Finance Officers Association (GFOA) of the United States and Canada in recognition for the City's FY 2023-24 ACFR. The City believes that this year's ACFR document continues to conform to the highest standards in government accounting and financial reporting requirements and will qualify for another Certificate of Achievement. Following acceptance by the Council, the document will be submitted to GFOA for consideration for the award this year.

<u>Looking Forward</u>
During the budget development for Fiscal Year 2025-26, the City estimated that the fund balance on June 30, 2025, would be $10.3 million. With the audit complete, an updated fund balance summary is detailed below:

	FY 2025-26 Adopted with Est. Beginning Balance	FY 2025-26 Revised with Audited Beginning Balance
Beginning Fund Balance [(1)]	10,304,900	13,902,421
Revenues	23,858,488	23,858,488
Expenditures	(25,329,607)	(25,359,607)
Net Change to Fund Balance	(1,471,119)	(1,501,119)
Ending Fund Balance	8,833,781	12,401,302
General Fund Reserve	7,303,382	7,303,382
Economic Uncertainty	1,530,399	1,530,399
Unassigned	-	3,567,521

[(1)] *At the time of budget adoption, the beginning fund balance was unavailable. With the completion of the audit that number has been finalized*

The City initially planned for no available unassigned balances at the end of FY 2025-26. With the audited beginning fund balance of $13.9 million, the City anticipates unassigned balances to be $3.5 million on June 30, 2026. This gain in unassigned balances is primarily due to revenues performing better than expectations and the City having less operational spending than initially anticipated during the prior fiscal year. More information on the budget-to-actual performance of the General Fund can be found on pages 18 and 79 of the ACFR.

Unassigned balances represent funds that have not yet been programmed for a particular purpose. Although higher than anticipated, Staff recommends deployment of such funds to be discussed during a formal mid-year review or annual budget process, where all options available are presented to Council. Given that general fund reserves are currently underfunded, Staff will recommend committing all or a portion of unassigned funds to reserves.

ATTACHMENTS:

1. Resolution
2. Draft Annual Comprehensive Financial Report (ACFR) Fiscal Year Ended June 30, 2025

Resolution No. C-2025-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY TO ACCEPT THE CITY'S ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDING JUNE 30, 2025

WHEREAS, the City of Half Moon Bay contracted with the audit firm of Maze & Associates to conduct an audit of the City's financial records in accordance with Governmental Accounting Standards Board (GASB) Statement 34; and

WHEREAS, the financial statements for the Fiscal Year ending June 30, 2025, as prepared by said firm have been completed; and

WHEREAS, it is recommended that the City Council accept the financial statements, known as the Annual Comprehensive Financial Report (ACFR).

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby adopts a resolution to accept the City's Annual Comprehensive Financial Report (ACFR) as prepared by Maze & Associates for the Fiscal Year ending June 30, 2025.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

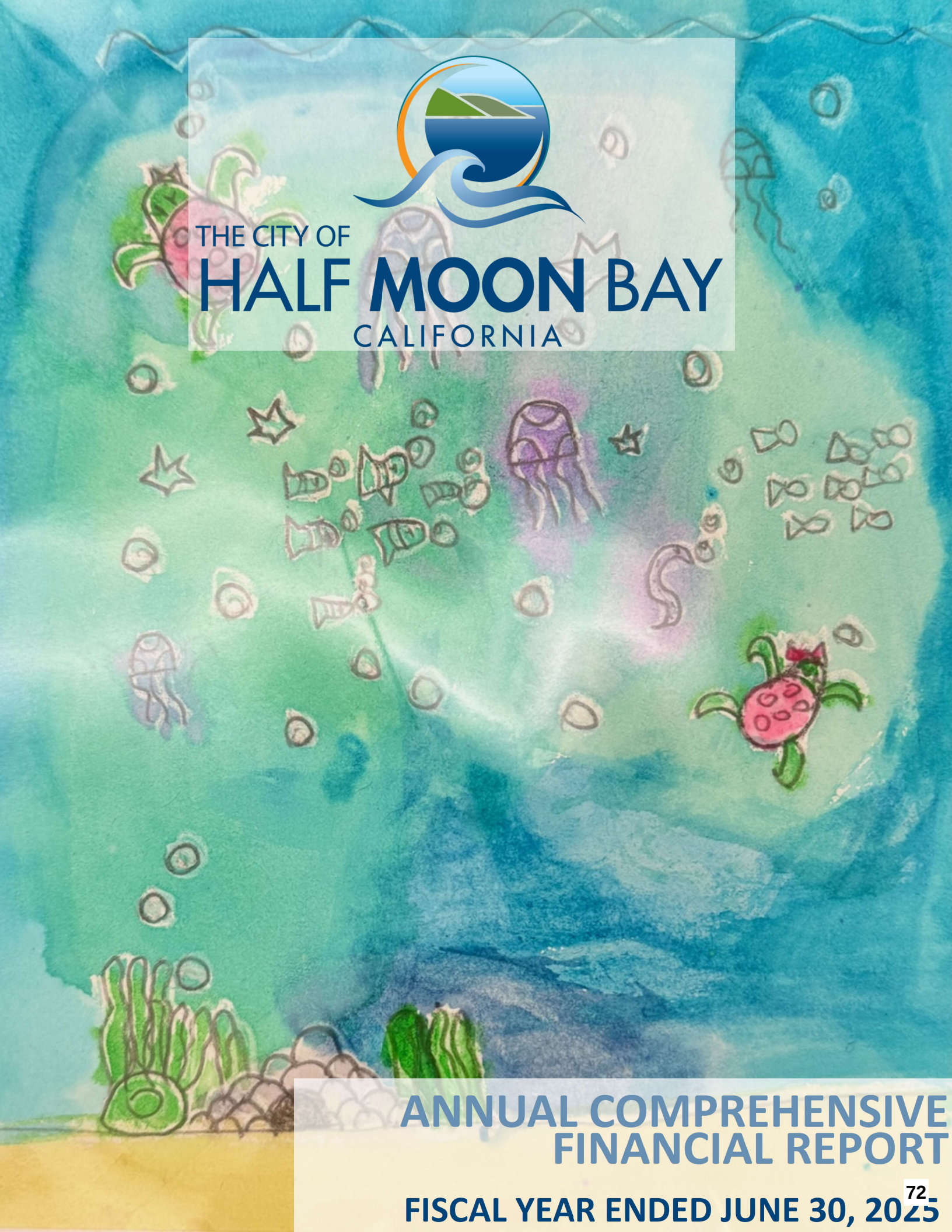
ABSTAIN, Councilmembers:

ATTEST:

_____
Maggie Rodriguez, Assistant City Clerk

APPROVED:

_____
Robert Brownstone, Mayor



THE CITY OF
HALF MOON BAY
CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

CITY OF HALF MOON BAY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2025

Prepared by
Finance Department



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Table of Contents

Page

INTRODUCTORY SECTION:

Letter of Transmittal i

GFOA Certificate of Achievement ix

City Limits of Half Moon Bay x

City Council xi

Executive Team xii

Organizational Chart xiii

FINANCIAL SECTION:

Independent Auditors' Report 1

Management's Discussion and Analysis 7

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position 23

Statement of Activities 24

Fund Financial Statements:

Governmental Funds:

Balance Sheet 26

Reconciliation of the Governmental Funds-Balance Sheet with the Statement of Net Position 28

Statement of Revenues, Expenditures and Changes in Fund Balance 30

Reconciliation of the Net Change in Fund Balances – Total Governmental Funds with the Statement of Activities 32

Proprietary Funds:

Statement of Net Position 33

Statement of Revenues, Expenses and Changes in Fund Net Position 34

Statement of Cash Flows 35

Notes to the Basic Financial Statements 37

CITY OF HALF MOON BAY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Table of Contents

Page

FINANCIAL SECTION (Continued):

Required Supplementary Information:

Cost-Sharing Employer-Defined Pension Plan

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date – Miscellaneous Rate Plan 81

Schedule of Contributions – Miscellaneous Rate Plan 81

Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date – Safety Rate Plan 82

Schedule of Contributions – Safety Rate Plan 82

Other Post-Employment Benefits Plan (OPEB)

Schedule of Changes in the Net OPEB Liability and Related Ratios 83

Schedule of Contributions 84

Schedule of Revenues and Expenditures and Changes in Fund Balance – Budget and Actual:

General Fund 85

Streets and Roads Special Revenue Fund 86

Lot Acquisition and Retirement Special Revenue Fund 87

Affordable Housing Special Revenue Fund 88

Parks Development Special Revenue Fund 89

Note to Required Supplementary Information 90

Supplementary Information:

Capital Projects Fund 92

Non-Major Governmental Funds:

Combining Balance Sheet 94

Combining Statement of Revenues, Expenditures and Changes in Fund Balances 96

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:

Special Revenue Funds:

Police Grants 98

Storm Drain Operating 99

Traffic Mitigation 100

CZI Grant 101

Opportunity Center Coastside 102

CITY OF HALF MOON BAY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Table of Contents

Page

FINANCIAL SECTION (Continued):

Debt Service Fund:

Judgment Obligations Bonds 103

Capital Project Funds:

Library 104

Public Facilities 105

Storm Drain Improvements 106

Internal Service Funds:

Combining Statement of Net Position 108

Combining Statement of Revenues, Expenses and Changes in Fund Net Position 109

Combining Statement of Cash Flows 110

STATISTICAL SECTION:

Financial Trends:

Net Position by Component 116

Changes in Net Position 118

Fund Balances of Governmental Funds 122

Changes in Fund Balances of Governmental Funds 124

Revenue Capacity:

Transient Occupancy Tax (TOT) Rate 126

Transient Occupancy Tax (TOT) by Lodging Type (BASE) 128

Transient Occupancy Taxpayers by Type of Establishment 130

Debt Capacity:

Ratios of Outstanding Debt by Type 131

Ratio of General Bonded Debt Outstanding 132

Direct and Overlapping Debt 133

Legal Debt Margin Information. 134

Demographic and Economic Information:

Principal Employers. 136

CITY OF HALF MOON BAY, CALIFORNIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2025

Table of Contents

Page

STATISTICAL SECTION (Continued):

Operating Information:

Full-Time Equivalent City Employees by Function. 138

Operating Indicators by Function. 140

Capital Asset Statistics by Function. 142

Property Tax Information:

2024/25 Use Category Summary 144

Property Tax Dollar Breakdown 145

2024/25 Roll Summary 146

Net Taxable Assessed Value History 147

Assessed Value of Taxable Property 148

2024/25 Top Ten Property Taxpayers 149

2015/16 Top Ten Property Taxpayers 150

Direct & Overlapping Property Tax Rates 151

Demographic and Economic Statistics 152

Sales Value History 153

Independent Auditor Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* 155

INTRODUCTORY SECTION



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY

501 Main Street
Half Moon Bay, CA 94019

December 2, 2025

Honorable Mayor,
Members of the City Council,
And Citizens of Half Moon Bay

It is a pleasure to submit the Annual Comprehensive Financial Report (ACFR) of the City of Half Moon Bay (the City) for the fiscal year ended June 30, 2025. The intent of this report is to provide a full and transparent understanding of the City's financial activities and position during that fiscal year. The report is prepared in compliance with California Government Sections 25250 and 25253, in accordance with Generally Accepted Accounting Principles (GAAP) set by the Governmental Accounting Standards Board (GASB), and continuing disclosure requirements of the Securities and Exchange Commission (SEC) related to the City's debt.

This report consists of management's representations concerning the finances of the City of Half Moon Bay. Consequently, responsibility for both the accuracy of the data and the fairness of this presentation, including all disclosures, rests with the City's management. To present a reasonable basis for making these representations, management personnel of the City have established and maintained a comprehensive internal control structure designed to ensure that the assets of the City are protected from loss, theft, or misuse; and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgment by management. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to represent fairly the financial position and results of operation of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The City's financial statements have been audited by Maze & Associates, a firm of licensed certified public accountants in Pleasant Hill, California. The independent auditor has issued an unmodified (or "clean") opinion on the City's financial statements for the year ended June 30, 2025.

GAAP requires that management provide a narrative of introductions, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the report of the independent auditors in the financial section. This letter complements the MD&A and should be read in conjunction with it.

PROFILE OF THE CITY

Named San Benito in the 1840's and later Spanishtown, Half Moon Bay received its current name in 1874 and is the oldest settlement in San Mateo County. Considered a rural coastal community, the City is home to approximately 11,000 people. There is a rich culture of different traditions and multi-generational families who have lived in Half Moon Bay for well over 100 years. In any given neighborhood you will find farmers, high tech entrepreneurs, and artists living together. At the crossroads of Highway 1 and Highway 92, Half Moon Bay is approximately 25 miles south of San Francisco and at-most a 45-minute drive from almost anywhere in the Bay Area.

The City and Coastside are a thriving agricultural, fishing, and tourism destination. The local and growing organic agricultural community hosts a Saturday farmers' market and many rural roadside stands sell the bounty of the local farms and nurseries. About 3,000 tons of pumpkins are grown on the Coastside every year and the ripening pumpkins are featured in the Art and Pumpkin Festival held each October on the downtown historic Main Street. The annual festival draws more than 70,000 visitors for the two-day event.

As a popular tourist destination, Half Moon Bay offers a wide variety of public and private attractions. Main Street is home to shops, art galleries, and fine dining. The Coastal Trail provides recreation for biking, pedestrian, and equestrian users. Golf can be enjoyed at two acclaimed golf courses. Half Moon Bay boasts truly unique lodging with breathtaking ocean views, world-class hotels, and quaint cottages, and the enduring natural beauty of the beaches is enjoyed by all.

The City of Half Moon Bay was incorporated in 1959 and operates under a Council-Manager form of government. Policy-making and legislative authority are vested in the governing City Council, which consists of five Councilmembers representing five districts. Councilmembers are elected to overlapping four-year terms and, from amongst themselves, select a Mayor and Vice Mayor each December. The Council is responsible for passing ordinances, adopting the budget, appointing Planning Commission and Volunteer Committee members, and hiring the City Manager and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, providing leadership to the City's programs, overseeing the day-to-day operations of the City, and appointing City staff.

By means of its own employees and through other shared or contract services, the City provides a variety of municipal services including law enforcement; library; disaster preparedness; recreation programs; maintenance of streets, parks and buildings; sanitary sewer utility treatment, distribution and maintenance; planning, zoning and building inspection; storm drain maintenance; code and parking enforcement; engineering; and general administrative services. Fire protection and water infrastructure services are provided by special districts that are not part of the City's reporting entity.

FINANCIAL OPERATIONS

BUDGET PROCESS

The annual budget serves as the foundation for the City's financial planning and control of expenditures. The City's budget document also reflects the One-Year and Five-Year Capital Improvement Program and the Five-Year Forecast.

The City prepares and adopts its budget in accordance with California Government Sections 29000 and 29143. The Council holds a public hearing on the proposed budget and adopts a final budget by the end of June, the close of the City's fiscal year.

A program budget is used to plan, prioritize, and guide municipal operations. The City uses the modified accrual basis of accounting for all Governmental Funds and the accrual basis of accounting for Propriety Funds and Fiduciary Funds. Budgetary controls ensure compliance with the annual appropriated budget approved by the City Council. The City Council may amend the annual budget by resolution. Transfers of appropriations between departments or programs within the same fund can be approved administratively by the City Manager and Finance Director. Transfers between funds require the approval of the City Council. Accordingly, the lowest level of budgetary control established by the City Council is at the fund level.

Budget-to-actual comparisons are presented in the supplementary section of the accompanying financial statements for each individual governmental fund for which an appropriated annual budget has been adopted.

FINANCIAL CONTROL

The Administrative Services Department of the City is responsible for establishing and maintaining an appropriate internal control structure. The internal control system is designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. We believe the City's systems of internal accounting controls adequately safeguard assets and provide reasonable assurance that financial transactions are properly recorded.

The City's Reserve Policy per Resolution C-2020-60 states that a reserve equal to 50% of General Fund annual operating expenditures is to be set aside to: reduce the risk of financial impacts from catastrophic disasters; respond to the challenges of changing economic environment, including prolonged downturns in the local, state, and national economy; and demonstrate continued prudent fiscal management and creditworthiness.

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Several important initiatives were delivered in the past year. These projects included increased engagement with the community, continued work on affordable housing, and improvement of infrastructure. Accomplishments include:

1. City Operations:

- Supported the completion and opening of the Stone Pine Cove farmworker housing community and collaborated in the continued support of households displaced by the tragic 2023 mass shooting, until they are able to move into the new community.
- With financial support from the County, continued operation of the Opportunity Center of the Coastside to support small businesses, entrepreneurs, jobseekers, and job growth; as well as a business incubator, Coastside Venture Studio, with a focus on resiliency tech.
- Continued the Community Services Financial Assistance Grant Program to support local non-profits who serve the Half Moon Bay Community; provided technical assistance to the cohort of grant recipients in the areas of collective impact and healthcare access expansion.
- Completed the development, implementation, and management of the City's rental registry and rent stabilization ordinances and programs.
- Completed the draft Housing Element development, conducted outreach, and presented at City meetings.
- Conducted the 2024 general municipal election for Districts 2 and 3.
- Received the Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for the FY 2024-25 Operating and Capital Budget documents, representing compliance with best practices in budgeting.
- Completed the annual audit, prepared the City's Annual Comprehensive Financial Report (ACFR), and received a clean audit opinion from the independent auditors.
- Continued to work collaboratively with the Psychiatric Emergency Response Team (PERT) and the Crisis Assistance Response and Evaluation Services (CARES) Team to reduce tragic outcomes, divert hospitalization and incarceration, reduce recidivism, and connect those with mental illness and addiction to community resources.
- Updated and reprioritized the City's Five-Year Capital Improvement Program (CIP) to reflect evolving community needs and Council priorities to reflect the "Back to Basics" shift to maintain current capital assets.
- Developed and implemented the City's internal Geographic Information System (GIS), compiling zoning, planning, utility, and other maps/information into one platform for City staff.
- Adopted the Get There Together TDM plan, a collaboration with the County of San Mateo to address transportation demand on the Coastside.
- Completed the Climate Change Vulnerability Assessment and second round of public outreach for the Safety Element update and adopted the Local Hazard Mitigation Plan into the Safety Element.

2. Major Capital Projects in Progress:

- Pedestrian and Bicycle Connection to Hatch Elementary
- Highway 1 Safety – North
- Storm Water Master Plan Update
- Eastside Parallel Trail North – Segment 4
- Coastal Trail Overlay from Poplar to Central

Much of the work focuses on enhancing and improving infrastructure, as well as creating processes and organizational improvements which allow Staff to better carry out their core functions in serving the public. The 2024-25 through 2028-29 Five-Year Capital Improvement Program (CIP) provides in depth project-by-project information and how it aligns with the City's Strategic Plan.

FACTORS AFFECTING FINANCIAL CONDITION

The information in the financial statements is best understood within the context of the City's operating environment. The City continues to face long-term structural imbalances, as ongoing expenditures are projected to outpace ongoing revenues.

Local Economy

Employment in Half Moon Bay is concentrated in three major sectors: professional services; farm and agriculture; and retail/food services. The 2024 average unemployment rate for California was 5.3%, San Mateo County was 3.6%, and Half Moon Bay was 1.6%. Due to the COVID-19 pandemic, the unemployment rate peaked as high as 11.4% for San Mateo County during the month of April 2020. Since then, the unemployment rate has decreased to pre-pandemic levels in Half Moon Bay.

A significant driver of the economy has continued to be the local real estate market, which saw another year-over-year increase in assessed value. Half Moon Bay's total assessed value for FY 2024-25 is $3.9 billion, which is a 4.9% increase over FY 2023-24. Housing prices continue to remain strong, reflecting a continued stable foundation for property tax revenues.

The City faces two major challenges: heavy reliance on Transient Occupancy Tax (TOT) revenues and rising costs of existing services. For the fiscal year ending June 30, 2025, TOT revenues accounted for 42% of all General Fund revenues. While this provides significant support for City services, it also exposes the City to sharp swings in the tourism economy.

The City also saw an increase in costs for existing services, resulting in expenditures surpassing revenues and creating a structural deficit. Ongoing operating costs rose by $607 thousand, or 3%, primarily due to public safety expenses. Consequently, the City anticipates continued deficits in future years and continues to review both cost-containment and revenue-enhancement strategies.

Existing obligations that are still likely to increase in future years include public safety, sewer obligations, and pension costs. These costs coupled with increased demand for essential City services and enhanced infrastructure investment, to maintain and enhance City assets, will strain

City finances. Staff will continue to monitor these conditions moving forward, and make budgetary adjustments as necessary, to ensure the City can sustain long-term financial health.

Long-Term Financial Planning

The City's long-term financial plan remains focused on cost containment, cost recovery, revenue enhancements, and maintaining adequate reserves to secure its financial health. These proactive measures reflect the City's commitment to responsible financial management. While the City faces a structural deficit, these strategies are designed to guide the City toward achieving sustainable fiscal balance.

The City entered FY 2024-25 with a budgeted deficit of $4.0 million, a reflection of its structural imbalance where ongoing expenditures exceed ongoing revenues. Without intervention, this shortfall was expected to increase in future years.

To address this challenge, the City pursued both revenue enhancement and cost containment strategies. On the revenue side, voters approved Measure R, a sales tax increase effective April 2025, and the City completed a comprehensive fee study to improve cost recovery. On the expenditure side, the City held certain vacancies open, restructured debt service payments, and limited discretionary spending.

These actions, combined with stronger-than-expected performance in Transient Occupancy Tax and initial revenues from Measure R, allowed the City to end the fiscal year with an actual deficit of only $465,000—far less than the amended $4.8 million projection. While this outcome reflects proactive financial management and near-term adjustments, it also underscores the City's heavy reliance on TOT, a revenue source that can fluctuate sharply from year to year.

Despite this progress, the City continues to face a structural deficit driven by rising costs for core services, public safety, and infrastructure investment. If TOT revenues remain strong and new revenue and cost recovery measures are fully realized, the City's long-term fiscal position could significantly strengthen. However, continued vigilance and disciplined planning will be essential to ensure stability.

The City's long term strategic plan, adopted on March 15, 2018, addresses the following four Strategic Elements:

- Fiscal Sustainability
- Healthy Communities and Public Safety
- Inclusive Governance
- Infrastructure and Environment

Based on these Strategic Elements, the City Council annually adopts strategic initiatives to guide the City's actions, work plans, and efforts on addressing the City's priorities. The Council addresses the City's long-term fiscal sustainability by safeguarding reserves, investing in infrastructure, and marketing the City to visitors to improve key revenue sources, such as

Transient Occupancy and Sales Tax. The City continues to work toward a long-term balance between ongoing revenues and expenditures as part of its overall strategic financial planning.

Risk Management

Comprehensive general liability coverage is provided through the Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA). The PLAN consists of a self-insurance pool involving a number of cities in the San Francisco-Oakland area. The cities contract with the PLAN through a liability coverage agreement that is very similar to a comprehensive general liability, commercial auto, and public officials' errors and omissions policy. The City's limit in the pool is $35,000,000 for general liability claims, with a $50,000 per occurrence deductible for which it self-insures.

For Workers' Compensation coverage, the City participates in the Cities Group, created by a joint powers agreement to provide workers compensation coverage of up to $10,000,000 per occurrence in excess of $1,000,000 for miscellaneous employees. The Group acts as administrator, claim adjuster and provides other risk management services as required by State law. Each member of the Group pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to its participation in the Group. Additional information concerning the City's participation in risk pools for liability and workers' compensation is provided in Note 11 to the financial statements.

The City focuses on identification of hazards and dangerous conditions and provides on-going training in an effort to reduce exposure and ensure public safety and welfare.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Half Moon Bay for its annual comprehensive financial report for the fiscal year ended June 30, 2024. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements, and we are pleased to submit it to the GFOA to determine its eligibility.

We would like to take this opportunity to thank the Administrative Services Department staff. Special thanks to Kenneth Stiles, Finance Manager; Bryan Lopez, Senior Management Analyst; Ernest Azevedo, Management Analyst; Raymond Cruz, Payroll Technician; Margaret Jeanne Geiger, Accounting Technician; and Whitney Rescino, Administrative Assistant for their efforts during the annual audit process and contribution to this report. We also would like to express deep appreciation to the audit team from Maze and Associates for their professional work and assistance during the audit process and throughout the year.

Finally, we would like to express our appreciation to the City Council, the operating departments, and the Council Finance Committee for their interest and support toward conducting the financial operations of the City in a responsible manner with emphasis on transparency, ethics, and fiscal responsibility.

Respectfully submitted,

Signed: _____ _____

Matthew Chidester
City Manager

Lisa Rossi
Administrative Services Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

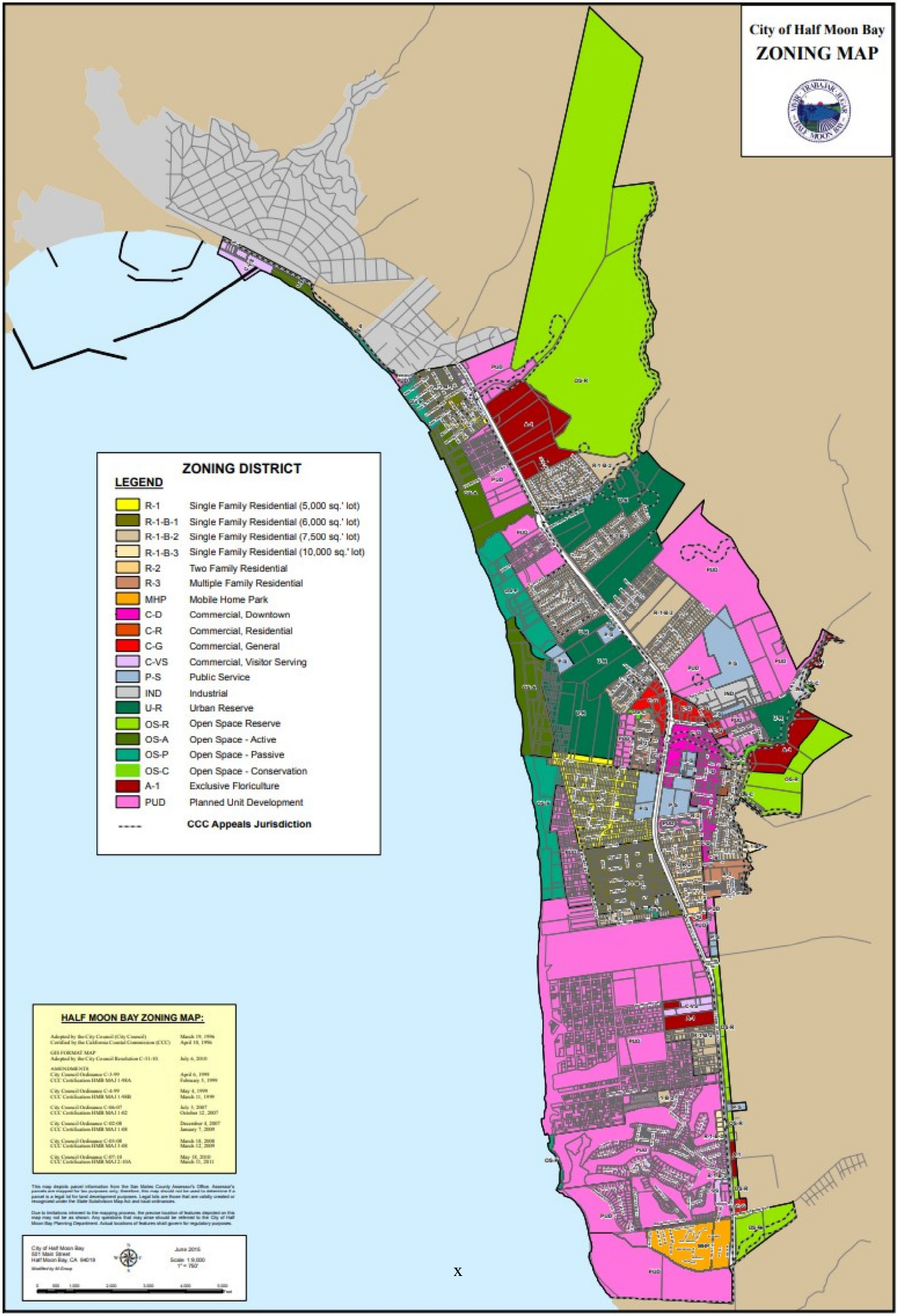
City of Half Moon Bay
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO


City of Half Moon Bay
ZONING MAP
ZONING DISTRICT
LEGEND
R-1 Single Family Residential (5,000 sq.' lot)
R-1-B-1 Single Family Residential (6,000 sq.' lot)
R-1-B-2 Single Family Residential (7,500 sq.' lot)
R-1-B-3 Single Family Residential (10,000 sq.' lot)
R-2 Two Family Residential
R-3 Multiple Family Residential
MHP Mobile Home Park
C-D Commercial, Downtown
C-R Commercial, Residential
C-G Commercial, General
C-VS Commercial, Visitor Serving
P-S Public Service
IND Industrial
U-R Urban Reserve
OS-R Open Space Reserve
OS-A Open Space - Active
OS-P Open Space - Passive
OS-C Open Space - Conservation
A-1 Exclusive Floriculture
PUD Planned Unit Development
CCC Appeals Jurisdiction
HALF MOON BAY ZONING MAP:
Adopted by the City Council (City Council) March 19, 1996
Certified by the California Coastal Commission (CCC) April 10, 1996
GIS FORMAT MAP
Adopted by the City Council Resolution C-51-03. July 6, 2003
AMENDMENTS
City Council Ordinance C-3-99 April 6, 1999
CCC Certification HMB MAJ 1-98A February 5, 1999
City Council Ordinance C-4-99 May 4, 1999
CCC Certification HMB MAJ 1-98B March 11, 1999
City Council Ordinance C-06-07 July 3, 2007
CCC Certification HMB MAJ 1-02 October 12, 2007
City Council Ordinance C-02-08 December 4, 2007
CCC Certification HMB MAJ 1-08 January 7, 2009
City Council Ordinance C-03-08 March 18, 2008
CCC Certification HMB MAJ 1-08 March 12, 2009
City Council Ordinance C-07-10 May 18, 2010
CCC Certification HMB MAJ 2-10A March 11, 2011
This map depicts parcel information from the San Mateo County Assessor's Office. Assessor's parcels are mapped for tax purposes only; therefore, this map should not be used to determine if a parcel is a legal lot for land development purposes. Legal lots are those that are validly created or recognized under the State Subdivision Map Act and local ordinances.
Due to limitations inherent to the mapping process, the precise location of features depicted on this map may not be as shown. Any questions that may arise should be referred to the City of Half Moon Bay Planning Department. Actual locations of features shall govern for regulatory purposes.
City of Half Moon Bay
501 Main Street
Half Moon Bay, CA. 94019
June 2015
Scale: 1:9,000
1" = 750'

x

THE CITY OF
HALF MOON BAY
CALIFORNIA

City Council



Mayor
Robert Brownstone



Vice Mayor
Debbie Ruddock



Council Member
Patric Jonsson



Council Member
Paul Nagengast



Council Member
Deborah Penrose

Executive Team



City Manager
Matthew Chidester

City Attorney
Catherine Engberg



PHOTO COMING SOON

Assistant City Manager
[Vacant]

PHOTO COMING SOON

Communications / City Clerk
[Interim]



Public Works Director
Maziar Bozorginia



Administrative Services Director
Lisa Rossi

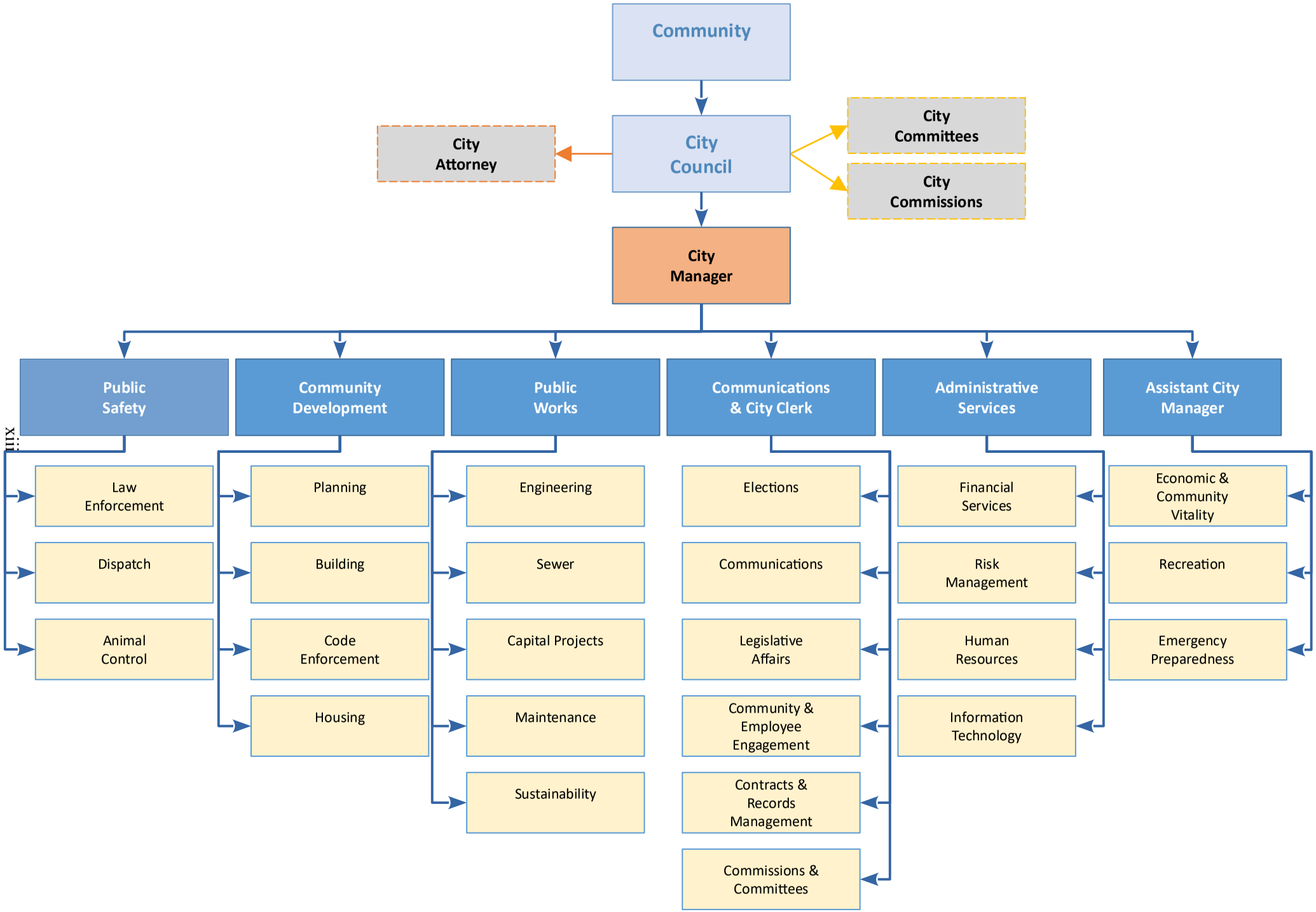


Community Development Director
Leslie Lacko



San Mateo County Sheriff
Captain Richard Cheechov

City of Half Moon Bay Organizational Chart





THIS PAGE IS INTENTIONALLY BLANK

FINANCIAL SECTION



THIS PAGE IS INTENTIONALLY BLANK

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and City Council
City of Half Moon Bay, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Half Moon Bay, California (City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining funds information of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Sewer Authority Mid-Coastside (SAM) as of and for the year ended June 30, 2024, related to the calculation of the Investment in SAM. The Investment in SAM, represents 52%, 55% and 9%, respectively, of the assets, net position and revenues of the City's business-type activities. The financial statements of SAM were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the calculation of the Investment in SAM, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, which became effective during the year ended June 30, 2025 and required the restatement of net position as discussed in Note 7g to the financial statements.

The change in accounting principle does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 20, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS



THIS PAGE IS INTENTIONALLY BLANK

As management of the City of Half Moon Bay (the City), we offer readers of the City of Half Moon Bay's financial statements this overview of the financial activities of the City for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have provided in our letter of transmittal and the City's basic financial statements.

Financial Highlights

- The City's government-wide assets and deferred outflows exceed its liabilities and deferred inflows at June 30, 2025, by $168.7 million, which is a 4.4% or $7.1 million increase from the prior year. Of this amount, $43.5 million may be used to meet the City's ongoing obligations to citizens and creditors, which is a 4.5% increase from the prior year's unrestricted net position of $41.6 million.

- The City's cash and investments on June 30, 2025, totaled $50.2 million, of which $45.9 million is classified as government activities and $4.3 million as Business-type activities. The City's cash and investments decreased by $1.2 million, or 2.3% compared to the prior year.

- At June 30, 2025, the City had outstanding long-term obligations of $18.5 million, of which $17.9 million is classified as governmental activities and $567 thousand as business activities. Obligations have decreased by $1.9 million or 9.6% compared to the prior year. This decrease is primarily due to a decrease in the restructuring of the long-term note for 880 Stone Pine.

- During the 2014-15 fiscal year, the City implemented the Government Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pension Plans, an amendment of GASB Statement No. 27, which resulted in adjustments to pension expenses and reporting the City's long-term net pension liability of $14.2 million on the FY 2024-25 Statement of Net Position. GASB No. 68 is intended to improve accounting and financial reporting by state and local governments that provide pension benefits. The Net Pension Liability decreased by $333 thousand from the $14.6 million recorded last year. This decrease is due to an increase in the fair value of pension assets held at CalPERS on the measurement date of June 30, 2024.

- City-wide revenues were $39.4 million, of which $31.1 million was generated by governmental activities and $8.3 million by Business-type activities. Revenues increased by 1.6% from the prior year primarily due to an increase in charges for services and operating contributions.

- City-wide expenditures were $32.2 million, of which $25.5 million was incurred by governmental activities and $6.7 million by Business-type activities. Expenditures decreased by 8% from the prior year mostly due to decreases in public works and general government expenditures.

- The City's General Fund balance as of June 30, 2025, was $13.9 million, a decrease of $465 thousand as compared to the prior year's amount of $14 million. This decrease is due to expenditures exceeding revenues.

- For the fiscal year ended June 30, 2025, Governmental Funds revenues exceeded expenditures and net transfers by $38 thousand, primarily attributed to decreases in capital outlay expenditures. The governmental funds' combined ending fund balance as of June 30, 2025, is $68 million, less than 1% increase from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This management's discussion and analysis section is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains a transmittal letter, other required supplementary information, an optional section that presents combining statements for non-major governmental funds and internal service funds, and a statistical section.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. Both are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of the City's financial condition.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation and sick leave).

These two statements that comprise the government-wide financial statements both distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (Business-type activities). The governmental activities of the City include its general government, public safety, public works and building regulation, parks and recreation, and planning programs. The sole Business-type activity of the City is the City's sewer utility.

The government-wide financial statements normally include, not only the City of Half Moon Bay itself (known as the primary government), but also a legally separate Community Development Agency of the City of Half Moon Bay for which the City of Half Moon Bay is financially accountable. Although the Agency is an integral part of the primary government, no financial information has been included for this component unit since it has been inactive for over ten years.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Half Moon Bay uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Half Moon Bay maintains sixteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Streets and Roads Fund, Lot Acquisition and Retirement Fund, Affordable Housing Fund, Parks Development Fund, Land Asset Fund, and Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements in the Combining Balance Sheet and Individual Fund Statements of Revenues, Expenditures and Changes in Fund Balances sections of the report.

The City of Half Moon Bay adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison schedule has been provided for each governmental fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26-32 of this report. The budgetary comparison schedule for the General Fund can be found on page 85.

Proprietary Funds

The City of Half Moon Bay maintains two types of proprietary funds: Internal Service funds and Enterprise (Proprietary) funds.

Internal Service Funds

Internal Service funds are used to accumulate resources and allocate costs internally among the City's various functions. The City uses internal service funds to account and reserve for the purchase and maintenance of City vehicles and equipment, to account and reserve for risk management activities, and to stabilize for fluctuations in pension costs. Because these services exclusively benefit the governmental functions, they have been included within governmental activities in the government-wide financial statements.

Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily by user charges. The City uses an enterprise fund to account for the financial activity of the City's sewer operation.

The internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The enterprise funds are also combined into a single, aggregated presentation in the proprietary fund financial statements that can be found on pages 33-35 of this report.

Notes to the Basic Financial Statements

The notes provide additional information essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-78 of this report.

Other Information.

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including schedule of proportionate share of the net pension liability, contributions, funding progress for the City's obligation to provide other post-employment benefits to its employees and budgetary comparison schedules for the General Fund and the other funds. Required supplementary information can be found on pages 80-90 of this report.

The combining statements for non-major governmental funds and internal service funds are presented on pages 94-110, and the Statistical Section follows on page 113.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

The following table provides a condensed statement of net position as of June 30, 2025, and 2024:

CITY OF HALF MOON BAY
Comparative Statement
Statement of Net Position
Year Ended on June 30, 2025

	Governmental Activities		Business Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	$ 51,729,653	$ 51,986,855	$ 16,602,787	$ 15,482,216	$ 68,332,440	$ 67,469,071
Land held for resale	26,823,920	26,823,920	-	-	26,823,920	26,823,920
Capital Assets	86,275,167	82,889,996	6,695,345	6,831,129	92,970,512	89,721,125
Total assets	**164,828,740**	**161,700,771**	**23,298,132**	**22,313,345**	**188,126,872**	**184,014,116**
Related to OPEB	79,511	78,302	5,332	5,290	84,843	83,592
Related to pension	4,160,104	5,308,118	208,982	235,072	4,369,086	5,543,190
Total deferred outflows of resources	**4,239,615**	**5,386,420**	**214,314**	**240,362**	**4,453,929**	**5,626,782**
Long-term liabilities outstanding	17,924,126	19,882,281	567,598	564,424	18,491,724	20,446,705
Other liabilities	4,035,801	6,392,443	623,056	114,068	4,658,857	6,506,511
Total liabilities	**21,959,927**	**26,274,724**	**1,190,654**	**678,492**	**23,150,581**	**26,953,216**
Related to OPEB	113,397	99,786	8,910	8,489	122,307	108,275
Related to pension	540,207	684,592	64,111	68,596	604,318	753,188
Total deferred inflows of resources	**653,604**	**784,378**	**73,021**	**77,085**	**726,625**	**861,463**
Net Position:						
Net investment in capital assets	82,018,427	76,826,570	6,695,345	6,831,129	88,713,772	83,657,699
Restricted	24,235,493	25,081,978	12,190,425	11,397,062	36,425,918	36,479,040
Unrestricted	40,200,904	38,119,541	3,363,001	3,569,939	43,563,905	41,689,480
Total Net Position	**$ 146,454,824**	**$ 140,028,089**	**$ 22,248,771**	**$ 21,798,130**	**$ 168,703,595**	**$ 161,826,219**

Note: Total assets + deferred outflows – total liabilities – deferred inflows = total net position

Net Position reflects the difference between assets and liabilities. Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Half Moon Bay, assets exceeded liabilities by $168.7 million on June 30, 2025, with invested capital assets of $88.7 million, $36.4 million restricted and an unrestricted net position of $43.6 million. Portions of the unrestricted net position may by law or contract be used only for specified purposes and may not necessarily be used for any general governmental purpose.

The net investment in capital assets reflecting the investment in capital assets (e.g. land, buildings, facilities, vehicles, equipment, and infrastructure) is $88.7 million and represents 53% percent of the City's net position. This portion has increased by $5 million or 6%. The City uses capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the net investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

The restricted net position accounts for $36.4 million, or 22% percent, of the City's total net position. The restricted net position decreased by $53 thousand or less than 1% percent in fiscal year 2024-25. This portion of the net position can only be spent for specific purposes stipulated by external resource providers or legislation. This increase is from restricted revenues exceeding allowed expenditures in the governmental funds. Restricted revenues generally include grants, project specific capital contributions and other intergovernmental funding.

The unrestricted net position of $43.6 million, or 25% percent of the City's total net position, increased by $1.8 million or 4% percent. The increase is primarily from the City completing the fiscal year with expenditures under budget. This portion of the net position may be used to meet the government's ongoing obligations to residents and creditors, although portions of the unrestricted net position may by law or contract be only used for specified purposes and may not necessarily be used for any general governmental purpose.

Statement of Activities

The following table provides a condensed statement of activities for the fiscal year ended June 30, 2025, as compared to June 30, 2024:

CITY OF HALF MOON BAY
Comparative Statement
Statement of Activities
Year Ended on June 30, 2025

	Governmental Activities		Business-type Activities		Total		Variance
	2025	2024	2025	2024	2025	2024	
Program revenues:							
Charges for services	$ 3,409,225	$ 2,505,538	$ 7,339,424	$ 6,207,200	$ 10,748,649	$ 8,712,738	23%
Operating grants and contributions	3,296,210	1,285,182	-	-	3,296,210	1,285,182	156%
Capital grants and contributions	2,037,451	6,738,537	783,631	1,304,480	2,821,082	8,043,017	-65%
Subtotal	8,742,886	10,529,257	8,123,055	7,511,680	16,865,941	18,040,937	-7%
General revenues:							
Property taxes	3,757,360	4,283,589	-	-	3,757,360	4,283,589	-12%
Sales and use taxes	4,182,742	3,665,449	-	-	4,182,742	3,665,449	14%
Transient occupancy taxes	9,616,592	8,167,938	-	-	9,616,592	8,167,938	18%
Other taxes	1,440,676	1,343,633	-	-	1,440,676	1,343,633	7%
Other general revenues	3,386,673	3,092,976	207,823	242,911	3,594,496	3,335,887	8%
Subtotal	22,384,043	20,553,585	207,823	242,911	22,591,866	20,796,496	9%
Total revenues	31,126,929	31,082,842	8,330,878	7,754,591	39,457,807	38,837,433	2%
Expenses							
General government	5,848,016	7,811,794	-	-	5,848,016	7,811,794	-25%
Public safety	7,703,127	6,875,457	-	-	7,703,127	6,875,457	12%
Public works	4,122,393	6,255,645	-	-	4,122,393	6,255,645	-34%
Recreation Services	1,336,891	1,534,752	-	-	1,336,891	1,534,752	-13%
Planning	4,301,102	3,931,872	-	-	4,301,102	3,931,872	9%
Community and Economic Development	2,188,174	1,894,276	-	-	2,188,174	1,894,276	16%
Interest on long-term debt	10,256	-	-	-	10,256	-	0%
Sewer Utility	-	-	6,767,752	6,685,640	6,767,752	6,685,640	1%
Total expenses	25,509,959	28,303,796	6,767,752	6,685,640	32,277,711	34,989,436	-8%
Increase (Decrease) in net position before transfers	5,616,970	2,779,046	1,563,126	1,068,951	7,180,096	3,847,997	87%
Transfers	1,112,485	982,301	(1,112,485)	(982,301)	-	-	0%
Increase (Decrease) in net position	6,729,455	3,761,347	450,641	86,650	7,180,096	3,847,997	87%
Net position - As of July 1	140,028,089	136,266,742	21,798,130	21,711,480	161,826,219	157,978,222	2%
Adjustment to Net Position	(302,720)	-	-	-	(302,720)	-	
Net position - As of July 1, as adjusted	139,725,369	136,266,742	21,798,130	21,711,480	161,523,499	157,978,222	2%
Net position - As of June 30	**$ 146,454,824**	**$ 140,028,089**	**$ 22,248,771**	**$ 21,798,130**	**$ 168,703,595**	**$ 161,826,219**	**4%**

Governmental Activities

The City's Governmental net position increased by $6.7 million or 4.8% in fiscal year 2025, primarily due to revenues exceeding expenditures.

Revenues Highlights:

- Total governmental revenues increased by $44 thousand or less than 1% from the prior year, a net effect of increases in general revenues but decreases in program revenues.
    - Program revenues decreased by $1.7 million or 17%. This decrease is primarily from decreases in capital grants and contributions. These receipts are generally project specific and/or one-time funds. In the prior year, the City received three grants totaling $4.7 million. These were one-time funds that did not repeat in fiscal year 2025.
    - Transient Occupancy Tax (TOT), the City's largest source of general revenue, increased by $1.4 million or 18% from the prior year. This is primarily due to returning tourism to the coast.
    - Sales Tax, the second largest source of general revenue, increased by $517 thousand or 14% from the prior year. This is primarily improvements to tourism and a sales tax increase going into effect in April 2025.
    - Property Tax, the third largest source of general revenue, decreased by $526 thousand or 12% from the prior year. This decrease is primarily due decreases in vehicle-in-lieu fees.
    - Other General Revenues include investment income and other miscellaneous revenues. The amount from government activities increased by $293 thousand or 9% from the prior year. This is primarily due to increases in investment income and gains from sale of property.

Expenses for Government Activities decreased by $2.8 million from the prior year primarily due to decreases in public works and general government expenditures.

Business-type Activities

The City's sole Business-type activity is the sewer fund. The City's total Business-type net position increased by $450 thousand. This is primarily due to the following factors:

- The City is a member of the SAM joint power authority and exercises significant influence over SAM's operations; therefore, the share of the City's investment in SAM's net position is reflected in the City's financial statements. For the fiscal year 2024-25 the City recognized a gain on this investment of $783 thousand. However, this gain is non-cash transaction, contributing no additional liquidity.

- Charges for Services revenues increased by $1.1 million or 18% from the prior year. This increase is primarily due to the sewer rate changes as adopted by voters in fiscal year 2019-2020. Rates are scheduled to remain the same year over year through fiscal year 2025-26.

- Expenses from Business-type Activities increased by $82 thousand as compared to fiscal year 2024-25. This is primarily due to increases in sewer treatment and contributions to the SAM joint power authority.

FUND FINANCIAL ANALYSIS

As noted above, the City uses fund accounting to ensure and demonstrate compliance with governmental finance-related legal requirements.

Governmental Funds

The Governmental Funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balance of resources that are available for spending. Such information is useful in assessing the City's financial requirements. In particular, the unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the readers determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The following is a schedule of revenues, expenditures, and changes in fund balances for each of the major governmental and aggregate non-major governmental funds recorded on the modified accrual basis of accounting:

CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2025

	2025	2024	Variance
Revenues	$ 30,417,180	$ 30,506,165	0%
Expenditures	(28,694,696)	(32,988,058)	-13%
Other Financing Sources (Uses)	(1,684,300)	1,972,994	-185%
Net Change in Fund Balances	38,184	(508,899)	-108%
Fund balances at beginning of year	68,016,030	68,524,929	-1%
Fund balances at end of year	68,054,214	68,016,030	0%
Non-spendable	26,823,920	26,823,920	
Restricted	23,746,527	24,590,954	-3%
Committed	8,651,749	11,091,587	-22%
Assigned	3,581,346	2,233,226	60%
Unassigned	5,250,672	3,276,343	60%
Total fund balances	$ 68,054,214	$ 68,016,030	0%

As of June 30, 2025, the City's governmental funds reported combined fund balances of $68 million, an increase of $38 thousand in comparison with June 30, 2025. This is primarily attributed to revenues exceeding expenditures. The governmental funds expenditures were $28.7 million in fiscal year 2024-25, a $4.3 million decrease from the prior year which is primarily due to decreases in capital expenditures and debt service payments.

The governmental funds' fund balance is comprised of the following:

- Non-spendable is $26.8 million (39.4% of total balance) which represents the value of land held by the City. There has been no change in this amount from the prior year.
- Restricted is $23.7 million (34.9% of the total balance), which can only be spent for specific purposes, set by external resource providers, or enabling legislation. The balance is primarily for restricted street funds, development fees, and reserves required by debt covenants.
- Committed balance is $8.6 million (12.7% of the total balance), which can only be spent for specific purposes as determined by formal action of the City Council. This amount is to satisfy the City's general fund reserve policy, which states that the target is 50 percent of budgeted operating expenditures for the year to be committed for contingencies and economic uncertainty.
- Assigned balance is $3.5 million (5.3% of the total balance), which indicates City Council's intent to use these funds toward capital improvements in the future. This balance represents funds remaining in the capital project funds for future capital expenditures.
- Unassigned is $5.2 million (7.7% of the total balance), which is available for any use.

FINANCIAL ANALYSIS OF CITY'S FUNDS

General Fund

The General Fund is the primary operating fund of the City of Half Moon Bay. All unrestricted revenues such as general taxes, fees and other revenues that are not allocated by law or contractual agreement to some other funds are accounted for in this fund. The General Fund provides for the cost of operating City government and includes the services of the City Attorney, City Clerk, City Council, City Manager, City-wide costs (such as debt service), Finance and Risk Management, Human Resources and Information Technology, Recreation, Building and Planning, Public Works, Economic Vitality and Public Safety. In addition, the General Fund expenditures include transfers to fund capital projects and reserve funding.

As of June 30, 2025, the total General Fund balance was $13.9 million, which includes an unassigned portion of $5.2 million. The General Fund balances decreased by $465 thousand for the fiscal year ended June 30, 2025.

The following table compares General Fund revenues and expenditures by category:

CITY OF HALF MOON BAY
Comparative Statement
General Fund Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2025

	2025	2024	Variance
Revenues			
Taxes	$ 18,536,875	$ 16,991,811	9%
License and permits	463,053	306,282	51%
Fines and forfeitures	124,109	81,445	52%
Charges for services	1,658,117	1,454,141	14%
Rents and Leases	71,670	78,135	-8%
Investment Income	706,359	804,188	-12%
Intergovernmental revenues	35,166	117,400	-70%
Miscellaneous	1,321,891	833,965	59%
Total	22,917,240	20,667,367	11%
Expenditures			
General government	3,153,123	3,138,896	0%
General administration	1,780,377	2,134,173	-17%
Public safety	7,301,251	6,452,977	13%
Public works	2,163,096	2,174,611	-1%
Recreation Services	537,796	538,827	0%
Planning	3,169,566	2,879,532	10%
Community and Economic Development	910,036	1,008,276	-10%
Debt Service	582,942	3,725,598	-84%
Total	19,598,187	22,052,890	-11%
Other financing sources (uses)	(3,784,562)	(474,451)	698%
Net Change in Fund Balances	(465,509)	(1,859,974)	720%
Fund Balances at beginning of year	14,367,930	16,227,904	-11%
Fund Balances at end of year	$ 13,902,421	$ 14,367,930	-3%

General Fund Revenues

General Fund revenues for the year ended June 30, 2025, increased by $2.2 million or 11%, from the prior year. The preceding chart summarizes revenues into major categories for comparative purposes across two fiscal years. Total tax revenues increased by $1.5 million or 9% from the prior year primarily from an increase in transient occupancy taxes.

General Fund Expenditures

General Fund expenditures for the 2024-25 fiscal year decreased by $2.4 million, or 11%. This decrease is primarily attributed to a decrease in general administration expenditures and debt service payments.

CITY OF HALF MOON BAY
Budget to Actual Statement
General Fund Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2025

	Final Budget	Actual	Variance
Revenues	$ 20,309,315	$ 22,917,240	$ 2,607,925
Expenditures	(21,343,762)	(19,598,187)	1,745,575
Other Financing Sources (Uses)	(3,784,562)	(3,784,562)	-
Net Change in Fund Balance	(4,819,009)	(465,509)	4,353,500
Fund balances at beginning of year	14,367,930	14,367,930	-
Fund balances at end of year	$ 9,548,921	$ 13,902,421	4,353,500

General Fund Budgetary Highlights

The final budget for the General Fund planned for a net decrease of fund balance by $4.8 million, however the ending fund balance decreased by $465 thousand. This is primarily due to better performance in tax revenues. Additionally, the City also came under budget by $1.7 million, primarily from less spending on planning and general administration expenditures.

Other Major Governmental Funds

The following table compares governmental fund balances:

CITY OF HALF MOON BAY
Comparative Statement
Governmental Funds Statement of Revenues, Expenditures and Fund Balance
Year Ended on June 30, 2025

	2025	2024	Variance
Major Governmental Funds:			
General Fund	$ 13,902,421	$ 14,367,930	-3%
Streets and Road	7,897,305	7,263,726	9%
Lot Acquisition	1,313,892	1,420,599	-8%
Affordable Housing	5,218,156	5,954,709	-12%
Parks Development	276,263	894,568	-69%
Land Asset	26,823,920	26,823,920	0%
Capital Project Fund	3,091,511	1,784,042	73%
Non-Major Governmental Funds	9,530,746	9,506,536	0%
Total Fund Balances	$ 68,054,214	$ 68,016,030	0%

Streets and Roads Funds
The Streets and Roads Special Revenue funds provide for all proceeds of Gas Tax funds, Measure A/W Local Transportation Ordinance Tax funds and other grants. These funds are restricted for the purpose of these taxes and mainly used for streets and road maintenance and improvements. As of June 30, 2025, the Street and Road Funds had a fund balance of $7.9 million, a $633 thousand increase from the prior year, primarily due to restricted revenues exceeding allowed expenditures.

Lot Acquisition / Retirement Fund
The Lot Acquisition and Retirement fund is a fund used to account for in-lieu fees and expenses within the purpose of acquiring and retiring development rights on existing legal parcels. As of June 30, 2025, the fund had a fund balance of $1.3 million, a $106 thousand decrease from the prior year primarily due to the purchase of parcels.

Affordable Housing Fund
The Affordable Housing fund accounts for proceeds of construction and development fees, including in lieu fees with the restricted purpose of the development of affordable housing. As of June 30, 2025, the fund balance was $5.2 million, which is a $736 thousand decrease from the prior year. This is primarily due to increased expenditures relating to affordable housing efforts and renters protection programs.

Parks Development
The Parks Development Fund which accounts for development impact fees, Federal, State and County grants, and is restricted for acquisition, development and capital improvements of the City's parks and trails This fund decreased by $618 thousand, primarily due capital projects and expenditures. As of June 30, 2025, the fund balance was $276 thousand.

Land Asset Fund
This is a restricted fund which was created in Fiscal Year 2014-15 for the purposes of recording land assets held for resale. The fund balance as of June 30, 2025 is $26.8 million, which consists of transfers of land assets for Glencree and Beechwood properties from the General Fund and the Judgment Obligation Bond Funds. The Glencree property was donated to the City. The Beechwood property was acquired by the City as part of the settlement of the Yamagiwa litigation in 2007. With the receipt of the insurance settlement payments, the Beechwood properties are no longer required for the Judgement Obligation Bonds. There was no activity in this fund in fiscal year 2024-25.

Capital Project Funds
Capital Projects Funds accounts for capital projects as detailed in the City's Capital Improvement Plan. As of June 30, 2025, the fund balance was $3 million, a $1.3 million increase from the prior year, primarily due to increases to transfers in to fund future capital expenditures.

Non-Major Funds

Non-Major funds are comprised of Special Revenue, Debt Service and Capital Project funds.

Special Revenue funds include:

- Police Grants Fund that accounts for revenues received and expenditures made for police services,
- Storm Drain Operating Fund that accounts for the maintenance of the existing storm drain system,
- Traffic Mitigation Fund that provides for all proceeds from traffic mitigation fees imposed on new development and restricted to defray the cost of constructing improvements to mitigate traffic,
- CZI Grant Fund accounts for proceeds relating to the CZI Grant. These funds can be used to support learning and evaluation activities for groups currently engaged in the operation and implementation of economic advancement centers.

- Opportunity Center Coastside Fund accounts for proceeds and expenditures as they relate to the operation of the Opportunity Center Coastside. This fund is primarily sourced from American Rescue Plan Act (ARPA) funds.

Debt Service Funds include:

- Judgement Bonds Fund account for debt service on the judgment obligation bonds. The City has no outstanding bonds.

Capital Project Funds:

- Library Fund is used to account for the design, development, and construction of the new library and the maintenance thereafter.
- Public Facilities accounts for expenditures related to public facilities improvements.
- Storm Drain Improvements accounts for all proceeds from storm drainage improvement fees assessed against new and remodeled construction and used for drainage improvements.

As of June 30, 2025, the Non-Major Funds had a fund balance of $9.5 million, a $24 thousand increase from the prior year. This increase is primarily due revenues exceeding expenditures.

Proprietary Fund Financial Statement Analysis

As of June 30, 2025, the City's Proprietary Funds net position was $29.4 million ($6.9 million invested in capital assets; $12.1 million restricted for investment in Sewer Authority; $12 thousand restricted for other post-retirement benefits and $10.3 million in unrestricted net position). Additional information on this investment can be found in Note 6 of the financial statements. Unrestricted net position of $6.9 million in the Internal Service Funds is primarily reserved for vehicle and equipment replacement, risk management and general liability claims, and pension cost stabilization.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's total net investment in capital assets for its Governmental and Business-type activities (net of accumulated depreciation) as of June 30, 2025, was $92.9 million, an increase of $3.2 million as compared to June 30, 2024.

Capital assets include land, buildings, equipment, vehicles and infrastructure. The following table presents summarized information on capital assets net of depreciation for fiscal years 2025 and 2024:

CITY OF HALF MOON BAY
Comparative Statement
Capital Assets (net of depreciation)
Year Ended on June 30, 2025

	Governmental Activities		Business Type Activities		Total		
	2025	2024	2025	2024	2025	2024	Variance
Land	$ 4,891,370	$ 4,756,385	$ -	$ -	$ 4,891,370	$ 4,756,385	3%
Rights of Way	6,990,396	6,990,396	-	-	6,990,396	6,990,396	0%
Construction in progress	15,837,906	11,212,437	-	-	15,837,906	11,212,437	41%
Buildings and improvements	28,039,654	28,935,520	6,666,698	6,801,334	34,706,352	35,736,854	-3%
Machinery and equipment	451,896	410,966	28,647	29,795	480,543	440,761	9%
Infrastructure	30,063,945	30,584,292	-	-	30,063,945	30,584,292	-2%
Total	$ 86,275,167	$ 82,889,996	$ 6,695,345	$ 6,831,129	$ 92,970,512	$ 89,721,125	4%

Construction in progress increased by $4.6 million primarily due to the improvements to Carter Park, Poplar Street, and other capital projects. Additional information regarding the City's capital assets can be found in Note 4 in Notes to the Basic Financial Statements.

Long-term Obligations

As of June 30, 2025, the City's long-term obligations totaled $19.5 million, primarily comprised of net pension liability and loans related to the library and the corporation yard.

CITY OF HALF MOON BAY
Comparative Statement
Long Term Obligations
Year Ended on June 30, 2025

	Governmental Activities		Business-type Activities		Total		
	2025	2024	2025	2024	2025	2024	Variance
Library Loan	2,290,740	2,863,426	-	-	2,290,740	2,863,426	-20%
880 Stone Pine Loan	1,966,000	3,200,000	-	-	1,966,000	3,200,000	-39%
Claims liability	73,283	1,670,731	-	-	73,283	1,670,731	-96%
Employee compensated absences	942,148	670,764	-	-	942,148	670,764	40%
Net Pension Liability	13,692,251	14,029,383	567,598	564,424	14,259,849	14,593,807	-2%
Total	$ 18,964,422	$ 22,434,304	$ 567,598	$ 564,424	$ 19,532,020	$ 22,998,728	-15%

Library Loan: During the fiscal year ending June 30, 2017, the City entered into a $6 million interest-free loan agreement with the County of San Mateo to ensure completion of the Library Project. The City began repayment in fiscal year 2020. In fiscal year 2021, due to budgetary constraints caused by the Covid-19 pandemic, the loan was amended so the City would not be required to make the two loans payments due in that fiscal year. The City resumed loan repayments in fiscal year 2021-2022, including the additional amount that was deferred. Since then, the City continues to make its an annual scheduled payment of $572 thousand.

880 Stone Pine Loan: Since 2009, the City has leased a 21-acre property for its corporation yard facility. In fiscal year 2020-21, the City entered into a $3.2 million financing agreement to purchase the property. In fiscal year 2023-24, the City refinanced the loan with the County of San Mateo to lift restrictions, allowing affordable housing efforts on unused portions of the site to proceed. In fiscal year 2024-25, the City split and sold a portion of the property to the County to create 830 Stone Pine Cove. Under the new loan terms, the principal was reduced by $1.2 million, and no payment was due in fiscal year 2024-25, with debt service payments scheduled to begin in fiscal year 2025-26.

Net Pension Liability: The City participates in one retirement plan through the California Public Employees' Retirement System (CalPERS). The measured net pension liability is measured as a proportionate share of the total net pension liability as reported by the CalPERS Financial Office. As of June 30, 2025, the City's share of the pension liability was measured to be $14.2 million. This is an decrease of $333 thousand or 2%. This decrease in net pension liability is from a increase in the fair value of plan assets held at CalPERS. Additional information about the City's pension liability can be found in Note 8 to the Notes to the Basic Financial Statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 15 percent of its total assessed valuation. The current debt limit for the City is approximately $153 million. At June 30, 2025, the City had no debt applicable to this limit. Additional information about the City's long-term obligations can be found in Note 5 to the Notes to the Basic Financial Statements.

Currently Known Facts, Conditions, and Decisions

Outlined below is key information expected to significantly impact the City's financial position and operational outcomes as of this report.

The City continues to face a structural deficit as ongoing costs outpace ongoing revenues. While FY 2024-25 began with a projected $4.8 million deficit, cost-containment actions, vacancy management, debt restructuring, strong Transient Occupancy Tax performance, and initial revenues from a sales tax increase reduced the actual shortfall to about $465 thousand. Despite this improvement, the City remains highly dependent on volatile TOT revenues and must continue pursuing long-term financial strategies focused on cost recovery, revenue enhancements, and disciplined spending to move toward structural balance.

Fiscal sustainability remains a top priority for Half Moon Bay. To that end, staff will continue monitoring these conditions closely and seeking the most efficient ways to provide public services. Staff looks forward to working with the City Council and community to address financial challenges ahead. In addition, staff will continue identifying operational efficiencies, potential economic development opportunities, and alternative revenue options to maintain high-quality services for residents and visitors of Half Moon Bay.

Requests for Information

This financial report is designed to provide all those with an interest in the government's finances with a general overview of the City of Half Moon Bay financial position and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Half Moon Bay
Finance Department
501 Main Street
Half Moon Bay, CA 94019.

An electronic version of this report is available at the City's website, found at www.hmbcity.com

CITY OF HALF MOON BAY
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments (Note 2)	$45,883,591	$4,358,667	$50,242,258
Accounts receivable, net	4,942,214	10,952	4,953,166
Interest receivable	414,882	42,743	457,625
Prepaids			
Loan receivable (Note 1r)	300,000		300,000
Land held for resale (Note 1i)	26,823,920		26,823,920
Investment in Sewer Authority			
Mid-Coastside (Note 6)		12,180,693	12,180,693
Net OPEB Asset (Note 9)	188,966	9,732	198,698
Capital assets, not depreciated (Note 4)	27,719,672		27,719,672
Capital assets, depreciated, net (Note 4)	58,555,495	6,695,345	65,250,840
Total assets	164,828,740	23,298,132	188,126,872
Deferred outflows of resources			
Related to OPEB (Note 9)	79,511	5,332	84,843
Related to pensions (Note 8)	4,160,104	208,982	4,369,086
Total deferred outflows of resources	4,239,615	214,314	4,453,929
Liabilities			
Accounts payable	407,622	623,056	1,030,678
Accrued liabilities	1,743,386		1,743,386
Deposits payable	769,497		769,497
Unearned revenue	75,000		75,000
Claims liabilities, due within one year (Note 11)	73,283		73,283
Compensated absences (Note 1j):			
Due within one year	215,181		215,181
Due in more than one year	726,967		726,967
Long-term debt (Note 5):			
Due within one year	751,832		751,832
Due in more than one year	3,504,908		3,504,908
Net pension liability, due in more than one year (Note 8)	13,692,251	567,598	14,259,849
Total liabilities	21,959,927	1,190,654	23,150,581
Deferred inflows of resources			
Related to OPEB (Note 9)	113,397	8,910	122,307
Related to pensions (Note 8)	540,207	64,111	604,318
Total deferred inflows of resources	653,604	73,021	726,625
Net position (Note 7)			
Net investment in capital assets	82,018,427	6,695,345	88,713,772
Restricted for:			
Investment in Sewer Authority		12,180,693	12,180,693
Other Post-Employment Benefits	188,966	9,732	198,698
Capital Projects	8,007,709		8,007,709
Debt Service	6,779		6,779
Housing and Economic Development	5,652,714		5,652,714
Special Revenues	2,482,020		2,482,020
Streets and Roads	7,897,305		7,897,305
Total restricted net position	24,235,493	12,190,425	36,425,918
Unrestricted	40,200,904	3,363,001	43,563,905
Total net position	$146,454,824	$22,248,771	$168,703,595

See accompanying notes to financial statements

CITY OF HALF MOON BAY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Contributions and Grants	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Total
Governmental Activities:							
General government	$5,848,016	$835,628	$1,274,322		($3,738,066)		($3,738,066)
Public safety	7,703,127	175,777	194,663		(7,332,687)		(7,332,687)
Public works	4,122,393	816,264	1,827,225	$2,037,451	558,547		558,547
Recreation	1,336,891	1,255,256			(81,635)		(81,635)
Planning	4,301,102	326,300			(3,974,802)		(3,974,802)
Community and economic development	2,188,174				(2,188,174)		(2,188,174)
Interest on long-term debt	10,256				(10,256)		(10,256)
Total governmental activities	25,509,959	3,409,225	3,296,210	2,037,451	(16,767,073)		(16,767,073)
Business-type Activities:							
Sewer	6,767,752	7,339,424		783,631		$1,355,303	1,355,303
Total	$32,277,711	$10,748,649	$3,296,210	$2,821,082	(16,767,073)	1,355,303	(15,411,770)
General revenues:							
Taxes:							
Property					3,757,360		3,757,360
Sales and use					4,182,742		4,182,742
Transient occupancy					9,616,592		9,616,592
Franchise					1,032,641		1,032,641
Business license tax					408,035		408,035
Investment income					2,148,567	207,823	2,356,390
Miscellaneous					45,610		45,610
Gain on sale of property (Note 5)					1,192,496		1,192,496
Transfers (Note 3)					1,112,485	(1,112,485)	
Total general revenues and transfers					23,496,528	(904,662)	22,591,866
Change in Net Position					6,729,455	450,641	7,180,096
Net Position at beginning of year, previously reported					140,028,089	21,798,130	161,826,219
Adjustment to Beginning Net Position (Note 7G):							
Change in accounting policy - compensated absences					(302,720)		(302,720)
Net Position at beginning of year, as adjusted					139,725,369	21,798,130	161,523,499
Net Position at end of year					$146,454,824	$22,248,771	$168,703,595

See accompanying notes to financial statements



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2025

	General Fund	Special Revenue Funds: Streets and Roads	Special Revenue Funds: Lot Acquisition and Retirement	Special Revenue Funds: Affordable Housing
Assets				
Cash and investments (Note 2)	$11,444,751	$7,968,554	$1,301,714	$5,176,149
Receivables:				
Accounts, net	3,712,779	115,035		34,513
Interest	96,728	69,931	12,178	48,341
Loan (Note 1r)				300,000
Land held for resale (Note 1i)				
Due from other funds (Note 3a)	604,053			
Total assets	$15,858,311	$8,153,520	$1,313,892	$5,559,003
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities:				
Accounts payable	$1,278			
Accrued liabilities	1,185,115	$181,215		$40,847
Deposits payable	769,497			
Due to other funds (Note 3a)				
Unearned revenue		75,000		
Total Liabilities	1,955,890	256,215		40,847
Deferred Inflows of Resources:				
Unavailable revenue - loan				300,000
Fund Balances (Note 7):				
Nonspendable				
Restricted		7,897,305	$1,313,892	5,218,156
Committed	8,651,749			
Assigned				
Unassigned	5,250,672			
Total fund balances	13,902,421	7,897,305	1,313,892	5,218,156
Total liabilities, deferred inflows of resources and fund balances	$15,858,311	$8,153,520	$1,313,892	$5,559,003

See accompanying notes to financial statements

Special Revenue Fund	Capital Projects Funds		Non-major Governmental Funds	
Parks Development	Land Asset	Capital Projects Fund		Total
$393,752		$3,143,734	$9,463,381	$38,892,035
241,879			835,182	4,939,388
6,004		27,197	90,677	351,056
				300,000
	$26,823,920			26,823,920
				604,053
$641,635	$26,823,920	$3,170,931	$10,389,240	$71,910,452
$348,955		$9,069	$5,000	$364,302
16,417		70,351	249,441	1,743,386
				769,497
			604,053	604,053
				75,000
365,372		79,420	858,494	3,556,238
				300,000
	$26,823,920			26,823,920
276,263			9,040,911	23,746,527
				8,651,749
		3,091,511	489,835	3,581,346
				5,250,672
276,263	26,823,920	3,091,511	9,530,746	68,054,214
$641,635	$26,823,920	$3,170,931	$10,389,240	$71,910,452

CITY OF HALF MOON BAY
Reconciliation of the
GOVERNMENTAL FUNDS - BALANCE SHEET
with the
STATEMENT OF NET POSITION
JUNE 30, 2025

Fund balances of governmental funds	$68,054,214
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets have not been included as financial resources in governmental fund activity:	
Capital assets, non depreciable	27,719,672
Capital assets, depreciated, net	58,261,432
Revenues which are unavailable on the Fund Balance Sheets because they are not available currently are taken into revenue in the Statement of Activities	
Deferred outflows below are not current assets of financial resources and the deferred inflows are not due and payable in the current period and therefore are not reported in the Governmental Funds.	
Deferred outflows of resources	4,238,471
Deferred inflows of resources	(352,633)
Long-term assets and liabilities that have not been included in governmental fund activity	
Long-term notes payable	(4,256,740)
Compensated absences	(942,148)
Net pension liability	(13,692,251)
Net OPEB asset	186,459
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The assets and liabilities of the internal service funds must be added to the statement of net position.	7,238,348
Net position of governmental activities	$146,454,824

See accompanying notes to financial statements



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2025

		Special Revenue Funds		
	General Fund	Streets and Roads	Lot Acquisition and Retirement	Affordable Housing
REVENUES				
Taxes	$18,536,875	$578,726		
License and permits	463,053			
Fines and forfeitures	124,109			
Charges for services	1,658,117			$141,226
Impact fees				
Rents and leases	71,670			
Investment income	706,359	391,534	$69,782	290,426
Intergovernmental revenues	35,166	1,763,479		5,398
Miscellaneous	1,321,891			
Total revenues	22,917,240	2,733,739	69,782	437,050
EXPENDITURES				
Current:				
General government	3,153,123			
General administration	1,780,377			
Public safety	7,301,251			
Public works	2,163,096	188,250		
Recreation services	537,796			
Planning	3,169,566			1,173,603
Community and economic development	910,036			
Capital outlay		2,024,097	176,489	
Debt service:				
Principal	572,686			
Interest and fees	10,256			
Total expenditures	19,598,187	2,212,347	176,489	1,173,603
Excess (deficiency) of revenues over (under) expenditures	3,319,053	521,392	(106,707)	(736,553)
Other financing sources (uses):				
Transfers in (Note 3)	587,760	120,124		
Transfers (out) (Note 3)	(4,372,322)	(7,937)		
Total other financing sources (uses)	(3,784,562)	112,187		
Net change in fund balances	(465,509)	633,579	(106,707)	(736,553)
Fund balance at beginning of year, as previously reported	14,367,930	7,263,726	1,420,599	
Adjustments:				
Changes from major to nonmajor fund				
Changes from nonmajor to major fund				5,954,709
Fund balances at beginning of year, as adjusted	14,367,930	7,263,726	1,420,599	5,954,709
Fund balances at end of year	$13,902,421	$7,897,305	$1,313,892	$5,218,156

See accompanying notes to financial statements

Special Revenue Fund	Debt Service Fund	Capital Projects Funds				
Parks Development	(Formerly Major) Judgment Obligation Bonds	(Formerly Major) Library	Land Asset	Capital Projects Fund	Non-Major Governmental Funds	Total
						$19,115,601
						463,053
						124,109
					$7,481	1,806,824
$78,041					79,708	157,749
					31,804	103,474
62,096				$114,008	514,362	2,148,567
1,764,596				158,454	1,448,819	5,175,912
						1,321,891
1,904,733				272,462	2,082,174	30,417,180
					107,790	3,260,913
						1,780,377
					174,088	7,475,339
					82,765	2,434,111
						537,796
						4,343,169
					1,278,138	2,188,174
3,009,742				674,709	206,838	6,091,875
						572,686
						10,256
3,009,742				674,709	1,849,619	28,694,696
(1,105,009)				(402,247)	232,555	1,722,484
487,784				2,073,284	159,538	3,428,490
(1,080)				(363,568)	(367,883)	(5,112,790)
486,704				1,709,716	(208,345)	(1,684,300)
(618,305)				1,307,469	24,210	38,184
	$6,425	$449,184	$26,823,920	1,784,042	15,900,204	68,016,030
	(6,425)	(449,184)			455,609	
894,568					(6,849,277)	
894,568			26,823,920	1,784,042	9,506,536	68,016,030
$276,263			$26,823,920	$3,091,511	$9,530,746	$68,054,214

CITY OF HALF MOON BAY
Reconciliation of the
NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS
with the
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

Changes in fund balances of governmental funds	$38,184
Amounts reported for governmental activities in the statement of activities are different because:	
When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balance decreases by the amount of financial resources expenses, whereas net position decrease by the amount of depreciation expense charged for the year.	
Capital asset additions	5,579,885
Depreciation expense	(2,054,697)
Retirements	(63,997)
Assets transferred to Internal Service Funds	(7,570)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Repayment of debt principal	572,686
Debt restructuring - reduction of principal	1,234,000
The amounts below included in the Statement of Activities do not provide or require the use of current financial resources and therefore are not reported as revenue of expenditures in governmental funds (net change).	
OPEB expenses	(35,558)
Compensated absences	31,336
Pension expenses	(666,497)
Internal service funds are used by management to charge the costs of certain activities, such as equipment management, to individual funds. The net revenues (expenses) of the internal services funds is reported with governmental activities.	2,101,683
Changes in net position of governmental activities	$6,729,455

See accompanying notes to financial statements

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
JUNE 30, 2025

	Sewer Enterprise Fund	Govermental Activities- Internal Service Funds
Assets:		
Current Assets:		
Cash and investments (Note 2)	$4,358,667	$6,991,556
Accounts receivable	10,952	2,826
Interest receivable	42,743	63,826
Total Current Assets	4,412,362	7,058,208
Noncurrent Assets:		
Investment in Sewer Authority Mid-Coastside (Note 6)	12,180,693	
Net OPEB Asset (Note 9)	9,732	2,507
Depreciable capital assets, net of accumulated depreciation (Note 4)	6,695,345	294,063
Total Non-Current Assets	18,885,770	296,570
Total Assets	23,298,132	7,354,778
Deferred Outflows of Resources		
Related to OPEB (Note 9)	5,332	1,144
Related to pensions (Note 8)	208,982	
Total Deferred Outflows of Resources	214,314	1,144
Liabilities:		
Current Liabilities:		
Accounts payable	623,056	43,320
Claims liability (Note 11)		73,283
Total Current Liabilities	623,056	116,603
Noncurrent liabilities:		
Net pension liability (Note 8)	567,598	
Total Liabilities	1,190,654	116,603
Deferred Inflows of Resources		
Related to OPEB (Note 9)	8,910	971
Related to pensions (Note 8)	64,111	
Total Deferred Inflows of Resources	73,021	971
Net Position (Note 7):		
Net investment in capital assets	6,695,345	294,063
Restricted for investment in Sewer Authority	12,180,693	
Restricted for other post employment benefits	9,732	2,507
Unrestricted	3,363,001	6,941,778
Total Net Position	$22,248,771	$7,238,348

See accompanying notes to financial statements

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Sewer Enterprise Fund	Governmental Activities-Internal Service Funds
Operating revenues:		
Charges for services	$7,339,424	
Impact fees		$10,713
Change in claims liability		1,597,448
Total operating revenues	7,339,424	1,608,161
Operating expenses:		
Salaries and wages	332,033	832,261
Contract services	6,283,593	39,027
Supplies		317,504
Repairs and maintenance	1,152	25,727
Insurance		536,847
Pensions		793,534
Depreciation	150,974	76,020
Other charges		700
Total operating expenses	6,767,752	2,621,620
Total operating income (loss)	571,672	(1,013,459)
Non-operating revenues:		
Investment income	207,823	310,787
Total non-operating revenues	207,823	310,787
Income before contributions and transfers	779,495	(702,672)
Capital contributions		7,570
Gain on investment in Sewer Authority Mid-Coastside (Note 6)	783,631	
Transfers in (Note 3)		2,796,785
Transfers (out) (Note 3)	(1,112,485)	
Total capital contributions and transfers	(328,854)	2,804,355
Change in net position	450,641	2,101,683
Net position at beginning of year	21,798,130	5,136,665
Net position at end of year	$22,248,771	$7,238,348

See accompanying notes to financial statements

CITY OF HALF MOON BAY
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Sewer Enterprise Fund	Governmental Activities-Internal Service Funds
Cash flows from operating activities:		
Cash received from customers	$7,345,710	$10,713
Cash payments to suppliers for goods and services	(5,775,757)	(918,858)
Cash payments to employee services	(306,014)	(1,625,409)
Net cash provided by operating activities	1,263,939	(2,533,554)
Cash flows from non-capital and related financing activities:		
Cash collected from other funds		2,796,785
Cash paid to other funds	(1,112,485)	
Net cash (used for) non-capital and related financing activities	(1,112,485)	2,796,785
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(15,190)	
Net cash provided by capital and related financing activities	(15,190)	
Cash flows from investing activities:		
Interest received on investments	210,609	307,755
Net cash provided by investing activities	210,609	307,755
Net increase in cash and cash equivalents	346,873	570,986
Cash and cash equivalents at beginning of year	4,011,794	6,420,570
Cash and cash equivalents at end of year	$4,358,667	$6,991,556
Reconciliation of operating income (loss) to net cash provided by (used for)		
Provided by (used for) operating activities:		
Operating income (loss)	$571,672	($1,013,459)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	150,974	76,020
Change in assets and liabilities:		
Accounts receivable	6,286	(2,826)
Accounts payable	508,988	3,773
Deferred outflows of resources	26,048	
Deferred inflows of resources	(4,064)	386
Claims liability		(1,597,448)
Net OPEB asset	861	
Net pension liability	3,174	
Net cash provided by operating activities	$1,263,939	($2,533,554)
Non-cash transactions:		
Gain on investment in Sewer Authority Mid-Coastside	$783,631	
Capital contributions		$7,570

See accompanying notes to financial statements



THIS PAGE IS INTENTIONALLY BLANK

1. Significant Accounting Policies

The City of Half Moon Bay (the City) is located next to the Pacific Ocean in San Mateo County, approximately twenty-five miles south of San Francisco. The City and coast side area is a thriving agricultural, fishing and tourism destination. In addition, about 3,000 tons of pumpkins are grown on the coast side each year and the ripening pumpkin heralds the Annual Arts and Pumpkin Festival held in October on the downtown historic Main Street. The annual festival draws more than 200,000 visitors for the two-day event.

The City is a general law city operating under the Council-Manager form of government, with a five-member City Council elected for four-year overlapping terms. The City Manager is appointed by the City Council to serve as administrator of the staff and to carry out the Council's policies.

Fire, water, library and certain sewer services are provided by separate districts or authorities which are not controlled by the City.

a) Blended Component Unit

The financial statements of the City include the financial activities of the City, as well as the Community Development Agency of the City of Half Moon Bay (Agency), which is controlled by and dependent on the City. The Agency is a separate government entity created in 1986 whose purpose is to prepare and implement plans for improvement, rehabilitation, and development of certain areas within the City. The Agency has the same governing board as the City, which also performs all accounting and administrative functions for the Agency, and has a financial relationship with the City. The financial activities of the Agency have been aggregated and merged (termed “blending”) with those of the City. The Agency is currently inactive for the fiscal year ended June 30, 2025.

b) Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. The effect of interfund activity has been eliminated from these statements to minimize the double counting of internal activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements for the primary government's governmental and proprietary funds are presented after the government-wide financial statements. These statements display information about major funds individually and non-major funds in aggregate for governmental and proprietary funds.

1. Significant Accounting Policies, continued

b) Government-wide and Fund Financial Statements, continued

The City reports the following major governmental funds:

The *General Fund* (Fund 101) is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. The major revenue sources for this fund are transient occupancy tax, property taxes, sales taxes, unrestricted revenues from the State, and interest income. Expenditures are made for public safety, planning, building, engineering, and other general government services.

The *Streets and Roads Special Revenue Fund* was established to account for all proceeds of Gas Tax funds (Fund 122), Measure A Local Transportation Ordinance Tax funds (Fund 124), Main Street Bridge fund (Fund 121) and other grants (Fund 123) that are restricted to purposes of these taxes.

The *Lot Acquisition and Retirement Special Revenue Fund* (Fund 133) is used to account for in-lieu fees and expenses within the purpose of acquiring and retiring development rights on existing legal parcels.

The *Affordable Housing Special Revenue Fund* (Fund 126) was established to account for proceeds of construction and development fees, including in lieu fees, whose purpose is for the development of affordable housing for very low, low, and moderate income households to rent or buy.

The *Parks Development Special Revenue Fund* (Fund 125) was established to account for proceeds of construction and development fees, whose purpose is for the acquisition, development, improvement, and expansion of parks and recreational areas, including equipment for recreation purposes and for capital expenditures such as infrastructure construction projects. In addition, this fund also includes the Library Fund (Fund 113) which accounts for the operations of the public library and is funded by contributions from the City and the San Mateo County Library Joint Powers Authority.

The *Land Asset Capital Projects Fund* (Fund 154) was established to account for the two land parcels held for resale.

The *Capital Projects Fund* (Fund 151) is used to fund Capital Improvement Program projects, including construction, technology, and other infrastructure improvements.

The City reports the following major enterprise fund:

The *Sewer Enterprise Fund* is used to account for the financial activity of the City's sewer utility. The costs of providing these services to the general public are financed or recovered primarily through user charges (Fund 201 is Sewer Operating Fund; Fund 202 is Sewer Capital Fund).

1. Significant Accounting Policies, continued

b) Government-wide and Fund Financial Statements, continued

The City also reports the following fund types:

Internal Service Funds:

Internal Service Funds are used to account for financing of goods or services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City operates an *Equipment and Vehicle Replacement Fund*, a *Risk Management Fund*, and *Pension Stabilization Fund*.

c) Basis of Accounting and Financial Statement Presentation

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments are not recognized until due. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's sewer functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Property taxes, sales taxes, transient occupancy taxes, and charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Amounts reported as program revenues include: 1) charges to members, customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

1. Significant Accounting Policies, continued

c) Basis of Accounting and Financial Statement Presentation, continued

The principal operating revenues of the Sewer Fund and of the government's Internal Service Funds are charges to customers for services. Operating expenses for the Sewer Fund and Internal Service Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, and then use unrestricted resources as needed.

d) Cash and Investments

Investments are reported in the accompanying statement of net position at fair value. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The City pools cash and investments of all funds, except for assets held by fiscal agents. Each fund's share in this pool is displayed in the accompanying financial statements as cash and investments. Investment income, earned by the pooled investments, is allocated to the various funds based on each fund's average cash and investment balance.

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. Cash invested in the City's investment pools is also considered to be cash equivalents.

e) Cash and Investments with Fiscal Agents

The City has monies held by trustees or fiscal agents pledged to the payment or security of certain bonds. The California Government Code provides that these monies, in the absence of specific statutory provisions governing the issuance of bonds, may be invested in accordance with the ordinance, resolutions or indentures specifying the types of investments its trustees or fiscal agents may make.

1. Significant Accounting Policies, continued

f) Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

g) Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to "due to/from other funds" (i.e., the current portion of interfund loans).

h) Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at estimated acquisition value on the date donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. In addition, the City does not capitalize the allocation of capital costs related segments of projects maintained by other entities. The City utilizes a capitalization threshold of $5,000.

Depreciation is charged to operations using the straight-line method over the estimated useful lives of the assets as follows:

Building and Improvements	40 years
Sewer Mains and Laterals	60 years
Infrastructure	20 to 50 years
Vehicles	5 to 10 years
Equipment	5 to 20 years

1. Significant Accounting Policies, continued

i) Land Held for Resale

Lands held for resale are recorded in the Land Asset Capital Projects Fund at the lower of acquisition cost or estimated resale value. Fund balances are reserved in amounts equal to the carrying value of land held for resale since such assets are not available to finance the City's current operations.

Land held for resale of $26,823,920 at June 30, 2025 is stated at the lower of historical cost or net realizable value.

j) Compensated Absences

Depending upon length of employment, City employees earn 12 to 27 vacation days a year. Sick leave is accrued at the rate of 12 days per year. Employees can carry forward two to three years-worth of earned but unused vacation leave benefits to subsequent years depending on employee group. Upon termination, the City is obligated to compensate employees for all earned but unused vacation days. The earned but unused sick leave benefits are payable for some employees, when vested, in the event of employee termination.

In the government-wide financial statements, a liability is accrued for all earned but unused vacation leave benefits, as well as vested amounts of sick leave relating to the operations of the funds. General Fund is typically used to liquidate the liability for compensated absences. This liability will be liquidated as either additional cash payments in the event of employee termination or as part of budgeted salary expenditures if used by employees as compensated leave time while still employed by the City. In the fund financial statements, governmental funds report compensated absences only if they have matured, i.e. unused reimbursable leave still outstanding at fiscal year-end following an employee's resignation or retirement. Non-current amounts will be recorded as fund expenditures in the year in which they are paid or become due on demand to terminated employees.

The changes in compensated absences for the year ended June 30, 2025, is as follows:

Beginning Balance (as restated)	$973,484
Additions	814,682
Payments	(846,018)
Ending Balance	$942,148
Current Portion	$215,181
Non-current Portion	$726,967

1. Significant Accounting Policies, continued

k) Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as service expenditures.

l) Claims and Judgments

The City records a liability for litigation, judgments and claims when it is probable that an asset has been impaired, or a liability has been incurred prior to year-end and the probable amount of loss (net of any insurance coverage) can be reasonably estimated. This liability is recorded in the Internal Service Funds, which account for the City's risk management activities.

m) Property Taxes

State of California (State) Constitution Article XIIIA provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value ($1 per $100 of assessed value) plus an additional amount for general obligation debt approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIIIA and may be adjusted by no more than 2% per year unless the property is sold or transferred. The state legislature has determined the method of distribution of receipts from the $1.00 tax levy among the counties, cities, school districts and other districts.

The County of San Mateo assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	On or before November 1	July 1
Due dates (delinquent after)	50% on November 1 (December 10) 50% on February 1 (April 10)	July 1 (August 31)

The term "unsecured" refers to taxes on personal property other than land and buildings. These "unsecured" taxes are secured by liens on the personal property being taxed. The County of San Mateo distributes to the City the entire amount of each year's levy and in return receives all penalties and interest on delinquent payments.

1. Significant Accounting Policies, continued

n) Estimates

The preparation of basic financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

o) Pensions and OPEB (Other Post-Employment Benefits)

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the City's Public Agency Retirement Services (PARS) plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by PARS.. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

p) Leases

As clarified by the Government Accounting Standards Board (GASB) Statement No. 87, a lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivables or liabilities with an initial, individual value of $200,000 or more, based on the future lease payments remaining at the start of the lease.

The City had no leases subject to GASB #87 for the fiscal year 2025.

q) Subscription-Based Information Technology Arrangements (SBITAs) Accounting

As clarified by the Government Accounting Standards Board (GASB) Statement No. 96, a Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

1. Significant Accounting Policies, continued

q) Subscription-Based Information Technology Arrangements (SBITAs) Accounting, continued

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of $200,000 or more for all funds, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by the IT vendor as the discount rate. When the interest rate charged by the IT vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability. Subscription assets are reported with other capital assets and subscription liabilities are reported with liabilities on the statement of net position.

The City had no SBITA subject to GASB #96 for the fiscal year 2025.

r) Loan Receivable

In June 2020, the City loaned $300,000 from the Affordable Housing Special Revenue Fund to the Abundant Grace Coastside Worker (AGCW) for the acquisition of property for the development of a workforce Development Center. The loan is secured by a recorded deed of trust on the property, does not bear interest and is due December 31, 2034.

1. Significant Accounting Policies, continued

s) New GASB Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement, which became effective during the year ended June 30, 2025.

Effect of New Governmental Accounting Standards Board (GASB) Pronouncements

GASB 101 – *Compensated Absences*

The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

The pronouncement became effective, and as disclosed in Note 7G to the financial statements required a prior period restatement for the cumulative effect on the financial statements.

GASB 102 – *Certain Risk Disclosures*

State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

1. Significant Accounting Policies, continued

s) New GASB Pronouncements, continued

GASB 102 – *Certain Risk Disclosures*, *(continued)*

This Statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Concentrations and constraints may limit a government's ability to acquire resources or control spending.

This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued.

If a government determines that those criteria for disclosure have been met for a concentration or constraint, it should disclose information in notes to financial statements in sufficient detail to enable users of financial statements to understand the nature of the circumstances disclosed and the government's vulnerability to the risk of a substantial impact. The disclosure should include descriptions of the following:

- The concentration or constraint.
- Each event associated with the concentration or constraint that could cause a substantial impact if the event had occurred or had begun to occur prior to the issuance of the financial statements.
- Actions taken by the government prior to the issuance of the financial statements to mitigate the risk.

The City implemented the provisions of the Statement, but it did not have an effect on the fiscal year 2025 financial statements.

2. Cash, Cash Equivalents, and Investments

Cash and investments as of June 30, 2025, consist of the following:

Cash on hand	$305
Deposits with financial institutions	4,072,450
Investments	46,169,503
Total cash and investments	$50,242,258

2. Cash, Cash Equivalents, and Investments, continued

a) Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned. The City does not have a policy for custodial credit risk on deposits. As of June 30, 2025, the carrying amount of the City's deposits was $4,072,450 and the bank balance was $ 4,172,949 The difference between the bank balance and the carrying amount represents outstanding checks and deposits in transit. Of the bank balance, $250,000 was covered by federal depository insurance and the balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code.

Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by state or local governmental units by pledging securities held in the form of an undivided collateral pool. The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Such collateral is considered to be held in the name of the City.

b) Investments Authorized by the City's Investment Policy

The City maintains a cash and investment pool that is available for use by all funds. The table below identifies the investment types that are authorized for the City by the California Government Code (or the City's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's investment policy.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 Years	None	None	None
U.S. Government Sponsored Enterprise Obligations	5 Years	None	None	None
Bankers' Acceptances	180 Days	None	20%	5%
Commercial Paper	180 Days	Highest Rating	15%	2%
Negotiable Certificates of Deposit	2 Years	None	30%	None
Repurchase Agreements	1 year	None	10%	5%
California Local Agency Investment Fund	None	None	None	$75 million per account
San Mateo County Investment Pool	None	None	None	None
Time Certificates of Deposit	2 years	None	10%	None
Medium-Term Corporate Notes	5 Years	Highest Rating	10%	10% (A)
Money Market Mutual Funds	None	Highest Rating	20%	5%

(A) Commercial paper holdings are to be included when calculating the 10% limitation.

2. Cash, Cash Equivalents, and Investments, continued

c) Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum Percentage Allowed	Maximum Investment In One
U.S. Treasury Obligations	None	None	No Limit	No Limit
U.S. Agency Securities	None	None	No Limit	No Limit
State Obligations	None	AAA	No Limit	No Limit
Municipal Obligations	None	AAA	No Limit	No Limit
Bankers' Acceptances	360 Days	A1	No Limit	No Limit
Commercial Paper	270 Days	A1+	No Limit	No Limit
Money Market Mutual Funds	None	Aam	No Limit	No Limit
California Local Agency Investment Fund	None	None	No Limit	No Limit
Repurchase Agreements	None	None	No Limit	No Limit

d) Fair Value Hierarchy

The City adopted GASB Statement No. 72, Fair Value Measurement and Applications, which required governmental entities to measure investments at fair value. The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation input used to measure the fair value of asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

	Total
Investments exempt from Fair Value Hierarchy:	
San Mateo County Investment Pool	$37,575,868
California Local Agency Investment Fund	8,593,635
Total Investments	$46,169,503

2. Cash, Cash Equivalents, and Investments, continued

e) Interest Rate Risk

Interest Rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the weighted average maturity of its portfolio. The City has no specific limitations with respect to this metric.

	Remaining Maturity (in Months)	
Investment Type	12 Months Or Less	Total
Available for Operations		
California Local Agency Investment Fund	$8,593,635	$8,593,635
San Mateo County Investment Pool	37,575,868	37,575,868
Total Investments	$46,169,503	$46,169,503

f) Custodial Credit Risk - Investment

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. All of the City's investments in securities are held in the name of the City. The City's custody agreement policy prohibits counterparties holding securities not in the City's name.

g) Credit Risk – Investments

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of ratings by nationally recognized statistical rating organization (S&P).

Investment Type	AA	Not Rated	Total
Held by City			
California Local Agency Investment Fund		$8,593,635	$8,593,635
San Mateo County Investment Pool	$37,575,868		37,575,868
Total Investments	$37,575,868	$8,593,635	$46,169,503

2. Cash, Cash Equivalents, and Investments, continued

h) Investments in San Mateo County Investment Pool

The City is also a voluntary participant in the San Mateo County Investment Fund (County Pool) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the County of San Mateo. The City reports its investment in the County Pool at the fair value amount provided by the County. The balance available for withdrawal is based on the accounting records maintained by the County Pool which are recorded on an amortized cost basis. Included in the County Pool's investment portfolio are U.S. Treasury Notes, Obligations issued by agencies of the United States Government, LAIF, Corporate Notes, Commercial Paper, collateralized mortgage obligations, mortgage-backed securities, repurchase agreements, other asset-backed securities, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At June 30, 2025, these investments matured in an average of 2.28 years.

i) Investments in State Treasurer's Local Agency Investment Pool

The City is also a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the City's investment in this pool is reported in the accompanying financial statements at amounts based upon the City's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2025, these investments matured in an average of 248 days.

3. Interfund Transactions

a) Current Balances

Current interfund balances arise in the normal course of business and are expected to be repaid shortly after the end of the fiscal year. The purpose of these balances is to eliminate negative cash balances at year end in various funds. At June 30, 2025, the Opportunity Center Coastside Special Revenue Fund owed the General Fund $604,053.

3. Interfund Transactions, continued

b) Transfers

Transfers between funds during the fiscal year ended June 30, 2025, were as follows:

Transfer To	Transfer From	Amount	
General Fund	Sewer Enterprise Fund	$587,760	(a)
Streets and Roads Special Revenue Fund	Non-Major Governmental Funds	120,124	(b)
Parks Development Special Revenue Fund	General Fund	132,604	(b)
	Capital Projects Fund	315,180	(b)
	Non-Major Governmental Funds	40,000	(b)
Capital Projects Fund	General Fund	1,880,100	(b)
	Parks Development Fund	1,080	(b)
	Non-Major Governmental Funds	192,104	(b)
Non-Major Governmental Funds	General Fund	100,000	(b)
	Capital Projects Fund	48,388	(b)
	Non-Major Governmental Funds	11,150	(b)
Internal Service Funds	General Fund	2,259,618	(c)
	Streets and Roads Special Revenue Fund	7,937	(c)
	Non-Major Governmental Funds	4,505	(c)
	Sewer Enterprise Fund	524,725	(c)
		$6,225,275	

Interfund transfers were principally used for the following purposes:
(a) Sewer management expenditures
(b) Capital program expenditures
(c) Program expenditures

4. Capital Assets

a) Capital Assets Activity

A Summary of changes in capital assets for the year ended June 30, 2025, is as follows:

	Balance June 30, 2024	Additions	Retirements	Transfers	Balance June 30, 2025
Governmental activities:					
Capital assets not being depreciated:					
Land	$4,756,385	$176,489	($41,504)		$4,891,370
Rights of way	6,990,396				6,990,396
Construction in progress	11,212,437	5,271,988	(22,493)	($624,026)	15,837,906
Total capital assets not being depreciated	22,959,218	5,448,477	(63,997)	(624,026)	27,719,672
Capital assets being depreciated:					
Buildings & improvements	38,579,987			24,819	38,604,806
Machinery & equipment	1,559,221	121,584		37,852	1,718,657
Infrastructure	50,435,431	9,824		561,355	51,006,610
Total capital assets being depreciated	90,574,639	131,408		624,026	91,330,073
Less accumulated depreciation for:					
Buildings & improvements	9,644,467	920,685			10,565,152
Machinery & equipment	1,148,255	118,506			1,266,761
Infrastructure	19,851,139	1,091,526			20,942,665
Total accumulated depreciation	30,643,861	2,130,717			32,774,578
Net depreciable assets	59,930,778	(1,999,309)		624,026	58,555,495
Governmental activities capital assets, net	$82,889,996	$3,449,168	($63,997)		$86,275,167

4. Capital Assets, continued

a) Capital Assets Activity, continued

	Balance June 30, 2024	Additions	Balance June 30, 2025
Business-type activities:			
Capital assets being depreciated:			
Buildings & improvements	$9,099,769	$15,190	$9,114,959
Machinery & equipment	763,646		763,646
Total capital assets being depreciated	9,863,415	15,190	9,878,605
Less accumulated depreciation for:			
Buildings & improvements	2,298,435	149,826	2,448,261
Machinery & equipment	733,851	1,148	734,999
Total accumulated depreciation	3,032,286	150,974	3,183,260
Net depreciable assets	6,831,129	(135,784)	6,695,345
Business-type activities capital assets, net	$6,831,129	($135,784)	$6,695,345

b) Depreciation

Depreciation expense was charged to governmental functions as follows:

Governmental Activities:	
General government	$114,798
Recreation	820,003
Public safety	32,468
Public works	1,087,428
Depreciation on capital assets held by the City's Internal Service Funds is charged to the various functions based on their usage of the assets	76,020
Total Governmental Activities	$2,130,717
Business-Type Activities:	
Sewer Fund	$150,974

5. Long-Term Debt

The following is a summary of long-term debt transactions for the year ended June 30, 2025:

	Original Issue Amount	Balance June 30, 2024	Retirements	Balance June 30, 2025	Current Portion
Governmental Activity Debt					
Direct borrowings:					
San Mateo County Advance	$5,726,855	$2,863,426	$572,686	$2,290,740	$572,686
San Mateo County Loan	3,200,000	3,200,000	1,234,000	1,966,000	179,146
Total Governmental Activity		$6,063,426	$1,806,686	$4,256,740	$751,832

a) Library Loan – Advance Agreement with the County of San Mateo

During the fiscal year ended June 30, 2017, the City entered into a $6 million Interest-free loan agreement with the County of San Mateo to ensure completion of the Library Project. The Project includes design, environmental review, demolition of existing library, construction, and construction management. The terms of repayment are directly from the property tax apportionments in two installments on December 15 and April 15 per fiscal year for a ten-year period beginning no later than December 15, 2019 and final payment is to be made no later than April 15, 2030. As of June 30, 2025, the City had drawn down $5,726,855. Repayments began in fiscal year 2020.

b) Financed Purchase Agreement with the County of San Mateo

In August 2023, the City entered into a Memorandum of Understanding (MOU) with the County of San Mateo related to an affordable housing development at a portion of 880 Stone Pine Road. Under the terms of the MOU, in September 2023 the City and the County also entered into a lease and sublease agreement under which the County made a one-time upfront lease payment to the City in the amount of $3.2 million that the City used to discharge the iBank Loan discussed above to remove financing restrictions and continue affordable housing efforts at the location. The lease is for property at Correas Street and Purissima Street that will be used for as a library and other recreational functions and simultaneously, the City will sublease the property back from the County with annual rental payments over a lease term of 10 years, at a fixed interest rate of 3.13% per year. The Sublease is secured by secured property taxes collected by the General Fund. While the pledge of repayment of the Sublease is from secured property taxes, repayment can be made from any source. Under the terms of the sublease, The City is also responsible for paying the County's costs associated with the property that will be billed periodically and are due within 30 days of receipt of the invoice. To terminate the Sublease after having fully paid all installment payments through and including the year seven payment, the City may prepay the sublease at any time with five days' notice to the County. Interest and principal on the sublease was to be payable semi-annually December 15 and April 15 through 2033, with the first payment due in December 2024.

In November 2024 and March 2025, the City and County executed two addendums to the sublease to defer the fiscal year 2025 principal and interest payments to December 15, 2025.

5. Long-Term Debt, continued

April 2025, the City and the County entered into a purchase and sale agreement for a 6.867-acre portion of the property at 880 Stone Pine Road in the amount of $1.234 million. The purchase price is to be satisfied though the application of the prepayment credit under the above sublease. As a result, the principal balance of the sublease was reduced in that same amount. Although the sublease amendment was not executed until July 3, 2025, since the amendment reduced the City's liability under the sublease and revised the payment schedule on the sublease, the City has recorded the transaction as of June 30, 2025.

The amended sublease bears an interest rate of 3.13%. Interest and principal on the sublease is payable semi-annually December 15 and April 15 through 2033, with the first payment due in December 2025. The County did not bill the City for any additional costs incurred during the year ended June 30, 2025.

c) Debt Service

As of June 30, 2025, annual debt service to maturity for the private placements is as follows:

Year ending June 30	Governmental Activities Direct Borrowings		
	Principal	Interest	Total
2026	$751,832	$166,764	$918,596
2027	767,712	150,884	918,596
2028	784,999	133,597	918,596
2029	803,814	114,778	918,592
2030	251,620	94,290	345,910
2031-2033	896,763	140,967	1,037,730
Total	$4,256,740	$801,280	$5,058,020

6. Investment in Sewer Authority Mid-Coast side

The City, along with the Montara Water and Sanitary District and El Granada Sanitary District, established the Sewer Authority Mid-Coastside (SAM) in 1976 to build and operate a sewage treatment facility for its members. SAM is controlled by a six-member board consisting of two representatives from each member. The board appoints management and employees of SAM and is responsible for SAM's budget, operations and finances. As one of SAM's member agencies, the City makes contributions to SAM in the form of collections assessments and operations and maintenance assessments. The City exercises significant influence over SAM's operations; therefore, the City's share of SAM's net position has been recorded as an investment in the City's financial statements. The City's share of SAM's net position is calculated annually, based on the proportion of SAM's total assessed valuation within the City limits. Complete financial statements for SAM can be obtained from the SAM at 1000 North Cabrillo Highway, Half Moon Bay, California 94019-1466. Based on SAM's audited financial statements for June 30, 2024, the City recorded its investment in SAM in the amount of $12,180,693 at June 30, 2025.

7. Net Position/Fund Balances

a) Fund Balances

In the fund financial statements, governmental funds report the following fund balance classifications: non-spendable, restricted, committed, assigned, and unassigned. The City Council, as the highest level of decision-making authority for the City, has the ability to commit fund balances through the adoption of a formal resolution. The same action must be taken to modify or rescind the commitment. The City Council has approved a policy (Resolution No. C-44-11) authorizing the City Manager to assign fund balances for specific purposes up to $8,000,000. Assignments of amounts over $8,000,000 require the approval of City Council.

b) Stabilization Arrangements

City Council adopted a resolution (No. C-44-11) to establish a contingency reserve in the amount of 30% of the following fiscal year's budgeted operating expenditures. City Council adopted a resolution (No. C-2020-60) that renamed the reserve to the General Fund Reserve and revised the policy to a minimum of 30% of the budgeted annual General Fund operating expenditures with no maximum. Changes to the reserve amount require City Council approval. Appropriations from the General Fund Reserve commitment can only be made for the following specific circumstances:

1. Meeting cash flow needs during the fiscal year.
2. Closing a projected short-term revenue-expenditure gap.
3. Responding to unexpected expenditure requirements or revenue shortfalls.
4. When an economic downturn results in a short-term budgetary shortfall and where reasonable cuts to expenditures are not adequate to meet revenue without the use of the reserve.
5. Unfunded liabilities such as self-insurance, pensions and retiree health obligations.
6. Institutional changes, such as State budget takeaways and unfunded mandates.

7. Net Position/Fund Balances, continued

b) Stabilization Arrangements, continued

The City Council also established an Economic Uncertainty Reserve in the amount of a minimum of 20% of the budgeted annual General Fund operating expenditures with no maximum. Funds held in the Economic Uncertainty Reserve assignment are held for the following uses:

1. When a fiscal forecast shows an ongoing structural gap due to an economic downturn to providing a strategic bridge to future economic stability.
2. When during a declared emergency, expenditures exceed revenues and where the reserve will meet economic shortfalls due to a related economic downturn.
3. When an economic downturn results in a long-term budgetary shortfall and where reasonable cuts to expenditures are not adequate to meet revenue without the use of the reserve.
4. Where its use will prevent a reduction of required services.

The reserves can only be used in accordance with the policies above and at the direction of the City Council. It is the intent of the City to limit use of the reserves to address unanticipated, non-recurring needs or known, planned future obligations. Reserves shall not normally be applied to recurring annual operating expenditures. The reserves may, however, be used to allow time for the City to restructure its operations in a deliberate manner (such as might be required in the case of a severe economic downturn), but such use will only take place in the context of an adopted long-term plan to reach a sustainable structure.

The General Fund Reserve and Economic Uncertainty Reserve will be funded from excess ongoing and one-time funds when available. If reserve fund balances fall below established thresholds, the City will replenish reserves in the priority of the General Fund Reserve, followed by the Economic Uncertainty Reserve. Where funding of the General Fund Reserve and Economic Uncertainty Reserve exceeds the established thresholds, the City Council may authorize the use of those funds for any budgetary need.

In the event the City Council authorizes use of the reserves, the City Manager is to propose a plan for the replenishment of the reserves to the City Council during City budget hearings. The City will make every reasonable effort to fully replenish the reserves within five years. If, based on the Finance Director's analysis and forecasting, the target balance is not being met or is likely not going to be met at some point within a five-year period, a plan to meet the target balance will be developed and presented to the City Council for consideration.

7. Net Position/Fund Balances, continued

c) Classifications

As prescribed by GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. As of June 30, 2025, fund balances for government funds are made up of the following:

- *Non-spendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, long-term notes receivable and land.

- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.

- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action (resolution) of the City's highest level of decision-making authority, the City Council. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally.

- *Assigned Fund Balance* – comprises amounts intended to be used by the City for specific purposes that are neither restricted nor committed. Intent is expressed by (a) the City Council or (b) the City Manager. The City Council has delegated the authority for the City Manager to assign amounts of up to $8 million to be used for specific purposes (Resolution C-44-11).

- *Unassigned Fund Balance* – is the residual classification and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. General Fund is the only fund that reports a positive unassigned fund balance.

d) Policies

The standard also requires governments to disclose the accounting policies that indicate the order in which restricted, committed, assigned and unassigned amounts are spent.

The City considers restricted amounts to have been spent first when an expenditure is incurred for purposes of which both restricted and unrestricted fund balance is available. Additionally, the City considers committed amounts to have been spent first, assigned amounts to have been spent second, and unassigned amounts to have been spent last when an expenditure is incurred for purposes of which committed, assigned, and unassigned fund balance is available.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

7. Net Position/Fund Balances, continued

d) Policies, continued

Fund balances for all the major and non-major governmental funds as of June 30, 2025, were distributed as follows:

	General Fund	Streets and Roads	Lot Acquisition and Retirement	Affordable Housing	Parks Development	Land Asset	Capital Projects	Non-major Governmental Funds	Total
Nonspendable:									
Land held for resale						$26,823,920			$26,823,920
Total nonspendable						26,823,920			26,823,920
Restricted:									
Streets & roads		$7,897,305							7,897,305
Community development			$1,313,892						1,313,892
Economic/Community Grants								$134,558	134,558
Park development improvements					$276,263				276,263
Debt service								6,779	6,779
Police grants								1,168,128	1,168,128
Storm drain maintenance improvements								1,567,000	1,567,000
Traffic mitigation								4,737,555	4,737,555
Affordable housing				$5,218,156					5,218,156
Public facilities								1,426,891	1,426,891
Total restricted		7,897,305	1,313,892	5,218,156	276,263			9,040,911	23,746,527
Committed:									
General Fund reserve	$7,017,113								7,017,113
Economic uncertainty reserve	1,634,636								1,634,636
Total committed	8,651,749								8,651,749
Assigned:									
San Mateo County Library								489,835	489,835
Capital projects							$3,091,511		3,091,511
Total assigned							3,091,511	489,835	3,581,346
Unassigned:	5,250,672								5,250,672
Total Fund Balances	$13,902,421	$7,897,305	$1,313,892	$5,218,156	$276,263	$26,823,920	$3,091,511	$9,530,746	$68,054,214

e) Net Position

Net Position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources. Net Position is divided into three categories. These categories apply only to Net Position, which is determined only at the Government-wide level, and are described below:

Net Investment in Capital Assets describes the portion of Net Position which is represented by the current net book value of the City's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes the portion of Net Position which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws, or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, debt service requirements, and successor agency assets.

Unrestricted describes the portion of Net Position which is not restricted as to use.

7. Net Position/Fund Balances, continued

f) Net Investment in Capital Assets

The balances related to Net Investment in Capital Assets are comprised of the following as of June 30, 2025:

	Governmental Activities	Business-Type Activities	Total
Capital Asset, net of accumulated depreciation:	$86,275,167	$6,695,345	$92,970,512
Less: Capital debt:	(4,256,740)		(4,256,740)
	$82,018,427	$6,695,345	$88,713,772

g) Adjustment of Net Position

Adjustments to and restatements of beginning balances during fiscal year 2025 related to changes in accounting principles, as follows:

	June 30, 2024 As Previously Reported	Change in Accounting Principle (GASB 101 Implementation)	June 30, 2024 As Adjusted
Government-Wide			
Governmental Activities	$140,028,089	($302,720)	$139,725,369

Change in Accounting Principle – GASB 101 – The provisions of GASB Statement No. 101, *Compensated Absences*, were effective for the fiscal year ended June 30, 2025, and implementation requires the restatement of the balances of compensated absences as of July 1, 2024.

8. Pension Plans

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

a) General Information about the CalPERS Pension Plan

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City's separate Safety and Miscellaneous Employee Pension Rate Plans. The City's Safety and Miscellaneous Rate Plans are part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The City sponsors three rate plans (two miscellaneous and one safety). Benefit provisions under the Plan are established by State statute and City resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

8. Pension Plans, continued

a) General Information about the CalPERS Pension Plan, continued

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan's provisions and benefits in effect at June 30, 2025, are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	PEPRA 2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67+	52 - 67+
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.000% to 2.500%
Required employee contribution rates	7%	8.25%
Required employer contribution rates	13.31%	8.18%
Required UAL Contribution	$542,226	$10,672

	Safety
Hire date	Prior to January 1, 2013
Benefit formula	3% @ 50
Benefit vesting schedule	5 years service
Benefit payments	monthly for life
Retirement age	50 - 55+
Monthly benefits, as a % of eligible compensation	3%
Required employee contribution rates	0%
Required employer contribution rates	0%
Required UAL Contribution	$793,534

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability (UAL). The dollar amounts are billed on a monthly basis or can be paid in a lump sum reduced amount. The City elected to make the lump sum contributions and the required contribution for the unfunded liability was $1,346,432 in fiscal year 2025, as show in the table above.

8. Pension Plans, continued

a) General Information about the CalPERS Pension Plan, continued

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

For the year ended June 30, 2025, the contributions recognized as part of pension expense for the Plan were as follows:

	Miscellaneous	Safety	Total
Contributions - employer	$1,040,989	$793,534	$1,834,523

b) Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. The governmental activities net pension liability is liquidated primarily by the General Fund.

As of June 30, 2025, the City reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$7,279,524
Safety	6,980,325
Total Net Pension Liability	$14,259,849

8. Pension Plans, continued

b) Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions, continued

The City's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The City's proportionate share of the net pension liability for the Plan as of June 30, 2023 and 2024 was as follows:

	Miscellaneous	Safety	Total
Proportion - June 30, 2023	0.14628%	0.09738%	0.24366%
Proportion - June 30, 2024	0.15051%	0.09574%	0.24625%
Change - Increase (Decrease)	0.00423%	(0.00164%)	0.00259%

For the year ended June 30, 2025, the City recognized pension expense of $1,470,419 for Miscellaneous Rate Plan and $1,055,380 for Safety Rate Plan, with a total pension expense of $2,525,799.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous		Safety		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$1,040,989		$793,534		$1,834,523	
Changes in assumptions	187,099		171,981		359,080	
Differences between actual and expected experience	629,382	($24,558)	569,657	($18,522)	1,199,039	($43,080)
Net change in Proportion DIDO and Net Pension Liability	33,664	(83,637)	8,444	(284,707)	42,108	(368,344)
Net difference in actual contribution and proportion contributions	154,112	(23,053)	23,754	(169,841)	177,866	(192,894)
Net differences between projected and actual earnings on plan investments	419,073		337,397		756,470	
Total	$2,464,319	($131,248)	$1,904,767	($473,070)	$4,369,086	($604,318)

8. Pension Plans, continued

b) Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions, continued

$1,834,523 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Miscellaneous	Safety	Total
2026	$412,045	$199,150	$611,195
2027	991,421	640,536	1,631,957
2028	32,227	(86,081)	(53,854)
2029	(143,611)	(115,442)	(259,053)
Total	$1,292,082	$638,163	$1,930,245

***Actuarial Assumptions* –** For the measurement period ended June 30, 2024, the total pension liability was determined by rolling forward the June 30, 2023 total pension liability. The June 30, 2023 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous & Safety
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increases	Varies by Entry Age, Service and Type of Employment
Investment Rate of Return	6.90% net of pension plan investment expenses, including inflation
Mortality	Derived using CalPERS Membership Data for all Funds (1)
Post Retirement Benefit Increase	Lessor of the contract COLA or 2.30% until Purchasing Power Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2023 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience Study can be found on the CalPERS website.

8. Pension Plans, continued

b) Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions, continued

Discount Rate – The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The table below reflects the long-term expected real rate of return by asset class.

Asset Class(1)	Assumed Asset Allocation	Real Return (1), (2)
Global Equity-Cap-Weighted	30.0%	4.54%
Global Equity-Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management Study.

8. Pension Plans, continued

b) Pension Liabilities, Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions, continued

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous	Safety	Total
1% Decrease	5.90%	5.90%	5.90%
Net Pension Liability	$11,092,968	$10,097,507	$21,190,475
Current Discount Rate	6.90%	6.90%	6.90%
Net Pension Liability	$7,279,524	$6,980,325	$14,259,849
1% Increase	7.90%	7.90%	7.90%
Net Pension Liability	$4,140,498	$4,430,909	$8,571,407

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

c) Deferred Compensation Plans

City employees may defer a portion of their compensation under two separate, optional City sponsored Deferred Compensation Plans created in accordance with Internal Revenue Code Section 457. Under these Plans, participants are not taxed on the deferred portion of their compensation until distributed to them; distributions may be made only at termination, retirement, death or in an emergency as defined by the Plans.

The Plans are part of public agency agent multiple-employer defined contribution plans that are administered by Mission Square Retirement (formerly ICMA RC) and California Public Employees Retirement System. Benefit provisions under the Plans are established by City resolution. The City has no liability for any losses incurred by the Plans and does not participate in any gains, but does have the duty of due care that would be required of an ordinary prudent investor. The City has contracts with each company to manage and invest the assets of the Plans. The administrators pool the assets of each Plan with those of other participants and do not make separate investments for the City. The assets in each Plan are the sole property of the participants or their beneficiaries. Since the assets held under each Plan are not the City's property and are not subject to claims by general creditors of the City, they have been excluded from these financial statements. The Plans require investments to be stated at fair value and it requires all gains and losses on Plan investments to accrue directly to participant accounts.

8. Pension Plans, continued

c) Deferred Compensation Plans, continued

Employer contributions to the Plans are based on an employee's bargaining unit. For employees under the Local 39, Unrepresented Executive Employees, Non-Represented Confidential Employees, and Represented Management Team bargaining units, who have completed one year of service with the City, the City will match 50 cents for every dollar that the employee contributes towards their 457 Plan account, up to an employee contribution of six percent (6.0%) of the employee's salary. For example, if an employee contributes 6.0% or more of their salary towards their 457 Plan account, they will receive a 3.0% match from the City.

In addition to the employees in the groups listed above, the City Manager receives contributions to the employee's Plan accounts of $10,000 annually, based on the contract between the City and the individual filling the Council Appointee position.

The City's required contributions for the year ended June 30, 2025 totaled $93,298.

9. Other Post Employment Healthcare Benefits

a) Post-Employment Benefits Plan

Plan Description: The City provides medical insurance benefits to eligible retirees and their spouses in accordance with various labor agreements through its defined benefit plan. The City pays the minimum amount provided under Government Code Section 22892 of the Public Employees Medical and Hospital Care Act. The City currently pays $158 per month for any health coverage. the City joined the Public Agencies Post- Retirement Health Care Plan, an agent multiple-employer plan administered by Public Agency Retirement Services (PARS). The City established an irrevocable trust with PARS, managed by an appointed board not under the control of City Council. This trust is not considered a component unit of the City and has been excluded from these financial statements. Separately issued financial statements for PARS may be obtained from PARS at 4350 Von Karman Ave., Suite 200, Newport Beach, CA 92660.

City's Funding Policy: The contribution requirements of plan members and the City are established and may be amended by City Council. The contributions required to be made are under City Council and labor agreement requirements. When the City established the irrevocable retiree benefit trust with PARS, the City continued with the same funding policy of payment to a full ADC contribution. The long-term portion of governmental activities OPEB liabilities are liquidated primarily by the General Fund.

9. Other Post Employment Healthcare Benefits, continued

b) Employees covered by benefit terms

Plan membership varies based on different employee bargaining groups. As of the June 30, 2023 actuarial valuation (the most recent available), membership in the Plan consisted of the following:

	Number of members
Active employees	41
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	11
Total	52

c) Net OPEB Liability (Asset)

The components of the net OPEB liability of the City at June 30, 2025, were as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at Fiscal Year Ending 6/30/2024:	$599,378	$822,479	($223,101)
Changes Recognized for the Measurement Period:			
Service Cost	42,100		42,100
Interest	37,636		37,636
Expected investment income			
Contributions:			
Employer - City's contribution			-
Employer - Implicit subsidy		(12,529) (a)	12,529
Net investment income		89,472	(89,472)
Benefit payments	(28,429)	(28,429)	
Actual vs. expected experience	854		854
Changes of assumptions	18,680		18,680
Administrative expenses		(2,076)	2,076
Net Changes during Fiscal Year 2025	70,841	46,438	24,403
Balance at Fiscal Year Ending 6/30/2025:	$670,219	$868,917	($198,698)

(a) Comprised of benefit payments of $28,429, net of reimbursement from the trust for current and prior contributions of $40,958.

9. Other Post Employment Healthcare Benefits, continued

d) Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following table presents the net OPEB liability of the Plan as of June 30, 2025, calculated using the discount rate of 5.73%, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using a discount rate or healthcare cost trend rate that is 1-percentage-point lower or 1- percentage point higher than the current rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.73%)	Discount Rate (5.73%)	Discount Rate +1% (6.73%)
($121,503)	($198,698)	($263,900)

Net OPEB Liability/(Asset)		
1% Decrease	Healthcare Cost Trend Rates	1% Increase
($290,064)	($198,698)	($84,672)

e) Actuarial Assumptions

The City's net OPEB liability (asset) was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2023, rolled forward to June 30, 2025, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2023
Measurement Date	June 30, 2025
Contribution Policy	Trust contributions are made on an ad-hoc basis.
Actuarial Cost Method	Entry Age Normal. Level percentage of payroll
Actuarial Assumptions:	
Discount Rate	5.73%
Long Term Expected Rate	6.00%
Rate of Return on Assets	6.00%
Inflation	2.50%
Payroll Growth	3.00%
Mortality Rate	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study.These tables include generational mortality improvement using 80% of scale MP-2020.
Healthcare Cost Trend Rate	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
Healthcare participation for future retirees	45% if covered; 45% if waived
PEMHCA Minimum Increases	3.50% annually

9. Other Post Employment Healthcare Benefits, continued

f) Changes of Assumptions

Effective with the June 30, 2025 measurement date, the following assumption changes were implemented:

- The accounting discount rate was decreased from 6.00% to 5.73%, based on updated long-term investment return assumptions.

g) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB

For the fiscal year ended June 30, 2025, the City recognized OPEB expense of $24,655. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$2,881	($76,443)
Changes in assumptions	81,962	(17,352)
Net difference between projected and actual earnings on OPEB plan investments		(28,512)
Total	$84,843	($122,307)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2026	$8,897
2027	(18,254)
2028	(17,147)
2029	(10,393)
2030	(4,115)
Thereafter	3,548
Total	($37,464)

9. Other Post Employment Healthcare Benefits, continued

g) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, continued

Plan Administration

The City is the plan administrator. The Public Agency Retirement Services (PARS) administers the trust for the City's retiree healthcare benefit plan – a single-employer defined benefit OPEB plan that provides healthcare benefits for eligible general and public safety employees of the City.

	Fiscal Year ended June 30, 2025
Plan Type	Agent Multiple Employer
OPEB Trust	Yes
Special Funding Situation	No
Nonemployer Contributing Entity	No

Contribution Information

PARS established rates for each employer based on an actuarially determined rate for each employer. Plan members are not required to contribute to the plan. The City did not make any contributions to the Trust in fiscal year 2025.

Investment Policy

PARS offers different investment portfolios as part of the investment vehicle. The City invests in the "Moderate" portfolio; the primary goal of the Moderate objective is to provide current income and moderate capital appreciation. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. Assets are invested in both equity securities and fixed income. The portfolio is constructed to control risk through four layers of diversification – asset classes (cash, fixed income, equity), investment styles (large cap, small cap, international, value, growth), managers and securities. Disciplined mutual fund selection and monitoring process helps to drive return potential while reducing portfolio risk.

9. Other Post Employment Healthcare Benefits, continued

g) OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB, continued

The following is the City adopted asset allocation policy as of June 30, 2025:

Asset Class	Target Allocation	PARS Long-Term Expected Real Rate of Return	PARS Long-Term Expected Nominal Rate of Return
U.S. Equity - large cap	26.50%	5.20%	7.70%
U.S. Equity - mid cap	5.00%	5.50%	8.00%
U.S. Equity - small cap	7.50%	6.00%	8.50%
International Equity	6.00%	5.00%	7.50%
Emerging Market Equity	3.25%	5.00%	7.50%
REIT's	1.75%	4.10%	6.60%
Short-Term Bond	10.00%	0.80%	3.30%
Intermediate-Term Bond	33.50%	1.50%	4.00%
High Yield Bond	1.50%	3.20%	5.70%
Cash and Equivalents	5.00%	0.10%	2.60%
Total	100.00%		6.18%
Assumed Long-Term Rate of Inflation			0.00%
Adjusted Total Expected Return			6.18%
Reduction for Assumed Investment Expense			-0.25%
Expected Long-Term Net Rate of Return, Rounded			6.00%

10. Leases

a) Policies

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The City recognizes lease receivable or liabilities with an initial, individual value of $300,000 or more for all funds, based on the future lease payments remaining at the start of the lease.

Lessor

The City is a lessor for noncancellable leases of buildings and facilities. If the lease receivable is over the capitalization threshold, the City will recognize a lease receivable and a deferred inflow of resources in the government-wide and fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

10. Leases, continued

a) Policies, continued

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts as follows:

- The City uses bond interest rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Lessee

The City is a lessee for miscellaneous leases. If the lease is over the threshold, the City will recognize a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments as follows:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, City generally uses bond interest rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease.

- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

10. Leases, continued

b) Leases Receivable (City as Lessor) and Leases Payable (City as Lessee)

As of June 30, 2025, the City has no leases over the threshold subject to GASB 87 as a lessor or lessee.

11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and others; and natural disasters. The Pooled Liability Assurance Network Joint Powers Authority covers general liability claims in an amount up to $35,000,000. The City has a deductible or uninsured liability of up to $50,000 per claim. Once the City's deductible is met The Plan becomes responsible for payment of all claims up to the limit. The Cities Group covers workers compensation claims up to $1,000,000 for miscellaneous employees and $1,500,000 for safety employees and has coverage above that limit to a maximum of $10,000,000 per incident in excess. The City has no deductible for these claims. Through the Sewer Authority Mid-Coastside, the City also belongs to the California Sanitation Risk Management Authority, which insures the City up to $500,000 per property against sewer backup damages. The City is liable for only one claim per property and is not liable for any future damages, as the property owner is then required to install a back flow valve on their line, with the exception of properties in certain low lying areas.

The City provides for the uninsured portion of claims and judgments in the General Fund and Risk Management Internal Service Fund. Claims and judgments, including a provision for claims incurred but not reported, are recorded when a loss is deemed probable of assertion and the amount of the loss is reasonably determinable.

Settled claims have not exceeded the City's excess coverage in any of the past three fiscal years. Claims expenses and liabilities are reported for self-insured deductibles when it is probable that a loss has occurred, the amount of that loss can be reasonably estimated and includes incremental claim expenses. Allocated and unallocated claims adjustment expenses are included in the claims liability balance. These losses include an estimate of claims that have been incurred but not reported. The liability for general liability self-insurance claims is the City's best estimate based on available information.

11. Risk Management, continued

a) The Cities Group

The City, along with five other governments located within San Mateo County, is a member of The Cities Group, a public entity risk pool and a provider of workers' compensation insurance coverage, claims management, risk management services and legal defense to each participating member. The Cities Group is governed by a Board of Directors, which comprises officials appointed by each participating member. Premiums paid to The Cities Group may be modified by Board decision according to the loss experience of each member. This loss experience mechanism will operate to ensure that each member returns over a period of time to The Cities Group the funds paid out on its behalf as paid losses. In the opinion of City management, premiums paid represent the best available estimate of the ultimate cost of the City's participation in The Cities Group and, accordingly, the accompanying basic financial statements of the City includes no provisions for possible refunds or additional assessments. For the year ended June 30, 2025, the City paid premiums of $23,281 to The Cities Group. Financial statements may be obtained from The Cities Group at P.O. Box 111, Burlingame, CA 94011-0111.

b) PLAN JPA

Prior to January 2018 the City participated in ABAG Plan Corporation, a non-profit public benefit corporation established to provide liability insurance coverage, claims and risk management, and legal defense to its participating members. On January 16, 2018, ABAG Plan Corporation transitioned to Pooled Liability Assurance Network Joint Powers Authority (PLAN JPA), a self-funded pooled insurance corporation established by a joint powers authority in which the City is one of 28 members. The rights and responsibilities of the member agencies are governed by the bylaws of the PLAN JPA, the risk coverage agreement, and a related memorandum of coverage. Each member chooses its self-insured liability retention at a level between $25,000 and $250,000. Each member has a vote in approving the pool's self-insured retention level, in setting the coverage limit, in establishing the level of pool reserves, approving the premium allocation methodology for setting premiums for each member, and in approving the methodology for returning disbursable equity to members. PLAN JPA is responsible for administering the insurance program. PLAN JPA provides claims administration and risk management services to the members. Audited financial information may be obtained from PLAN JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

For the year ended June 30, 2025, the City paid premiums of $501,836 to PLAN JPA. Financial statements may be obtained from Plan JPA at 1750 Creekside Oaks Drive, Suite 200, Sacramento, CA 95833.

11. Risk Management, continued

c) Liability for Uninsured Claims

The City's liability for uninsured claims was estimated by management based on prior year claims experience as follows:

	June 30, 2025	June 30, 2024
Beginning balance of claims payable	$1,670,731	$1,064,830
Increase in estimated liability	(1,531,028)	1,883,998
Claims paid	(66,420)	(1,278,097)
Ending balance of claims payable	$73,283	$1,670,731

12. Commitments and Contingencies

a) Litigation

The City is subject to litigation arising in the normal course of business. In the opinion of the City Attorney there is no pending litigation, which is likely to have a material adverse effect on the financial position of the City.

b) Grant Programs

The City participates in Federal, State and local grant programs. These programs have been audited by the City's independent accountants in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The City expects such amounts, if any, to be immaterial.

c) JobTrain – Conflict of Interest

As part of its commitment to provide relief to individuals and businesses impacted by COVID and to position the coastside economy for long-term resiliency, the City Council sponsored the Coastside Recovery Initiative. That effort resulted in a public report, *Building a More Equitable, Vibrant and Resilient Coastside Economy*. Substantiated by findings and recommendations from that report, the San Mateo County Board of Supervisors approved a $2,500,000 funding allocation to support the development of the Opportunity Center of the Coastside (OCC) – a first-of-its-kind service center for job seekers, small businesses, and entrepreneurs.

After entering the agreement with the County and securing a space for the OCC, staff onboarded qualified service providers in each of the following areas: rapid employment services and career training (provided by JobTrain), small business development and support services (provided by Renaissance Entrepreneurship Center), and a new business incubator to support startups focused on resiliency tech (provided by American Energy Society).

12. Commitments and Contingencies, continued

c) JobTrain – Conflict of Interest, continued

On November 7, 2023, the City Council adopted a resolution authorizing the City Manager to execute a professional services agreement with JobTrain, up to $337,000. Under the Agreement, JobTrain would provide Job Seeker workforce development program services via the OCC. That agreement was set to expire on September 30, 2024, unless the contract was amended.

An amendment for the professional services agreement with JobTrain was originally included in the staff recommendation from the Council meeting on September 17. The amendment for the JobTrain contract was excluded from Resolution No. C-2024-72 in order to provide additional time to analyze potential conflicts of interest pertaining to the employment of the Regional Director position at JobTrain which is currently held by an elected Half Moon Bay councilmember. The councilmember was Vice-Mayor and participated in approval of the original contract in 2023, but was not an employee of JobTrain at that time.

The City Attorney prepared a legal opinion that indicates, in summary, under the applicable conflict of interest laws, in particular Government Code section 1090, the Mayor has a conflict of interest in the JobTrain contract by virtue of his financial interest in his employer. However, the Mayor's interest is subject to the "remote interest" exception, which applies to officers and employees of nonprofit entities. Therefore, the City may enter into the JobTrain contract so long as the Mayor discloses his interest to the City Council, the interest is noted in the official records, and the Mayor recuses from the decision, including leaving the room during consideration of the contract, pursuant to the Political Reform Act's recusal requirements.

The City Council voted to amend the professional services agreement with JobTrain with a contract term ending September 30, 2025, and in a contract amount not to exceed $350,372, and the Mayor recused from the vote.

REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION

COST-SHARING EMPLOYER DEFINED PENSION PLAN:

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

This schedule reports the proportion (percentage) of the collective net pension liability, the proportionate share (amount) of the collective net pension liability, the employer's covered employee payroll, the proportionate share (amount of the collective net pension liability as a percentage of the employer's covered employee payroll and the pension plan's fiduciary net position as a percentage of the total pension liability.

SCHEDULE OF CONTRIBUTIONS

This schedule reports the cost sharing employer's contributions to the plan which are actuarially determined, the employer's actual contributions, the difference between the actual and actuarially determined contributions, and a ratio of the actual contributions divided by covered employee payroll.

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS PLAN

This schedule presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REQUIRED SUPPLEMENTARY INFORMATION

Miscellaneous Rate Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement date:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Plan's proportion of the Net Pension Liability (Asset)	0.10917%	0.11869%	0.12281%	0.12663%	0.13120%	0.13584%	0.18148%	0.14468%	0.14628%	0.15051%
Plan's proportionate share of the Net Pension Liability (Asset)	$2,994,972	$4,123,054	$4,841,079	$4,772,172	$5,254,057	$5,729,928	$3,445,863	$6,769,868	$7,314,381	$7,279,524
Covered Payroll	$1,986,876	$2,014,025	$2,423,106	$3,177,604	$3,415,448	$3,945,078	$3,974,973	$4,318,701	$4,671,261	$5,144,449
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	150.74%	204.72%	199.79%	150.18%	153.83%	145.24%	86.69%	156.76%	156.58%	141.50%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%	76.68%	76.21%	78.08%

Miscellaneous Rate Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30,
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal year ended June 30:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$168,511	$344,215	$435,299	$525,289	$649,405	$728,503	$819,301	$905,657	$937,025	$1,040,989
Contributions in relation to the actuarially determined contributions	(168,511)	(344,215)	(435,299)	(525,289)	(649,405)	(728,503)	(819,301)	(905,657)	(937,025)	(1,040,989)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	$2,014,025	$2,423,106	$3,177,604	$3,415,448	$3,945,078	$3,974,973	$4,318,701	$4,671,261	$5,144,449	$5,155,958
Contributions as a percentage of covered payroll	8.4%	14.2%	13.7%	15.4%	16.5%	18.3%	19.0%	19.4%	18.2%	20.2%
Notes to Schedule										
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

REQUIRED SUPPLEMENTARY INFORMATION

Safety Rate Plan
Cost-Sharing Multiple-Employer Defined Pension Plan
Last 10 Years
SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS AS OF THE MEASUREMENT DATE

Measurement date:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
Plan's proportion of the Net Pension Liability (Asset)	0.10493%	0.10385%	0.10143%	0.10417%	0.10123%	0.03615%	0.12006%	0.10285%	0.09738%	0.09574%
Plan's proportionate share of the Net Pension Liability (Asset)	$4,323,582	$5,378,768	$6,060,745	$6,112,200	$6,319,361	$6,550,836	$4,213,402	$7,067,692	$7,279,426	$6,980,325
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.40%	74.06%	73.31%	75.26%	75.26%	75.10%	88.29%	76.68%	76.21%	78.08%

Safety Rate Plan
Cost-Sharing Multiple Employer Defined Pension Plan
As of fiscal year ending June 30,
Last 10 Years
SCHEDULE OF CONTRIBUTIONS

Fiscal year ended June 30:	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$414,500	$249,322	$445,240	$551,942	$555,649	$594,797	$612,617	$660,198	$457,721	$793,534
Contributions in relation to the actuarially determined contributions	(414,500)	(249,322)	(445,240)	(551,942)	(555,649)	(594,797)	(612,617)	(660,198)	(457,721)	(793,534)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Notes to Schedule										
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES
IN THE NET OPEB LIABILITY AND RELATED RATIOS
An Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 fiscal years*

Measurement Date	**6/30/2017**	**6/30/2018**	**6/30/2019**	**6/30/2020**	**6/30/2021**	**6/30/2022**	**6/30/2023**	**6/30/2024**	**6/30/2025**
Total OPEB Liability									
Service Cost	$25,533	$27,065	$27,877	$28,713	$30,749	$31,671	$35,261	$36,231	$42,100
Interest	24,624	26,373	28,268	30,256	32,113	32,877	26,723	28,516	37,636
Differences between expected and actual experience	-	-	-	-	-	-	-	-	-
Benefit payments	(22,522)	(22,553)	(22,788)	(24,885)	(29,523)	(33,272)	(37,150)	(23,577)	(28,429)
Actual vs. expected experience	-	-	-	5,947	-	(122,083)	-	-	854
Changes of assumptions	-	-	-	(8,808)	30,158	(22,718)	-	64,176	18,680
Net change in total OPEB liability	27,635	30,885	33,357	31,223	63,497	(113,525)	24,834	105,346	70,841
Total OPEB liability - beginning	396,126	423,761	454,646	488,003	519,226	582,723	469,198	494,032	599,378
Total OPEB liability - ending (a)	$423,761	$454,646	$488,003	$519,226	$582,723	$469,198	$494,032	$599,378	$670,219
OPEB fiduciary net position									
Net investment income	$48,425	$32,087	$41,937	$29,170	$136,486	($91,716)	$44,412	$73,905	$89,472
Contributions:									
Employer - City's contribution	22,522	39,261	22,928	26,083	(5,366)	33,410	37,336	20,975	-
Employer - Implicit subsidy	-	-	-	-	-	-	-	2,602	(12,529)
Administrative expense	(2,071)	(1,552)	(1,745)	(2,911)	(2,934)	(2,117)	(1,983)	(1,926)	(2,076)
Actual vs. expected experience	-	-	-	-	-	-	-	-	-
Benefit payments	(22,522)	(22,553)	(22,788)	(24,885)	(29,523)	(33,272)	(37,150)	(23,577)	(28,429)
Net change in plan fiduciary net position	46,354	47,243	40,332	27,457	98,663	(93,695)	42,615	71,979	46,438
Plan fiduciary net position - beginning	541,531	587,885	635,128	675,460	702,917	801,580	707,885	750,500	822,479
Plan fiduciary net position - ending (b)	$587,885	$635,128	$675,460	$702,917	$801,580	$707,885	$750,500	$822,479	$868,917
Net OPEB liability (asset) - ending (a)-(b)	($164,124)	($180,482)	($187,457)	($183,691)	($218,857)	($238,687)	($256,468)	($223,101)	($198,698)
Plan fiduciary net position as a percentage of the total OPEB liability	138.73%	139.70%	138.41%	135.38%	137.56%	150.87%	151.91%	137.22%	129.65%
Covered-employee payroll (A)	N/A **	$3,009,829	$4,157,271	$4,976,211	$4,806,006	$5,072,966	$6,658,959	$5,233,729	$5,327,818
Total OPEB liability as a percentage of covered-employee payroll	N/A **	-6.00%	-4.51%	-3.69%	-4.55%	-4.71%	-3.85%	-4.26%	-3.73%

* Fiscal year 2018 was the first year of implementation of GASB 75
Administrative expenses are included in investment expenses.
**Fiscal year 2017 was the first year of GASB 74 implementation.
(A) City's contributions to OPEB plan are not based on a measure of pay

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS
An Agent Multiple-Employer Defined Benefit OPEB Plan
Last 10 fiscal years*

Fiscal Year Ended June 30,	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
Actuarially Determined Contribution (ADC)	$16,708	$17,251	$15,539	$16,054	$15,992	$16,392	$3,915	$2,371	$32,669
Less: Contributions in Relation to the ADC	(22,522)	(39,261)	(22,928)	(26,083)	(5,366)	0	(37,336)	(23,577)	(12,529)
Contribution deficiency (excess)	($5,814)	($22,010)	($7,389)	($10,029)	$10,626	$16,392	($33,421)	($21,206)	$20,140
Covered-employee payroll	N/A **	$3,009,829	$4,157,271	$4,976,211	$4,806,006	$5,072,966	$6,658,959	$5,233,729	$5,327,818
Contributions as a percentage of Covered-employee payroll	N/A **	1.30%	0.55%	0.52%	0.11%	0.00%	0.56%	0.45%	0.24%

Notes to Schedule:

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal, level percentage of payroll
Amortization Period	Each year's gain or loss is straight-line amortized over 5 years.
Asset Valuation Method	The Actuarial Value of Assets is a 5-year smoothed fair value.Gains and losses are recognized over a five year period and limited to a corridor of 80% to 120% of the fair value of assets.
Actuarial Assumptions:	
Discount Rate	5.73%
Inflation	2.50%
Medical Trend	7.6% for FY2024, gradually decreasing over several decades to an ultimate rate of 3.9% in FY2076 and later years.
PEMHCA Minimum	3.50% annually
Mortality	Based on assumptions for Public Agency Miscellaneous members published in the 2021 CalPERS Experience Study.
Mortality Improvement	Mortality generational improvement using 80% of scale MP-2020.

* Fiscal year 2018 was the first year of implementation of GASB 75.
**Fiscal year 2017 was the first year of GASB 74 implementation.

CITY OF HALF MOON BAY
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual Amounts	(Negative)
Revenues:				
Taxes	$17,169,077	$16,656,081	$18,536,875	$1,880,794
Licenses and permits	267,000	303,500	463,053	159,553
Fines and forfeitures	37,000	81,400	124,109	42,709
Charges for services	1,290,916	1,450,562	1,658,117	207,555
Rents and leases	60,000	75,800	71,670	(4,130)
Investment income	480,000	480,000	706,359	226,359
Intergovernmental revenues	5,000	5,000	35,166	30,166
Miscellaneous	1,213,772	1,256,972	1,321,891	64,919
Total revenues	20,522,765	20,309,315	22,917,240	2,607,925
Expenditures:				
Current operations:				
General government	3,146,138	3,223,138	3,153,123	70,015
General administration	2,012,649	2,022,649	1,780,377	242,272
Public safety	7,556,837	7,556,837	7,301,251	255,586
Public works	2,284,900	2,284,900	2,163,096	121,804
Recreation services	643,824	643,824	537,796	106,028
Planning	3,537,272	3,663,272	3,169,566	493,706
Community and economic development	1,003,364	1,003,364	910,036	93,328
Debt service:				
Principal	945,778	945,778	572,686	373,092
Interest and fiscal charges			10,256	(10,256)
Total expenditures	21,130,762	21,343,762	19,598,187	1,745,575
Excess of revenues over expenditures	(607,997)	(1,034,447)	3,319,053	4,353,500
Other financing sources (uses):				
Issuance of debt				
Transfers in	587,760	587,760	587,760	
Transfers out	(4,019,718)	(4,372,322)	(4,372,322)	
Total Other Financing Sources (Uses)	(3,431,958)	(3,784,562)	(3,784,562)	
Net change in fund balance	($4,039,955)	($4,819,009)	(465,509)	$4,353,500
Fund balance at beginning of year			14,367,930	
Fund balance at end of year			$13,902,421	

CITY OF HALF MOON BAY
STREETS AND ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
Taxes	$588,171	$588,171	$578,726	($9,445)
Investment income	187,920	270,165	391,534	121,369
Intergovernmental revenue	3,944,042	10,016,044	1,763,479	(8,252,565)
Total revenues	4,720,133	10,874,380	2,733,739	(8,140,641)
Expenditures:				
Current:				
Public works	218,906	218,906	188,250	30,656
Capital outlay	6,061,103	13,771,201	2,024,097	11,747,104
Total expenditures	6,280,009	13,990,107	2,212,347	11,777,760
Excess (deficiency) of revenues over (under) expenditures	(1,559,876)	(3,115,727)	521,392	3,637,119
Other financing sources (uses):				
Transfer in		3,249,215	120,124	(3,129,091)
Transfer out	(112,938)	(242,938)	(7,937)	235,001
Total other financing sources (uses)	(112,938)	3,006,277	112,187	(2,894,090)
Net change in fund balance	($1,672,814)	($109,450)	633,579	$743,029
Fund balance at beginning of year			7,263,726	
Fund balance at end of year			$7,897,305	

CITY OF HALF MOON BAY
LOT ACQUISITION AND RETIREMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Investment income	$42,840	$42,840	$69,782	$26,942
Total revenues	42,840	42,840	69,782	26,942
Expenditures:				
Capital outlay			176,489	(176,489)
Total expenditures			176,489	(176,489)
Excess (deficiency) of revenues over (under) expenditures	42,840	42,840	(106,707)	(149,547)
Net change in fund balance	$42,840	$42,840	(106,707)	($149,547)
Fund balance at beginning of year			1,420,599	
Fund balance at end of year			$1,313,892	

CITY OF HALF MOON BAY
AFFORDABLE HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services		$85,500	$141,226	$55,726
Investment income	$69,027	$215,661	290,426	74,765
Intergovernmental revenues			5,398	5,398
Total revenues	69,027	301,161	437,050	135,889
Expenditures:				
Current:				
Planning		2,164,239	1,173,603	990,636
Total expenditures		2,164,239	1,173,603	990,636
Excess of revenues over expenditures	69,027	(1,863,078)	(736,553)	1,126,525
Other financing sources:				
Transfers out				
Net change in fund balance	$69,027	($1,863,078)	(736,553)	$1,126,525
Fund balance at beginning of year			5,954,709	
Fund balance at end of year			$5,218,156	

CITY OF HALF MOON BAY
PARKS DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Impact fees/recreation fees		$38,800	$78,041	$39,241
Investment income	57,279	57,279	$62,096	4,817
Intergovernmental revenues	3,323,733	3,872,846	1,764,596	(2,108,250)
Total revenues	3,381,012	3,968,925	1,904,733	(2,064,192)
Expenditures:				
Capital outlay	3,733,851	4,845,833	3,009,742	1,836,091
Total expenditures	3,733,851	4,845,833	3,009,742	1,836,091
Excess of revenues over expenditures	(352,839)	(876,908)	(1,105,009)	(228,101)
Other financing sources:				
Transfers in		487,785	487,784	(1)
Transfers out		(175,000)	(1,080)	173,920
Total other financing sources		312,785	486,704	173,919
Net change in fund balance	($352,839)	($564,123)	(618,305)	($54,182)
Fund balance at beginning of year			894,568	
Fund balance at end of year			$276,263	

REQUIRED SUPPLEMENTARY INFORMATION

Budget and Budgetary Accounting

The City Council adopts an Annual Budget no later than the second meeting of June of each year for the fiscal year commencing the following July 1. The Annual Budget is adopted on a basis consistent with generally accepted accounting principles. The Capital Projects Funds are budgeted annually, with major capital improvement projects details in a separate Five Year Capital Improvement Program budget document, except that there is no budget adopted for the Land Asset Capital Projects Fund.

The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Manager submits to the City Council a proposed operating budget for the following fiscal year. The operating budget includes proposed revenues and expenditures.

2. After a review by the City Council, a public hearing is conducted and further comment is received from the City Council and the general public.

3. Upon completion of the hearings and modifications, if any, to the proposed budget, it is adopted by the City Council through passage of an appropriate resolution.

4. Generally, the budget is amended in the middle of the year and at the end of the year. All approved additional appropriations are added to the adopted budget and an amended budget is presented to the City Council, which adopts it after due review.

5. The City Manager is authorized to transfer from time to time budget amounts of operational expenditure categories within divisions as deemed necessary in order to meet the City's needs.

6. City Council approval is required for all fund to fund transfers, fund reserve to appropriations transfers, for new revenue sources with offsetting appropriations, and for transfers to/from the capital expenditure category. The legal level of budgetary control of the City Council is at the fund level. This is the level that management cannot overspend the budget without approval of the City Council.

Expenditures in Excess of Budget

The Lot Acquisition and Retirement Special Revenue Fund, the Police Grants Special Revenue Fund and the Opportunity Center Coastside Special Revenue Fund incurred expenditures in excess of budget in the amounts of $176,489, $74,088 and $103,117, respectively.

Sufficient resources were available in each fund to fund these excesses.

SUPPLEMENTARY INFORMATION

CITY OF HALF MOON BAY
CAPITAL PROJECTS
SCHEDULE OF REVENUES AND EXPENDITURES
AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$64,260	$114,008	$49,748
Intergovernmental revenues	413,436	158,454	(254,982)
Total revenues	477,696	272,462	(205,234)
Expenditures:			
Capital Outlay	5,338,740	674,709	4,664,031
Total expenditures	5,338,740	674,709	4,664,031
Excess of revenues over expenditures	(4,861,044)	(402,247)	4,458,797
Other financing sources (uses):			
Issuance of debt	986,069		(986,069)
Transfers in	2,460,100	2,073,284	(386,816)
Transfers out	(363,568)	(363,568)	
Total other financing sources (uses)	3,082,601	1,709,716	(1,372,885)
Net change in fund balance	($1,778,443)	1,307,469	$3,085,912
Fund balance at beginning of year		1,784,042	
Fund balance at end of year		$3,091,511	

Special Revenue Funds

Special Revenue Funds are established to account for revenue derived from specific taxes or other earmarked revenue sources (other than for major capital projects that are restricted by law or administrative action to expenditures for specified purposes).

The *Police Grants Fund* (Fund 128) was established to account for revenues received and expenditures made for police services. The City receives funds for police services from Federal, State, County and local governmental agencies. These funds are designated for specific police services, activities, and capital equipment.

The *Storm Drain Operating Fund* (Fund 111) accounts for the maintenance of the existing storm drain system.

The *Traffic Mitigation Fund* (Fund 112) was established to account for all proceeds from traffic mitigation fees, whose purpose is to defray the actual costs of constructing improvements to mitigate traffic and circulation impacts resulting from proposed new development.

The *CZI Grant Fund* (Fund 134) was established to account for proceeds relating to the CZI Grant. These funds can be used to support learning and evaluation activities for groups currently engaged in the operation and implementation of economic advancement centers.

The *Opportunity Center Coastside Fund* (Fund 135) was established to account for proceeds from the American Rescue Plan Act funds where the City is a subrecipient. These funds may only be used to address the negative economic impacts from the COVID-19 public health emergency.

Debt Service Fund

The *Judgment Obligation Bonds Fund* (Fund 77 Series A; Fund 78 Series B) was established to account for the Judgment Obligation Bond Series 2009A and the Judgment Obligation Bond Series 2009B issued on July 14, 2009.

Capital Projects Funds

Capital Projects Funds are utilized to account for resources used for the acquisition and construction of capital facilities and infrastructure by the City, with the exception of those assets financed by proprietary funds.

The *Library Fund* (Fund 153) is used to account for the construction and facilities maintenance of the library.

The *Public Facilities Fund* (Fund 127) accounts for expenditures related to public facilities improvements that are needed - police facilities, the library, the public works yard, etc. The funds are received from various contractual agreements that are one-time in nature and which are not specifically dedicated, as well as grants.

The *Storm Drain Improvements Fund* (Fund 152) is used to account for all proceeds from storm drainage improvement fees which are assessed against new or remodeled construction and are used for drainage improvements.

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	SPECIAL REVENUE FUNDS				
	Police Grants	Storm Drain Operating	Traffic Mitigation	CZI Grant	Opportunity Center Coastside
Assets					
Cash and investments	$1,209,632	$268,870	$4,693,409	$90,810	
Accounts receivable				30,000	$805,182
Interest receivable	11,267	2,586	44,146	943	
Total assets	$1,220,899	$271,456	$4,737,555	$121,753	$805,182
Liabilities:					
Accounts payable					
Accrued expenses	$52,771				
Accrued liabilities				$9,726	$178,598
Due to other funds					604,053
Total liabilities	52,771			9,726	782,651
Fund Balances:					
Restricted	1,168,128	$271,456	$4,737,555	112,027	22,531
Assigned					
Total fund balances	1,168,128	271,456	4,737,555	112,027	22,531
Total liabilities and fund balances	$1,220,899	$271,456	$4,737,555	$121,753	$805,182

DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS			
Judgement Obligation Bonds	Library	Public Facilities	Storm Drain Improvements	Total
$6,716	$485,242	$1,418,100	$1,290,602	$9,463,381
				835,182
63	4,593	15,265	11,814	90,677
$6,779	$489,835	$1,433,365	$1,302,416	$10,389,240
			$5,000	$5,000
			1,872	54,643
		$6,474		194,798
				604,053
		6,474	6,872	858,494
$6,779		1,426,891	1,295,544	9,040,911
	$489,835			489,835
6,779	489,835	1,426,891	1,295,544	9,530,746
$6,779	$489,835	$1,433,365	$1,302,416	$10,389,240

CITY OF HALF MOON BAY
NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	SPECIAL REVENUE FUNDS				
	Police Grants	Storm Drain Operating	Traffic Mitigation	CZI Grant	Opportunity Center Coastside
Revenues:					
Charges for services					
Impact fees			$79,708		
Investment income	$61,861	$14,610	248,270	$8,754	
Rents and leases					31,804
Intergovernmental revenues	194,663				1,239,156
Total Revenues	256,524	14,610	327,978	8,754	1,270,960
Expenditures:					
Current:					
General government				107,790	
Public safety	174,088				
Public works			31,839		
Community and economic development					1,278,138
Capital outlay					
Total Expenditures	174,088		31,839	107,790	1,278,138
Excess (deficiency) of revenues over (under) expenditures	82,436	14,610	296,139	(99,036)	(7,178)
Other financing sources:					
Transfers in					
Transfer (out)		(11,150)	(120,124)		
Total Other Financing Sources		(11,150)	(120,124)		
Net change in fund balances	82,436	3,460	176,015	(99,036)	(7,178)
Fund balance at beginning of year, as previously reported	1,085,692	267,996	4,561,540	211,063	29,709
Adjustments:					
Changes from major to nonmajor fund					
Changes from nonmajor to major fund					
Fund balances at beginning of year, as adjusted	1,085,692	267,996	4,561,540	211,063	29,709
Fund balances at end of year	$1,168,128	$271,456	$4,737,555	$112,027	$22,531

SPECIAL REVENUE FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUNDS				
(Formerly Nonmajor) Affordable Housing	(Formerly Major) Judgement Obligation Bonds	(Formerly Major) Library	(Formerly Nonmajor) Parks Development	Public Facilities	Storm Drain Improvements	Total
					$7,481	$7,481
						79,708
	$354	$25,651		$83,739	71,123	514,362
						31,804
		15,000				1,448,819
	354	40,651		83,739	78,604	2,082,174
						107,790
						174,088
					50,926	82,765
						1,278,138
				32,954	173,884	206,838
				32,954	224,810	1,849,619
	354	40,651		50,785	(146,206)	232,555
				100,000	59,538	159,538
				(232,104)	(4,505)	(367,883)
				(132,104)	55,033	(208,345)
	354	40,651		(81,319)	(91,173)	24,210
$5,954,709			$894,568	1,508,210	1,386,717	15,900,204
	6,425	449,184				455,609
(5,954,709)			(894,568)			(6,849,277)
	6,425	449,184		1,508,210	1,386,717	9,506,536
	$6,779	$489,835		$1,426,891	$1,295,544	$9,530,746

CITY OF HALF MOON BAY
POLICE GRANTS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$40,731	$61,861	$21,130
Intergovernmental revenues	185,000	194,663	9,663
Total revenues	225,731	256,524	30,793
Expenditures:			
Current:			
Public Safety	100,000	174,088	(74,088)
Total expenditures	100,000	174,088	(74,088)
Excess (deficiency) of revenues over (under) expenditures	125,731	82,436	(43,295)
Net change in fund balance	$125,731	82,436	($43,295)
Fund Balance at beginning of year		1,085,692	
Fund balance at end of year		$1,168,128	

CITY OF HALF MOON BAY
STORM DRAIN OPERATING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$10,463	$14,610	$4,147
Total revenues	10,463	14,610	4,147
Other financing sources:			
Transfers out	(100,000)	(11,150)	88,850
Net change in fund balance	($89,537)	3,460	$92,997
Fund balance at beginning of year		267,996	
Fund balance at end of year		$271,456	

CITY OF HALF MOON BAY
TRAFFIC MITIGATION SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Impact fees	$45,000	$79,708	$34,708
Investment income	171,298	248,270	76,972
Total revenues	216,298	327,978	111,680
Expenditures:			
Current:			
Public works	31,839	31,839	
Total expenditures	31,839	31,839	
Excess (deficiency) of revenues over (under) expenditures	184,459	296,139	111,680
Other financing sources:			
Transfers out	(3,119,215)	(120,124)	2,999,091
Net change in fund balance	($2,934,756)	176,015	$3,110,771
Fund balance at beginning of year		4,561,540	
Fund balance at end of year		$4,737,555	

CITY OF HALF MOON BAY
CZI GRANT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$8,971	$8,754	($217)
Total revenues	8,971	8,754	(217)
Expenditures:			
Current:			
General government	196,808	107,790	89,018
Total expenditures	196,808	107,790	89,018
Excess of revenues over expenditures	(187,837)	(99,036)	88,801
Net change in fund balance	($187,837)	(99,036)	$88,801
Fund balance at beginning of year		211,063	
Fund balance at end of year		$112,027	

CITY OF HALF MOON BAY
OPPORTUNITY CENTER COASTSIDE SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income			
Rents and leases	31,200	31,804	604
Intergovernmental revenues	1,618,510	1,239,156	(379,354)
Total revenues	1,649,710	1,270,960	(378,750)
Expenditures:			
Current:			
Community and economic development	1,175,021	1,278,138	(103,117)
Net change in fund balance	$474,689	(7,178)	($481,867)
Fund balance at beginning of year		29,709	
Fund balance at end of year		$22,531	

CITY OF HALF MOON BAY
JUDGMENT OBLIGATION BONDS DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income		$354	$354
Total revenues		354	354
Net change in fund balance		354	$354
Fund balance at beginning of year		6,425	
Fund balance at end of year		$6,779	

CITY OF HALF MOON BAY
LIBRARY CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$13,129	$25,651	$12,522
Intergovernmental revenues	15,000	15,000	
Total revenues	28,129	40,651	12,522
Net change in fund balance	$28,129	40,651	$12,522
Fund balance at beginning of year		449,184	
Fund balance at end of year		$489,835	

CITY OF HALF MOON BAY
PUBLIC FACILITIES CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Investment income	$57,294	$83,739	$26,445
Total revenues	57,294	83,739	26,445
Expenditures:			
Capital outlay	576,554	32,954	543,600
Total expenditures	576,554	32,954	543,600
Excess (deficiency) of revenues over (under) expenditures	(519,260)	50,785	570,045
Other financing sources (uses):			
Transfers in	100,000	100,000	
Transfers out	(320,000)	(232,104)	87,896
Total other financing sources (uses)	(220,000)	(132,104)	87,896
Net change in fund balance	($739,260)	(81,319)	$657,941
Fund balance at beginning of year		1,508,210	
Fund balance at end of year		$1,426,891	

CITY OF HALF MOON BAY
STORM DRAIN IMPROVEMENTS CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Charges for services		$7,481	$7,481
Investment income	$52,036	71,123	19,087
Total revenues	52,036	78,604	26,568
Expenditures:			
Current:			
Public works	58,712	50,926	7,786
Capital outlay	1,481,913	173,884	1,308,029
Total expenditures	1,540,625	224,810	1,315,815
Excess of revenues over expenditures	(1,488,589)	(146,206)	1,342,383
Other financing sources:			
Transfers in	148,388	59,538	(88,850)
Transfers out	(24,504)	(4,505)	19,999
Total other financing sources	123,884	55,033	(68,851)
Net change in fund balance	($1,364,705)	(91,173)	$1,273,532
Fund balance at beginning of year		1,386,717	
Fund balance at end of year		$1,295,544	

CITY OF HALF MOON BAY, CALIFORNIA

INTERNAL SERVICE FUNDS

FISCAL YEAR ENDED JUNE 30, 2025

Internal Service Funds are used to account for the financing of goods and services provided by one City department or agency to other departments or agencies of the City, or to other government units on a cost- reimbursement basis (including depreciation).

The *Equipment* (Fund 302) and *Vehicle Replacement* (Fund 301) *Fund* is used to account for replacement of furniture, fixtures, equipment, and vehicles. These funds cover the cost of repair, maintenance and replacement of City vehicles and provide for the service, maintenance of the management information systems, leased copiers and leased postage meter. Revenues are derived from charges to user departments (al funds) based on usage.

The *Risk Management Fund* (Fund 303) administers the City's general insurance and workers compensation programs with the goals of reducing insurance-related costs, maintain appropriate levels of coverage and to build for contingent legal reserves.

The *Pension Stabilization Fund* (Fund 304) stabilizes major fluctuations in annual pension costs driven by market factors and actuarial changes.

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
JUNE 30, 2025

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Assets				
Current Assets:				
Cash and investments	$1,282,205	$4,155,643	$1,553,708	$6,991,556
Accounts receivable		2,826		2,826
Interest receivable	11,178	38,355	14,293	63,826
Total Current Assets	1,293,383	4,196,824	1,568,001	7,058,208
Non-current assets:				
Net OPEB asset		2,507		2,507
Capital assets, net of accumulated depreciation	294,063			294,063
Total Non-current Assets	294,063	2,507		296,570
Total Assets	1,587,446	4,199,331	1,568,001	7,354,778
Deferred outflow of resources related to OPEB		1,144		1,144
Total Deferred Outflows of Resources		1,144		1,144
Liabilities				
Current Liabilities:				
Accounts payable	36,485	6,835		43,320
Claims liability		73,283		73,283
Total Liabilities	36,485	80,118		116,603
Deferred inflow of resources				
Related to OPEB		971		971
Total Deferred Inflows of Resources		971		971
Net Position				
Net position:				
Invested in capital assets	294,063			294,063
Restricted for OPEB		2,507		2,507
Unrestricted	1,256,898	4,116,879	1,568,001	6,941,778
Total Net Position	$1,550,961	$4,119,386	$1,568,001	$7,238,348

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Operating revenues:				
Impact fees	$10,713			$10,713
Change in claims liability		$1,597,448		1,597,448
Total operating revenues	10,713	1,597,448		1,608,161
Operating expenses:				
Salaries and wages	109,723	169,640	$552,898	832,261
Contract services	35,234	3,793		39,027
Services and supplies	317,448	56		317,504
Repairs and maintenance	25,727			25,727
Insurance expense		536,847		536,847
Pension			793,534	793,534
Depreciation	76,020			76,020
Other charges		700		700
Total operating expenses	564,152	711,036	1,346,432	2,621,620
Operating income (loss)	(553,439)	886,412	(1,346,432)	(1,013,459)
Non-operating revenues (expenses):				
Investment income	57,473	194,853	58,461	310,787
Total non-operating revenues	57,473	194,853	58,461	310,787
Capital contributions	7,570			7,570
Transfers in	610,177	840,176	1,346,432	2,796,785
Change in net position	121,781	1,921,441	58,461	2,101,683
Net position at beginning of year	1,429,180	2,197,945	1,509,540	5,136,665
Net position at end of year	$1,550,961	$4,119,386	$1,568,001	$7,238,348

CITY OF HALF MOON BAY
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

	Equipment and Vehicle Replacement	Risk Management	Pension Stabilization	Total
Cash flows from operating activities:				
Cash received from customers	$10,713			$10,713
Cash payments to suppliers of goods and services	(374,461)	($544,397)		(918,858)
Cash payments to employees for services	(109,723)	(169,254)	($1,346,432)	(1,625,409)
Net cash provided by (used for) operating activities	(473,471)	(713,651)	(1,346,432)	(2,533,554)
Cash flows from non-capital financing activities:				
Transfer in	610,177	840,176	1,346,432	2,796,785
Net cash provided by (used for) non-capital financing activities	610,177	840,176	1,346,432	2,796,785
Cash flows from investing activities:				
Interest received on investments	56,107	193,253	58,395	307,755
Net cash provided by investing activities	56,107	193,253	58,395	307,755
Net increase (decreased) in cash and cash equivalents	192,813	319,778	58,395	570,986
Cash and cash equivalents at beginning of year	1,089,392	3,835,865	1,495,313	6,420,570
Cash and cash equivalents at end of year	$1,282,205	$4,155,643	$1,553,708	$6,991,556
Reconciliation of operating income to net cash flows provided by operating activities:				
Operating income (loss)	($553,439)	$886,412	($1,346,432)	($1,013,459)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	76,020			76,020
(Increase) in accounts receivable		(2,826)		(2,826)
Increase (Decreased) in accounts payable	3,948	(175)		3,773
Increase (Decreased) in employees benefits		386		386
Increase (Decreased) in claims liability		(1,597,448)		(1,597,448)
Net cash provided by (used for) operating activities	($473,471)	($713,651)	($1,346,432)	($2,533,554)
Non-cash transactions:				
Capital contributions from governmental funds	$7,570			$7,570

STATISTICAL SECTION



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY, CALIFORNIA

STATISTICAL SECTION

FISCAL YEAR ENDED JUNE 30, 2025

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the ability to issue additional debt in the future.

Revenue Capacity

These schedules contain information to help the reader assess the City's most significant local revenue sources.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City's provides and the activities it performs.

Property Tax Information

These schedules contain information to help the reader assess the City's property tax sources and changes.

Note: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant years.



THIS PAGE IS INTENTIONALLY BLANK



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY

Net Position by Component

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
Governmental activities:				
Invested in capital assets, net of related debt	$ 40,513,950	$ 46,399,149	$ 63,168,981	$ 60,800,162
Restricted	19,779,956	22,157,470	25,844,530	27,738,822
Unrestricted	34,369,708	28,173,022	17,010,742	25,475,062
Total governmental activities net position	$ 94,663,614	$ 96,729,641	$ 106,024,253	$ 114,014,046
Business-type activities:				
Invested in capital assets, net of related debt	$ 3,871,356	$ 3,816,994	$ 4,490,973	$ 4,566,718
Restricted	-	-	5,946,230	6,385,095
Unrestricted	20,635,855	21,900,766	14,129,580	13,683,606
Total business-type activities net position	$ 24,507,211	$ 25,717,760	$ 24,566,783	$ 24,635,419
Primary government:				
Invested in capital assets, net of related debt	$ 44,385,306	$ 50,216,143	$ 67,659,954	$ 65,366,880
Restricted	19,779,956	22,157,470	31,790,760	34,123,917
Unrestricted	55,005,563	50,073,788	31,140,322	39,158,668
Total primary government net position [1]	$ 119,170,825	$ 122,447,401	$ 130,591,036	$ 138,649,465

[1] The $12.5 million increase in primary government net position in FY 2015-16 is primarily attributable to higher tax revenues and a contribution of $6.0 million from the County of San Mateo for the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The $3.5 million increase in primary government net position in FY 2016-17 is primarily attributable to investment in infrastructure and capital projects.

The $8.4 million increase in primary government net position in FY 2017-18 is primarily attributable to investment in capital projects.

The $8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues.

The $700 thousand increase in primary government net position in FY 2019-20 is primarily attributable to increased investments in capital assets.

The $5.2 million increase in primary government net position in FY 2020-21 is primarily attributable to a higher than expected revenues and lower expenditures budgeted.

The $4.9 million increase in primary government net position in FY 2021-22 is primarily attributable to a higher than expected tax revenues.

The $7.8 million increase in primary government net position in FY 2022-23 is primarily due to increased operating grants and contributions, other revenues and the sewer charges as approved through the Prop 218 process in fiscal year 2019-20.

The $3.8 million increase in primary government net position in FY 2023-24 is primarily due to a increasedcapital contributions and grants.

The $7.1 million increase in primary government net position in FY 2024-25 is primarily due to a decrease general government and public work expenses.

2020	2021	2022	2023	2024	2025
$ 62,744,013	$ 67,193,002	$ 68,275,626	$ 71,854,949	$ 76,826,570	$ 82,018,427
16,416,110	19,871,245	21,340,221	22,502,708	25,081,978	24,235,493
35,553,961	34,061,834	38,471,511	41,909,085	38,119,541	40,200,904
$ 114,714,084	$ 121,126,081	$ 128,087,358	$ 136,266,742	$ 140,028,089	$ 146,454,824
$ 4,587,090	$ 6,199,508	$ 6,948,434	$ 6,981,850	$ 6,831,129	$ 6,695,345
8,692,609	9,377,687	9,554,843	10,092,582	11,397,062	12,190,425
11,937,949	8,461,534	5,502,097	4,637,048	3,569,939	3,363,001
$ 25,217,648	$ 24,038,729	$ 22,005,374	$ 21,711,480	$ 21,798,130	$ 22,248,771
$ 67,331,103	$ 73,392,510	$ 75,224,060	$ 78,836,799	$ 83,657,699	$ 88,713,772
25,108,719	29,248,932	30,895,064	32,595,290	36,479,040	36,425,918
47,491,910	42,523,368	43,973,608	46,546,133	41,689,480	43,563,905
$ 139,931,732	$ 145,164,810	$ 150,092,732	$ 157,978,222	$ 161,826,219	$ 168,703,595

CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
Expenses:				
Governmental activities:				
General government	$ 3,725,642	$ 3,940,242	$ 5,030,648	$ 4,722,479
Public safety	3,449,122	5,183,033	3,878,176	3,975,865
Public works	2,670,228	3,314,879	3,801,624	3,506,195
Recreation services	337,331	348,604	926,730	1,167,467
Planning	1,952,892	2,427,687	2,603,389	2,784,468
Community and Economic Development				
Interest and fiscal charges	937,704	937,704	937,704	937,704
Total governmental activities expenses	13,072,919	16,152,149	17,178,271	17,094,178
Business-type activities:				
Sewer	2,943,013	2,966,613	4,757,056	4,562,513
Total business-type activities expenses	2,943,013	2,966,613	4,757,056	4,562,513
Total primary government expenses	16,015,932	19,118,762	21,935,327	21,656,691
Program revenues:				
Governmental activities:				
Charges for services:				
General government	98,171	20,738	29,879	97,755
Public safety	118,204	95,883	961,407	64,011
Public works	407,342	452,260	672,979	392,876
Recreation services	588,890	624,771	841,581	630,725
Planning	560,073	505,373	213,701	293,316
Operating grants and contributions	390,970	1,166,559	932,873	1,390,373
Capital grants and contributions	7,915,220	607,526	6,940,211	5,090,594
Total governmental activities program revenues	10,078,870	3,473,110	10,592,631	7,959,650
Business-type activities:				
Charges for services:				
Sewer	4,715,919	4,524,358	4,261,126	4,533,846
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	-	-	-	-
	4,715,919	4,524,358	4,261,126	4,533,846
Total primary government program revenues	14,794,789	7,997,468	14,853,757	12,493,496
Net revenues (expenses):				
Governmental activities	(2,994,049)	(12,679,039)	(6,585,640)	(9,134,528)
Business-type activities	1,772,906	1,557,745	(495,930)	(28,667)
Total net revenues (expenses) [2]	(1,221,143)	(11,121,294)	(7,081,570)	(9,163,195)

2020	2021	2022	2023	2024	2025
$ 4,981,025	$ 5,175,257	$ 6,008,499	$ 6,018,989	$ 7,811,794	$ 5,848,016
4,631,203	4,743,620	5,017,087	5,275,682	6,875,457	7,703,127
3,754,258	2,817,305	2,765,717	4,129,117	6,255,645	4,122,393
1,808,657	1,942,872	2,823,410	597,127	1,534,752	1,336,891
3,286,029	2,764,254	2,779,608	2,965,787	3,931,872	4,301,102
			843,267	1,894,276	2,188,174
468,852	-	-	-	-	10,256
18,930,024	17,443,308	19,394,321	19,829,969	28,303,796	25,509,959
5,950,383	5,670,214	6,042,199	5,998,227	6,685,640	6,767,752
5,950,383	5,670,214	6,042,199	5,998,227	6,685,640	6,767,752
24,880,407	23,113,522	25,436,520	25,828,196	34,989,436	32,277,711
94,986	17,962	646,363	687,941	487,874	835,628
159,631	138,299	105,983	79,661	120,980	175,777
332,903	383,211	360,649	442,582	432,066	816,264
494,433	987,511	1,176,088	1,113,689	1,166,447	1,255,256
165,686	314,178	520,110	558,369	298,171	326,300
786,552	4,123,613	2,544,520	3,628,574	1,285,182	3,296,210
627,168	3,145,690	1,647,350	1,677,758	6,738,537	2,037,451
2,661,359	9,110,464	7,001,063	8,188,574	10,529,257	8,742,886
4,540,020	4,477,159	5,005,399	5,994,167	6,207,200	7,339,424
-	-	-	-		-
-	-	-	-	1,304,480	783,631
-	-	-	-	-	-
4,540,020	4,477,159	5,005,399	5,994,167	7,511,680	8,123,055
7,201,379	13,587,623	12,006,462	14,182,741	18,040,937	16,865,941
(16,268,665)	(8,332,844)	(12,393,258)	(11,641,395)	(17,774,539)	(16,767,073)
(1,410,363)	(1,193,055)	(1,036,800)	(4,060)	826,040	1,355,303
(17,679,028)	(9,525,899)	(13,430,058)	(11,645,455)	(16,948,499)	(15,411,770)

(Continued)

CITY OF HALF MOON BAY

Changes in Net Position

Last Ten Fiscal Years
(Accrual Basis of Accounting)

	2016	2017	2018	2019
General revenues and other changes in net position:				
Governmental activities:				
Taxes:				
Property taxes	$ 3,116,710	$ 3,126,884	$ 3,379,657	$ 3,613,782
Sales and use taxes	4,068,786	2,514,852	2,836,614	2,804,748
Transient occupancy taxes	5,935,558	6,024,855	6,434,808	6,828,108
Other taxes	808,224	919,666	1,038,546	1,242,286
Investment income	811,191	583,497	703,351	1,188,804
Other general revenues and transfers	783,472	1,575,312	1,386,752	1,446,593
Total governmental activities	15,523,941	14,745,066	15,779,728	17,124,321
Business-type activities:				
Investment income	93,088	135,003	195,743	332,868
Miscellaneous and transfers	(392,817)	(482,199)	(857,213)	(235,565)
Total business-type activities	(299,729)	(347,196)	(661,470)	97,303
Total primary government	15,224,212	14,397,870	15,118,258	17,221,624
Changes in net position:				
Governmental activities	12,529,892	2,066,027	9,194,088	7,989,793
Business-type activities	1,473,177	1,210,549	(1,157,400)	68,636
Total primary government [1]	$ 14,003,069	$ 3,276,576	$ 8,036,688	$ 8,058,429

[1] Change in Net Position in Primary Government:

FY 2015-16 increase in net position of $14 million is primarily due to higher tax revenues and timing of sewer-related capital spending.

FY 2016-17 increase in net position of $3.2 million is primarily due to investment in infrastructure and capital projects.

FY 2017-18 increase in net position of $8 million is primarily due to investment in capital projects.

The $8.0 million increase in primary government net position in FY 2018-19 is primarily attributable to higher tax and general revenues.

FY 2020-21 increase in net position of $5.2 million is primarily due to higher revenues from capital and operating grants/contributions.

FY 2021-22 increase in net position of $4.9 million is primarily due to higher revenues from transient occupancy taxes.

FY 2022-23 increase in net position of $7.8 million is primarily due to increased operating grants and contributions, other revenues and the sewer charges as approved through the Prop 218 process in fiscal year 2019-20.

FY 2023-24 increase in net position of $3.8 million is primarily due to increased capital contributions and grants.

FY 2024-25 increase in net position of $7.1 million is primarily due to a decrease general government and public work expenses.

[2] Total net expenses in FY 2019-20 increased by $8.5 million primarily for the final $10.9 million payment of the judgement obligation bond.

2020	2021	2022	2023	2024	2025
$ 3,667,867	$ 3,582,161	$ 4,592,317	$ 4,129,317	$ 4,283,589	$ 3,757,360
3,042,265	2,929,586	3,358,759	3,315,341	3,665,449	4,182,742
5,291,821	4,817,532	9,442,518	8,852,640	8,167,938	9,616,592
1,346,187	1,304,943	1,341,327	1,276,299	1,343,633	1,440,676
2,257,971	(96,482)	(702,830)	865,654	2,439,990	2,148,567
1,362,594	2,207,101	1,322,444	1,381,527	1,635,287	2,350,591
16,968,705	14,744,841	19,354,535	19,820,778	21,535,886	23,496,528
382,491	(49,678)	(155,664)	129,865	242,911	207,823
1,610,101	63,814	(840,891)	(419,699)	(982,301)	(1,112,485)
1,992,592	14,136	(996,555)	(289,834)	(739,390)	(904,662)
18,961,297	14,758,977	18,357,980	19,530,944	20,796,496	22,591,866
700,040	6,411,997	6,961,277	8,179,383	3,761,347	6,729,455
582,229	(1,178,919)	(2,033,355)	(293,894)	86,650	450,641
$ 1,282,269	$ 5,233,078	$ 4,927,922	$ 7,885,489	$ 3,847,997	$ 7,180,096

CITY OF HALF MOON BAY

Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
General fund:				
Nonspendable	$ -	$ -	$ -	$ -
Committed	2,909,550	5,070,257	5,070,257	5,146,354
Assigned	-	-	-	-
Unassigned	7,829,894	5,986,903	4,892,195	5,809,910
Total general fund [1]	$ 10,739,444	$ 11,057,160	$ 9,962,452	$ 10,956,264
All other governmental funds:				
Nonspendable	$ -	$ -	$ -	$ 26,823,920
Restricted	31,602,450	23,288,663	25,844,530	27,738,822
Committed	26,823,920	26,823,920	26,823,920	-
Assigned	-	5,611,038	2,161,189	1,244,495
Unassigned	-	-	-	2,364,020
Total all other governmental funds [2]	$ 58,426,370	$ 55,723,621	$ 54,829,639	$ 58,171,257

[1] General Fund:

FY 2015-16 Unassigned fund balance increase is primarily due to increase in tax revenue.

FY 2016-17 Unassigned fund balance decrease is primarily due to increased investment in capital projects.

FY 2017-18 Unassigned fund balance decrease is primarily due to investment in capital projects.

FY 2018-19 Unassigned fund balance increase is primarily due to in tax and general revenues.

FY 2019-20 Unassigned fund balance decrease is primarily due to lower revenues from TOT.

FY 2020-21 Unassigned fund balance increased primarily due to unexcepted revenue overperformance in TOT.

FY 2021-22 Unassigned fund balance increased primarily due to unexcepted revenue overperformance in TOT and vehicle in-lieu fees.

FY 2022-23 Unassigned fund balance decreased primarily due to a shortfall in Transient Occupancy tax revenues and more funds assigned to committed reverses per the City's Reserve Policy.

FY 2023-24 Unassigned fund balance decreased primarily due to increases in public safety expenditures and decreases in TOT revenues.

FY 2024-25 Unassigned fund balance increased primarily due to the improved operating results, which reduced the need to use reserves budgeted for day-to-day operations.

[2] Other Governmental Funds:

FY 2015-16 Restricted fund balance increase is primarily due to a contribution of $6.0 million from the County of San Mateo for the library construction project.

FY 2016-17 $2.7 million decrease is primarily due to progress on the Library Capital project.

FY 2017-18 $890,000 decrease is primarily due to progress on the Library Capital project.

FY 2018-19 $3.0 M increase is primarily due to progress in capital projects.

FY 2019-20 $12.1 M decrease is primarily due to the final $10.9 million payment of the Judgement Obligation Bond.

FY 2020-21 $3.7 M increase is primarily due to the receipt of an one-time $2.6 million in-lieu fee.

FY 2021-22 $1 million increase is primarily due to capital contributions and funding for future capital expenditures.

FY 2022-23 $1.8 million increase is primarily due to operating grants and funding for future capital expenditures.

FY 2023-24 $1.3 million increase is primarily due to capital grants and contributions towards affordable housing efforts.

FY 2024-25 $38 thousand increase is primarily due decreases in capital outlay.

2020	2021	2022	2023	2024	2025
$ -	$ -	$ -	$ -	$ -	$ -
7,300,642	7,271,604	8,999,117	9,841,012	11,091,587	8,651,749
-	-	-	-		-
3,333,510	3,869,096	6,586,036	6,386,892	3,276,343	5,250,672
$ 10,634,152	$ 11,140,700	$ 15,585,153	$ 16,227,904	$ 14,367,930	$ 13,902,421
$ 26,823,920	$ 26,823,920	$ 26,823,920	$ 26,823,920	$ 26,823,920	$ 26,823,920
16,416,110	19,871,245	21,340,221	22,258,032	24,590,954	23,746,527
-	-	-	-	-	-
2,806,125	3,069,792	2,288,175	3,215,073	2,233,226	3,581,346
-	-	-	-	-	-
$ 46,046,155	$ 49,764,957	$ 50,452,316	$ 52,297,025	$ 53,648,100	$ 54,151,793

CITY OF HALF MOON BAY

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2016	2017	2018	2019
Revenues:				
Taxes	$ 13,929,278	$ 12,586,257	$ 13,638,171	$ 14,448,702
Licenses and permits	379,749	444,388	370,269	377,873
Fines and forfeitures	102,202	79,132	171,873	189,415
Charges for services	806,642	701,163	1,255,479	1,165,640
Impact Fees	717,469	1,173,275	1,065,005	2,700,943
Investment income	772,575	549,489	703,354	1,225,128
Rents and leases	20,000	10,080	87,536	75,603
Intergovernmental revenues	8,058,785	1,069,157	1,910,615	2,074,855
Miscellaneous	400,376	1,089,034	908,337	1,325,476
Total revenues	25,187,076	17,701,975	20,110,639	23,583,635
Expenditures				
Current:				
General government	3,582,831	3,143,214	3,968,569	3,445,355
Public safety	1,083,666	3,610,736	3,689,490	3,727,302
Public works	3,208,099	1,639,299	1,768,330	2,147,231
Recreation services	1,347,508	176,497	701,405	896,854
Planning services	183,328	2,353,980	2,505,066	2,686,651
Community and Economic Development				
Capital outlay	4,437,029	7,766,781	18,996,455	5,027,468
Debt service:				
Principal retirement [1]	-	-	-	-
Interest and fiscal charges	937,704	937,704	937,704	937,704
Total expenditures	14,780,165	19,628,211	32,567,019	18,868,565
Excess (deficiency) of revenues over (under) expenditures	10,406,911	(1,926,236)	(12,456,380)	4,715,070
Other financing sources (uses):				
Advanced Proceeds from San Mateo County	-	-	5,726,855	-
Issuance of debt	-	-	-	-
Capital grants	-	-	5,726,855	726,000
Transfers in	5,285,654	5,059,687	5,024,534	3,216,998
Transfers out	(6,181,245)	(5,518,484)	(6,010,554)	(4,322,638)
Total other financing sources (uses)	(895,591)	(458,797)	10,467,690	(379,640)
Net change in fund balances [2]	$ 9,511,320	$ (2,385,033)	$ (1,988,690)	$ 4,335,430
Debt service as a percentage of noncapital expenditures	9.1%	7.9%	6.9%	6.8%

(1) In FY 2019-20 the city paid off the 2009B Judgement Obligation Bond.

(2) The net change in fund balance of $9.5 million in FY 2015-16 is primarily due to higher tax revenues and a contribution of $6.0 million from the County of San Mateo for the library construction capital project that is scheduled to commence during fiscal year 2016-17.

The net decrease in fund balance of $2.4 million in FY 2016-17 is primarily due to progress on the Library Capital project.

The net decrease in fund balance of $1.9 million in FY 2017-18 is primarily due to progress on the Library Capital project.

The net increase in fund balance of $4.3 million in FY 2018-19 is primarily due to increase in revenues and decrease in library project expenditures.

The net decrease in fund balance of $12.4 million in FY 2019-20 is primarily due to the final $10.9 million payoff the judgement obligation bond.

The net increase in fund balance of $4.2 million in FY 2020-21 is primarily due to higher revenues than anticipated.

The net increase in fund balance of $5.1 million in FY 2021-22 is primarily due to higher tax revenues.

The net increase in fund balance of $2.4 million in FY 2022-23 is primarily due to increased investment income and intergovernmental revenues.

The net decrease in fund balance of $508 thousand in FY 2023-24 is primarily due to expenditures outpacing revenues.

The net increase in fund balance of $503 thousand in FY 2024-25 is primarily due to decrease general government expenditures and capital outlay.

2020	2021	2022	2023	2024	2025
$ 13,180,918	$ 12,223,462	$ 18,670,447	$ 17,500,650	$ 17,575,488	$ 19,115,601
521,121	597,590	543,965	1,062,066	306,282	463,053
140,238	108,937	70,383	32,232	81,445	124,109
1,173,171	1,306,842	1,552,251	1,432,304	1,454,141	1,806,824
304,827	2,988,507	188,114	296,256	-	157,749
1,164,650	(75,704)	(722,249)	869,782	2,139,990	2,148,567
-	-	-	63,728	91,135	103,474
1,506,209	4,232,648	4,008,756	4,714,737	8,023,719	5,175,912
779,514	1,877,238	1,146,003	970,404	833,965	1,321,891
18,770,648	23,259,520	25,457,670	26,942,159	30,506,165	30,417,180
3,281,719	3,543,362	3,954,480	4,976,923	6,683,350	5,041,290
4,104,603	4,394,717	4,539,399	4,920,995	6,476,428	7,475,339
2,301,920	2,110,852	2,077,238	2,449,832	2,492,143	2,434,111
976,977	1,109,425	1,876,093	524,211	538,827	537,796
3,156,081	2,662,112	2,628,557	2,873,331	4,065,293	4,343,169
			843,267	1,894,276	2,188,174
4,088,777	5,955,565	3,038,936	6,442,855	7,112,143	6,091,875
11,487,686	-	1,191,724	620,197	3,628,582	572,686
468,852	-	68,277	55,105	97,016	10,256
29,866,615	19,776,033	19,374,704	23,706,716	32,988,058	28,694,696
(11,095,967)	3,483,487	6,082,966	3,235,443	(2,481,893)	1,722,484
-	-	-	-	-	
-	2,035,000	421,373	693,387	3,200,000	
-	-	-	-	-	
7,026,829	2,107,524	5,334,717	5,247,526	4,056,898	3,428,490
(8,378,076)	(3,400,661)	(6,707,244)	(6,688,896)	(5,283,904)	(5,112,790)
(1,351,247)	741,863	(951,154)	(747,983)	1,972,994	(1,684,300)
$ (12,447,214)	$ 4,225,350	$ 5,131,812	$ 2,487,460	$ (508,899)	$ 38,184
46.4%	0.0%	7.7%	3.9%	14.4%	2.6%

CITY OF HALF MOON BAY

Transient Occupancy Tax (TOT) Rate

Last Ten Fiscal Years

Fiscal Year Ended June 30	TOT Tax Rate
2016	12%
2017	12%
2018	12%
2019	12%
2020	12%
2021	12%
2022	14%
2023	15%
2024	15%
2025	15%

Source: City of Half Moon Bay Finance Department



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY

Transient Occupancy Tax (TOT) by Lodging Type (BASE) [1]

Last Ten Fiscal Years

As of June 30th

	June 30,			
	2016	**2017**	**2018**	**2019**
LODGING TYPE				
Hotels/Motels	$ 5,643,075	$ 5,785,989	$ 6,078,131	$ 6,409,533
B&Bs/ Inns / Cottages	99,062	60,671	68,729	66,079
RV Parks/Camps	148,191	150,019	170,855	159,065
Vacation Rentals	44,230	43,790	115,398	218,561
Totals	$ 5,934,558	$ 6,040,468	$ 6,433,114	$ 6,853,237

[1] TOT information by individual establishment is confidential and therefore is not available to the public. TOT is the City's largest "own-source" revenue, as defined by GASB Statement No. 44.

Source: City of Half Moon Bay Finance Department

June 30,					
2020	2021	2022	2023	2024	2025
$ 4,852,270	$ 4,161,340	$ 8,309,989	$ 7,988,272	$ 7,248,083	$ 8,964,484
104,715	105,823	441,900	169,545	181,552	228,741
164,658	241,705	233,898	224,713	233,479	228,741
170,178	308,664	456,731	470,110	504,824	194,626
$ 5,291,821	$ 4,817,532	$ 9,442,518	$ 8,852,640	$ 8,167,938	$ 9,616,592

CITY OF HALF MOON BAY

Transient Occupancy Taxpayers by Type of Establishment

Current Year and Nine Years Prior

TOT Taxpayer Type	2024-25 TOT Collected	2024-25 Percent of Total TOT Revenues	2015-16 TOT Collected	2015-16 Percent of Total TOT Revenues
Hotels/Motels/Lodges	$8,964,484	93.22%	$ 5,643,075	95.09%
Bed & Breakfasts and Inns	$228,741	2.38%	99,062	1.67%
RV Parks & Campgrounds	$228,741	2.38%	148,191	2.50%
Vacation Rentals	$194,626	2.02%	44,230	0.75%
	$ 9,616,592	100.00%	$ 5,934,558	100.00%

Source: City of Half Moon Bay Finance Department

CITY OF HALF MOON BAY

Ratios of Outstanding Debt by Type [1]

Last Ten Fiscal Years

	Governmental Activities						
Fiscal Year Ended June 30	Capital Leases	San Mateo County Advance	Judgment Obligation Bonds	Total Governmental Activities [2]	Total Primary Government	Percentage of Personal Income [3]	Debt Per Capita [3]
2016	$ -	$ -	$ 10,915,000	$ 10,915,000	$ 10,915,000	21.35%	$ 871.25
2017	-	-	10,915,000	10,915,000	10,915,000	20.29%	867
2018	-	-	10,915,000	10,915,000	10,915,000	17.32%	864
2019	-	-	10,915,000	10,915,000	10,915,000	17.00%	864
2020	-	5,154,170	-	5,154,170	5,154,170	8.14%	399
2021	2,035,000	5,154,170	-	7,189,170	7,189,170	10.27%	584
2022	2,410,020	4,008,798	-	6,418,818	6,418,818	8.23%	568
2023	3,055,896	3,436,112	-	6,492,008	6,492,008	9.55%	581
2024	3,200,000	2,863,426	-	6,063,426	6,063,426	7.58%	546
2025	1,966,000	2,290,740	-	4,256,740	4,256,740	5.25%	372

[1] Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[2] The City has no outstanding debt from Business-Type Activities.

[3]Personal income and population information was obtained from the United States Census Bureau

CITY OF HALF MOON BAY

Ratio of General Bonded Debt Outstanding

Last Ten Fiscal Years
(In Thousands, except Per Capita)

	Outstanding General Bonded Debt				
Fiscal Year Ended June 30	Lease Revenue Bonds	Judgment Obligation Bonds	Total	Percent of Assessed Value [1]	Debt Per Capita
2016	$ -	$ 10,915	$ 10,915	0.0004%	$ 871
2017	-	10,915	10,915	0.0004%	867
2018	-	10,915	10,915	0.0004%	864
2019	-	10,915	10,915	0.0004%	864
2020	-	-	-	0.0000%	-
2021	-	-	-	0.0000%	-
2022	-	-	-	0.0000%	-
2023	-	-	-	0.0000%	-
2024	-	-	-	0.0000%	-
2025	-	-	-	0.0000%	-

General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

[1] Assessed value has been used because the actual value of taxable property is not readily available in the State of California. Percentages less than 0.0000% are not shown.

CITY OF HALF MOON BAY

Direct and Overlapping Debt

June 30, 2025

2024-25 Assessed Value		$ 4,099,145,237	
	Percentage Applicable [1]	Total Debt 6/30/2025	City's Share of Debt 06/30/25
Overlapping Tax and Assessment Debt:			
San Mateo Community College District	1.259%	$ 655,171,697	$ 8,248,612
Cabrillo Unified School District	45.876%	153,605,000	70,467,830
Midpeninsula Regional Open Space District	0.959%	114,920,000	1,102,083
Total Overlapping Tax and Assessment Debt		$ 923,696,697	$ 79,818,524
Ratio to Assessed Valuation:			
Total Overlapping Tax and Assessment Debt			1.95%
Direct and Overlapping General Fund Debt:			
San Mateo County General Fund Obligations	1.259%	$ 565,146,645	$ 7,115,196
San Mateo County Board of Education Certificates of Participation	1.259%	5,735,000	72,204
Midpeninsula Regional Open Space District General Fund Obligations	0.959%	79,795,600	765,240
Obligations	1.259%	3,404,654	42,865
Direct: City of Half Moon Bay Loan Agreement	100%	2,290,740	2,290,740
Direct: County of San Mateo Financing Agreement (880 Stone Pine)	100%	1,966,000	1,966,000
Total Direct Debt			$ 4,256,740
Total Overlapping Debt			87,814,029
Combined Total Debt			$ 92,070,769 [2]

[1] The percentage of overlapping debt applicable to the City is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.

[2] Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded lease obligations.

Ratios to 2024-25 Assessed Valuation:	
Total Overlapping Tax and Assessment Debt	1.95%
Total Direct Debt ($4,256,740)	0.10%
Combined Total Debt	2.25%

CITY OF HALF MOON BAY

Legal Debt Margin Information

Last Ten Fiscal Years

	June 30			
	2016	2017	2018	2019
Assessed valuation	$ 2,733,242,180	$ 2,755,768,400	$ 2,893,093,932	$ 3,123,075,037
Conversion percentage	25%	25%	25%	25%
Adjusted assessed valuation	683,310,545	688,942,100	723,273,483	780,768,759
Debt limit percentage	15%	15%	15%	15%
Debt limit	102,496,582	103,341,315	108,491,022	117,115,314
Total net debt applicable to limit:				
General obligation bonds	10,915,000	10,915,000	10,915,000	10,915,000
Legal debt margin	$ 91,581,582	$ 92,426,315	$ 97,576,022	$ 106,200,314
Total debt applicable to the limit as a percentage of debt limit	10.6%	10.6%	10.1%	9.3%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. However, this provision was enacted when assessed valuation was based upon 25% of market value. Effective 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for the parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25 % level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Sources: City Finance Department
San Mateo County Tax Assessor Combined Tax Roll 650-363-4777

June 30					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
$3,303,922,465	$3,426,640,450	$3,541,390,900	$3,771,479,639	$ 3,957,919,060	$ 4,099,145,237
25%	25%	25%	25%	25%	25%
825,980,616	856,660,113	885,347,725	942,869,910	989,479,765	1,024,786,309
15%	15%	15%	15%	15%	15%
123,897,092	128,499,017	132,802,159	141,430,486	148,421,965	153,717,946
-	-	-	-	-	-
$ 123,897,092	$ 128,499,017	$ 132,802,159	$ 141,430,486	$ 148,421,965	$ 153,717,946
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF HALF MOON BAY

Principal Employers

6/30/2025 and Nine Years Prior

Employer	2025 Number of Employees	2025 Percent of Total Employment	2016 Number of Employees	2016 Percent of Total Employment
Ritz Carlton Hotel	275	9.92%	500	14.37%
Rolling Frito Lay Sales	171	6.17%		
New Leaf Community Market	105	3.79%	76	2.18%
Sam's Chowder House	98	3.53%	97	2.79%
Safeway Store	94	3.39%	104	2.99%
Rocket Farms Inc.	59	2.13%	118	3.39%
Salter	54	1.95%		
Pasta Moon Inc	49	1.77%		
Sea Crest School	49	1.77%		
Hassett Hardware	45	1.62%		
Cabrillo Unified School District			397	11.41%
Burger King			49	1.41%
Mullins Bar & Grill			49	1.41%
Half Moon Bay Golf Links			48	1.38%
Sea Crest School			43	1.24%
Subtotal Top Ten Employers	999	36.03%	1,481	42.57%
Total Employment	2,773	100.00%	3,479	100.00%

"Total Employment" as used above represents the total employment of all employers with business licenses located within City limits.

Source: Employer information from City of Half Moon Bay HdL Business License System.



THIS PAGE IS INTENTIONALLY BLANK

CITY OF HALF MOON BAY
Full-time Equivalent City Employees By Function
Last Ten Fiscal Years

	June 30			
Function	**2016**	**2017**	**2018**	**2019**
General Government	18	19	19	19
Public Safety [1]	-	-	-	-
Public Works/Maintenance	9	10	10	13
Community/Recreation Services	0	2	2	4
Planning	3	5	5	6
Total	31	36	36	42

[1] The City contracts with the San Mateo County Sheriff's Office

Note: General government includes five City Council members as well as Administration and Finance staff.

Source: City of Half Moon Bay Finance Department

June 30					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
21	17	20	20	21	21
-	-	-	-	-	-
16	14	16	16	15	15
5	4	5	6	6	6
7	7	8	8	7	7
48	42	48	50	50	50

CITY OF HALF MOON BAY
Operating Indicators By Function
Last Ten Fiscal Years

	June 30			
	2016	**2017**	**2018**	**2019**
Police: [1]				
Arrests - Part 1 crimes	44	38	48	54
Traffic citations - Moving	527	489	921	2,128
Traffic citations - Parking	1,598	1,212	3,994	3,465
Parks and Recreation:				
Number of recreation classes	88	75	159	105
Number of facility rentals [2]	110	88	324	397
Building and Code Enforcement: [3]				
Number of permits issued (est.)	413	460	413	473
Number of plan checks (est.)	105	220	166	205
Number of inspections (est.)	2,820	2,216	2,520	2,442
Planning:				
Planning Commission Meetings	15	12	20	23
Number of permits processed	111	47	43	102

[1] The City started contracting with the San Mateo County Sheriff Office in June 2011.

[2] In FY 2016-17, the City re-assumed responsibility for the Parks and Recreation program. The facility rentals count for FY 2016-17 is estimated based on rental revenue received.

[3] Information will continue to be added as made available.

Sources: City of Half Moon Bay Departments

June 30					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
71	56	78	33	28	32
2,517	1,664	1,819	636	568	518
2,444	1,698	872	553	2,253	2,710
123	41	112	99	91	113
389	200	459	407	552	554
450	352	456	441	405	443
237	185	157	200	150	189
2,057	1,839	1654	1,538	2,138	2,064
20	23	22	13	18	14
145	89	94	154	78	56

CITY OF HALF MOON BAY
Capital Asset Statistics By Function
Last Ten Fiscal Years

	June 30			
	2016	**2017**	**2018**	**2019**
Police:				
Sheriff Substation/EOC	1	1	1	1
Public Works:				
Streets (miles)	35	29	29	29
Parks	9	9	9	9
Community Centers	1	1	1	1
Sewer lines (miles)	37	37	37	37
Library				1
Facilities/Buildings	6	6	6	6
Bike Trails (miles)	7	7	7	7
Land (acres)	176	176	176	176
Administration:				
Facilities/Buildings	1	1	1	1

Source: City of Half Moon Bay Finance Department

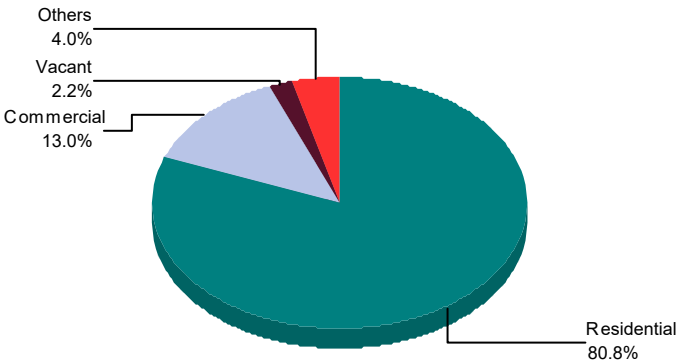
June 30					
2020	**2021**	**2022**	**2023**	**2024**	**2025**
1	1	1	1	1	1
28	28	28	28	28	28
9	9	9	9	9	9
1	1	1	1	1	1
38	38	38	38	38	38
1	1	1	1	1	1
6	6	6	6	6	6
7	7	7	7	7	7
176	197	199	199	199	199
1	1	1	1	1	1

THE CITY OF HALF MOON BAY
2024/25 USE CATEGORY SUMMARY

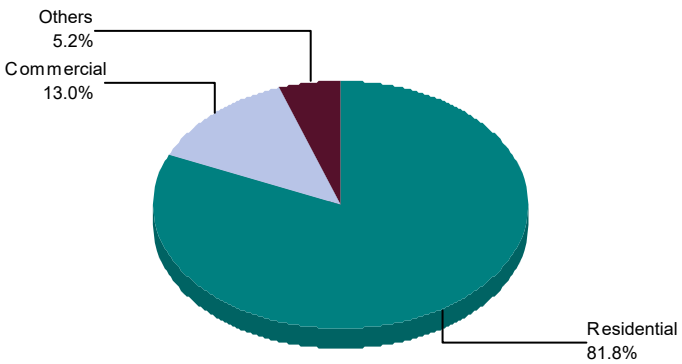
BASIC PROPERTY VALUE TABLE

Category	Parcels	Assessed Value		Net Taxable Value	
Residential	3,819	$3,408,646,486	(80.8%)	$3,351,535,909	(81.8%)
Commercial	219	$547,504,936	(13.0%)	$533,926,048	(13.0%)
Industrial	16	$11,843,899	(0.3%)	$11,843,899	(0.3%)
Agricultural	38	$32,608,245	(0.8%)	$16,322,665	(0.4%)
Govt. Owned	97	$79,492	(0.0%)	$0	(0.0%)
Institutional	20	$19,354,663	(0.5%)	$870,237	(0.0%)
Miscellaneous	13	$16,983,212	(0.4%)	$16,983,212	(0.4%)
Recreational	24	$38,863,163	(0.9%)	$38,502,619	(0.9%)
Vacant	1,767	$92,171,312	(2.2%)	$79,489,521	(1.9%)
Unsecured	[231]	$51,007,471	(1.2%)	$49,921,495	(1.2%)
TOTALS	**6,013**	**$4,219,062,879**		**$4,099,395,605**	

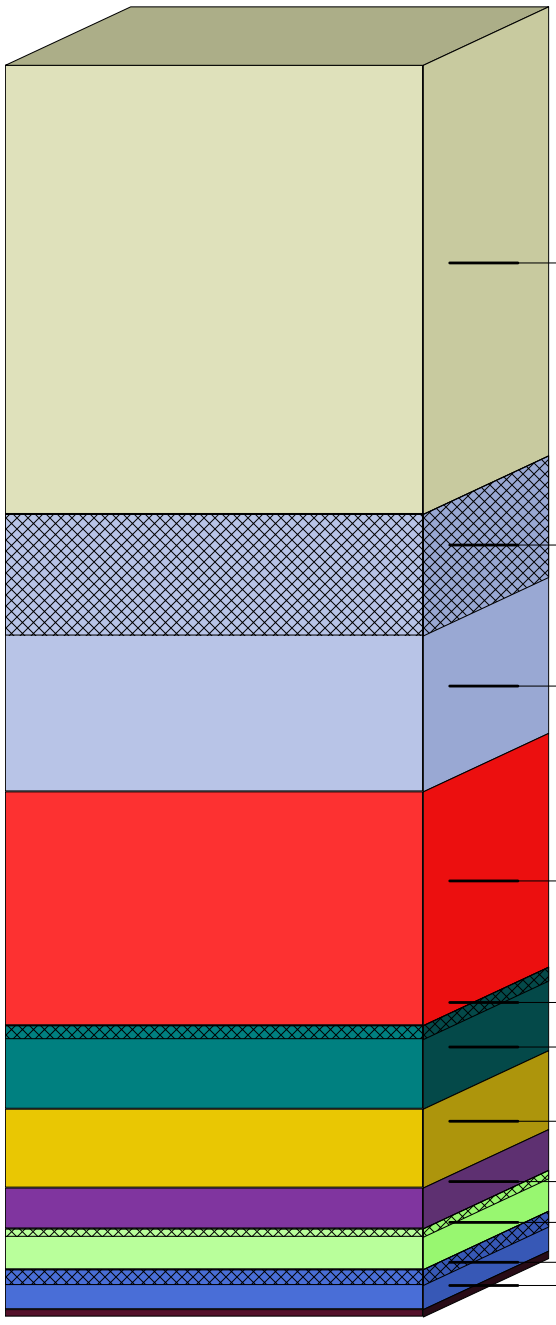
ASSESSED VALUE



NET TAXABLE VALUE



THE CITY OF HALF MOON BAY
PROPERTY TAX DOLLAR BREAKDOWN



$ 0.3591	Cabrillo Unified General Purpose
$ 0.09733	ERAF Share of San Mateo County
$ 0.1242	San Mateo County
$ 0.1869	Coastside Fire
$ 0.01123	ERAF Share of Half Moon Bay General Fund
$ 0.0553	Half Moon Bay General Fund
$ 0.0634	San Mateo Junior College General Purpose
$ 0.0330	County Education Tax
$ 0.0323	County Library
$ 0.0317	Coastside County Water
$ 0.00330	County Harbor District
$ 0.00195	Bay Area, Air Pollution
$ 0.00041	Resource Conservation
$ 1.0000	

THE CITY OF HALF MOON BAY
2024/25 ROLL SUMMARY

Taxable Property Values

	Secured	Nonunitary Utilities	Unsecured
Parcels	6,013	0	231
TRAs	7	0	7
Values			
Land	2,000,541,666	0	88,529
Improvements	2,146,751,241	0	4,028,007
Personal Property	18,563,644	0	38,032,316
Fixtures	2,198,857	0	8,808,139
Aircraft	0	0	50,480
Total Value	**$4,168,055,408**	**$0**	**$50,956,991**
Exemptions			
Real Estate	118,329,423	0	321,357
Personal Property	251,875	0	429,641
Fixtures	0	0	334,978
Aircraft	0	0	0
Homeowners*	15,043,000	0	7,000
Total Exemptions*	**$118,581,298**	**$0**	**$1,085,976**
Total Net Value	**$4,049,474,110**	**$0**	**$49,871,015**

Combined Values	Total
Total Values	**$4,219,012,399**
Total Exemptions	**$119,667,274**
Net Total Values	**$4,099,345,125**
Net Aircraft Values	**$50,480**

** Note: Homeowner Exemptions are not included in Total Exemptions*

Totals do not Include Aircraft Values or Exemptions

Data Source: San Mateo County Assessor 2024/25 Combined Tax Rolls

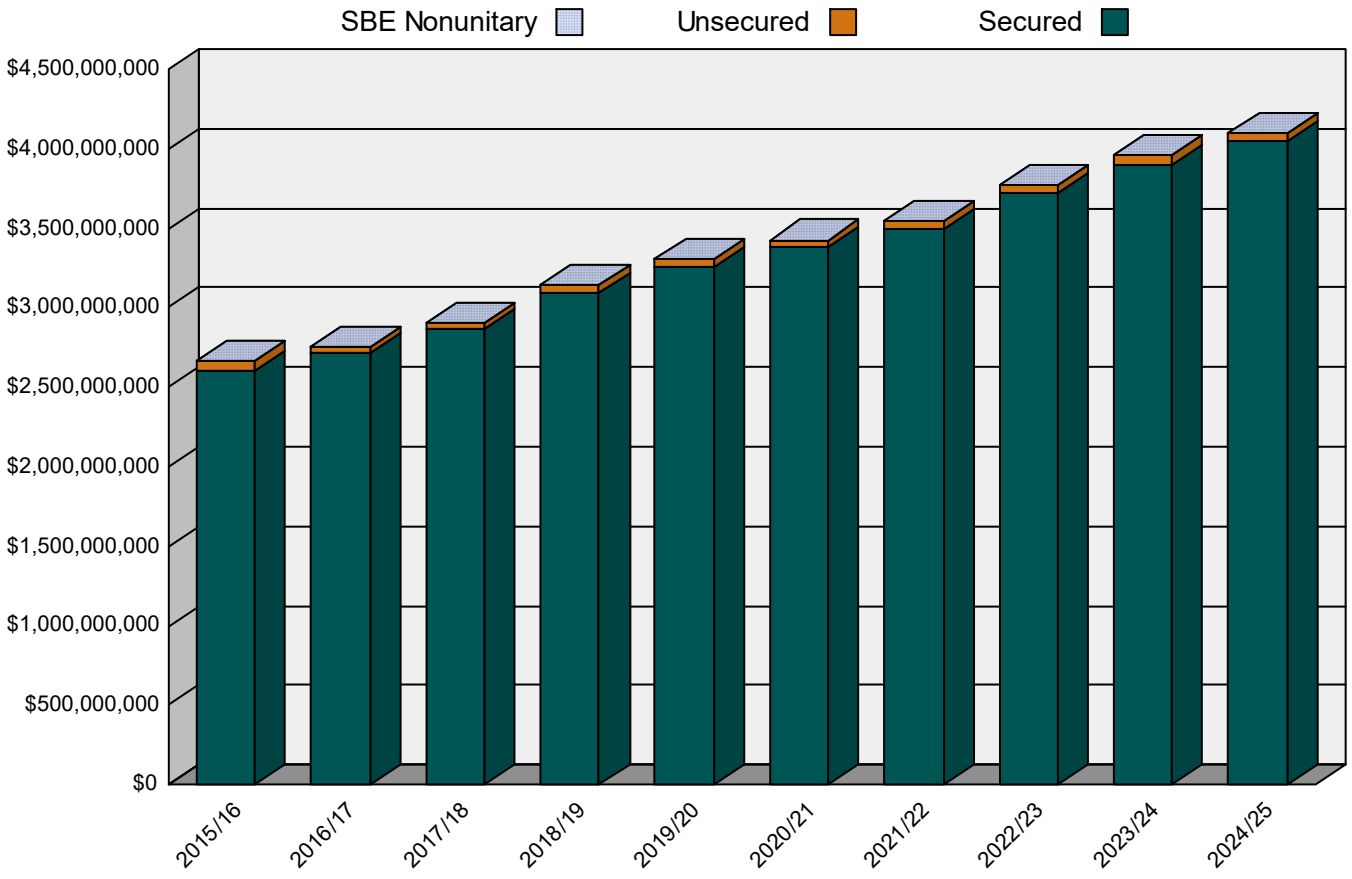
Prepared On 9/5/2025 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

THE CITY OF HALF MOON BAY
NET TAXABLE ASSESSED VALUE HISTORY

2015/16 - 2024/25 Taxable Property Values

Lien Year	Secured	Unsecured	SBE Nonunitary	Net Total AV	% Change
2015/16	$2,609,284,214	$53,103,728	$0	**2,662,387,942**	
2016/17	$2,716,280,909	$39,462,822	$0	**2,755,743,731**	**3.51%**
2017/18	$2,868,900,977	$40,418,385	$0	**2,909,319,362**	**5.57%**
2018/19	$3,095,123,190	$44,156,277	$0	**3,139,279,467**	**7.90%**
2019/20	$3,261,227,148	$40,695,317	$0	**3,301,922,465**	**5.18%**
2020/21	$3,386,815,056	$39,825,394	$0	**3,426,640,450**	**3.78%**
2021/22	$3,495,494,766	$45,896,134	$0	**3,541,390,900**	**3.35%**
2022/23	$3,722,198,497	$49,344,505	$0	**3,771,543,002**	**6.50%**
2023/24	$3,903,910,857	$54,008,203	$0	**3,957,919,060**	**4.94%**
2024/25	$4,049,474,110	$49,921,495	$0	**4,099,395,605**	**3.57%**
				Annual Growth Rate %	**4.91%**



* Net AV changes less than two percent are in purple font. Negative Net AV percent changes are in red.

Annual Growth Rate (CAGR) is calculated as the mean annualized growth rate for compounding values over a given time period.

Data Source: San Mateo County Assessor 0/ - 2024/25 Combined Tax Rolls

Prepared On 9/5/2025 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone

THE CITY OF HALF MOON BAY

ASSESSED VALUE OF TAXABLE PROPERTY

2015/16 - 2024/25 Taxable Property Values

Category	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Residential	2,128,750,156	2,238,878,627	2,365,335,848	2,496,961,916	2,652,141,529	2,769,600,677	2,887,213,237	3,075,165,815	3,228,860,043	3,351,535,909
Commercial	356,041,843	363,813,823	372,002,147	457,418,903	467,790,599	476,253,451	476,165,638	505,408,881	519,423,135	533,926,048
Industrial	6,292,015	6,801,114	7,185,938	8,419,613	9,374,259	9,561,139	9,740,069	10,958,701	12,248,260	11,843,899
Agricultural				17,322,251	16,208,520	15,605,023	15,866,702	16,197,166	16,525,146	16,322,665
Dry Farm	3,786,377	4,241,537	4,358,514							
Govt. Owned				0	0	0	0	0	0	0
Institutional	277,456	281,685	309,882	315,819	298,922	1,689,318	1,938,117	314,217	320,500	870,237
Irrigated	5,333,856	4,324,786	4,411,271							
Miscellaneous	23,460,537	14,211,644	17,677,501	16,786,985	15,398,633	16,274,069	13,822,133	14,050,543	14,321,066	16,983,212
Recreational	39,568,823	40,290,547	41,062,725	42,118,338	43,356,325	35,379,201	31,885,243	33,842,367	36,361,745	38,502,619
Vacant	45,773,151	43,437,146	56,557,151	55,779,365	56,658,361	62,452,178	58,863,627	66,260,807	75,850,962	79,489,521
Unsecured	53,103,728	39,462,822	40,418,385	44,156,277	40,695,317	39,825,394	45,896,134	49,344,505	54,008,203	49,921,495
Unknown						0				
TOTALS	2,662,387,942	2,755,743,731	2,909,319,362	3,139,279,467	3,301,922,465	3,426,640,450	3,541,390,900	3,771,543,002	3,957,919,060	4,099,395,605
Total Direct Rate	0.05818	0.05819	0.05819	0.05821	0.05821	0.05821	0.05819	0.05818	0.05814	0.05817

148

Notes:
Exempt values are not included in Total.

In 1978 the voters of the State of California passed Proposition 13 which limited taxes to a total maximum rate of 1%, based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is only reassessed as a result of new construction activity or at the time it is sold to a new owner. At that point, the property is reassessed based upon the added value of the construction or at the purchase price (market value) or economic value of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

THE CITY OF HALF MOON BAY
2024/25 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SHC HALF MOON BAY LLC (Pending Appeals On Parcels)	2	$229,569,438	5.67%	1	$15,000	0.03%	**$229,584,438**	**5.60%**	Commercial Half Moon Bay General Fund
2) OCEAN COLONY PARTNERS LP	18	$37,032,061	0.91%				**$37,032,061**	**0.90%**	Recreational Half Moon Bay General Fund
3) S J AMOROSO PROPERTIES COMPANY	3	$34,000,000	0.84%				**$34,000,000**	**0.83%**	Commercial Half Moon Bay General Fund
4) HALF MOON BAY LODGE LLC	1	$23,952,251	0.59%				**$23,952,251**	**0.58%**	Commercial Half Moon Bay General Fund
5) PROFESSIONAL PENINSULA PROPERTIES LLC	9	$18,292,684	0.45%				**$18,292,684**	**0.45%**	Commercial Half Moon Bay General Fund
6) ROCKET FARMS INC				1	$18,195,986	36.45%	**$18,195,986**	**0.44%**	Unsecured Half Moon Bay General Fund
7) KEET NERHAN	26	$17,556,422	0.43%	1	$80,801	0.16%	**$17,637,223**	**0.43%**	Commercial Half Moon Bay General Fund
8) LONGS DRUG STORE INC	1	$9,660,416	0.24%				**$9,660,416**	**0.24%**	Commercial Half Moon Bay General Fund
9) CASTRO PARTNERS LLC	3	$8,069,512	0.20%				**$8,069,512**	**0.20%**	Commercial Half Moon Bay General Fund
10) ABOLMOLUKI BAHRAM TRUST	1	$7,451,320	0.18%				**$7,451,320**	**0.18%**	Commercial Half Moon Bay General Fund
Top Ten Total	64	$385,584,104	9.52%	3	$18,291,787	36.64%	**$403,875,891**	**9.85%**	
City Total		$4,049,474,110			$49,921,495		**$4,099,395,605**		

Top Owners last edited on 9/4/25 by maheav using sales through 06/30/2025 (Version r.1)

THE CITY OF HALF MOON BAY
2015/16 TOP TEN PROPERTY TAXPAYERS

Top Property Owners Based On Net Values

Owner	Secured			Unsecured			Combined		Primary Use & Primary Agency
	Parcels	Value	% of Net AV	Parcels	Value	% of Net AV	Value	% of Net AV	
1) SHC HALF MOON BAY LLC (Pending Appeals On Parcels)	2	$142,308,525	5.45%	1	$6,000	0.01%	**$142,314,525**	**5.35%**	Commercial Half Moon Bay General Fund
2) OCEAN COLONY PARTNERS L P (Pending Appeals On Parcels)	24	$44,559,080	1.71%				**$44,559,080**	**1.67%**	Recreational Half Moon Bay General Fund
3) KEET NERHAN	30	$21,411,317	0.82%	2	$64,585	0.12%	**$21,475,902**	**0.81%**	Commercial Half Moon Bay General Fund
4) COMCAST				6	$15,798,000	29.75%	**$15,798,000**	**0.59%**	Unsecured Half Moon Bay General Fund
5) REGENCY CENTERS LP	3	$14,894,009	0.57%				**$14,894,009**	**0.56%**	Commercial Half Moon Bay General Fund
6) HMB CAPITAL LLC	3	$12,447,992	0.48%				**$12,447,992**	**0.47%**	Miscellaneous Half Moon Bay General Fund
7) SAN MATEO COU HOUSING AUT LESSOR	1	$11,012,782	0.42%				**$11,012,782**	**0.41%**	Residential Half Moon Bay General Fund
8) IWF HALF MOON BAY LLC	1	$10,377,222	0.40%				**$10,377,222**	**0.39%**	Commercial Half Moon Bay General Fund
9) LONGS DRUG STORE INC	1	$8,364,570	0.32%				**$8,364,570**	**0.31%**	Commercial Half Moon Bay General Fund
10) ROCKET FARMS INC				1	$8,129,673	15.31%	**$8,129,673**	**0.31%**	Unsecured Half Moon Bay General Fund
Top Ten Total	65	$265,375,497	10.17%	10	$23,998,258	45.19%	**$289,373,755**	**10.87%**	
City Total		$2,609,284,214			$53,103,728		**$2,662,387,942**		

Top Owners last edited on 8/3/16 by MaheaV using sales through 06/30/2016 (Version r.1)

THE CITY OF HALF MOON BAY

DIRECT & OVERLAPPING PROPERTY TAX RATES

(RATE PER $100 OF TAXABLE VALUE)

Last 10 Fiscal Years										
Agency	**2015/16**	**2016/17**	**2017/18**	**2018/19**	**2019/20**	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**
Basic Levy[1]	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Cabrillo Unified Bond	0.07260	0.08320	0.07510	0.07110	0.11510	0.08950	0.07670	0.07910	0.07310	0.08640
Mid-Penninsula Regional Open Space	0.00000	0.00000	0.00000	0.00000	0.00160	0.00150	0.00150	0.00130	0.00120	0.00130
San Mateo Community College 2005 Series B	0.00000	0.00000	0.00000	0.00000	0.00350	0.00370	0.00000	0.00000	0.00000	0.00000
San Mateo Junior College	0.02500	0.02470	0.02350	0.01750	0.02310	0.01760	0.00000	0.00000	0.00000	0.00000
San Mateo Junior Comm College	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.02270	0.01930	0.01900	0.01780
Total Direct & Overlapping[2] Tax Rates	**1.09760**	**1.10790**	**1.09860**	**1.08860**	**1.14330**	**1.11230**	**1.10090**	**1.09970**	**1.09330**	**1.10550**
City's Share of 1% Levy Per Prop 13[3]	0.05525	0.05525	0.05525	0.05526	0.05526	0.05526	0.05525	0.05525	0.05525	0.05525
Voter Approved City Debt Rate										
Redevelopment Rate[4]										
Total Direct Rate[5]	0.05818	0.05819	0.05819	0.05821	0.05821	0.05821	0.05819	0.05818	0.05814	0.05817

Notes:

[1]In 1978, California voters passed Proposition 13 which set the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of any voter approved bonds.

[2]Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all property owners.

[3]City's Share of 1% Levy is based on the City's share of the general fund tax rate area with the largest net taxable value within the City. The ERAF portion of the City's Levy has been subtracted where known.

[4]Redevelopment Rate is based on the largest RDA tax rate area and only includes rate(s) from indebtedness adopted prior to 1989 per California State statute. RDA direct and overlapping rates are applied only to the incremental property values. The approval of ABX1 26 eliminated Redevelopment from the State of California for the fiscal year 2012/13 and years thereafter.

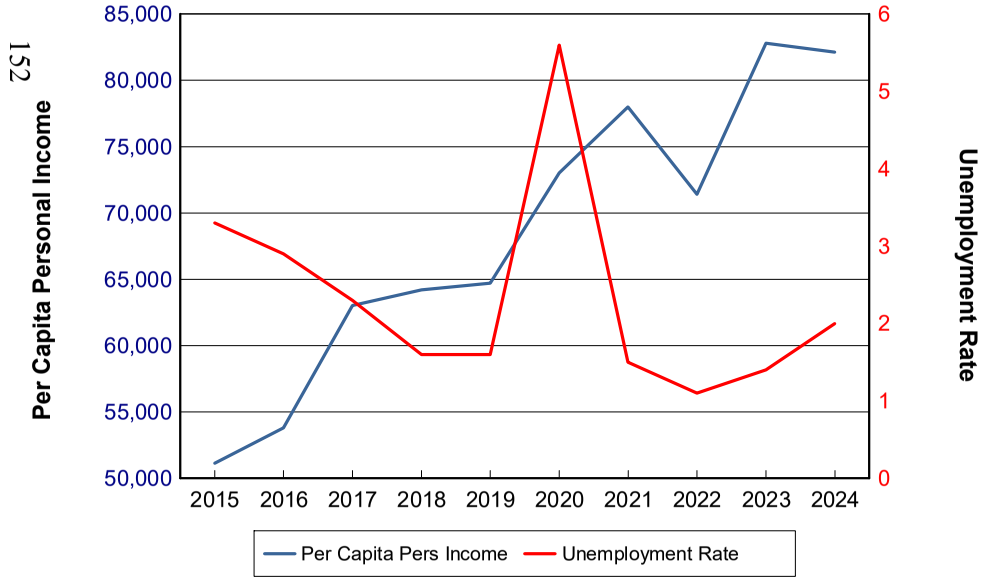
[5]Total Direct Rate is the weighted average of all individual direct rates applied by the City/Agency preparing the statistical section information and excludes revenues derived from aircraft. Beginning in 2013/14 the Total Direct Rate no longer includes revenue generated from the former redevelopment tax rate areas. Challenges to recognized enforceable obligations are assumed to have been resolved during 2012/13. For the purposes of this report, residual revenue is assumed to be distributed to the City/Agency in the same proportions as general fund revenue.

THE CITY OF HALF MOON BAY

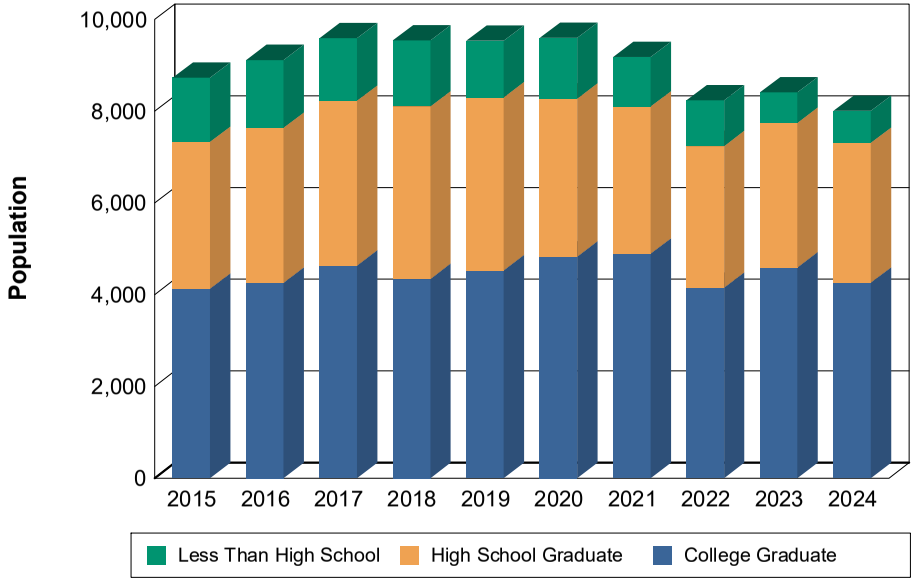
DEMOGRAPHIC AND ECONOMIC STATISTICS

Calendar Year	Population	Personal Income (In Thousands)	Per Capita Personal Income	Unemployment Rate	Median Age	% of Pop 25+ with High School Degree	% of Pop 25+ with Bachelor's Degree
2015	12,528	$640,547	$51,129	3.3%	44.7	84.0%	47.3%
2016	12,591	$677,251	$53,788	2.9%	45.8	83.8%	46.7%
2017	12,639	$796,455	$63,015	2.3%	47.1	85.8%	48.3%
2018	12,631	$810,881	$64,197	1.6%	47.3	84.9%	45.5%
2019	12,431	$804,495	$64,716	1.6%	45.3	87.1%	47.5%
2020	12,309	$898,800	$73,019	5.6%	46.8	86.2%	50.3%
2021	11,308	$881,941	$77,992	1.5%	47.8	88.3%	53.3%
2022	11,226	$801,565	$71,402	1.1%	44.9	87.9%	50.4%
2023	11,238	$930,463	$82,796	1.4%	48.3	92.1%	54.6%
2024	11,303	$928,159	$82,116	2.0%	46.5	91.3%	53.2%

Personal Income and Unemployment



Education Level Attained for Population 25 and Over



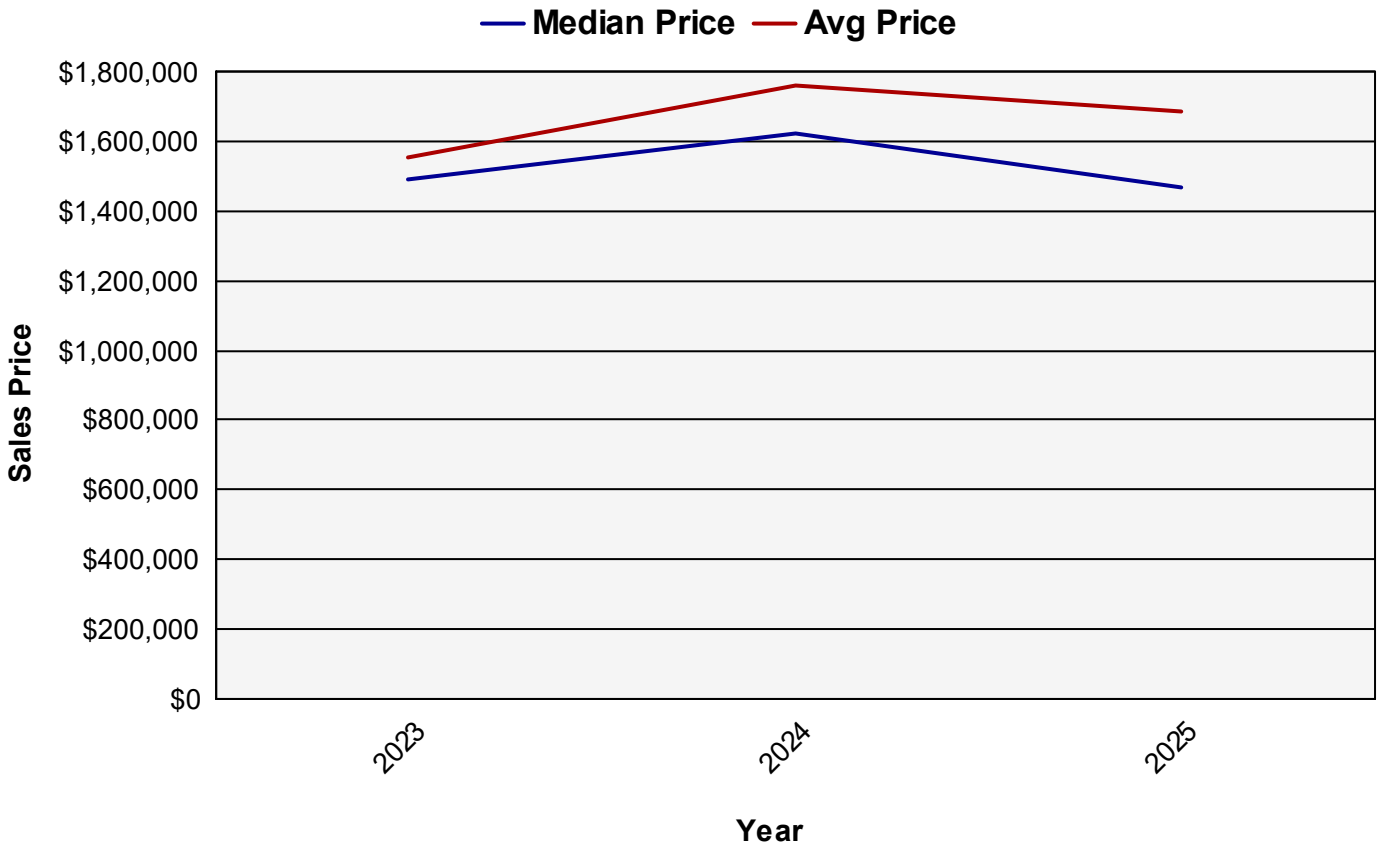
Notes and Data Sources:
Population: California State Department of Finance. Unemployment Data: California Employment Development Department
2000-2009 Income, Age, and Education Data: ESRI - *Demographic Estimates are based on the last available Census.* Projections are developed by incorporating all of the prior census data released to date. Demographic Data is totaled from Census Block Groups that overlap the City's boundaries
2010 and later - Income, Age and Education Data - US Census Bureau, most recent American Community Survey

THE CITY OF HALF MOON BAY

SALES VALUE HISTORY

Single Family Residential Full Value Sales (01/01/2023 - 6/30/2025)

Year	Full Value Sales	Average Price	Median Price	Median % Change
2023	92	$1,553,372	$1,492,500	
2024	94	$1,759,798	$1,621,250	8.63%
2025	53	$1,685,472	$1,470,000	-9.33%



* Multiparcel and trust transfers, quitclaim deeds, timeshares, and partial sales are excluded from this analysis.

Data Source: San Mateo County Recorder

Prepared On 9/5/2025 By MV

This report is not to be used in support of debt issuance or continuing disclosure statements without the written consent of HdL, Coren & Cone



THIS PAGE IS INTENTIONALLY BLANK

MAZE & ASSOCIATES

INDEPENDENT AUDITOR REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Members of the City of Council
City of Half Moon Bay, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the City of Half Moon Bay (City), California, as of and for the year ended June 30, 2025, and have issued our report thereon dated November 20, 2025. Our report included a Change in Accounting Principle paragraph disclosing the implementation of a new accounting principle.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 20, 2025 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze & Associates

Pleasant Hill, California
November 20, 2025

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

VIA: Matthew Chidester, City Manager

FROM: Karen Decker, Economic and Community Vitality Manager
Catherine Engberg, City Attorney

TITLE: **INTRODUCTION OF AN ORDINANCE ADDING CHAPTER 7.65 "COMMERCIAL VITALITY" TO THE HALF MOON BAY MUNICIPAL CODE**

RECOMMENDATION:
Conduct a public hearing, waive first reading, and introduce an ordinance adding Chapter 7.65 "Commercial Vitality" to the Half Moon Bay Municipal Code, establishing maintenance standards for commercial storefronts. (Continued Public Hearing.)

FISCAL IMPACT:
There is no direct fiscal impact associated with introducing this Ordinance. Enforcement will be on a complaint and as-needed basis by existing staff.

STRATEGIC ELEMENT:
This action supports all the Strategic Plan Elements: *Infrastructure and Environment, Healthy Communities and Public Safety, Fiscal Sustainability, and Inclusive Governance*.

BACKGROUND:
At the March 2025 City Council Priorities Setting Workshop, following a series of community listening sessions, concerns were raised regarding neglected and vacant commercial properties. Such conditions contribute to urban decay, diminish property values, deter investment, discourage responsible property ownership, and pose risks to public health and safety. Currently, the City does not have a specific mechanism to regulate empty commercial properties, nor does it require any particular upkeep of commercial properties generally.

City staff developed a draft ordinance that would add a new Section 7.65 to the Municipal Code, and would require property owners to:

- Notify the City when commercial space becomes vacant.
- Maintain a vacant storefront property in a clean and orderly condition.
- Maintain all commercial properties, including occupied ones, in conformance with general upkeep standards, such as trash management and exterior maintenance.

Enforcement authority would rest with the City's Compliance Officer pursuant to Title 4 of the Code ("Code Enforcement"), with potential fines or nuisance abatement for noncompliance.

Staff reviewed comparable ordinances from other jurisdictions (including Saratoga, Patterson, Gilroy, Santa Cruz, Berkeley, and others) to develop a streamlined, scalable local approach. Outreach included input from the Downtown Association, Chamber of Commerce, and local businesses and real estate representatives, all of whom expressed general support for the initiative.

A study session was held on October 7, 2025, which provided additional community feedback and Council direction. There was general support for honoring the uniqueness of storefronts and avoiding overly prescriptive regulations, while also calling for more specificity around the Compliance Officer's role. Councilmembers also emphasized the importance of encouraging merchants and business operators to take pride and ownership in maintaining their storefronts. Education on proper maintenance practices (e.g., leaf blowing, power washing) was also recommended.

Following the study session, staff revised the draft ordinance to reflect feedback on the initial draft. Staff added provisions to address cleanliness concerns on commercial properties in general:

1. Added a requirement for clean awnings and clear exterior lettering, where used.
2. Required that dumpsters and trash cans be enclosed at all times.
3. Prohibited trash or waste from being left outside trash receptacles.
4. Added general cleaning and maintenance requirements for property exteriors, interiors, and adjoining sidewalks or parking areas.

Staff also included examples to Section 7.65.040(B)(7) to provide property owners with options for temporary displays in street-facing windows that have been vacant for more than 90 days. The intent was to help storefronts appear active and visually appealing while keeping regulatory requirements light and limiting the need for significant staff involvement.

A public notice for this first reading was published in the *Daily Journal* on October 24, 2025. On November 4, the City Council opened the public hearing and received public comment on the ordinance. During that meeting, Council expressed desire for more time to allow stakeholders to share any concerns. Specific feedback included a request to include windows as an example of features covered under exterior maintenance standards, and questions about whether locking dumpsters – while still ensuring they can be serviced – would create costly or burdensome requirements for property owners. Council also noted that the draft ordinance appeared more extensive than originally envisioned. As a result, the Council continued the public hearing and first reading to December 2, at which time staff would present an updated draft reflecting all feedback received since the October 7 study session.

DISCUSSION:
Staff contacted several commercial property owners and attended the November 6 meeting of the Downtown Association for feedback on the proposed ordinance. Feedback from those discussions included a request for more precise language regarding the reference to "neat and orderly" in Section 7.65.070 and elimination of the requirement to lock and enclose dumpsters.

Following the meeting, staff provided the meeting facilitators of the Downtown Association with a summary of the discussion, outlining the concerns raised and offering potential solutions. This summary was more broadly shared with a downtown committee, which prompted additional detailed feedback from businesses, including suggested terminology and examples of preferred language from other ordinances, all of which informed the revised draft ordinance (ATTACHMENT 1).

Based on feedback from both Council and the community, staff made notable modifications to Section 7.65.070: All Commercial Properties – Exteriors, including:

- Replacing the general "neat and orderly" language with more specific language about maintenance requirements.
- Removing the requirement to lock and enclose dumpsters and the language related to the condition of awnings, adjoining sidewalks, and parking areas.
- Added new language regarding the "accumulation of rubbish, junk, garbage, litter, debris, discarded materials…" including any violation of minimal requirements in Section 13.15.110 of the existing code.
- Added a specific reference to windows under the "B. Building Exterior" Section.

Additionally, based on feedback from the Council, a new page has been established on the City's website (https://www.halfmoonbay.gov/1032/Commercial-Vitality-Ordinance) that provides more information on the ordinance, includes an FAQ, and could be updated with additional details in the future should the ordinance be adopted.

Most of the feedback for the revised proposed ordinance overall has been positive, and staff have received broad support for the concept. If the City Council introduces the Ordinance, a second reading will be scheduled for Council's next meeting. If adopted after that second reading, the Ordinance will become effective 30 days after adoption.

ENVIRONMENTAL REVIEW:
The Ordinance is not subject to the provisions of the California Environmental Quality Act (CEQA) under CEQA Guidelines Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment), under Section 15060(c)(3) (the activity is not a project as defined in Section 15378), and under Section 15061(b)(3) (common sense exemption).

ATTACHMENTS:
1. Ordinance adding Chapter 7.65 "Commercial Vitality" to the Half Moon Bay Municipal Code
2. Sample Empty Storefront Registration Form

ORDINANCE NO. 2025-XX

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY ADDING CHAPTER 7.65 ("COMMERCIAL VITALITY") TO THE HALF MOON BAY MUNICIPAL CODE

THE CITY COUNCIL OF THE CITY OF HALF MOON BAY DOES ORDAIN AS FOLLOWS:

Section 1. Findings. The City Council of the City of Half Moon Bay hereby adds Chapter 7.65 ("Commercial Vitality") to Title 7 ("Health and Welfare") of the Half Moon Bay Municipal Code ("Commercial Vitality Ordinance "). The City Council finds and declares as follows:

(a) There is an ongoing concern in the City that commercial properties, including vacant properties, and not being adequately maintained.
(b) Neglected commercial properties contribute to urban decay, diminish property values, deter investment, discourage responsible property ownership, and pose risks to public health and safety.
(c) The City's Commercial Vitality Ordinance will establish clear standards for maintaining commercial properties and will give the City appropriate enforcement mechanisms to ensure that commercial properties remain in good upkeep, contributing to the vitality of the City.

Section 2. Amendments. A new Chapter 7.65 is added to the Municipal Code as set forth in Attachment A.

Section 3. Severability. If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and adopted this Ordinance and each section, sentence, clause or phrase thereof, irrespective of the fact that any one or more section, subsections, sentences, clauses or phrases be declared invalid or unconstitutional.

Section 4. CEQA. The City Council finds that adoption of this Ordinance is not subject to the California Environmental Quality Act ("CEQA") under the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, Section 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and Section 15060(c)(3) (the activity is not a project as defined in Section 15378), because it has no potential to result in physical change to the environment. Moreover, the City Council finds that even if adoption of this Ordinance were otherwise subject to CEQA, it would be exempt pursuant to CEQA Guidelines Section 15061(b)(3) (common sense exemption).

Section 5. Publication. The City Clerk of the City of Half Moon Bay is hereby directed to publish this Ordinance pursuant to Government Code section 36933.

Section 6. Effective date. This Ordinance shall take effect and be in force on the thirtieth (30th) day from and after its final passage.

INTRODUCED at a regular meeting of the City Council of the City of Half Moon Bay, California, held on the 4th day of November, 2025, and continued to the 2nd day of December, 2025;

ADOPTED at a regular meeting of the City Council of the City of Half Moon Bay, California, held on the _____ day of _____, 2025, by the following vote:

AYES,
NOES,
ABSENT,
ABSTAIN,

ATTEST: APPROVED:

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

Chapter 7.65
COMMERCIAL VITALITY

Sections:

7.65.010 Title
7.65.020 Purpose
7.65.030 Definitions
7.65.040 Maintenance Requirements for Empty Storefronts Subject to this Chapter
7.65.050 Notice of Empty Storefront Status
7.65.060 Neglected Storefronts
7.65.070 All Commercial Properties - Exteriors
7.65.080 Enforcement

7.65.010 Title.

This chapter shall be known as the "Commercial Vitality Ordinance."

7.65.020 Purpose.

The purpose of this ordinance is to preserve and enhance the aesthetic, economic, and social vitality of the City of Half Moon Bay by identifying and remedying neglected commercial properties. The City finds that neglected and vacant commercial buildings contribute to urban decay, reduce property values, deter investment, and threaten public health and safety.

7.65.030 Definitions.

The following words and phrases, whenever used in this chapter, shall have the meanings defined in this section.

A. "City" means the City of Half Moon Bay.
B. "Compliance Officer" means the city manager or any person authorized or directed by the city manager to enforce or otherwise ensure compliance with any provision of this Chapter.
C. "Empty Storefront" means a room or set of rooms facing a street on the ground floor of a building with a ground-floor commercial use that a reasonable observer would conclude meets one of the following conditions:
    1. The storefront does not appear to be consistently lawfully occupied for a commercial purpose; or
    2. The storefront fails to consistently maintain regular operating hours during which it is open for business.

D. “Responsible Party” means the owner, agent, representative, or individual who has the duty to maintain the premises in compliance with this ordinance;
E. “Neglected Storefront” means a room, set of rooms, or adjoining portions of a building or building exterior facing a street on the ground floor of a building with a ground-floor commercial use that meets one of the following conditions:
    1. The storefront meets a nuisance condition, as defined in Chapter 4.12 of this code or as listed in Health and Safety Code section 17920.3, as applicable;
    2. The storefront violates the provisions of Chapter 9.34 of this code; or
    3. The storefront is otherwise dilapidated, deteriorated, unsanitary, or maintained in inadequate condition so as to substantially detract from the aesthetic, social, and economic value of neighboring properties.

7.65.040 Maintenance Requirements for Empty Storefronts Subject to this Chapter.

In addition to any other applicable requirements contained in this code or state or federal law, all empty storefronts subject to this Chapter must be maintained in accordance with the following requirements:

A. All empty storefronts shall be posted with the name and contact phone number of the Responsible Party. If the Responsible Party is not the property owner, the compliance officer for the City shall be provided with the property owner’s name, address, and phone number.
B. All empty storefront properties shall be actively maintained to prevent the property from meeting the definition of a neglected storefront. This includes, but is not limited to:
    1. Maintaining the structure in a structurally sound condition that does not constitute a hazard to public health or safety and that complies with this code.
    2. Maintaining the property in a manner that does not create an unreasonable risk of fire, including removal of weeds and maintaining or removing heating systems.
    3. Maintaining the property in such condition as not to create the appearance of an unsecured, unoccupied structure or other hazard to public safety, which shall include maintaining tidy landscaping and keeping the property free from outdoor storage and trash.
    4. Securing the storefront from entry or occupation by unauthorized persons. All windows, doors (walk-through, sliding, and garage), and gates that may allow access to the interior of the property must properly close and lock, and remain locked when the structure is not in use.
    5. Preventing illegal activity on the premises.

6. Maintaining sufficient utility services to ensure active operation of any alarm or security system, exterior lighting, and proper irrigation of all landscaping on the property.
7. For storefronts that are empty for more than 90 days, installing a display on or in any street-facing windows that makes the storefront appear active and attractive, which may include:
    i. Temporary displays simulating a business;
    ii. Artwork or cultural/historical exhibits;
    iii. Window paintings/wayfinding/local school art
    iv. Other City-approved designs.

C. The owner or designated Responsible Party must perform monthly inspections to ensure compliance with this Chapter and the code.

7.65.050 Notice of Empty Storefront Status.

A. The owner of an empty storefront shall, within 90 days after it has become empty, notify the Compliance Officer of the vacancy.
B. The notice must include:
    1. A contact phone number, email address, and physical address for the owner and, if applicable, the Responsible Party designated for upkeep and maintenance of the empty storefront;
    2. A description of the most recent legal use of the empty storefront and the square footage of the empty storefront.
C. The Responsible Party must provide the Compliance Officer with updates to the notice at least every 90 days after providing the original notice.
D. The Responsible Party must meet with City staff upon request, to discuss the status of ending the storefront's vacancy and to rectify any storefront maintenance issues. City staff may require a property maintenance plan describing the owner's plans for compliance with the maintenance requirements of this Chapter.

7.65.060 Neglected Storefronts.

Notwithstanding the terms of any permits, licenses, approvals, or agreements, it is a violation of this code and a public nuisance to maintain a neglected storefront.

7.65.070 All Commercial Properties - Exteriors.

All commercial properties shall be maintained according to the following standards:

A. Landscaping and Exterior Grounds
    1. Vegetation is not overgrown, dead, decayed, or in a state of rank growth.

2. No accumulation of rubbish, junk, garbage, litter, debris, discarded materials, flyers, circulars, or similar matter, including any violation of minimal requirements in Section 13.15.110 of this code, shall be present or occur on property exterior areas.
    i. This provision also applies to interior areas of a commercial property visible from the exterior.
3. Stagnant or standing water is not permitted to accumulate except as part of a lawful drainage or stormwater-management system.

B. Building Exterior
1. Walls, facades, trim, fences, signs, retaining walls, stairs, and other exterior components are not substantially broken, deteriorated, or defaced.
2. Exterior paint or finishes are not substantially worn off, peeling, flaking, or missing, unless the architectural style of the building was intended to remain unpainted.
3. Windows are clean and not broken or missing, and doors and openings are not left unsecured or boarded except as authorized by permit.
4. Graffiti is removed or abated from any exterior surface of the building or interior area visible from the exterior.

7.65.080 Enforcement.

The Compliance Officer is authorized to do the following:

A. Inspect commercial properties to identify empty or neglected storefronts, determine ongoing compliance with this Chapter, and initiate proceedings against owners found to be in violation of this Chapter or any other applicable code.
B. Order the owners of empty storefronts or neglected storefronts to comply with this Chapter and any other applicable provisions of this code.
C. Employ the enforcement mechanisms available in Title 4 of this code to remedy violations of this Chapter.
D. Establish and enforce any administrative policies necessary for the implementation and enforcement of this Chapter.

THE CITY OF
HALF MOON BAY
CALIFORNIA

Empty Storefront Registration Form

SAMPLE

Property Information

- **Property Address:** _____
- **Assessor's Parcel Number (APN):** _____
- **Square Footage of Empty Storefront:** _____

Owner Information

- **Owner Name(s):** _____
- **Mailing Address:** _____
- **Phone Number:** _____
- **Email Address:** _____

Responsible Party (if different from owner)

- **Name/Company:** _____
- **Mailing Address:** _____
- **Phone Number:** _____
- **Email Address:** _____

Vacancy Details

- **Date property became vacant:** _____
- **Most recent legal use of storefront:** _____
- **Future plans for property (if any):** _____

Compliance Acknowledgment

By signing below, I acknowledge and agree to:

- Maintain the property in accordance with **HMB Municipal Code, Chapter 7.65** (Vitality Ordinance).
- Perform monthly inspections and address any maintenance issues.
- Prevent blight, unauthorized entry, and illegal activity.
- Provide updated information to the City every **90 days** until the storefront is occupied.
- Meet with City staff upon request to discuss vacancy status and compliance.

For storefronts **vacant more than 90 days**, property owners should install displays in street-facing windows to keep spaces looking active and attractive such as temporary business setups, artwork, school art, or other City-approved designs. The City can suggest resources or examples to help property owners comply.

Owner/Responsible Party Signature: _____ Date: _____

SAMPLE

BUSINESS OF THE CITY OF HALF MOON BAY CITY COUNCIL

AGENDA REPORT

For the Meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

VIA: Mathew Chidester, City Manager

FROM: Leslie Lacko, Community Development Director
Scott Phillips, Senior Planner

TITLE: **ADOPT A RESIDENTIAL DWELLING UNIT PHASING AGREEMENT PURSUANT TO HALF MOON BAY MUNICIPAL CODE SECTION 17.06.055 (MEASURE D)**

RECOMMENDATION:
Conduct a public hearing and adopt a resolution approving a Development Unit Phasing Agreement pursuant to Half Moon Bay Municipal Code Section 17.06.055 for 34 Measure D residential dwelling unit allocations over two years and make required findings.

FISCAL IMPACT:
There is no fiscal impact anticipated.

STRATEGIC ELEMENT:
This action supports the *Healthy Communities and Public Safety*, *Inclusive Governance*, *Fiscal Sustainability,* and *Infrastructure and Environment* Elements of the City's Strategic Plan.

BACKGROUND:
In 1991, Measure A was adopted by City voters establishing a 3 percent annual growth limit. In 1999, Measure D was adopted by City voters establishing the Residential Growth Ordinance limiting the residential growth annually to one percent, with an additional 0.5 percent allowed at the discretion of City Council for residential development in the "Downtown Area." On December 1, 2010, the City Council adopted an ordinance amending Chapter 17.06 of the Half Moon Bay Municipal Code entitled "Residential Dwelling Unit Allocation System." Measure D mandates that "the City shall allocate permissible dwelling units among applications on the basis of the existing allocation system or a subsequently modified system." Measure D allocations are reviewed and authorized annually by the City Council per Section 17.06.020 of the Municipal Code. In addition, Section 17.06.055 of the Municipal Code allows applicants to request Measure D allocations over a period of time greater than one year through a development phasing agreement, pending approval by the City Council at a duly noticed public hearing.

MidPen Housing Corporation has requested a Measure D Phasing Agreement to facilitate its receipt of the remaining 34 Measure D allocations that are required for the development of 52 affordable residential units at 940 Main Street. Attachment 2 includes the project's conceptual plans. The site is along the north side of Metzgar Street between Main Street and Cabrillo Highway and is outside of the Downtown Area as shown on Figure 1 within Chapter 17.06.

MidPen's initial phasing agreement request was received in January of 2024. Since that time, MidPen has been issued a total of 10 Measure D allocations: 5 allocations in 2024 and 5 allocations in 2025. Modifications to the project, including the number of units and site design, have taken place since the initial submittal. In total, 44 Measure D allocations are needed prior to submittal of the Coastal Development Permit application for the project. Through the phasing agreement that MidPen proposes, MidPen would receive a total of 34 additional allocations: 17 allocations in 2026 and 17 allocations in 2027. The eight remaining residential units in the project (beyond the 44 units for which Measure D allocations are needed) are proposed under State Density Bonus and are exempt from Measure D requirements. Table 1 below summarizes the Measure D allocations needed for the project, and the timing for awarding allocations to MidPen under the phasing agreement that MidPen has proposed. In addition, MidPen prepared a cover letter describing the project (Attachment 3).

Table 1 – Measure D Allocation Summary

Year	Requested Allocations	Status
2024	5	Awarded via a Single Allocation Application
2025	5	Awarded via a Single Allocation Application
2026	17	*Pending Approval of Phasing Agreement*
2027	17	*Pending Approval of Phasing Agreement*
Total	**44**	

* MidPen only needs 44 Measure D allocations for its 52-unit project because 8 of the units are density bonus units, which are exempt from needing Measure D allocations.

DISCUSSION:

Section 17.06.055 of the Municipal Code establishes the methodology for review and approval of a development phasing agreement. Section 17.06.055 A requires review and approval by the City Attorney of the form of the requested phasing agreement, which has occurred (see Attachment 5).

Section 17.06.055 B requires a development phasing agreement to address the effects that a development phasing plan would have on any other reasonably anticipated development proposals. A development phasing plan refers to the number of allocations a development phasing agreement awards and the time over which it awards them. Municipal Code Section 17.05.055 B also specifies that for a development phasing plan to award an applicant more than 50% of available Downtown or outside of Downtown allocations (whichever type of allocations are applicable to the project) in a given year, before approving the phasing agreement the City Council must make specific findings. Specifically, the City Council needs to find that by awarding more than 50% of available allocations to an individual developer via the phasing agreement, that no other developer will be unreasonably precluded from receiving all or part of any allocations that the developer may be reasonably entitled to receive during the term of the development

phasing plan/agreement.

The average number of Measure D allocations issued by the City Council on an annual basis for outside of Downtown is 21. The proposed development phasing plan would allow MidPen to receive 17 allocations in both 2026 and in 2027, greater than fifty percent of the maximum normally permitted, which therefore requires Council to make the finding in Municipal Code section 17.06.055 B to approve the development phasing plan and agreement.

Consistent with Municipal Code section 17.06.055 C, City staff provided the applicant with the names, email addresses, and mailing addresses of developers reasonably expected to be affected by the requested development phasing agreement, including but not limited to recurring Measure D applicants from recent years. Notices were distributed via mail and email to the potential developers by the applicant in order to adequately inform the potential developers of the requested phasing agreement. City staff contact information was included in the notices. Attachment 4 includes a quantitative analysis related to allocation requests and issuance over the past four years.

In addition to the notification distribution conducted by the applicant, staff notified the public of the Development Phasing Agreement proposal by publishing a legal notice in the San Mateo Daily Journal, mailed notification to all property owners and renters within 300 feet of the site, as well as postings on the site. As of the date of this report, staff has not received verbal or written public comments .

In sum, Section 17.06.055 specifies that the City Council shall consider the following when reviewing a development phasing agreement:

1. Consider how the requested development phasing agreement would affect other reasonably anticipated development proposals.
2. Consider all written responses or oral testimony at a public hearing.
3. Where applicable, as it is here, consider the required finding identified Section 17.06.055 B: “by awarding a greater number of allocations to an individual developer through the phasing agreement, no other developer will be unreasonably precluded from receiving all or part of any allocations that the developer may be reasonably entitled to receive during the term of the development phasing plan.”

NEXT STEPS:

If the City Council determines it can make the required finding and elects to adopt the resolution (Attachment 1), approving the development phasing agreement in the form shown in Attachment 5, staff will inform the applicant, finalize and execute the Measure D Phasing Agreement (Attachment 5), and award the Measure D allocations in 2026 and 2027 consistent with the development phasing agreement.

The City Council could, alternatively, propose modifications to the requested development phasing agreement. For example, the City Council could propose to decrease the number of allocations the phasing agreement would award to the project in 2026 and increase the number

of allocations awarded to the project in 2027 by a corresponding amount. One reason for taking this approach is that by the time allocations are awarded in 2027, it is anticipated that Municipal Code updates contemplated by **Housing Element Program 6-8 – Residential Dwelling Unit Allocation System** requiring only one half an allocation for ADUs, and rolling over allocations awarded to projects for which no building permit is timely applied, will have been adopted by Council and certified by the Coastal Commission, reducing competition for allocations.

ATTACHMENTS:

1. Resolution Approving the Development Phasing Agreement for MidPen Housing Corporation for 940 Main Street
2. Conceptual Plans
3. Cover Letter from MidPen Housing Corporation
4. Phasing Development Analysis
5. Draft Measure D Phasing Agreement

RESOLUTION NO. C-2025-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY APPROVING A DEVELOPMENT PHASING AGREEMENT WITH MIDPEN HOUSING CORPORATION

WHEREAS, in November of 1999, the electorate of the City of Half Moon Bay adopted a new Residential Growth Initiative (Measure D) establishing that the number of residential dwelling units for which the City may authorize allocations each calendar year shall not exceed the number of units that would result in a growth of 1% of the City's population, plus an additional 0.5% for additional dwelling units in the area defined by Measure D as the "Downtown Area"; and

WHEREAS, Measure D has been adopted into the City's Local Coastal Program and certified by the California Coastal Commission; and

WHEREAS, in December of 2010, to implement Measure D, the City Council adopted the Residential Dwelling Unit Permit Allocation System Ordinance, Chapter 17.06 of the Half Moon Bay Municipal Code; and

WHEREAS, Section 17.06.055 of the Municipal Code allows for the phased issuance of Measure D allocations to an applicant over a period of time greater than one year through a Development Phasing Agreement, subject to City Council review and approval at a public hearing; and

WHEREAS, Section 17.06.055 B of the Municipal Code requires that for the City Council to approve a Development Phasing Agreement that awards an individual developer of an outside of Downtown Area project more than 50% of the available outside of Downtown Area allocations in a given year, the City Council must find that by awarding a greater number of allocations to that individual developer, no other developer will be unreasonably precluded from receiving all or part of any allocations that the developer may be reasonably entitled to receive during the term of the development phasing plan; and

WHEREAS, MidPen Housing Corporation (MidPen) proposes to develop a 52-unit affordable housing project at 940 Main Street in Half Moon Bay, outside of the Downtown Area; and

WHEREAS, MidPen needs a total of 44 Measure D allocations to submit a Coastal Development Permit application for the project, and has already received 10 of those allocations—5 in 2024 and 5 in 2025; and

WHEREAS, under Section 17.06.055 of the Municipal Code, MidPen has requested that the City approve a Development Phasing Agreement under which the City would award MidPen 34 additional Measure D allocations—17 allocations in 2026 and 17 allocations in 2027, which is more than 50% of the outside of Downtown Area allocations that the City anticipates will be available in 2026 and 2027; and

WHEREAS, the City Council conducted a duly noticed public hearing on December 2, 2025, on the MidPen proposed Development Phasing Agreement, at which time all those desiring to be heard on the matter were given an opportunity to be heard; and

WHEREAS, the City Council considered all written and oral public comment presented for their consideration.

NOW, THEREFORE BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby finds and determines as follows:

1. In accordance with Municipal Code Section 17.06.055 B, The City Council finds that by awarding a greater number of allocations to MidPen Housing Corporation, an individual developer, through the Development Phasing Agreement, no other developer will be unreasonably precluded from receiving all or part of any allocations that the developer may be reasonably entitled to receive during the term of the development phasing plan.

2. The City Council approves a Development Phasing Agreement awarding MidPen Housing Corporation 17 allocations in 2026 and 17 allocations in 2027.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:
NOES, Councilmembers:
ABSTAIN, Councilmembers:
ABSENT, Councilmembers

ATTEST: APPROVED:

_____ _____

Maggie Rodreguez, Assistant City Clerk Robert Brownstone, Mayor



ZONING SUMMARY	
Address / APN	940 Main Street / 064-272-100
Site Area	1.9 acres (83,218 sf) 1.48 acres after subtracting Main St. lots
Zoning Designation	Current R-2
Density	LCLUP RHD: 16.1 - 30.0 dua
Building Height Limit	28’
FAR Limit	0.5
Minimum Setbacks	20’ front; 5’ side; 10’ street side; 20’ rear
Maximum Site Coverage	35%
Usable Open Space	15% of each unit’s floor are (can combine private and common open space)
Parking	• 9’x19’ per standard space • 25’ drive aisle (two-way) • 2 garage spaces per unit (1 covered) • 1 guest space per 4 units
Density Bonus Parking Reduction (per City Code)	• 1 space per studio/1br • 2 spaces per 2br/3br
Local Coastal Land Use Plan (LCLUP) Designation	• Residential - High Density (16.1 - 30.0 dua) • Town Center - South Downtown
General Plan Designation	Residential High Density (RHD)
Bike Parking	• short term: 1:10 required vehicle parking space • long term: 1:3 residential units

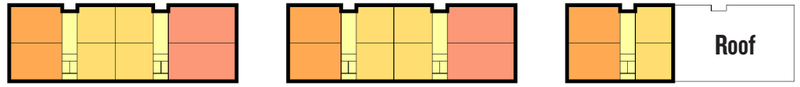
0 50’ 100’

940 MAIN STREET | EXISTING SITE

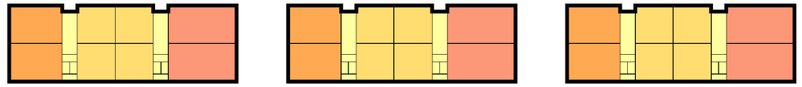
HALF MOON BAY, CA | JANUARY 29, 2024 | MIDPEN HOUSING

MidPen HOUSING

3rd Floor Plan



2nd Floor Plan



Ground Floor Site Plan



PROGRAM SUMMARY			
Site Area	1.48 acres		
Unit Type	Amount	% Mix	Leaseable Area
3-story walkup 1 br	25 units	48%	563 sf
3-story walkup 2br	14 units	27%	788 sf
3-story walkup 3br	13 units	25%	1,013 sf
TOTAL	**52 units** (35 dua)		
Gross Building Areas			
Residential	42,500 sf		
Circulation / Service	9,070 sf		
Common	875 sf		
Office	625 sf		
TOTAL	**53,070 sf** (0.8 FAR)		

PARKING SUMMARY	
[1] City Zoning Minimum Required Parking	79 spaces
Parking Provided	106 spaces
Resulting Overall Parking Ratio	2.0 spaces per unit

NOTE: [1] 1 space per 1 bedroom and 1.5 spaces per 2br, 3br per MidPen email on July 12.
Min. short term bike parking: 8 spaces
Min. long term bike parking: 17 spaces

0 50' 100'

940 MAIN STREET | CONCEPT LAYOUT

HALF MOON BAY, CA | JANUARY 29, 2024 | MIDPEN HOUSING

MidPen HOUSING

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

MidPen HOUSING
Building Communities. Changing Lives.

October 1, 2025

Community Development Department
Attn: Scott Phillips
501 Main Street
Half Moon Bay, CA 94019

Subject: Measure D Phasing Agreement; 940 Main Street (APN: 064-272-100)

Dear Mr. Phillips,

We are submitting this letter and associated attachments to demonstrate our intention to move forward with our request for a Measure D Phasing Agreement for our proposed affordable housing project at 940 Main Street. Please find herein our analysis of development impact, project description, assumed entitlement path, and project schedule. On September 13, 2024, MidPen submitted our response to the items identified in the City's Incompleteness Letter dated April 22, 2024. In the intervening year as the Phasing Agreement was under review with the City, MidPen secured an additional 5 allocations under a single allocation application, for a total of 10 allocations allocated toward the project. This submittal provides an update to the proposed Phasing Agreement delivery for 2026 and 2027.

The MidPen team appreciates the support and input from the City of Half Moon Bay and we look forward to our continued work together on this project.

Project Overview

The proposed development project concept remains unchanged from our previous submittal. The project proposes 52 affordable housing units and associated site amenities, including up to 106 parking spaces, bike parking, and common open space.

Assumed Entitlement Path

This Phasing Agreement request assumes the project is eligible for SB 35 ministerial approval and will satisfy criteria outlined in SB 423, including zoning requirements. The site is currently zoned R-2, which does not permit multifamily; however, the land use designation adopted in 2020 is Residential High Density, which does permit multifamily thus enabling SB 35/423. Per AB 821, if a zoning ordinance becomes inconsistent with the general plan due to amendments, a local agency must either a) amend the zoning to process the application or b) process the application based on the objective general plan standards. These options are outlined in the opinion of land use attorney Holland & Knight, which is included with this application as Attachment A.

MidPen's entitlement plan assumes path **b** above and that the project will utilize SB 35/423 and is incorporated in the detailed development timeline below.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Per conversations with City staff, the City is in the process of adopting objective standards with a target approval of January 2025, following which an entitlement submittal could be processed.

Phasing Agreement

1. Payment for Measure D Allocations
   MidPen has provided payment for the 10 Measure D allocations.

2. Proposed Measure D Allocations
   Density Calculation and Allocations
   Base density is based on maximum density of the High Density Residential land use designation (30 dua) for the 1.48 acres. The additional 8 units will be requested as a part of a State Density Bonus Application submitted with the entitlement application.

Base Density	44.4
Bonus Units	8
Total Project Units	52
Allocations To Date	10
Remaining Allocations	34

   Proposed Allocation Schedule
   The allocation schedule below takes into consideration both MidPen's development timeline and the analysis of anticipated development, included as Attachment B. Between 2024 and 2025, MidPen was awarded a total of 10 single unit allocations to put toward the project. To reach the remaining 34 units, we propose a distribution of 17 allocations per year (2026 and 2027) to reach the full allocation (44) by 2027.

   2024: 5
   2025: 5
   2026: 17
   2027: 17
   Total: : 44

   Detailed Timeline
   Per City ordinance, the project would need all of its Measure D allocations in place prior to building permit issuance. Per the draft schedule below, a building permit would be pulled prior to construction closing in 2027. Per this schedule, the project would be it's seeking its remaining allocations in 2026 and 2027.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Milestone	Date
Purchase & Sale Agreement Execution	June 2024
Site Due Diligence Completion	October 2024
Objective Standards Approval (City)	January 2025
Land Sale Closing	January 2026
SB 35 Entitlement Submission	May 2026
SB 35 Entitlement Approval	October 2026
Soft Financing Committed – Anticipating City, County & State Sources	December 2026
9% TCAC Application Submission	February 2027
Building Permit Application	February 2027
9% TCAC Award	May 2027
Building Permit Approval	**September 2027**
Construction Finance Closing	October 2027
Construction Start	October 2027
Construction Complete	April 2029
100% Lease Up	August 2029
Permanent Loan Conversion	December 2029

3. Effects of Phasing Agreement on Anticipated Development
MidPen has put together the attached analysis (Attachment B) showing Measure D application and approval data from 2021-2025 for the area outside of Downtown and projections for 2026-2027 reflecting historical data. Based on the average of 2021-2025 application data, this project would require 77% of the Outside Downtown allocations for the 2026-2027 period. As shown in the Development Impact section of Attachment B, there will be an estimated 5 allocations remaining for other applicants requesting allocations in the Outside Downtown pool. This will primarily impact ADU and ADU + Single Family development in the Outside Downtown area, which represents the greatest number of requests. However, underutilization of Downtown unit allocations provides an opportunity to approve additional Outside Downtown requests. We estimate that with a transfer of unused Downtown base allocations to Outside Downtown, an additional 18 units can be allocated. This would leave 12 applicants not receiving an allocation each year, which is less than the average number of applicants that have not received an allocation in 2021-2025.

   As demonstrated in MidPen's two single allocation applications for 2024 and 2025, the proposed project meets the majority of the City's goals for residential development. In particular, the project is a well-positioned infill site with convenient access to Downtown amenities and transit. The project will comply with the Objective Design Guidelines to provide efficient, accessible, and sustainable site design.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Importantly, the project is 100% affordable for families and individuals earning up to 60% area median income.

4. Revised Concept Design
   Please see attached revised concept design (Attachment C) reflecting City comments. The revised concept design includes the following updates/clarifications:
   - No changes proposed to the existing residence
   - Maximum density shown per Residential High Density land use designation
   - Zoning standards shown for current zoning (R-2), pending City adoption of objective standards to incorporate for entitlement submission
   - Minimum short term and long-term bike parking shown

Thank you for your consideration and review of the Phasing Agreement to bring new affordable housing to Half Moon Bay. The project team is available for any questions as you conduct review. You can email Project Manager Allison Vogt at allison.vogt@midpen-housing.org or call at 650-678-8576.

Sincerely,

Signed by:
Kevin Griffith
4C843B536E00407...
Kevin Griffith
Vice President of Housing Development

Attachments:
Attachment A – Holland & Knight SB 35/SB 423
Eligibility Attachment B – Phasing Allocations and Development Analysis
Attachment C – Revised Concept Designs

Measure D Available Allocations

	2021	2022	2023	2024	2025	Avg 2021-2025
Downtown Total	44	46	45	42	45	44
Outside Downtown Total	22	23	22	21	22	22
Total	66	69	67	63	67	66

Measure D Allocations - Requested

	2021	2022	2023	2024	2025	Avg 2021-2025
Downtown Total	22	44	45	14	3	26
Outside Downtown Total	29	41	28	42	47	37
SF Units	4	3	2	0	*1*	2
SF Units + ADUs	8	18	16	24	*20*	17
ADUs	17	15	10	13	*14*	14
MF	0	0	0	5	*5*	2
Duplex + ADU	0	2	0	0	*0*	0
Farmworker Housing	0	3	0	0	*0*	1
Other	0	0	0	0	7	1

Measure D Allocations - Outside Downtown Approvals

	2021	2021 Downtown Transfer to Outside	2022	2022 Downtown Transfer to Outside	2023	2023 Downtown Transfer to Outside	2024	2024 Downtown Transfer to Outside	*2025*	2025 Downtown Transfer to Outside	Avg 2021-2025
SF Units	0		0		0		0		*1*	*0*	0
SF Units + ADUs	6	4	6		12		10		*10*	*8*	9
ADUs	16	6	12		10		6		*5*	*7*	10
MF	0		0		0		5		*3*	*2*	2
Duplex + ADU	0		2		0		0		*0*	*3*	0
Farmworker Housing	0		3		0		0		*0*	*0*	1
Other	0				0		0		*3*	*0*	1
Total	22	10	23	0	22	0	21	0	22	20	22
Units Not Allocated	**0**		**18**		**6**		**21**		**5**		**15**

Project Allocation Scenario

Base Density (30 du/ac)	44.4
Bonus Units	8
Total Project Units	52
Allocations To Date	10
Remaining Allocations	34

Development Impact

	2026	2027
Available - Average of 2021-2025		
Downtown Total	44	44
Outside Downtown Total	22	22
Outside Downtown Requested - Average of 2021-2025		
SF Units	2	2
SF Units + ADUs	17	17
ADUs	14	14
940 Main Street MF	**17**	**17**
Duplex + ADU	0	0
Farmworker Housing	1	1
Other	1	1
Total	52	52
Development Impact		
940 Main Street MF - Percentage of Available Allocations (17 allocations of 22 average available allocations for Outside Downtown)	**77%**	**77%**
Remaining Allocation for Outside Downtown (22 average available allocations for Outside Downtown - 17 units)	**5**	**5**
Potential Downtown Transfers Based on Average Downtown Utilization (44 Average Downtown Units Available - 26 Average Downtown Units Requested)	**18**	**18**
Units Not Allocated	**12**	**12**

MEASURE D RESIDENTIAL PHASING PLAN AND AGREEMENT BETWEEN THE CITY OF HALF MOON BAY AND MP METZGAR STREET ASSOCIATES, L.P. FOR THE 940 MAIN STREET AFFORDABLE HOUSING PROJECT

This Measure D Residential Phasing Plan and Agreement ("**Agreement**") is entered into as of December 2, 2025 between the City of Half Moon Bay, a municipal corporation ("**City**") and MP Metzgar Street Associates, L.P. ("**Developer**"). Developer is a wholly-controlled affiliate entity of MidPen Housing Corporation. City and Developer are collectively referred to herein as the "**parties**."

RECITALS

A. A residential growth initiative ("**Measure D**") was passed in the City of Half Moon Bay in 1999 that mandates a residential growth limit in the City of Half Moon Bay of one percent (1%) to one and a half percent (1.5%) annually

B. The City has set forth regulations to implement Measure D in Half Moon Bay Municipal Code ("**Municipal Code**") Chapter 17.06.

C. Each new residential unit in the City of Half Moon Bay must receive a Measure D allocation prior to receiving a building permit, unless subject to an exemption.

D. Only a limited number of Measure D allocations are issued each calendar year.

E. Pursuant to Municipal Code Section 17.06.055, the City Council may approve a development phasing agreement for a project applicant, which shall address the phased issuance of Measure D allocations to a development project and address the effects such a phasing plan will have on any other reasonably anticipated development proposals and applications for Measure D allocations under the provisions of Chapter 17.06.

F. Mid-Peninsula Half Moon Bay, Inc., a MidPen Housing Corporation-affiliated entity, is in contract to purchase the real property at 940 Main Street, Half Moon Bay (Assessor's Parcel Number 064-272-100) (the "**Property**"), with a January 12, 2026 deadline to close escrow.

G. The Developer intends to seek approvals related to the development of a 52-unit affordable residential development to be located at 940 Main Street (the "**940 Main St. Affordable Housing Project**" or "**Project**") for which it will need a total of forty-four (44) Measure D allocations for affordable residential units.

H. The Developer is requesting that the City enter into this Agreement.

I. Pursuant to Municipal Code Section 17.06.055.A, the City Council held a noticed public hearing on December 2, 2025 to receive testimony on and consider the Agreement.

J. Pursuant to Municipal Code Section 17.06.055.C, notice of the public hearing was provided to all other developers reasonably expected to be affected by the Agreement.

K. The City Council found that no other developer will be unreasonably precluded from receiving all or part of any Measure D allocations that such developer may be reasonably entitled to receive during the term of this Agreement.

NOW, THEREFORE, in consideration of the foregoing, it is mutually agreed by and between the undersigned parties as follows:

1. Issuance of Measure D Allocations. City shall issue Measure D allocations for the 940 Main St. Affordable Housing Project in accordance with the following schedule, :

a. For 2024 – five (5) Measure D allocations for affordable residential units, which were issued as of May 14, 2024.

b. For 2025 – five (5) Measure D allocations for affordable residential units, which were issued as of September 12, 2025.

c. For 2026 – seventeen (17) Measure D allocations for affordable residential units, which shall be deemed issued as of January 15, 2026.

d. For 2027 – seventeen (17) Measure D allocations for affordable residential units, which shall be deemed issued as of January 15, 2027.

In addition, if in 2026 there are any Measure D allocations that have not been awarded as of September 2, 2026, in that year the City may make available to Developer such unallocated Measure D allocations that are available for the outside of downtown area, consistent with Municipal Code Sections 17.06.120.E and 17.06.120.F. In the event Developer receives Measure D allocations pursuant to this paragraph, the number of Measure D allocations Developer is awarded pursuant to this Agreement in 2027 shall be reduced accordingly. In no event shall Developer be awarded more than forty-four (44) Measure D allocations for the 940 Main St. Affordable Housing Project pursuant to this Agreement.

2. Issuance of Building Permits.

a. Consistent with Municipal Code Section 17.06.050.A, the time period for the submission of a complete building permit application for any residential unit in the Project with a Measure D allocation shall be 12 months from the date the

Measure D allocation is issued, subject to any extension granted pursuant to Municipal Code Sections 17.06.050.C and 17.06.050.D.

b. In accordance with and subject to the procedures of Municipal Code Section 17.06.050.F, the 12-month time period specified in Section 17.06.050.A shall be extended or tolled by any time spent by Developer securing any other approvals, permits, subdivision maps, coastal development permits, utility connections, utility capacity, agreements, certifications or entitlements from the City or any other agency, commission, district, board or public entity for the Project, including the Measure D allocations to be issued under this Agreement.

3. **Termination of Measure D Allocations.** Notwithstanding any other language set forth in this Agreement, any Measure D allocation issued in accordance with this Agreement shall become null and void if Mid-Peninsula Half Moon Bay, Inc. has not taken title to the Property by March 15, 2026, or if no building permit for the 940 Main St. Affordable Housing Project has been issued by January 1, 2030. The time for termination of the Measure D allocations issued in accordance with the Agreement may be modified in writing by the parties following a noticed public hearing.

4. **Timely Performance.** Measure D allocations issued in accordance with this Agreement shall be subject to the requirements and procedures of Municipal Code Section 17.06.060.

5. **Construction.** The section headings and captions of this Agreement are, and the arrangement of this instrument is, for the sole convenience of the parties to this Agreement. The section headings, captions, and arrangement of this instrument do not in any way affect, limit, amplify, or modify the terms and provisions of this Agreement. The singular form shall include plural, and vice versa. This Agreement shall not be construed as if it had been prepared by one of the parties, but rather as if both parties have prepared it.

6. **Termination of Agreement**. This Agreement may be terminated at any time by the written agreement of the parties. Upon termination, any Measure D allocation issued in accordance with this Agreement shall become null and void.

7. **Governing Law**. This Agreement shall be governed and construed in accordance with California law and the laws of the City of Half Moon Bay.

8. **Counterparts.** This Agreement may be executed in one or more counterparts. Each shall be deemed an original and all, taken together, shall constitute one and the same instrument.

9. **Assignment.** Developer may not transfer or assign any or all of its rights or obligations hereunder without the prior written consent of the City, which consent shall be granted

or withheld in the City's reasonable discretion, and any such attempted transfer or assignment without the prior written consent of City shall be void. Notwithstanding the foregoing and subject to the City's consent, which consent shall not be unreasonably withheld, Developer may assign this Agreement and all rights and obligations hereunder to any affiliate of Developer established for the 940 Main St. Affordable Housing Project.

10. **Severability**. If any provision of this Agreement is held invalid, illegal or unenforceable by a court of competent jurisdiction, the validity, legality, and enforceability of the remaining provisions shall not be affected or impaired thereby.

11. **Indemnification**. Developer agrees to indemnify, protect, defend with counsel selected by the City, and hold harmless, the City, and any agency or instrumentality thereof, and its elected and appointed officials, officers, employees and agents, from and against any and all liabilities, claims, actions, causes of action, proceedings, suits, damages, judgments, liens, levies, costs and expenses of whatever nature, including reasonable attorney's fees and disbursements arising out of or in any way relating to this Agreement or Developer's performance or non-performance under this Agreement, or its failure to comply with any of its obligations contained in this Agreement (collectively, "**Claims**"). The indemnification shall include any Claims that may be asserted by any person or entity, including Developer, whether or not there is concurrent, passive or active negligence on the part of the City, and any agency or instrumentality thereof, and its elected and appointed officials, officers, employees and agents. However, the indemnity and defense obligations provided herein shall not apply to the extent such Claims arise out of or relate to the City's gross negligence or intentional misconduct.

    This indemnification shall include, but not be limited to, City costs required to respond to any Claim, any damages awarded against the City, the City's attorneys' fees and cost of suit, any award of opposing counsel's attorneys' fees, expert fees, or costs of suit, and any other liabilities and expenses incurred in connection with such proceeding, whether incurred by Developer, the City, and/or the parties initiating or bringing such proceeding. Developer acknowledges that the City may elect to retain its own counsel to represent it in such proceeding and agrees to reimburse the City for associated attorneys' fees and costs of suit. Developer further agrees to indemnify the City for all costs, attorneys' fees, and damages, which the City incurs in enforcing this Agreement. This Section shall survive the termination of the Agreement.

IN WITNESS WHEREOF, the City of Half Moon Bay has authorized the execution of this Agreement by its City Manager and attested to by its City Clerk under the authority of Resolution No. C-2025-___, adopted by the Council of the City on the 2 of December, 2025, and Developer has caused this Agreement to be executed.

[signatures on next page]

CITY:

THE CITY OF HALF MOON BAY

_____

Matthew Chidester, City Manager

DEVELOPER:

MP METZGAR STREET ASSOCIATES L.P.

_____

Joanna Carman, Assistant Secretary

Attest:

_____

Maggie Rodriguez, Assistant City Clerk

Approved as to form:

_____

Catherine Engberg, City Attorney

1997588.1

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

VIA: Matthew Chidester, City Manager

FROM: Kenneth Stiles, Interim Administrative Services Director

TITLE: **ADOPT A RESOLUTION AUTHORIZING PARTICIPATION IN THE POOLED LIABILITY ASSURANCE NETWORK JOINT POWERS INSURANCE AUTHORITY (PLAN JPA) WORKERS COMPENSATION PROGRAM.**

RECOMMENDATION:

Adopt a resolution:

1) Authorizing the City Manager to execute all documents necessary for the City's participation in the Pooled Liability Assurance Network Joint Powers Insurance Authority (PLAN JPA) Workers' Compensation Program, and
2) Authorizing the Interim Administrative Services Director to make a budget adjustment in the amount of $24,000.

FISCAL IMPACT:

To join the PLAN JPA Workers' Compensation Program, the estimated not-to-exceed cost is $108,487 for the second half of FY 2025-26 from January 1, 2026, to June 30, 2026. This amount covers JPA administrative fees, claims administration, actual claims costs, excess insurance premiums, and a designated share of safety consultation services. Most of the anticipated cost has already been incorporated into the Adopted Fiscal Year 2025–26 Operating Budget. An additional amount of approximately $24,000 is needed to fully fund the transition. This amount will be paid from the City's Risk Management Fund.

The preliminary cost estimate for FY 2026-27 is $216,000, though this amount is variable and may fluctuate based on the City's payroll changes, and the overall performance of other members in the risk pool. While Cities Group averaged roughly $40,000 per year, the marked increase reflects current market conditions and the cost structure of a modern, financially stable risk pool.

STRATEGIC ELEMENT:

This action supports the *Healthy Communities and Public Safety*, and *Inclusive Governance* Elements of the Strategic Plan.

BACKGROUND:
The San Mateo County Cities Group Insurance Group Joint Powers Authority, ("Cities Group"), is a Joint Powers Authority formed on October 5, 1978, for the purpose of allowing its membership agencies to pool resources to fund and administer their respective workers' compensation programs. While Cities Group's primary purpose remains in the administration of workers' compensation programs, the Cities Group also administers other benefits, such as life insurance, long-term disability, and dental programs, on behalf of some of the Member Agencies.

The founding members of Cities Group include the City, City of Foster City, Brisbane, Atherton and Hillsborough. The City of San Carlos was added to the membership in 1989, and the City of Dublin was added in 2004. Although the City of Brisbane withdrew from membership in the early 2000s, the Cities Group has enjoyed stable membership during its 47-year history.

On November 14, 2024, the City of Foster City submitted notice of its intent to withdraw from the JPA effective July 1, 2025. By the end of that year, all other member cities—except Half Moon Bay—had issued similar withdrawal notices. To date, Foster City is the only agency that has formally completed its withdrawal.

With multiple members signaling concerns about the long-term financial stability of the Cities Group, the Board of Directors took action on June 10, 2025. The Board adopted a resolution determining that a coordinated and orderly dissolution of the Cities Group would be a more responsible and efficient approach than having each agency exit independently. The resolution directed staff to develop a dissolution plan outlining how the Cities Group will wind down operations and cease all claims administration and benefit services on or before December 31, 2025.

At the Board Meeting on September 9, 2025, the Cities Group Board of Directors has recommended by resolution that the Cities Group be dissolved. Section 5 of the JPA provides that the Cities Group may be dissolved upon the consent of all member agencies. Furthermore, Section 5 of the JPA requires that, upon the consent to dissolve the Cities Group, the assets of the Cities Group not be divided and returned to the member agencies until all outstanding obligations of the Group have been resolved, and that the final disposition of assets will be made in proportion to the contributions of the participating member agencies.

On October 21, 2025, the City Council adopted a resolution consenting to the dissolution of Cities Group.

DISCUSSION:
The Cities Group dissolution agreement requires that Cities Group cease all claims operations and the provision of other benefits as of the transfer date on January 1, 2026. As a result, all member agencies, including the City of Half Moon Bay, must secure a new provider for Workers' Compensation coverage effective January 1, 2026. Under California Labor Code Section 3700,

all employers with at least one employee must provide workers' compensation insurance or become self-insured by meeting certain financial and administrative requirements approved by the Office of Self-Insurance Plans (OSIP) or participate in a JPA which allows public agencies to pool their resources and self-insure collectively under a certificate issued by OSIP.

Following a comprehensive review of available options, including the Shared Agency Risk Pool (SHARP), PLAN JPA, and the California Intergovernmental Risk Authority (CIRA), staff evaluated each program's structure, cost, and readiness for a January 1, 2026, transition.

A summary of the proposals is provided below:

Workers Compensation Comparisons

	PLAN JPA *(Recommended)*	**Sharp**	**CIRA**
Self-Insured Retention (SIR)	$ 25,000	$ 25,000	$ 25,000
Estimated 25/26 Premium (NTE)	**$ 108,487**	**$ 94,438**	**$ 159,503**

Among the options evaluated, PLAN JPA offers competitive and reliable long-term pricing. SHARP's estimate is the lowest; however, the program is small, with only five member agencies, and its future direction is still evolving. This may include exploring options that could eventually align more closely with PLAN JPA. Because the long-term structure and stability of SHARP are not yet clear, PLAN JPA provides a more predictable and dependable financial outlook.

CIRA is comparable to PLAN JPA in terms of member composition and size, but its proposal reflects the highest estimated cost of the three options.

Accordingly, staff recommends joining the PLAN JPA's Worker Compensation Program (See Attachment 1 for the PLAN JPA's Workers' Compensation Master Program Document). PLAN JPA is a well-established joint powers insurance authority consisting of 28 member cities in the Bay Area. The City of Half Moon Bay is already a member of the PLAN JPA for risk management and insurance pooling programs including general liability, public officials' liability, auto liability, and cyber security liability. The five remaining members of the Cities Group are also part of the PLAN JPA.

On June 26, 2025, the PLAN JPA Board of Directors approved the formation of the workers' compensation program effective January 1, 2026, making it a natural and strategic fit for the City. There are several compelling reasons to join the PLAN JPA's Workers' Compensation Program. First, the program is structured to accommodate the January 1 start date, which aligns perfectly with the Cities Group's end date and avoids any coverage gaps. In contrast, other JPAs require a July 1st start date, which would create a service gap.

In addition to the new provider costs, the City must also plan for the cost of administering the existing claims (as of September 30, 2025), as well as any new claims filed prior to the transition that remain open after the Cities Group dissolves. These legacy claims are estimated to cost approximately $22 K over the next several years. While both PLAN JPA and SHARP include the costs of handling those claims, the actual cost of claims themselves is not included in the premium and will need to be funded separately from the new provider.

The City did not explore the self-insured option with a third-party claims administrator, as it comes with significant financial and administrative risks. Under a self-insured model, the City would be fully responsible for the cost of all claims, regardless of severity or frequency. This exposes the City to considerable financial risk, particularly in years with high claim volume or catastrophic injuries. Without the protection of a risk pool, the City would need to maintain substantial reserves to cover potential liabilities – an approach that could strain the budget and complicate long-term financial planning.

Although Foster City has chosen to become self-insured and contracted with LWP Claims Solutions as its third-party administrator, this approach may not be the most practical or cost-effective for Half Moon Bay. Moreover, self-insurance introduces substantial administrative and operational burdens. The City will be responsible for initiating and maintaining self-insured status with the Office of Self-Insurance Plans (OSIP), which includes submitting applications, actuarial reports, and annual filings. This process requires dedicated staff time and expertise and may require the need to enhance internal capacity to effectively manage all aspects of the workers' compensation program.

By joining the PLAN JPA Workers' Compensation Program, the City can transition seamlessly from the Cities Group without any coverage gaps, stabilize long-term costs, and reduce exposure to large or unexpected claims through participation in an established and financially sound risk pool. The City is already familiar with PLAN JPA's structure and operations, which will support a smooth implementation. Consolidating workers' compensation with the City's existing liability coverages under PLAN JPA also improves coordination across risk management functions and strengthens the City's overall approach to employee and public safety.

ATTACHMENTS:

1. PLAN JPA's Workers' Compensation Master Program Document
2. Resolution (Agreement to Join Workers' Compensation with PLAN JPA)
3. Resolution (Budget Amendment)

Pooled Liability Assurance Network

MASTER PROGRAM DOCUMENT FOR THE

POOLED WORKERS' COMPENSATION PROGRAM

Approved: June 26, 2025

POOLED LIABILITY ASSURANCE
NETWORK

MASTER PROGRAM DOCUMENT
FOR THE

POOLED WORKERS'
COMPENSATION PROGRAM

Table of Contents

ARTICLE I: DEFINITIONS 104
ARTICLE II: GENERAL 106
A. AUTHORITY 106
B. PURPOSE 106
C. PARTICIPATION 106
D. GOVERNANCE 106
E. GOALS AND OBJECTIVES 106
ARTICLE III: PROGRAM ELEMENTS 108
A. PROGRAM YEARS 108
B. RETAINED LIMITS 108
C. DEPOSIT PREMIUMS 109
D. EXPERIENCE MODIFICATION 110
E. DIVIDENDS AND ASSESSMENTS 110
1. DIVIDENDS 110
2. ASSESSMENTS 111
F. EXCESS COVERAGE 112
G. PAY-AS-YOU-GO RESERVE FUND FOR PAYMENT OF CLAIMS 113
1. ESTABLISHMENT OF FUND 113
2. ACCOUNTING AND REPLENISHMENT OF FUND 113
ARTICLE IV: ADMINISTRATION 114
A. BOARD 114
B. EXECUTIVE COMMITTEE 114
C. ADMINISTRATOR 114
D. WORKERS' COMPENSATION PROGRAM MANAGER'S DUTIES 115
ARTICLE V: CLAIMS ADMINISTRATION 117
A. CLAIMS PROCEDURES MANUAL 117
B. CLAIMS AUDIT 117
C. CLAIM SETTLEMENT AUTHORITY 117
D. DISPUTES 118
ARTICLE VI: PARTICIPATION 119

A. ELIGIBILITY AND APPLICATION 119
1. ELIGIBILITY 119
2. APPROVAL OF APPLICATION 119
B. PARTICIPANTS' DUTIES 120
C. TERMINATION 120
1. VOLUNTARY TERMINATION 120
2. INVOLUNTARY TERMINATION 121
D. CONTINUED LIABILITY UPON TERMINATION 121
ARTICLE VII: TERMINATION AND DISSOLUTION OF THE PWCP 122
ARTICLE VIII: AMENDMENTS 123

POOLED LIABILITY ASSURANCE NETWORK (PLAN)

MASTER PROGRAM DOCUMENT (MPD)
FOR THE

POOLED WORKERS' COMPENSATION PROGRAM (PWCP)

ARTICLE I: DEFINITIONS

The following definitions apply to this MPD:

1. **Administrator** shall mean the person responsible for the daily administration, management, and operation of the **Authority's** programs as defined in the Bylaws.

2. **Authority** shall mean the Pooled Liability Assurance Network (PLAN).

3. **Board** shall mean the Board of Directors of the Pooled Liability Assurance Network.

4. **Deposit Premium** shall mean that amount to be paid by each **Participant** for each **program year** as determined by the **Board** in accordance with Article III, Section C of this MPD.

5. **Joint Powers Agreement** shall mean the agreement made by and among the public entities listed in Appendix A (**Member Entities**) of the **Joint Powers Agreement,** hereafter referred to as **Agreement**.

6. **Limit of Coverage** shall mean the amount of coverage stated in the Declarations or certificate of coverage, or sub-limits as stated therein for each **Participant** or **covered party** per **occurrence**, subject to any lower sublimit stated in the MOC.

7. **Loss Experience** shall mean only such amounts as are actually paid by the **Participant** or the **Authority** in payment of benefits under the Workers' Compensation Act, in settlement of claims, or in satisfaction of awards or judgments for liabilities imposed by the Workers' Compensation Act for **bodily injury** or **occupational disease** to an **employee** as defined in the Workers' Compensation Act and PWCP Memorandum of Coverage (MOC).

8. **Member Entity** shall mean a signatory to the **Agreement** establishing the Pooled Liability Assurance Network.

9. **Participant** shall mean a **Member Entity** who has elected to participate in the PWCP.

10. **Program Year** shall mean that period of time commencing at 12:01 a.m. on July 1 and ending at 12:00 am on the following July 1.

11. **Retained Limits** shall mean the amount stated on the applicable Declarations or certificate of coverage, which will be paid by the **Participant** or **covered party** before the **Authority** is obligated to make any payment from the pooled funds.

12. **Self-Insured Retention (SIR)** shall mean the **Authority's limit of coverage** above **Participant's retained limits** and up to the attachment point for excess coverage.

13. **Third Party Administrator (TPA)** shall mean the claims administrator for the **Authority** for the PWCP.

ARTICLE II: GENERAL

A. AUTHORITY

1. The Primary Workers' Compensation Program (PWCP) Master Program Document (MPD) is one of the **Authority's** governing documents. However, any conflict between the PWCP MPD, the **Authority's Agreement**, the Bylaws, or the PWCP Memorandum of Coverage (MOC) shall be determined in favor of the **Agreement**, the Bylaws, or the MOC, in that order.

2. The PWCP MPD is intended to be the primary source of information, contain the rules and regulations, and serve as the operational guide for the conduct of the PWCP.

3. The PWCP has been organized under authority granted by, and shall be conducted in accordance with, the laws of the State of California; regulations prescribed by the Department of Industrial Relations (DIR) and the State of California Audit Unit; and the accreditation standards set forth by the California Association of Joint Powers Authorities (CAJPA).

B. PURPOSE

The **Authority**, as a part of its overall objectives, has designed the PWCP to provide for the needs of the PWCP **Participants** in the area of workers' compensation liability.

C. PARTICIPATION

All **Member Entities** may become **Participants** in the PWCP and are encouraged to do so. However, the terms and conditions which may be imposed on **Member Entities** which desire to join the PWCP may be different, depending upon payroll, number of employees, the size of the **Member Entity**, its loss record, and other pertinent information.

D. GOVERNANCE

Each **Participant's** appointed Director and one alternate Director shall be the representative for the PWCP. The **Participant** will be entitled to one vote on all issues or decisions that involve the PWCP. It is expected, but not mandatory, that the Director from each **Participant** will be the individual designated as the **Participant's** appointee to the **Board** and that the alternate Director will be the individual designated as the **Participant's** alternate Director on the **Board**.

E. GOALS AND OBJECTIVES

1. The **Authority** offers **Member Entities** this PWCP designed to provide coverage for the liabilities imposed by the workers' compensation laws of California as well as those imposed by common law upon employers.

2. The PWCP shall provide workers' compensation coverage for the **Participants** utilizing an optimum mix of risk retention and risk transfer. The PWCP may provide various levels of retentions for the **Participants**, provide a risk sharing pool for losses above individual retention levels up to the **Authority's Self-Insured Retention** (**SIR**), and obtain excess coverage for the amount of the loss

which exceeds the **Authority's SIR**. Additionally, the PWCP shall provide for the sharing of operating costs and payment of the excess coverage by charging all **Participants** their share of such costs.

3. Although the PWCP is provided to the **Participants** under those terms and conditions which prevail at the time of the **Participant's** joining the PWCP, the **Board** shall have the right to alter, from time to time, the terms and conditions of the excess coverage and the pooled underlying coverage in response to the needs and abilities of the PWCP and the **Participants**, as well as in response to availability of coverage from outside sources.

4. The **Authority** offers participation in a risk sharing pool, covering losses of **Participants** in accordance with the MOC adopted by the **Member Entities**. The assets of the pooled program shall be maintained at all times as the assets of the **Participants** collectively. The assets may be disbursed only pursuant to the provisions of this MPD, and no **Participant** shall have an individual right to exercise control over said assets.

5. The PWCP will provide coverage for injuries and illnesses to the **Participants'** employees under the terms and conditions set forth in the MOC. In addition to the coverage provided by the MOC, the **Authority** may purchase excess insurance or reinsurance. The amount of coverage to be pooled and/or purchased is at the discretion of the **Board**.

ARTICLE III: PROGRAM ELEMENTS

A. PROGRAM YEARS

1. Each **program year** shall be accounted for separately. The income and expenses of each **program year** shall be accounted for separately from any other **program year's** income or expenses.

2. A **program year** shall not be closed until at least ten years of age if, at such time the **Board** authorizes closure, being convinced that all known claims for the year are closed and the probability of further claims being discovered is minimal. Any closed years, however, may be reopened if deemed necessary and approved by the **Board**.

B. RETAINED LIMITS

1. The PWCP shall annually establish the **limit of coverage** for the pool. The underlying coverage of the PWCP shall provide **Participants' retained limits** of $0, $15,000, $250,000, and $500,000 per occurrence, or other limits as modified by resolution. The **Participants** may annually select their **retained limits**. The amount of each loss, including expenses, which is less than the **retained limit** chosen by the applicable **Participant**, shall be paid by the **Participant**.

2. A **Participant** with either element of public safety, law enforcement and/or fire departments, may not have a $0 retained limit. Rather, the **Participant** will be evaluated based on total percentage of payroll as it compares to the average payroll of the total of program **Participants**; based on this calculation, the **Participant** will be permitted to select a retained limit not lower than the categories represented in Attachment "A".

3. A **Participant's** total payroll regardless of whether or not it has a public safety element, will also define the **Participant's** level of retained limit based on the categories represented in Attachment "A".

4. A **Participant** may alter its **retained limit** only at the inception of a **program year** upon thirty (30) days' advance written notice. The **Board**, with a two-thirds vote, and by providing 60 days advance written notice to the **Participant**, may require a **Participant** at the inception of the **program year** to take a **retained limit** different than the **Participant's retained limit** in the expiring **program year**.

5. The amount of each loss, including expenses, which is less than the **retained limit** chosen by the **Participant** shall be paid by the **Participant**. Those amounts of each loss that are less than the **retained limit** chosen by the **Participant** may be paid on behalf of the **Participant** from the pay-as-you-go reserve fund. If a **Participant** directly pays any claim within its **retained limit**, such **Participant** shall report all such payments to the PLAN JPA to ensure better claims control and actuarial analysis.

C. DEPOSIT PREMIUMS

1. Annually, each **Participant** shall pay a **deposit premium** to the **Authority** for each **program year**. Such **deposit premiums** shall consist of the amount needed to cover excess insurance or reinsurance premiums (if any), administrative expenses and actuarially determined losses, plus a margin for added confidence as determined by the **Board**.

2. The **deposit premium** shall be calculated for each **Participant** by taking the **Participant's** estimated payroll, by class code, and multiplied by the **Board**-adopted rate per $100 of annual payroll. The Board approved rate will consider the non-public safety rate as the base rate and the "public safety" rate as that of 2.5 times the base rate. The estimated payroll is calculated using the most recent two quarters of actual payroll, annualized for the remainder of the year with an inflation factor of five percent. The deposit premium shall be adjusted based upon the **Participant's** experience modification (ex-mod). An annual audit of a **Participant's** payroll may be conducted by the **Authority**.

3. The **deposit premium** shall also include:

   (a). All volunteers declared or otherwise required to be covered. The value of the volunteers' service shall be based upon a flat rate per volunteer; and

   (b). All other persons engaged in work that could make the **Authority** liable under Part I (workers' compensation insurance) of the MOC. If the **Participant** does not have payroll records for these persons, the contract price remuneration for their services and materials may be used as the premium basis. This paragraph will not apply if the **Participant** gives the **Authority** proof that the employers of these persons lawfully secured their workers' compensation obligations.

4. The excess insurance or reinsurance premiums (if any) shall be allocated among the **Participant's** using deposit premium calculation with the experience modification.

5. The administrative expenses charged to each **Participant** shall be calculated as follows: Sixty percent (60%) of the amount calculated is allocated by each **Participant's** relative percentage of payroll; forty percent (40%) of the amount calculated is allocated equally to each **Participant**.

D. EXPERIENCE MODIFICATION

1. Each **Participant** shall be evaluated each year for an experience modification adjustment that shall be applied to the **deposit premium**.

2. The calculation of the adjustment shall include the actual **loss experience** of the individual **Participant** as it relates to the average **loss experience** of the group as a whole. Such **loss experience** shall not consider loss years that are more than five years old. The losses shall be valued as of December 31 and limited to $25,000 per claim. For example, when calculating ex-mod for 19/20, loss data from July 1, 2013 through June 30, 2018, valued at December 31, 2018 would be considered. The criteria that shall be used is the relationship of actual average **loss experience** over the period being rated as it relates to the average payroll for the same period.

3. The ex-mod shall be limited to a minimum of 75% and maximum of 125%.

E. DIVIDENDS AND ASSESSMENTS

1. DIVIDENDS

(a). At the end of each **fiscal year**, a dividend calculation shall be performed for all open **program years**. Each year thereafter there shall be an additional dividend calculation made until such time as the **program year** is closed. Any dividends available to be declared and returned to the **Participants** will be at the discretion of the **Board** provided that the total dividend to be distributed from all qualifying **program years** shall not reduce the total equity for all **program years** below a discounted 90% confidence level.

(b). Calculation

i. Dividends may not be declared from a **program year** until five years after the end of that **program year**.

ii. Dividends may be declared only at such time as the PWCP has equity, with liabilities actuarially stated, discounted at a 90% confidence level. The calculated amount shall represent the maximum dividend available to be declared.

iii. The dividend shall be reduced if any of the five succeeding years (after the five years eligible for dividend calculation) have negative equity, with liabilities actuarially stated at a discounted 90% confidence level.

iv. Dividends may only be declared if the equity at the 90% confidence level is five times the Self-Insured Retention.

2. ASSESSMENTS

Assessments may be levied on the **Participants** for the risk sharing layer of any **program year(s)**, as approved by the **Board** at such time that an actuary finds that the assets of the PWCP, as a whole, do not meet the expected discounted losses of the PWCP. Each **Participant's** share of the assessment shall be allocated based upon the **deposit premiums** collected for the risk sharing layer of each respective **program year** being assessed. If such assessment is not sufficient to relieve the pool of its actuarially determined deficit in the year of the assessment, such assessment shall be levied each subsequent year until the actuarially determined deficit is relieved. The timing of payment shall be determined by the **Board** at the time of assessment.

Equity from the risk sharing layer may be exchanged between eligible **program years** if sufficient funds are available. The transfer of equity will be performed so that the individual **Participant's** share of equity is separately applied so as to maintain the integrity of each **Participant's** balance.

F. EXCESS COVERAGE

1. The **Board** shall ensure that each **program year** is provided with excess workers' compensation coverage for the **Participants**. It is the intent and purpose of the **Authority** to continue to provide such coverage to the **Participants**, provided that such coverage can be obtained, and the coverage is not unreasonably priced. This coverage may be obtained from an insurance company, by participating in another pool established under the Government Code as a joint powers authority, or offered through another PWCP pooling procedure. If the coverage is purchased from an insurance company, such insurance company shall have an A.M. Best Rating Classification of A- or better and an A.M. Best Financial Rating of VII or better or their equivalents.

2. The **Authority**, through the PWCP, shall provide, where economically practical, at least $10,000,000 of total combined limits. Total combined limits are the maximum this PWCP will pay for each injury or illness, regardless of whether the liability arises from Workers' Compensation Laws under Part I or Part II of the PWCP MOC.

3. Premiums for such coverages shall be paid by the PWCP from the proceeds received as **deposit premiums** from the **Participants**.

4. The **Board** may, from time to time, alter excess coverage based on insurance market conditions, available alternatives, costs, and other factors. The **Board** shall place excess coverage with the two competing objectives of security and minimizing costs to the PWCP as a whole.

G. PAY-AS-YOU-GO RESERVE FUND FOR PAYMENT OF CLAIMS

1. ESTABLISHMENT OF FUND

PLAN shall pay all losses from $1 and then charge the members back monthly for the amounts within their Retained Limit.

2. ACCOUNTING AND REPLENISHMENT OF FUND

(a). There shall be a separate accounting of the deposits for each Participant. These monies, although invested with the rest of the Authority's funds, shall not be allocated investment earnings and shall remain in the control of the Authority. Every four years, through the budget process, the amount to be held by the Authority on behalf of each Participant may be adjusted.

(b). Payments from the fund shall be initiated by sending a check requisition form to the **Third-Party Administrator**. Upon receipt, the **Third-Party Administrator** shall execute payment and charge the payment to the requesting **Participant's** account.

(c). Each month, a register of payments made on behalf of each **Participant** shall be sent to the **Participant** for whom payments were made from the fund. Accompanying the register will be an invoice for the amounts needed to replenish the fund to its original amount. The **Participants** shall have thirty (30) days from the date of said invoice to make repayments to the fund.

ARTICLE IV: ADMINISTRATION

A. BOARD

1. Discussion of developments and performance of the PWCP may occur as part of any scheduled **Board** meeting.

2. The **Board** shall have the responsibility and authority to carry out and perform all functions, and make all decisions**,** affecting the PWCP, consistent with the powers of the **Authority** and not in conflict with the **Agreement**, the Bylaws, or the MOC.

B. EXECUTIVE COMMITTEE

1. The Executive Committee shall have the responsibility and authority to carry out and perform all other functions and make all other decisions affecting the PWCP, provided that such functions and decision*s* are consistent with the powers of the **Authority** and are not in conflict with the **Agreement**, the Bylaws, or the MOC.

2. The Executive Committee shall meet at least twice a year to review the developments and performance of this PWCP. The Executive Committee shall review, study, advise, make recommendations to the **Board**, and/or take any action which the Committee believes to be in the best interests of the PWCP and its **Participants**, provided that such action is not prohibited by law or is not an action reserved unto the **Board**.

C. ADMINISTRATOR

The **Administrator** shall be responsible for:

1. The overall operation of the PWCP;

2. Monitoring the status of the PWCP and its operations, the development of losses, the program's administrative and operational costs, service companies' performance, and brokers' performance;

3. Assisting the **Board** in selecting brokers, actuaries, auditors, and other service companies;

4. Promoting the programs to prospective new participants;

5. Preparing, distributing, and maintaining all records of the PWCP, including its MPD and MOC as these may be amended from time to time; and

6. Preparing Certificates of Coverage and Waivers of Subrogation as may be required by the **Participants** in the PWCP.

D. WORKERS' COMPENSATION PROGRAM MANAGER'S DUTIES

The Workers' Compensation Program Manager (WCPM) shall:

1. Generally, oversee all workers' compensation claims administration and management and report to the **Administrator**;

2. Develop for **Board** approval performance standards for **Third Party Administrators**;

3. Maintain files on all claims reported to the **Authority**;

4. Recommend to the **Board** the setting of reserves for those cases that are likely to penetrate to pooled funds;

5. Upon the reporting of each claim that has an expectation of exceeding the minimum incurred loss threshold set by the **Board**, review said claim for the **Authority** and report said claims to the **Board** at the next scheduled meeting;

6. Review the progress of all reported claims for the **Authority** and, if directed by the **Board**, propose reserve changes, and/or take control and assume settlement authority for the claim;

7. Recommend claim settlements to the Board for approval;

8. Annually, prepare a detailed report on the PWCP, showing the activity by **program year** and the cumulative activity of all years, including number of claims, losses which have been incurred by each **Participant**, and the losses which have been shared through pooling;

9. Assist the **Participants** in training their personnel in the correct procedures for timely and accurately reporting claims;

10. As required, provide advice and assistance to **Participants**;

11. Work with the **Third-Party Administrators,** including but not limited to the following:

    (a) Periodically review Third-Party **Administrators'** claims files. The review should include the new indemnity claims reported, claims currently open and reported twelve months prior, and those claims for which a **Participant** has requested a specific review;

    (b) Provide guidance to the **Third-Party Administrator** on the management of problem or complex claims;

    (c) Advise, where needed, on the selection of legal representation in anticipation of litigation;

    (d) Monitor and evaluate the effectiveness of the defense firms and the management of the litigation;

(e) Monitor and evaluate the effectiveness of medical treatment as respects claims costs, especially those involving complex medical issues;

(f) Evaluate, where needed, recommendations for settlement of claims;

(g) Mediate differences, if any, between the **Third-Party Administrator**

and a **Participant**; and

(h) Review the performance of the **Third-Party Administrators'** personnel assigned to the **Authority's** account with special emphasis in the handling of "open claims."

12. Approve in writing, when deemed appropriate, waivers of subrogation and, if necessary, request approval from the excess carrier to waive subrogation.

ARTICLE V: CLAIMS ADMINISTRATION

A. CLAIMS PROCEDURES MANUAL

1. A Workers' Compensation Claims Procedures Manual (Manual) including reporting procedures, forms, and other vital information shall be adopted by the **Board** and provided to all **Participants**.

2. All **Participants** shall be held accountable for understanding and abiding by the procedures stated in the Manual, as well as any changes thereto.

B. CLAIMS AUDIT

1. At least once every two years, the adequacy of claims adjusting for both the **Authority** and the **Participants** shall be examined by an independent auditor who specializes in claims auditing.

2. The Executive Committee shall approve the claims auditor. The costs of such claims audit shall be paid by the **Authority**.

3. The claims audit report shall address the issues of both adequacy of claims procedures and accuracy of claims data. The report shall be filed with the **Authority** and sent to each **Participant**.

C. CLAIM SETTLEMENT AUTHORITY

1. Each **Participant** shall have settlement authority for all claims, including attorney fees and other costs, which do not exceed 100% of the **Participant's retained limit**. The WCPM will review these claims from time to time and may offer recommendations to the **Participant's Third-Party Administrator** and the **Participant** regarding settlement. This provision does not apply to claims for Medicare eligible or beneficiary claimants; **Participants** shall immediately notify the WCPM once a claimant has been identified as Medicare eligible or a Medicare beneficiary.

2. The WCPM shall have settlement authority for all claims up to the PWCP's retention level. The **Administrator** and the WCPM will ensure that the **Participant** is kept informed regarding these claims and will take into consideration the **Participant's** desires in any settlement process. The WCPM will provide an annual report to the Board on settlement authority extended. WCPM may be appealed to the **Board** within 30 days after notice of the decision to the **Participant**. The decision of the **Board** shall be final.

3. If the **Authority** determines that a conflict of interest may or does exist in the **Third-Party Administrator's** handling of a claim or claims, the **Authority** has the right, in its sole discretion, to take any action, and give the **Third-Party Administrator** any instruction, which the **Authority** deems necessary to minimize or eliminate the conflict of interest.

5. If the **Participant** waives its rights to subrogation on a claim covered under, or which may be covered under, the PWCP MOC, and if the amount of the claim exceeds the **Participant's retained limit** (and therefore comes within the **Authority's** layer), then the **Authority's** coverage shall not apply to the claim and the **Authority** shall not be liable for any indemnity, reimbursement, payment, or costs on the claim exceeding the member's **SIR**, unless the **Authority's** WCPM approves the waiver of subrogation in writing.

6. The exclusion of coverage for waiver of subrogation shall apply only to a waiver of subrogation made or approved by a **Participant** after the date of the injury or illness that resulted in the claim. This exclusion shall not apply to a waiver of subrogation contained in an agreement or contract that was approved by the **Participant** prior to the date of the injury or illness that resulted in the claim.

D. DISPUTES

1. Any matter in dispute between a **Participant** and the **Administrator** or WCPM shall be heard by the Board whose decision may be appealed to the **Board** within thirty (30) days of the Committee's decision. The decision of the Executive Committee or, if appealed, the decision of the **Board** shall be final.

ARTICLE VI: PARTICIPATION

A. ELIGIBILITY AND APPLICATION

1. ELIGIBILITY

(a). The applicant must commit to at least three full **program years** of participation in this PWCP.

(b). Any **Member Entity** may apply to participate in the PWCP by providing an adopted resolution of its governing body and such other information/materials as may be required. The applicant's resolution shall commit the applicant to three full years of participation in the PWCP, if accepted, and consent to be governed for workers' compensation matters in accordance with the MPD, the MOC and other documents and policies adopted by the **Board**. The resolution may also state the **retained limit** desired by the applicant.

(c). The application for participation shall be submitted at least thirty (30) days prior to the date of the last **Board** meeting of the **program year** to ensure that the State Certificate of Consent to Self-Insure is received prior to the inception date, and that the **Board** has adequate time to review and evaluate the acceptability of the applicant. It is recommended that an applicant enter the PWCP only at the commencement of a new **program year**. If an applicant chooses to enter the PWCP at any other time, the **deposit premium** for the remainder of the **program year** will be prorated. The new **Participant** will begin coverage on the date that is mutually acceptable to the **Participant** and the **Board**; however, the new **Participant** will be required to share losses with the other members of the PWCP for the entire **program year**.

2. APPROVAL OF APPLICATION

The **Board** shall, after reviewing the resolution and other underwriting criteria, determine the acceptability of the exposures presented by the applicant and shall advise the applicant in writing of its decision to accept or reject the request within 10 days after the decision has been made.

B. PARTICIPANTS' DUTIES

1. The **Participants** shall provide payroll, using the State DE-9 form, and all other requested information in conformance with the policies adopted by the **Board**.

2. The **Participants** shall disclose activities not usual and customary in their operation.

3. The **Participants** shall at all times cooperate with the **Authority's Administrator**, WCPM, **Third Party Administrator**, and loss control personnel, regarding claims handling and underwriting activities of the **Authority**.

4. Each year the **Authority** shall bill **Participants** for a workers' compensation **deposit premium** for the next **program year**. The billings shall be due and payable in accordance with the Bylaws.

5. Billings may be made to **Participants** for a **program year** found to be actuarially unsound. All billings for payments to bring a **program year** into an actuarially sound condition are due and payable upon receipt.

6. Former **Participants** in the PWCP shall be required to pay all applicable billings for the **program years** in which they participated. Delinquent billings, together with penalties and interest, shall be charged and collected from the **Participant** in accordance with the Bylaws.

7. Penalties and interest shall be charged against any amounts delinquent in accordance with the Bylaws.

C. TERMINATION

1. VOLUNTARY TERMINATION

(a). A **Participant** which has not maintained its participation in the PWCP for three full **program years** shall not be permitted to withdraw from the PWCP prior to the end of its three-year commitment period and shall be obligated for payment of premiums for these three years.

(b). A **Participant** which has maintained its participation in the PWCP for three full **program years** may terminate its participation if, at least six months before the next **program year**, a written request to terminate participation is received from the **Participant**.

(c). Any **Participant** seeking to terminate its participation without proper and timely notice shall be responsible for the full cost of the next year’s premium. The notice will be deemed effective for the year following the year in which the additional premium is paid.

2. INVOLUNTARY TERMINATION

(a) The **Board** may initiate termination of a **Participant** from the PWCP for the following reasons:

(i) Termination as a **Member Entity** of the **Authority**;

(ii) Declination to cover the **Participant** by the entity providing excess coverage;

(iii) Nonpayment of **premiums**, assessments, or other charges;

(iv) Frequent late payment of **premiums**, assessments, and/or other charges, including interest and penalty charges;

(v) Failure to timely provide requested underwriting information;

(vi) Consistent poor loss history relative to the pool;

(vii) Substantial change in exposures which are not acceptable in this PWCP;

(viii) Financial impairment which is likely to jeopardize this PWCP's ability to collect amounts due in the future; and/or

(ix) Revocation of Certificate to Self-Insure.

(x) Refusal to participate in loss control activities.

The **Board's** determination of the existence of any of these conditions shall be final.

(b) The **Board** shall have the authority, upon a two-thirds approval, to authorize a termination notice be sent to a **Participant**. Such notice shall be sent at least 60 days prior to the effective date of termination.

D. CONTINUED LIABILITY UPON TERMINATION

Termination of participation, whether voluntary or involuntary, in future **program years** does not relieve the terminated **Participant** of any benefits or obligations of those **program years** in which it participated. These obligations include payment of assessments, retrospective adjustments, or any other amounts due and payable.

ARTICLE VII: TERMINATION AND DISSOLUTION OF THE PWCP

The PWCP may be terminated and dissolved at any time by a vote of two-thirds of the **Participants**. However, the PWCP shall continue to exist for the purpose of disposing of all claims, distributing assets, and all other functions necessary to conclude the affairs of the PWCP.

Upon termination of the PWCP, all assets of the PWCP shall be distributed only among the **Participants**, including any of those which previously withdrew pursuant to Article VI, in accordance with and proportionate to their **deposit premiums** and assessments paid during the term of participation. The **Board** shall determine such distribution within six months after the last pending claim or loss covered by the PWCP has been finally resolved and there is a reasonable expectation that no new claims will be filed.

ARTICLE VIII: AMENDMENTS

This MPD may be amended by a two-thirds (2/3rds) vote of the **Participants** present and voting at the meeting, provided prior written notice, as provided within the **Agreement**, has been given to the **Board**.

RESOLUTION NO. C-2025-___

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE CITY MANAGER TO EXECUTE THE NECESSARY DOCUMENTS TO JOIN THE WORKERS' COMPENSATION PROGRAM THROUGH PLAN JPA

WHEREAS, Section 6502 of Title 1, Division 7, Chapter 5 of the California Government Code (the "Joint Exercise of Powers Act") provides that, if authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise any power common to the contracting parties; and

WHEREAS, Section 6509.7 of the Joint Exercise of Powers Act provides that, if authorized by their legislative or other governing bodies, two or more public agencies by agreement may jointly exercise their common authority to invest funds in their treasuries as authorized by subdivision(p) of Section 53601 of Title 5, Division 2, Part 1, Chapter 4, Article 2 of the California Government Code; and

WHEREAS, under Section 6500 of the Joint Exercise of Powers Act, a "public agency" includes but is not limited to the federal government or any federal department or agency, the State of California, another State or any State department or agency, a county, county board of education, county superintendent of schools, city, public corporation, public district, or regional transportation commission of the State of California or another State, or any joint powers authority formed pursuant to the Joint Exercise of Powers Act; and

WHEREAS, public agencies which constitute local agencies, as that term is defined in Section 53630 of the California Government Code, are authorized pursuant to Section 53601 and 53635 thereof to invest all money belonging to, or in the custody of the local agency in certain specified investments; and

WHEREAS, the City of Half Moon Bay is a city as that term is defined in the Joint Exercise of Powers Act and a local agency as that term is defined in Section 53630 of the California Government Code; and

WHEREAS, the City Council understands City employees, on behalf and in the best interest of the City, must participate in the governance of the workers' compensation program of PLAN JPA through its boards and committees.

NOW, THEREFORE BE IT RESOLVED THAT the City Council of the City of Half Moon Bay as follows:

1. All of the above recitals are true and correct, and the City Council so finds and determines.

2. The City Manager is hereby authorized and directed in the name of and on behalf of the City of Half Moon Bay to take all actions and to make and execute all certificates, requisitions, agreements, notices, consents, warrants, and other documents, which they might deem necessary or appropriate in order to accomplish the purpose of this Resolution to join the workers' compensation program through PLAN JPA.

3. The City Manager is hereby authorized and directed to appoint City employees to PLAN JPA's boards and committees as deemed necessary or appropriate.

4. Interim Administrative Services Director is hereby authorized to take all action and to make and execute any and all instruments deemed necessary or appropriate in order to carry out the purposes of this Resolution to join PLAN JPA.

5. This Resolution shall take effect immediately upon its passage.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSTAIN, Councilmembers:

ABSENT, Councilmembers

ATTEST: APPROVED:

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

RESOLUTION NO. C-2025-___

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AMENDING THE FISCAL YEAR 2025–26 BUDGET TO APPROPRIATE FUNDS FOR WORKERS' COMPENSATION COSTS

WHEREAS, the City Council of the City of Half Moon Bay adopted the Fiscal Year 2025–26 Operating Budget on June 17, 2025; and

WHEREAS, the dissolution of the San Mateo County Cities Group requires the City to transition to a new workers' compensation provider effective January 1, 2026; and

WHEREAS, the City has identified the need for additional funding to support workers' compensation costs associated with this transition; and

WHEREAS, sufficient resources are available in the City's Risk Management Fund to support this budget amendment.

NOW, THEREFORE BE IT RESOLVED THAT the City Council of the City of Half Moon Bay as follows:

1. Increase appropriations in the Risk Management Fund in the amount of $24,000 to support workers' compensation program costs.

2. The Interim Administrative Services Director is authorized to make the necessary budgetary and accounting entries to implement this resolution.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025, by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSTAIN, Councilmembers:

ABSENT, Councilmembers

ATTEST:

_____
Maggie Rodriguez, Assistant City Clerk

APPROVED:

_____
Robert Brownstone, Mayor

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of:	**December 2, 2025**
TO:	Honorable Mayor and City Council
VIA:	Matthew Chidester, City Manager
FROM:	Todd Seeley, Interim Public Works Director Matthew Nichols Public Works Management Analyst
TITLE:	**DRAFT CLIMATE ACTION AND ADAPTATION PLAN (PHASE TWO) UPDATE**

RECOMMENDATION:

Receive an update on the Draft Climate Action and Adaptation Plan Phase Two and provide feedback and direction for final preparation of the plan.

FISCAL IMPACT:

There is no fiscal impact associated with receiving this update.

STRATEGIC ELEMENTS:

This action supports the *Fiscal Sustainability*, *Healthy Communities and Public Safety,* and *Infrastructure and Environment* Elements of the Strategic Plan.

BACKGROUND:

In Fiscal Year 2019–20, the City Council identified sustainability as a priority, prompting staff to begin work on the City's first Climate Action and Adaptation Plan (CAAP). A Climate Action and Adaptation Plan is a comprehensive strategy to address climate change by reducing greenhouse gas emissions and preparing for its impacts. Its purpose is to guide governments, organizations, and communities in building resilience and mitigating future risks, while creating a more sustainable and equitable future for future generations.

The City secured a $60,000 grant from San Mateo County to conduct a four-month CAAP Outreach Pilot Project, which included 15+ community events supported by local partners such as Senior Coastsiders, the Youth Leadership Institute, and Ayudando Latinos A Soñar. The results of this outreach informed the City's request for proposals for a CAAP consultant.

Due to COVID-19–related funding and staffing constraints, the CAAP was split into two phases:

Phase One – Climate Action Plan (adopted 2023): addresses greenhouse gas reduction strategies.

Phase Two – Climate Adaptation Plan: addresses preparing neighborhoods and infrastructure for climate-related hazards.

In 2023, Council authorized an agreement with Integral Consulting (not to exceed $200,000) to complete the Climate Adaptation Plan. The Plan includes a climate hazard vulnerability and risk assessment and provides actionable strategies to guide adaptation efforts and support future funding applications. The Climate Adaptation Plan is meant to work in conjunction with several other steering documents currently adopted or soon to be adopted. These include the Multijurisdictional Local Hazard Mitigation Plan and the Safety Element. All of these plans help the City to plan for and mitigate both natural and human-caused hazards.

DISCUSSION:
Half Moon Bay recognizes the need to prepare for disasters and the increasing risks posed by a changing climate. The draft Climate Adaptation Plan evaluates the community and the assets that support daily life, identifying their vulnerabilities and key needs to promote a healthy environment and resilient community. The Plan addresses hazards such as sea level rise, flooding, landslides, extreme heat, wildfires, smoke, and other climate-related threats, to protect the City's natural resources and critical infrastructure.

The purpose of this study session is to provide City Council with an overview of the draft Climate Adaptation Plan, highlight key findings, and gather feedback prior to bringing the Plan back for formal adoption. During the session, staff will summarize the major climate risks facing Half Moon Bay, and present proposed strategies to address them. The discussion will also touch on priority actions for near-term and longer-term implementation, with a focus on protecting community assets, infrastructure, and natural resources. At this stage, the Plan has completed internal review and a period of public review and comment, and is now being presented to Council for discussion prior to formal adoption.

The draft Climate Adaptation Plan is organized to give a clear picture of Half Moon Bay's climate risks, community vulnerabilities, and strategies to build resilience. It starts with an overview of the City's adaptation work and the purpose of the Plan. The Plan describes how residents, stakeholders, and partners were engaged to identify priorities and shape strategies.

The vulnerability assessment provides a detailed look at how climate hazards may affect people, neighborhoods, infrastructure, and natural systems in Half Moon Bay. The assessment combined technical analysis, including climate modeling, hazard mapping, and evaluation of exposure, sensitivity, and adaptive capacity, with community input from residents, stakeholders, and City staff. The assessment found that vulnerability is influenced not only by hazard exposure but also by pre-existing conditions, such as geographic isolation, aging infrastructure, and socioeconomic disparities. Key hazards posing the greatest threats include wildfire, coastal and fluvial flooding, erosion, extreme heat, and high winds. The most

vulnerable sectors identified were the City's socially vulnerable populations, and critical infrastructure, including transportation corridors like Highway 92.

The adaptation strategies in the Plan directly respond to the vulnerabilities identified in the assessment. Strategies are organized around five overarching community-informed goals: ensuring a healthy, resilient, and self-sufficient community; fostering a thriving and accessible coastline and open space; protecting the City through resilient infrastructure; building and sustaining the City's capacity to increase resilience; and supporting economic sustainability. High-priority strategies include expanding Resilience Hubs with backup power and communications, protecting vulnerable populations through targeted support programs, and strengthening regional partnerships to ensure coordinated planning and resource allocation. The Plan also emphasizes investing in resilient infrastructure and monitoring, including modernizing stormwater conveyance systems and maintenance activities, particularly in vulnerable neighborhoods, and advancing shoreline protection and bluff stabilization. This structured approach ensures that strategies are both actionable and evidence-based.

Looking ahead, successful implementation of the Climate Adaptation Plan will require continued coordination, sustained funding, and ongoing engagement with both the community and regional partners. Implementation actions will be integrated into existing City processes, including capital planning, emergency preparedness, and departmental workflows, and supported through available state, federal, and regional funding opportunities.

CONCLUSION AND NEXT STEPS:

The draft Climate Adaptation Plan provides a clear, community-informed roadmap to reduce climate-related risks and strengthen Half Moon Bay's resilience. Staff will incorporate Council's feedback from this study session into the final draft, which will return to Council for consideration. Adoption will help guide future planning and investments and position the City for external funding opportunities.

ATTACHMENTS:

Draft Climate Action and Adaptation Plan (Phase Two)

CLIMATE ADAPTATION PLAN

City of Half Moon Bay

Climate Action and Adaptation Plan

(Phase 2)

September 2025

Public Review Draft







THE CITY OF HALF MOON BAY CALIFORNIA

Acknowledgments

Half Moon Bay City Council
Mayor Robert Brownstone
Vice Mayor Debbie Ruddock
Councilmember Patric Bo Jonsson
Councilmember Paul Nagengast
Councilmember Deborah Penrose

Half Moon Bay City Manager
Matthew Chidester, City Manager

Half Moon Bay City Staff
Maz Bozorginia, Public Works Director/City Engineer
Helen Wolter, Senior Management Analyst
Matt Nichols, Management Analyst

This Climate Action Plan was developed using the Regionally Integrated Climate Action Planning Suite (RICAPS) template and climate action planning tools.

RICAPS
Regionally Integrated Climate Action Planning Suite

Updated RICAPS Template and Tools—2020

Funding: California utility customers, administered by Pacific Gas and Electric Company (PG&E) under the auspices of the California Public Utilities Commission and with matching funds provided by the City and County Association of Governments of San Mateo County (C/CAG).

Project Consultants:

INTEGRAL CONSULTING
David Revell, PhD
Matthew Jamieson
Ashley Ellenson, PhD
David Anning, PhD
Nicole Buecker
Sydney Harvey
Rae Taylor-Burns, PhD
Erin Petrosian
Monica Carstens

BLUE POINT PLANNING
Mindy Craig
Bianca Hutner
Allisia Sandoval

LESTER COASTAL POLICY
Charles Lester

DRAFT

Disclaimer

This Climate Action and Adaption Plan (CAAP) provides an overview of the major changes in ecosystem and climate variables that could affect the Half Moon Bay environment and community. Climate change impacts are complex, and even with the most up-to-date science, the exact timing, extent, and variability of these impacts are not fully certain. In addition, while the vulnerability assessment developed for this Plan includes the most current hazard data and best available science in accordance with current state guidance, several data gaps remain unaddressed, including site-specific models for wind hazards and pluvial/rainfall/stormwater flood hazards.

Concurrent climate hazards can pose compounding stressors to the community and environment and lead to cascading effects that this Plan cannot fully account for. For example, wildfire compounded with extreme heat increases the likelihood of power shutoffs and can lead to environments with poor indoor air quality, where residents may suffer health effects due to smoke and/or high indoor air temperatures. As an exercise, the plan depicts and discusses a range of these cascading impacts in the "Vulnerability Assessment" section; however, a more detailed sector-by-sector analysis would be warranted to understand the broader range of these climate hazard impact interactions of their cascading effects.

While outreach was conducted to reach people both in-person and online with varying levels of involvement and feedback, the Project Team only reached a small portion of the Half Moon Bay population (see Chapter 3 for more details on community engagement). In addition, although City staff met with a member of the Muchia Te' Indigenous Land Trust, the representation of indigenous voices was limited.

This Plan serves to focus on what the City of Half Moon Bay can do to mitigate the impacts of climate change hazards. This Plan is just one of several documents that have been developed in the region that plan for hazards and future adaptation. For instance, due to the multi-jurisdictional management of freshwater by the Coastside County Water District (CCWD), this Plan does not make direct adaptation strategy recommendations for CCWD, but does include this system for consideration in the vulnerability assessment to give context to the potential impacts on the residents in the city.

Additionally, the city is currently in the process of updating the Safety Element of the General Plan. The primary goal of the Safety Element is to reduce the potential short and long-term risk of death, injuries, property damage, and economic and social dislocation resulting from fires, floods, droughts, earthquakes, landslides, climate change, and other hazards. Climate change is a central focus of the Safety Element update, but not the sole focus. As an element of the general plan, the Safety Element accomplishes this through goals, policies, and implementation programs primarily related to City land uses and development. Progress on implementation programs is reported to the Governor's Office of Land Use and Climate Innovation in the General Plan Annual Report.

There is substantial overlap between the Safety Element and this Plan. The primary difference is that this Plan is focused on climate change, and the Safety Element has a broader reach, covering multiple hazards that may or may not be exacerbated by climate change. This Plan's focus allowed a more detailed vulnerability assessment than the Safety Element, which may contribute to the development of policies for the Safety Element update. This Plan is not a policy document. It identifies strategies and actions. The public outreach conducted for this Plan resulted in some innovative strategies and actions that were prioritized by community members. Some of those may very well be incorporated into the Safety Element as policies and implementation programs. Either way, this plan provides a roadmap for the climate change policies and implementation programs in the Safety Element, which may diverge slightly from the focus in this Plan, but will remain substantially consistent with it.

DRAFT

Acronyms and Abbreviations

ACS	American Community Survey
CAAP	Climate Action and Adaptation Plan
Cal Fire	California Department of Forestry and Fire Protection
CAP	Climate Action Plan
CCC	California Coastal Commission
CCI	California Climate Investments
CCWD	Coastside County Water District
CERT	Coastside Certified Emergency Response Team
CGS	California Geological Survey
City	City of Half Moon Bay
CRISP	Coastside Resilience Infrastructure Strategic Plan
CWSRF	Clean Water State Revolving Fund
FEMA	Federal Emergency Management Agency
GCM	global climate model
IBank	California Infrastructure and Economic Development Bank
IPCC	Intergovernmental Panel on Climate Change
JPFA	Joint Powers Financing Authority
LCIP	Local Coastal Implementation Plan
LCLUP	Local Coastal Land Use Plan
LCP	Local Coastal Program
LHMP	Local Hazard Mitigation Plan
MCDA	multi-criteria decision analysis
NGO	nongovernmental organization
OSHA	Occupational Safety and Health Administration
P3	public-private partnership
PG&E	Pacific Gas and Electric Company
RCP	relative concentration pathway
SAM	Sewer Authority Mid-Coastside
SSP	shared socioeconomic pathway
TOT	transient occupancy tax
USACE	U.S. Army Corps of Engineers
USBR	U.S. Bureau of Reclamation

DRAFT

USGS	U.S. Geological Survey

DRAFT

Lexicon

Adaptation. The process of adjustment to actual or expected climate and its effects, either to minimize harm or exploit beneficial opportunities. In natural systems, human intervention may facilitate adjustment to expected climate (IPCC 2012).

Adaptation Pathway. A planning approach that helps manage the uncertainties of climate change and other complex issues by outlining a sequence of actions or strategies that can be implemented over time, adjusting as new information or conditions emerge.

Adaptive Capacity. The ability to adjust to the consequences of climate change. Types of adaptive capacity include adjustments in behavior, resources, and technologies (Cal OES 2020).

Asset. A resource, structure, facility, or service relied on by a community.

Cascading Impact. Climate caused impacts that compromise infrastructure or disrupt critical services (i.e., power supply or water conveyance), broadening the scope of impact past a single system to reliant subsystems and populations (Collins et al. 2019).

Climate Driver. A change in the climate which acts as the main source of change for subsequent climate hazards.

Climate Hazard. A dangerous or potentially dangerous condition created by the effects of the local climate (Cal OES 2020).

Compounding Risk. When two or more events occur simultaneously and increase the scope of impact or severity of the event; an additional risk brought about by increased frequency of events from climate change (Seneviratne et al. 2012).

Ecosystem. A community or group of living organisms that live in and interact with each other and abiotic systems in a specific environment.

Exposure. The people, infrastructure, housing, and other assets located in hazard-prone areas.

Greenhouse Gas. Or GHGs for short, are a category of gases that absorb heat energy emitted from the planet's surface and they remain in Earth's atmosphere for a long time (from decades to centuries) (NOAA, 2025).

Impact. Effects on natural and human systems, including effects on lives, livelihoods, health, ecosystems, economies, societies, cultures, services, and infrastructure due to the interaction of climate hazards and the vulnerabilities of the system or asset affected (IPCC 2012).

Mitigation. An act or sustained actions to reduce, eliminate, or avoid negative impacts or effects (Cal OES 2020). From a climate change perspective, mitigation refers to actions taken to reduce the severity of climate change by lowering greenhouse gas emissions and enhancing carbon sinks.

Resilience. The capacity of an entity (an individual, a community, an organization, or a natural system) to prepare for disruptions, to recover from shocks and stresses, and to adapt and grow from a disruptive experience (Cal OES 2020). Also, the ability of a city's systems, businesses, institutions, communities, and individuals to survive, adapt, and grow no matter what kinds of acute shocks and chronic stresses they experience.

Risk. The consequence of the interaction between a hazard and the characteristics that make people and places vulnerable and exposed (UNDRR Terminology 2017).

Sensitivity. The degree to which a species, population, natural system, community, asset, service, or other associated system would be affected by changing climate conditions (Cal OES 2020).

Socially Vulnerable Populations. Those experiencing heightened risk and increased sensitivity to climate change and having less capacity and fewer resources to cope with, adapt to, or recover from climate impacts (Cal OES 2020).

DRAFT

Vulnerability. The physical, social, economic and environmental factors or processes that increase the susceptibility of an individual, a community, assets, or systems to the impacts of hazards, or the propensity or predisposition to be adversely affected (IPCC 2012).

DRAFT

Letter from the Mayor



Half Moon Bay has always been a community defined by its deep connection to the natural environment, and the strong bonds among the people who live and work here. Our residents are innovative, our businesses are resourceful, and our values run deep, rooted in stewardship, resilience, and a shared responsibility to protect what makes this place so special.

In 2023, Half Moon Bay adopted its Climate Action Plan, a roadmap for reducing greenhouse gas emissions and transitioning toward a more sustainable future. That was the first step in our wider vision. Now, we are building on that foundation with the second phase of our climate planning efforts: the Climate Adaptation Plan.

This plan is focused on preparing our community for climate change impacts that we can no longer avoid, including sea level rise, coastal erosion, flooding, extreme heat, wildfire, high winds, and poor air quality. These hazards pose serious risks to our health, infrastructure, economy, and natural resources. But we are facing these risks head-on and doing the work to strengthen our community's long-term resilience, and safeguard the people and places we care about most.

As you will see in this plan, the City is identifying proactive strategies that protect vulnerable populations, preserve critical infrastructure, and integrate resilience into our land use and environmental planning. The Adaptation Plan complements our Climate Action Plan by widening our focus—moving beyond emissions reduction to include preparation for the future impacts we know are coming.

This plan brings us to a pivotal moment for Half Moon Bay. Climate change is a global issue, but the most effective solutions will come from local leadership, thoughtful planning, and collective action. The Adaptation Plan invites all of us—residents, businesses, and city leaders—to take part in this effort.

Our future depends on the steps we take today. Only by working together can we ensure that Half Moon Bay remains a safe, healthy, and thriving place for generations to come. This plan will help guide our community toward the more sustainable future that we all desire.

Robert Brownstone

DRAFT

Table of Contents

Disclaimer 2

1. Executive Summary 1

An Update on the City's Adaptation Work 1

2. Introduction and Purpose 3

Document Roadmap 4

Community Profile 5

Study Area 6

Related Efforts 9

3. Project Process and Community Engagement 14

A Community-Driven Plan 14

Overview of Stakeholders 16

Community Engagement Phase 1: Understanding Vulnerabilities 16

Community Engagement Phase 2: Priority Setting 18

4. Vision, Values, and Goals 21

Vision and Values 21

Goals 22

5. Vulnerability Assessment 24

Overview 24

Vulnerability Assessment Introduction 25

Methodology 26

Results 34

6. Adaptation Strategies 68

Overview 68

Goals 68

Adaptation Strategies and Actions 74

Prioritization Process 74

Implementation 80

Funding and Financing Mechanisms 83

7. Conclusions and Next Steps 96

8. Appendix 98

DRAFT

A. Problem Statements 98
B. Adaptation Strategies and Actions 105
C. Coastal Land Use Plan Policies Supporting Climate Action Plan Goals 127
D. Multi-criteria Decision Making and Cost- Benefit Analysis 131
E. IBank Funding and Financing Options 132

9. References 135

DRAFT

1. Executive Summary

This Plan encompasses the City of Half Moon Bay's Climate Action and Adaptation Plan, Phase 2 (CAAP Phase 2), and advances the City's longstanding commitment to environmental stewardship and climate resilience. Developed between March 2023 and June 2025 by the City of Half Moon Bay (City) in collaboration with Integral Consulting, BluePoint Planning, and Lester Coastal Policy, this Plan reflects an integrated, science-based, and community-driven approach to understanding and addressing climate risk. It builds upon the 2023 Climate Action Plan Phase 1 (CAP Phase 1), which focused on mitigation and the emission of greenhouse gases and the human influences on climate change. This 2025 Climate Action Plan Phase 2 (CAP Phase 2) focuses on identifying key vulnerabilities facing Half Moon Bay from future climate hazards and prioritizing targeted adaptation strategies that the City can implement, along with identifying collaborations necessary to develop regional resilience.

Community Outreach and Public Engagement

Community engagement was a cornerstone of this effort. Over 300 touchpoints were recorded through outreach activities, including in-person pop-up events and surveys. Other groups were engaged through classroom curriculum and listening sessions with community-based organizations and service providers. The engagement process intentionally focused on reaching underserved and socially vulnerable groups, including Spanish-speaking residents, seniors, and youth. Residents shared firsthand accounts of the challenges they experienced during recent storms, expressed concern about the worsening wildfire risk, and emphasized the importance of reliable infrastructure and communication systems during hazardous weather and emergencies.

While recent extreme winter storm events and flooding that occurred in 2022/23 and 2023/34, as well as the CZU Lightning Complex wildfire that affected regions just south of the City in 2020 remain prominent in residents' minds, the City must also prepare for less immediate but increasingly likely threats in the future, such as groundwater rise, longer droughts, extreme heatwaves, and other escalating and compounding hazards.

Key Findings from the Vulnerability Assessment

This CAP Phase 2 Vulnerability Assessment evaluated the community's exposure to climate hazards, sector-specific sensitivities, and the City's current adaptive capacity, including a focus on different populations within the community. The most pressing climate-related risks include:

- **Wildfire**, which threatens community health, safety, and the built environment.
- **Coastal and fluvial flooding**, which contributes to erosion, and has implications for homes, businesses, transportation, and infrastructure.
- **Coastal erosion**, which threatens recreational areas and coastal access and imperils shoreline properties and infrastructure.
- **High winds**, leading to tree falls, power outages, and transportation disruptions.
- **Extreme heat**, which threatens the health and safety of many at risk population groups.

The analysis found that vulnerability in Half Moon Bay is compounded by geographic isolation, aging and undersized infrastructure, and persistent socioeconomic disparities. The highest vulnerability ratings were observed in:

- **The water supply sector**, due to the exposure of its infrastructure to fire and landslide hazards, and impacts on water sources from precipitation variability and drought, as well as projected increases in evaporation and reductions in snowmelt, and stressors associated with limited infrastructure redundancy.
- **Socially vulnerable and lower-income populations**, including seniors, agricultural workers, and housing-insecure residents with limited adaptive capacity.

DRAFT

- **Critical infrastructure and transportation corridors**, such as Highway 92, where failures can have widespread consequences for public services and the economic sector.

Adaptation Strategy and Prioritization Framework

Adaptation strategies were developed through public outreach workshops and aligned with five community-informed goals. These five overarching goals include:

1. Ensure a Healthy, Resilient, and Self-Sufficient Community
2. Foster a Thriving and Accessible Coastline and Open Space
3. Protect the City through Increased Resilient Infrastructure
4. Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience
5. Support and Increase Economic Sustainability

Specific adaptation actions were developed to address each goal and were prioritized based on the city's ability to influence or implement, cost, protective value, feasibility, long-term co-benefits, and the number of hazards addressed. The highest-priority suite of adaptation actions among all goals include:

- **Enhancing Emergency Preparedness and Response Capabilities**
  The City can expand and better equip Resilience Hubs, which are public facilities such as a community center, senior center, or school that can serve as locations for cooling refuge, information points, and emergency shelters. These hubs should be bolstered with backup power and resilient communications systems. This Plan also calls for establishing emergency communication protocols for populations with language barriers or limited internet access and ensuring transportation routes remain functional during emergencies.
- **Investing in Resilient Infrastructure and Long-Term Monitoring**
  Actions include developing a monitoring and evaluation program that is integrated into department daily workflows aimed at monitoring long-term climate impacts to infrastructure. Many of Half Moon Bay's drainage and stormwater systems are outdated or undersized and were not designed for the intensity or duration of projected future precipitation events. Adaptation actions include modernizing stormwater conveyance systems and maintenance activities, particularly in vulnerable neighborhoods. Shoreline protection, bluff stabilization, and monitoring of erosion-prone areas like the former County landfill on Poplar Street is also prioritized.
- **Protecting Vulnerable Populations**
  The Plan emphasizes expanded support for those most at risk: seniors, low-income residents, mobile home park residents, and agricultural workers. Proposed strategies include establishing distributed solar plus storage solutions to reduce reliance on vulnerable energy infrastructure; expanding affordable housing in safe locations; partnering with organizations like Senior Coastsiders or ALAS to deliver tailored emergency preparedness and adaptation services to specific communities; and maintaining sustained access to the coast and open space areas to provide refuge during high heat events.
- **Restoring and Leveraging Natural Systems**
  Nature-based solutions are highlighted as both protective, cost-effective, and have significant co-benefits. The Plan identifies wetland and riparian restoration to buffer flood risk, dune restoration and sediment management to reduce coastal erosion, and green infrastructure projects to manage runoff and improve water quality. Additionally, reducing impervious surfaces and enhancing tree canopy coverage, particularly in public parks and open spaces, are identified as tools for both flood and heat mitigation.
- **Strengthening Regional Partnerships and Policy Alignment**
  Recognizing its dependence on regional infrastructure, partners, and services, the Plan identifies strategies to collaborate with Coastside County Water District (CCWD), Pacific Gas & Electric (PG&E), Sewer Authority Mid-Coastside (SAM), San Mateo County, CalFire, Caltrans, and other agencies to implement shared regional climate adaptation solutions. The Plan encourages integrating adaptation planning into the City's Safety Element (meeting the requirements of SB 379) and aligning capital improvement planning and the Multijurisdictional Hazard Mitigation Plan with vulnerability assessment findings and adaptation priorities to more effectively advocate for funding.

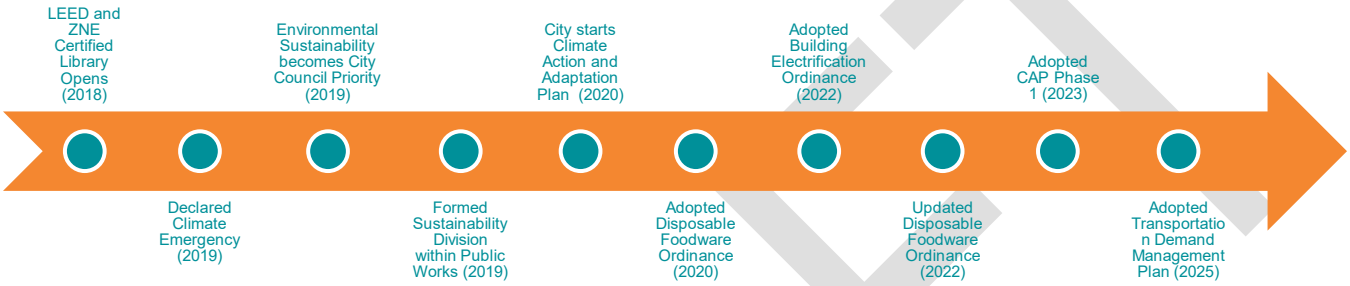
DRAFT

This Plan underscores that adaptation is essential for community and municipal resilience and for equity, safety, and long-term economic stability. This Plan represents a continuing investment in resilience and adaptation and identifies next actions upon which the City and its partners can build. Ongoing community engagement, targeted investment, and cross-sector collaboration will be critical to ensure that Half Moon Bay remains a safe, vibrant, and sustainable community for current and future generations.

DRAFT

An Update on the City's Adaptation Work

Updates between the CAP publication and this publication.



Since 2018, the City of Half Moon Bay has taken several significant steps to advance its climate goals and lay the groundwork for long-term sustainability and resilience. Early efforts included the opening of a Leadership in Energy and Environmental Design (LEED) and Zero Net Energy-certified library, the City's 2019 declaration of a climate emergency[a], and the establishment of a Sustainability Division within Public Works. That same year, the City Council elevated environmental sustainability to a formal priority.

Over the following years, the City adopted policies to reduce greenhouse gas emissions and waste, including the Disposable Foodware Ordinance (updated in 2022) and the Building Electrification Ordinance, which has since been paused[b]. In 2023, the City adopted Phase 1 of its Climate Action Plan (CAP), outlining key near-term actions to reduce emissions. Most recently, in 2025, the City adopted a Transportation Demand Management Plan to promote cleaner and more efficient mobility options. These milestones demonstrate Half Moon Bay's continued commitment to meaningful local climate action focused on reducing or mitigating greenhouse gases.

DRAFT

[a] On June 18th, 2019, the Half Moon Bay City Council adopted a climate emergency declaration, calling for a mobilization effort to end citywide greenhouse gas emissions as quickly as possible.

[b] Implementation of the Building Electrification Ordinance was paused following the 2023 federal court decision in the Berkeley case involving the ban of natural gas hookups in new buildings. This ruling set a precedent that could affect other cities such as Half Moon Bay from seeking to implement similar ordinances.



2

Introduction & Purpose

2. Introduction and Purpose

The City of Half Moon Bay (City) is committed to sustainability and recognizes its role in addressing the threat of climate change. This Climate Action and Adaptation Plan (CAAP, hereinafter referred to as the Plan) establishes strategies for the City to prepare for and adapt to the effects of climate change, reduce the impacts of future disasters, and recover more quickly when they occur. In support of the City's climate change adaptation goals, Integral Consulting Inc. (Integral), BluePoint Planning, and Lester Coastal Policy, in conjunction with the City's Public Works Department (together referred to as the Project Team), prepared this Plan. It provides an overview of City-specific climate change vulnerabilities informed through analysis of climate change hazard models and data. The Plan also reflects input gathered through community outreach efforts to solicit perspectives and guide a vision on adaptation priorities to meet the upcoming challenge. The overall adaptation approach and community engagement process are described more fully in the next chapter.

This Plan describes a path forward for the City to address these changing conditions and create a resilient community. This Plan aligns with and builds upon Phase 1 of the City's Climate Action Plan (CAP), which provides a comprehensive and strategic approach to sustainability and mitigation of greenhouse gas emissions. Phase 2, the Adaptation Plan (adding another A to the acronym and becoming the CAAP), provides a directed approach to addressing the various vulnerabilities to climate hazards. This is the first CAAP for the City and the first step in a much larger process to evaluate and plan for the impacts of climate change. Latest information, knowledge, and updated science should be reevaluated over time and incorporated into future planning. As such, this Plan will need to be reevaluated and updated on a regular basis.



Figure 1. The Half Moon Bay Art & Pumpkin Festival takes place annually in the fall (Source: City of Half Moon Bay)

This Plan is organized into six chapters as outlined below -

Document Roadmap



INTRODUCTION & PURPOSE

This section provides context for the study and discusses the importance of the Plan (pages 3-13)



PROJECT PROCESS AND COMMUNITY ENGAGEMENT

A framework and discussion of the outreach and engagement efforts, plus what the community had to say (pages 14-20)



VISION, VALUES & GOALS

An outline of the Plan's vision and describes the values and goals that guide the Plan (page 21-23)



VULNERABILITY ASSESSMENT

This section offers an overview of the City's climate change vulnerabilities (page 24-67)



ADAPTATION STRATEGIES

Describes how to approach adaptation, plus provides a list of adaptation goals and recommendations for implementation and funding (page 68-95)



CONCLUSIONS & NEXT STEPS

Final remarks and next steps for adaptation planning (page 96-97)

Study Background and Relationship with Other City Plans

In March 2020, the City embarked on a combined Climate Action and Adaptation Plan (CAAP), however, the City had to pause when it lost funding due to the COVID-19 pandemic. To address this funding challenge, the City conducted planning in two phases: the Climate Action Plan, or CAP, which focused on greenhouse gas mitigation and was adopted in 2023, and this effort, focused on hazard mitigation, resilience, and adaptation, which began in March of 2023. This Plan will be a complementary document to the CAP. Together; these two documents form the overall Climate Action and Adaptation Plan (CAAP).

The City is concurrently undertaking an update to the Safety Element, which includes climate adaptation strategies in accordance with SB 379. That plan is intended to prepare for a wider range of hazards and for the City to respond when a disaster occurs, and may include such actions as providing emergency response, equipment, food, shelter, and medicine. This Plan's focus allowed a more detailed vulnerability assessment with a focus on climate change-related hazards, and a focus on adaptation strategies that are forward-thinking to minimize community disruption, loss of life, and property damage resulting from climate change. This plan is a roadmap for climate change action, not a policy document, and can inform other plans such as the Safety Element.

The Plan lays out the City's strategy for mitigating natural hazards and implementing strategies to adapt to a changing climate, but the success of this Plan rests in our collective global ability to reduce greenhouse gas emissions to limit global warming. Of course, the City of Half Moon Bay and its surrounding coastal neighbors, plus the larger state and national communities cannot do this alone; Half Moon Bay's efforts are small pieces of the larger global effort. The City's approach to increase efficiency and reduce emissions is laid out in the City's

DRAFT

CAP. Together, the CAP and this Plan (CAAP) form the City's collective response to mitigate and adapt to climate change.

Community Profile



Figure 2. The annual Half Moon Bay Wine & Jazz Festival held in downtown Half Moon Bay (Source: City of Half Moon Bay)

This section provides a brief community profile to provide understanding of the community's characteristics, which provides context for understanding the adaptive capacity of the community, as well as the community-specific sensitivities and unique dynamics that may influence climate change vulnerabilities.

The City of Half Moon Bay is a small coastal community of 11,000 residents. Including the surrounding unincorporated county communities to the north of El Granada, Princeton Harbor, Moss Beach, and Montara, the larger region encompasses approximately 30,000 people. The City is known for its beautiful coastline and small-town feel, a major appeal to many residents and businesses that draws many tourists to the area. The area is known for its scenic qualities and recreational opportunities, with a highlight being the California Coastal Trail. The trail meanders for 5 miles along shoreline bluff tops, providing access to beaches, offering breathtaking views of the Pacific Ocean and whale and bird watching, plus opportunities for biking, walking, and horseback riding. There is also 69 acres of City managed parkland, and thousands of acres of parkland managed by the County, State, and other entities throughout the San Mateo County Coast. The City and the surrounding Coastside communities are also home to a healthy agricultural sector with numerous greenhouses, nurseries, and farms.

The City is located 28 miles south of San Francisco and is a 12- to 15-mile drive over State Highway 92 to the bayside cities in Silicon Valley. Highway 1 is the primary roadway linking Half Moon Bay along the coast to the north and south, and Highway 92 is the primary transportation corridor linking the City in the east–west direction with the San Francisco bayside cities and employment hubs of San Mateo County. On the bayside, the area is linked by Highway 92 to Highways 101 and 280, El Camino Real, and the Caltrain corridor. The median age of City of Half Moon Bay residents has increased by nearly twice the rate as in San Mateo County overall between 1980 and 2010, and stands at 44, up from 32 in 1980 (Dyett and Bhatia, 2014).

A snapshot of demographic highlights includes (City of Half Moon Bay 2024):

- Median Age: 48.3

DRAFT

- Total Households: 4,353
- Average Household Size: 2.7 persons
- Average Household Income: $209,719
- Education—High School Degree or higher: 92.1%
- Education—Bachelor's Degree or higher: 54.6%
- Median Housing Value: $1,425,500
- Percent of Foreign-Born Persons: 20.9%

For people 25 years and older, 88.3% have a high school diploma, and 57.4% have a bachelor's degree or higher. This high level of education aligns with the region's location as a vibrant job center and part of the financial, pharmaceutical, and technology centers in San Francisco, Oyster Point, and Silicon Valley. Many of Half Moon Bay's residents commute outside the City to the San Francisco Bay Area throughout this job-rich region. The City has also retained employment sectors traditional to the Coastside, such as small businesses and agricultural operations, while also accommodating new businesses and industries that are otherwise primarily thought to be located "over-the-hill" in bayside communities, such as the tech industry (City of Half Moon Bay 2024).

Study Area

The area of interest for this Plan is the incorporated jurisdiction of Half Moon Bay, where the City has direct land use authority. However, because the impacts of climate change extend beyond jurisdictional boundaries, a broader study area was developed. This Plan incorporates three overlapping scales for hazard evaluation and adaptation planning: regional, local, and neighborhood (see Figure 3). The vulnerability assessment addresses hazards primarily at the regional (county-level) scale, while adaptation strategies focus on specific actions the City can take at both local and neighborhood levels to address climate vulnerabilities more precisely.

The regional study area, developed in collaboration with the Project Team, encompasses the entire coastal watershed, extending from Devils Slide in the north to El Granada in the south, and inland to the crest of the Coast Range along California State Route 35 (Skyline Boulevard). This area encompasses unincorporated coastal communities north of Half Moon Bay: Montara, Moss Beach, Princeton Harbor, and El Granada, which contain critical infrastructure supporting the City, such as high-voltage power lines, gas pipelines, water supply systems, and major transportation connections.[c] Because land use decisions in these neighboring areas may significantly affect the City's long-term resilience, the regional scale also identifies opportunities for collaboration to strengthen climate adaptation planning.

The local study area consists of the City's jurisdictional boundary and adjacent unincorporated areas closely integrated with City services and infrastructure. This area includes the Moonridge neighborhood, the Caltrans Corporation Yard, the James Johnston House property, and portions of unincorporated land along the Highway 92 corridor. These areas were included to align with Local Coastal Plan (LCP) boundaries and the Coastal Zone as regulated by the California Coastal Commission (CCC).

According to the LCP, Half Moon Bay's land use pattern includes diverse neighborhoods separated by undeveloped open space. While the LCP identifies 22 individual neighborhoods, for this Plan they have been grouped into eight larger neighborhood focus areas, each encompassing multiple smaller neighborhoods and adjacent open space. Highway 1 serves as the east–west boundary between neighborhood groups, while features such as Pilarcitos Creek, Frenchmans Creek, and Wavecrest Open Space delineate other neighborhood areas. These focus areas guide targeted climate vulnerability assessments and localized adaptation strategies. The eight neighborhood group focus areas include:

[c] While this Plan evaluates vulnerabilities to the City within this region, it does not focus on adaptation strategies related to regionally connected utilities and infrastructure; instead it focuses on coordination and collaboration and partnerships to plan for these assets.

DRAFT

North Coastal	• West Miramar, North Coast Panhandle to Pilar Point Harbor
North Inland	• Frenchmans Creek, Upper Roosevelt and Pullman, Watershed Area, Rocket Farms Greenhouses
North Central Coastal	• Kehoe & Casa Del Mar, SAM Waste Water Treatment Plant, Belleville, Strawflower Village Plaza
North Central Inland	• Sea Haven & Spindrift, Grandview, Beachwood Open Space Area, Highland Park & Terrace, Half Moon Bay High School
South Central Coastal	• Pilarcitos Park, Alsace Lorraine, Arleta Park, Former Landfill Site, Oceanview Driving Range
Downtown and 92 Corridor	• Cypress Cove, 92 Corridor, North Downtown, Heritage Downtown, South Downtown & Senior Campus, Arleta Park, Cunha Intermediate School, Main Street Park
South Coastal	• Ocean Colony and Golf Course, Wavecrest, Canada Cove, Smith Field Park
South Inland	• Moonridge, Greenhouses adjacent to Highway 1, Johnston House

DRAFT

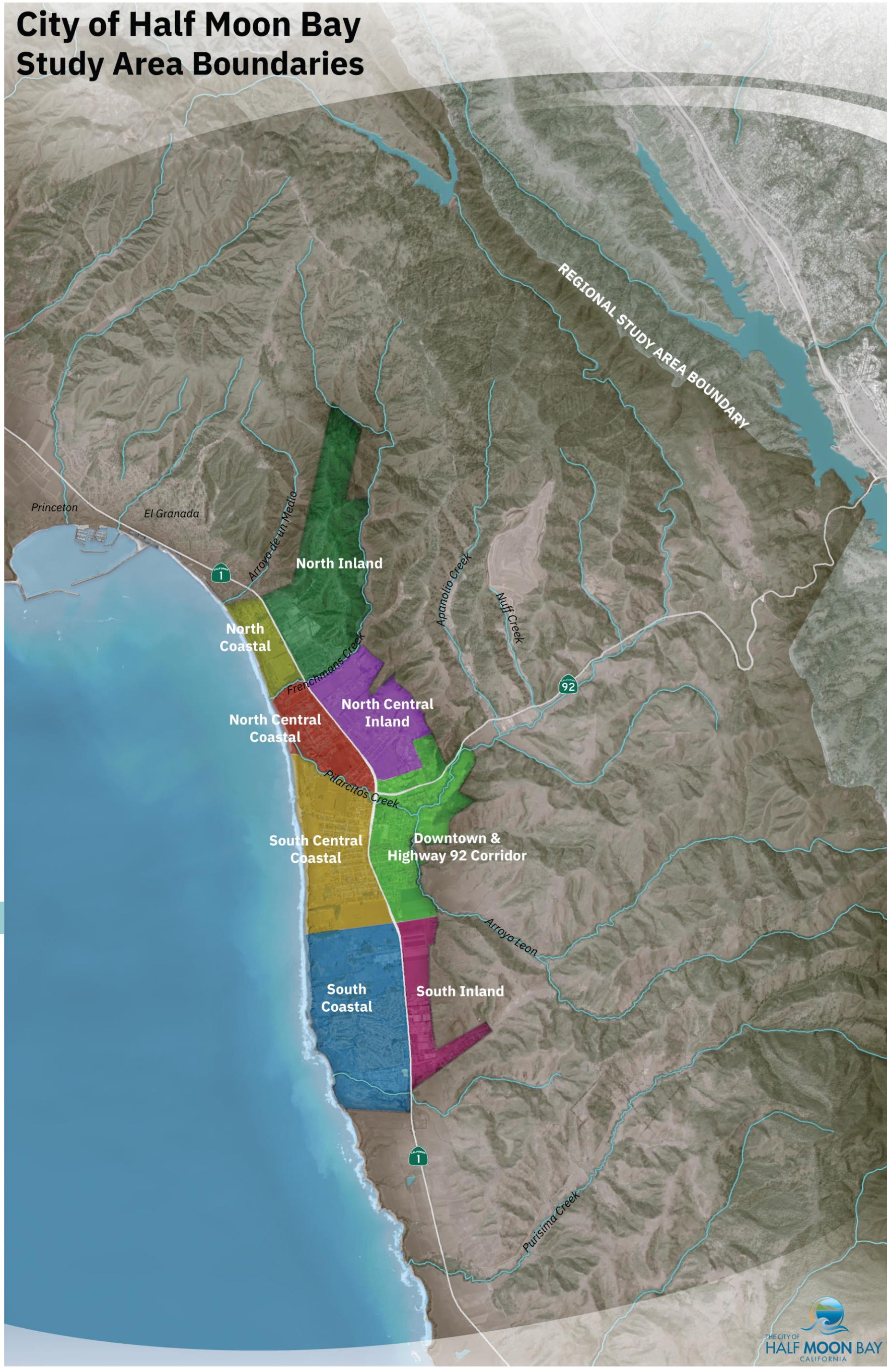


Figure 3. Project study area boundaries. The color-coded areas represent the local study areas. The darker shaded area represents the regional study area which extends from the Tom Lantos tunnel and Devils Slide in the north to Highway 84 in the south.

Related Efforts

This section provides a list of related major regional planning efforts that include relevant policy guidance for this Plan and provides context for climate change adaptation strategy recommendations in Chapter 6. Note that this is not a fully comprehensive list, and there are additional smaller programs and internal policies that are not included here (e.g., Sewer Maintenance and Management Plan, engineering standards, design standards). Please refer to the CAP (Phase 1) for a description of global, state, county, and local efforts related to climate change mitigation.

City Efforts

General Plan

Under California planning and zoning law, the Land Use Plan and General Plan provide the policy basis for the City's land use vision. The General Plan is a comprehensive long-term policy direction for the physical development, preservation, and conservation in the City. The General Plan includes additional elements addressing housing, safety, noise, parks and recreation, circulation, and land use, and because the City of Half Moon Bay is located entirely within the California Coastal Zone, the Local Coastal Land Use Plan serves as the City's Land Use Element. The City integrates hazard mitigation for all pertinent hazards in the Safety Element (see below). The General Plan was comprehensively updated in 2020.

Safety Element—*update underway*

A Safety Element is a required section of the General Plan that identifies potential natural and human-caused hazards that could affect residents, businesses, and services in the community. Hazards included in a Safety Element can include wildfire, flooding, earthquakes, landslides, extreme weather, sea level rise, pests and diseases, human health hazards, hazardous materials, and others. It is distinguished from this Plan by incorporating a wider range of non-climate related hazards including earthquakes and tsunamis, and evaluating evacuation and access along Highways 1 and 92. Half Moon Bay's Safety Element was last adopted in 1991 and an update is in progress. Adoption of the updated Safety Element is expected by early 2026.

Capital Improvement Plans—Updated Annually

The City's Capital Improvement Plan is updated annually. It is a 5-year fiscal planning and budgeting tool for the City to prioritize infrastructure projects.

Miramontes Point Sea Level Rise Vulnerability and Fiscal Impact Assessment—2023

This study filled a gap in the City's Sea Level Rise Vulnerability Assessment (City of Half Moon Bay 2016) and projected the extent of coastal erosion and vulnerabilities to the Ritz-Carlton resort along a 1-mile stretch of coastline around Miramontes Point at the south end of the City. This upscale resort and golf course provides a substantial source of revenue to the City through transient occupancy taxes (TOTs) and green fees.

Local Coastal Program and Local Coastal Land Use Plan—Adopted 2021

The primary goal of an LCP is to ensure that the local government's land use plans, zoning ordinances, zoning maps, and implementation actions protect public shoreline access and coastal resources and provide for priority coastal land uses, consistent with the requirements, provisions, and policies of the California Coastal Act. The Local Coastal Land Use Plan (LCLUP) is the land use and resource protection policy component of the LCP. It includes land use designations specifying the types, locations, and intensities of development allowable in the coastal zone. The entire city of Half Moon Bay is in the coastal zone. The LCLUP also identifies land use priorities and how to address land use issues for the City, and it covers foundational policies for guiding coastal development. The City's LCP has been amended numerous times since 1985 to address changing conditions,

DRAFT

laws, and issues. The LCLUP, together with the Local Coastal Implementation Plan (LCIP), which includes zoning ordinances, zoning maps, and standards and requirements, constitutes the entire LCP. The LCLUP was updated by the City in 2020 to address climate change and environmental hazards related to sea level rise and was certified by the CCC in 2021.

Sustainability Implementation Plan—2020

The Sustainability Implementation Plan outlines opportunities to implement sustainable policies, programs, and projects within the City of Half Moon Bay, including cleanup efforts, outreach and education, and the development and implementation of plans such as this one.

Climate Action Plan—2023

As described above, the CAP constituted Phase 1 of the CAAP and focused on climate mitigation actions and greenhouse gas emission reduction strategies. It was adopted in 2023.

CAAP Outreach Pilot Project—2019

This project was part of the initial CAAP project, which was halted due to COVID-19, and focused on targeted outreach to underrepresented communities in Half Moon Bay, specifically the youth, seniors, and Latino population. It relied heavily on partnerships with three local non-government organizations including Youth Leadership Institute, Ayudando Latinos A Soñar (ALAS), and Senior Coastsiders.

Green Infrastructure Plan—2019

This plan focused on identifying potential green infrastructure projects, including drainage improvements, park improvements, complete streets, intersection improvements, and parking and building improvements.

Parks Master Plan—2019

The Parks Master Plan provides a roadmap for the future of parks in Half Moon Bay and helps focus future decisions and parks resources over the next 15 years. This Plan outlines recommendations to enhance City Parks' level of service and improve the quality of life for residents and visitors. It includes significant considerations and recommendations related to sustainable landscape practices, including green infrastructure, native plantings, and water-efficient landscaping. This plan does not explicitly address climate change adaptation.

Bicycle and Pedestrian Master Plan—2019

The City's Bicycle and Pedestrian Master Plan guides the development of programs and facilities to enhance bicycling and walking as practical, efficient, and safe transportation choices for Half Moon Bay residents and workers, plus coastal visitors. It provides recommendations to improve the safety, comfort, and connectivity of the bicycle and pedestrian networks in Half Moon Bay.

Storm Drain Master Plan—2016

The City's 2016 Storm Drain Master Plan established an approach to prioritizing Capital Improvement Program funds to mitigate the impacts of stormwater runoff in the City. This document identified the steps taken to inventory and analyze the existing storm drain system, analyzed capacity restrictions within the storm drain networks, and provided recommendations for a more comprehensive update in fiscal year (25-26).

Plan Half Moon Bay, Sea Level Rise Vulnerability Assessment—2016

This document assesses the City of Half Moon Bay's vulnerability to sea level rise. It was prepared to ensure that the update to Half Moon Bay's LCP reflected the conditions, information, and community priorities as of 2016. This study identified sea level rise impacts for most of the City outside of Miramontes Point and was used to update the LCP in 2020 to reflect more current sea level rise projections.

DRAFT

County Efforts

San Mateo County Local Hazard Mitigation Plan—2021

The San Mateo County Local Hazard Mitigation Plan (LHMP) is a large regional and cross-jurisdictional effort to plan for the reduction of risk from natural and man-made disasters. It assesses hazard vulnerabilities and identifies mitigation actions that jurisdictions will pursue in order to reduce the level of injury, property damage, and community disruption that might otherwise result from such events. The LHMP addresses natural and human-caused hazards, including flooding, drought, wildfire, landslides, severe weather, terrorism, cyber threats, pandemic, and the impact of climate change on hazards, as well as other risks and threats. Projects identified in the LHMP are eligible for federal funding to improve resilience to natural hazards.

San Mateo County Midcoast LCP

This County LCP defines policy, zoning ordinances, zoning maps, and standards and requirements for development along the coastline just north of Half Moon Bay, from the Miramar neighborhood up to the Moss Beach neighborhood.

Coastside Resilience Infrastructure Strategic Plan—Currently Underway

The Coastside Resilience Infrastructure Strategic Plan (CRISP) is a critical infrastructure inventory mitigation project, sponsored by Supervisor Ray Mueller and spearheaded by the San Mateo Department of Emergency Management. CRISP promotes a collaborative approach, engaging stakeholders from various agencies and organizations along the coast to prioritize community voices and concerns. Through CRISP, a comprehensive inventory of infrastructures will be conducted to develop a prioritization framework.

OneShoreline Plan Princeton Study—Currently Underway

Plan Princeton is a study by the County of San Mateo to update the development plan for Princeton. The project focuses on the area west of and including Highway 1, between Pillar Point Harbor and Moss Beach. The purpose of this project is to make a comprehensive update to the policies, plans, and standards regulating the Princeton study area.

San Mateo County South Coast Sea Level Rise Vulnerability Assessment—2022

This study evaluated the impacts of coastal hazards on the South Coast from Miramontes Point in the City south to the county line with Santa Cruz County and evaluates 0.8 feet, 1.4 feet, and at 4.9 feet of sea level rise. The vulnerability assessment provided projections of the extent of coastal hazards and of the physical and economic impacts to community assets like buildings, roads, farmland, and coastal access infrastructure.

San Mateo County Sea Level Rise Vulnerability Assessment—2018

This study evaluated the impacts of sea level rise for the bayside of San Mateo County, and in Half Moon Bay at Miramontes Point north to San Francisco. The study evaluated a 1% annual chance storm event with 3.3 feet and 6.6 feet of sea level rise, and the projected extent of coastal erosion with 4.6 feet of sea level rise. The study also included an appendix with a detailed description of local-specific vulnerabilities, which included the Sewer Authority Mid-Coastside (SAM) Wastewater Treatment Plant, the former Half Moon Bay landfill, areas around Mirada Road (located just north of City's jurisdictional boundary), and other local assets such as the California Coastal Trail.

DRAFT

Multi-jurisdictional Efforts

Sewer Authority Mid-Coastside Plant Vulnerability Assessment—2024

This study evaluated potential existing fluvial flood hazards along Pilarcitos Creek and Kehoe Waterway under a range of storm recurrence intervals as well as future compound flooding associated with sea level rise and dune erosion for the SAM Wastewater Treatment Plant in Half Moon Bay. The study provided facility-specific recommendations on adaptations to potential existing flooding and future compound hazards from sea level rise.

Urban Water Management Plan (Coastside County Water District Planning)—2021

The Urban Water Management Plan from the Coastside County Water District provides a framework for long-term water supply planning and documents how urban water suppliers fulfill their long-term resource planning responsibilities to ensure adequate water supplies to meet existing and future water demands.

Coastal Regional Sediment Management Plan for the Santa Cruz Littoral Cell, Pillar Point to Moss Landing (USACE, MBNMS, and Noble Consultants 2015)

The Santa Cruz Littoral Cell encompasses the 75-mile coastline from Moss Landing to Pillar Point. The regional Coastal Regional Sediment Management Plan was a scientific summary and guidance document to identify sediment sources to potentially restore and maintain coastal beaches and other critical areas of sediment deficit; reduce the proliferation of protective shoreline structures; sustain recreation and tourism; enhance public safety and access; and restore sandy coastal habitats. The Plan recommends future regional- and site-specific strategies for managing and responding to these erosion issues with sediment to protect coastal resources and infrastructure.

San Mateo-Santa Cruz Unit Strategic Fire Plan—2022

This plan identified and prioritized wildfire mitigation and recovery strategies aimed at reducing risk within the San Mateo–Santa Cruz Unit. The Plan has goals and strategies that address specific planning for vulnerable populations including those in schools and nursing facilities as well as the older adult population.

Other Efforts

California Climate Adaptation Strategy (Central Coast Regional Workshop)—2021

This workshop was led by the California Natural Resources Agency and the Governor's Office of Planning and Research, and involved an in-person event that was held on June 28, 2021[d]. Drought, wildfire, and sea level rise were the top three climate hazards of concern among respondents. Strategies focused on the following priorities: protect climate vulnerable communities, advance public health and safety, build a climate resilient economy, accelerate nature-based climate solutions, make decisions based on best available climate science, and leverage resources for climate action through partnerships and collaboration.

[d] An overview of responses from the event can be found at: https://resources.ca.gov/Initiatives/Building-Climate-Resilience/2021-State-AdaptationStrategy-Update

DRAFT



3

Project Process & Community Engagement

3. Project Process and Community Engagement

A Community-Driven Plan

This Plan follows the climate adaptation planning process recommended by the California Governor's Office of Emergency Services, as outlined in the 2020 California Adaptation Planning Guide (CalOES 2020), and incorporates the latest climate science available. In alignment with this guidance, the Plan is community-driven. At each step, the technical team integrated community input and ideas to shape and direct the plan (see Figure 4 for a visual timeline).

During the first phase of the planning process, the Project Team gathered feedback from the community through in-person pop-up events, online surveys, engagement with school groups, and community listening sessions. This feedback focused on the climate impacts of greatest concern, the community's needs, and the areas they wish to protect.

This information complemented the development of the vulnerability assessment and associated maps (Chapter 5), which assessed the risks of sea level rise, coastal flooding, and erosion; impacts of rising temperatures, including extreme heat, wildfire, drought, and decreased fog; and changes in precipitation, including extreme storms, creek and stormwater flooding, high winds, and secondary impacts such as landslides. As part of the vulnerability assessment process, the Project Team analyzed the intersection of spatially explicit hazards, such as storm flooding, with the locations of community assets. For non-spatially explicit hazards such as high heat, this assessment relied on climate change projections from CalAdapt and community information such as U.S. Census data to inform where potentially sensitive population groups reside. This information was analyzed and then synthesized into vulnerability assessment scores for various populations, different assets, and service sectors of the community (see Chapter 5).

Once community concerns were identified and the vulnerability assessment was complete, the Project Team developed a set of problem statements to address the impacts of climate hazards on different community assets and populations (Appendix A). During the second community engagement phase, these problem statements were vetted with the public through an online platform called "Consider.it," where participants could rate their agreement with the problem statements. City staff also conducted in-person outreach for problem statement feedback. The top problem statements were identified based on participant feedback, providing high-priority focus areas in the Plan. City staff also conducted pop-ups to gather feedback on the problem statements and shared the vulnerability maps with the public.

In addition, based on top concerns and input into problem statements, the Project Team developed a set of community values and a vision to reflect the issues and desires of the community. The Project Team also developed a suite of Plan goals alongside community values, which were similarly developed through the community engagement process with input from staff. City staff conducted in-person engagement on project vision and values, and these goals formed the basis of the Plan strategies and influenced the organization of the Plan strategies into the five goal areas (see Chapter 0 for a full description of the goals). The vision, goals, and values were shared with the community, and are listed in the subsequent section.



DRAFT

Based on the problem statements, the Project Team prepared a list of adaptation actions by problem statement category. This included identifying work that has already been done to improve resilience and actions to build from existing plans and programs. City department staff reviewed this list, and the Project Team helped to prioritize adaptation policies and actions to incorporate into this Plan. These actions were workshopped and refined to clarify focus and strategy areas while also being organized by community goals. A full list of these adaptation actions can be found in Appendix B.

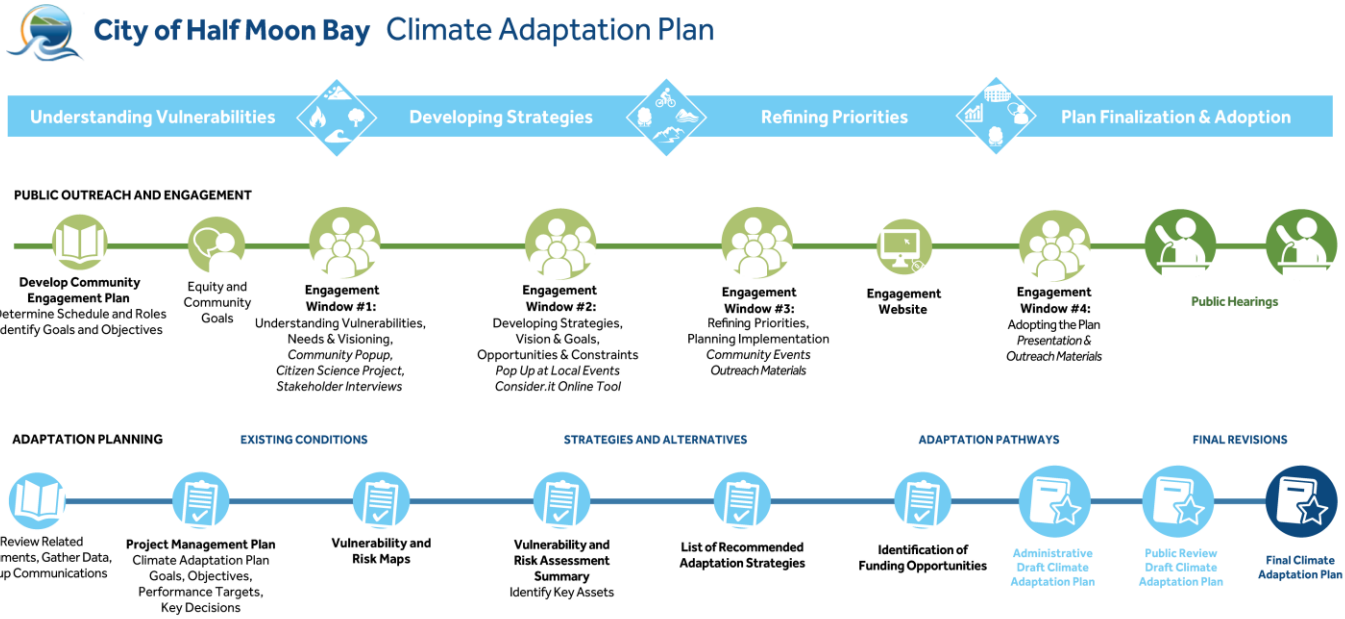


Figure 4. A visual timeline of the project

Embedding Equity Into the Plan

The City prioritized equity and the Project Team considered it throughout the planning process, from community outreach to vulnerability assessment and adaptation strategy development. Equity was built into outreach through engagement with community-based organizations, including those representing socially vulnerable communities, who took part in listening sessions during the first round of engagement. The vulnerability assessment considered socially vulnerable populations by analyzing where socially vulnerable groups reside and the challenges they may face due to climate change. Finally, in strategy development, the team prioritized actions that promote equity and foster community resilience. This included strategies that protect the City's most vulnerable populations and prioritize benefits to communities that are disproportionately vulnerable to climate impacts.

DRAFT

Overview of Stakeholders

Throughout the Plan development process, the Project Team engaged the following stakeholder groups:

- City of Half Moon Bay Staff
- General Public
- Cabrillo Unified School District
- California State Parks
- Coastside Certified Emergency Response Team (CERT)
- Coastside County Water District
- Coastside Land Trust
- Cunha Intermediate School
- Grenada Community Service District
- Muchia Te' Indigenous Land Trust
- Puente
- San Mateo County Parks
- San Mateo Resource Conservation District
- Sea Hugger
- Senior Coastsiders

Community Engagement Phase 1: Understanding Vulnerabilities

The first round of engagement took place from December 2023 to February 2024. The engagement process included a mix of in-person pop-ups and an online survey designed to reach community members who would be less likely to participate in traditional engagement opportunities and to reach a broader audience. Approximately 15% of in-person participants in the first round were Spanish speakers.

The next round of community outreach assessed the community needs and vulnerabilities to hazards in Half Moon Bay. This phase included pop-ups throughout the community, an online survey, an educational curriculum for students, and listening sessions with representatives from environmental, recreation, transportation, government, and community organizations. Overall, there were at least 337 separate touchpoints with community members during this phase of engagement. Further information on the separate components of these rounds of engagement is provided below.

Project Kick-off Pop-ups

The first round of pop-ups took place in January 2023 throughout the community. The Project Team conducted a dot-voting exercise for the public, which showcased climate hazards including sea level rise, winter storms, drought, wildfire, and increased heat, along with their respective secondary impacts. The Project Team asked the community which climate impacts they were most concerned about. The community was also presented with a map of Half Moon Bay and asked to identify the areas of Half Moon Bay they loved, and which areas they wanted to protect.

Student Engagement

In addition to the community pop-ups, the Project Team created a student curriculum, worksheets, a scavenger hunt, and a similar dot-voting activity for middle school students in Half Moon Bay. This curriculum included a presentation for students to learn about climate hazards and impacts, and



Figure 5. The Project Team at a pop-up event in Half Moon Bay (source: Blue Point Planning)

DRAFT

the expected increases in frequency and severity of climate hazards in the next century. Approximately 40 students participated.

Community Pop-ups

Community pop-ups were held at Mac Dutra Park, the Ted Adcock Community Center, and the Half Moon Bay Library. The Project Team conducted a dot-voting exercise for the public which showcased climate hazards including sea level rise, winter storms, drought, wildfire, and increased heat and their respective secondary impacts, and asked the community which climate impacts they were most concerned about. The community was also presented with a map of Half Moon Bay and asked what areas of Half Moon Bay that they loved, and which areas they wanted to protect. These pop-ups garnered over 55 individual responses and project staff talked to more than 100 community members.



Figure 5. Engagement Community Pop-up events (source: Blue Point Planning)

Online Survey

The Project Team also hosted an online survey alongside the community pop-ups that was open until the end of February 2024. The survey asked similar questions to the pop-ups with the aim of identifying the community's concerns about climate hazards. The survey received 178 responses.

Community Listening Sessions

In addition to understanding community concerns around climate hazards, the Project Team held four listening sessions with representatives from 13 community stakeholder groups, including leaders from CBOs and local agency staff, to understand more about the challenges, needs, and opportunities of each of these organizations. The listening sessions were split up by Environment and Conservation, Recreation and Transportation; Government Agencies; and Community Organizations such as social services organizations. In addition, City staff also did one-on-one outreach with a tribal representative from the Muchia Te' Indigenous Land Trust.

Overall Findings from Engagement

Listed below are the overall findings from the first round of engagement activities.

- Overall, the Half Moon Bay community is "extremely" or "quite" concerned (the top two most concerned survey options) about the impacts of climate change.
- Overall, 74% of the community is very concerned about **coastal erosion** caused by sea level rise and winter storms, with a further 20% stating they were somewhat concerned.

- Community members indicated they are concerned with **power outages** caused by any hazard, particularly during winter storms and flooding, and **road blockages**.
- The community is concerned about **impacts on water use** due to drought.
- The community is concerned about **poor air quality** in the event of a wildfire.
- The community survey found that residents are most concerned about secondary climate impacts: **impacts to the natural landscape** (65%) and **housing/property values** (44%), with the remaining categories receiving 38–39%.
- The coastline is a major asset, and participants love and want to protect the **beach** and **coastal trail.**
- The community identified impacts on **mental health**, **emergency preparedness**, **tsunamis**, and **wave flooding** as other top concerns during the pop-ups.
- The community has faced **excess flooding**, particularly in creeks and rivers. The community is concerned with dead trees and trash that are causing these pile-ups.
- The community expressed the need for **emergency preparedness** and community reliance and importance of strong **communication channels** for the following reasons:
  - The community recognizes that Half Moon Bay is in **a remote location** with limited routes in and out. In cases of emergency or road closures the City and its neighboring communities, who often rely on key City services, are often **isolated** and unable to get aid or resources into Half Moon Bay or able to evacuate out of Half Moon Bay[e].
  - The community often faces **power outages** that last multiple days, leaving many without internet access, phone service, or fresh food.
- Additional **support services for seniors** should be provided during emergencies.
- Senior Coastsiders and the High School offer spaces and resources to create Resilience Hubs and act as shelters for the community to go to in times of emergency. Expanding and bolstering these Resilience Hubs can help connect Half Moon Bay with other nearby Coastside communities and provide areas of refuge to these communities.
- The community is interested in affordable renewable energy sources, especially for its most vulnerable residents, like solar energy with increased energy storage.

Community Engagement Phase 2: Priority Setting

Phase 2 of the engagement took place between August and September 2024 and included in-person outreach at the Half Moon Bay Library, a City Council Meeting, the Senior Coastsiders lunchtime service, and Make It Main Street's back-to-school night. The Project Team also solicited input on problem statements through the online platform Consider.it, which asks users to rate their agreement with each problem statement with the opportunity to provide comments for feedback, similar to the in-person exercise. A total of 13 users participated via the online platform. In-person engagement included four pop-up events, during which City staff interacted with approximately 119 people, resulting in 47 completed surveys (which asked the same set of questions as the online platform). This brought the total survey participation to 60 individuals when combining in-person and online responses. Additionally,132 individual touchpoints were achieved by adding the 13 online responses to the 119 in-person engagements. Below are the top three hazards from the problem statements that received the highest level of agreement during this round of engagement:

- **High winds** can lead to trees falling and downing power lines, which can block roadways and cause dangerous situations for residents and visitors. These events can also disrupt electrical and communication connections to the broader region.

[e] Many community members expressed concerns about evacuation. Evacuation is a significant issue for the community and is being considered in the Safety Element update.

DRAFT

- **Wildfire** can lead to road closures, damage to roads and transportation infrastructure, and also have indirect impacts such as reduced visibility due to wildfire smoke and an increased likelihood of washouts post-fire. Wildfire risk in the region can also lead to public safety power shut-offs, which shut off electricity in the City and beyond, sometimes including infrastructure such as cell towers, traffic lights, and pump stations.
- **Flooding impacts**, especially to the SAM Wastewater Treatment Plant, are a concern. This facility has flooded in the past and remains at an elevated risk of future flooding in extreme storm events.



Figure 6. Priority setting community engagement event outside of City Hall (source: City of Half Moon Bay)



4

Values & Goals

4. Vision, Values, and Goals

Vision and Values

Based on input gathered from the community engagement described in the previous chapter, the Project Team developed a series of values and goals to guide the Adaptation Plan effort, which in turn contributed to the Plan's vision. **The Plan's vision for the City of Half Moon Bay is to be better prepared for future hazards and climate impacts by reducing the impact of climate change and disasters, and by ensuring equitable recovery from disasters when they do occur.** This vision formed from community values gathered during the first engagement round: working across the City to form community and resilience to climate impacts, developing regional connections to support regional resilience, supporting vulnerable populations, and safeguarding natural systems.

Below is a list of community values that can help achieve this vision.



Figure 7. Project values including community, connection, equity, and nature

Goals

The first round of community engagement resulted in the following project goals (see Figure 8). City staff and subsequent engagement activities vetted and confirmed the initial goals. These goals reflect the community's focus for adaptation and serve as the organizing structure for the Plan and strategies. By grounding the Plan in community goals, strategies and actions are more closely aligned to community values and can be more effectively supported and implemented. Each goal serves a distinct community need and has specific City departments associated with action implementation (see Chapter 6). With this approach, each department or community audience can reference this document and use it to help guide future efforts and work priorities.



Figure 8. Project goals developed in conjunction with City staff and the community



5

Vulnerability Assessment

5. Vulnerability Assessment

Overview

The City of Half Moon Bay faces a range of climate-related hazards, including wildfire, coastal and fluvial flooding, landslides, coastal erosion, storm wave flooding, and increased extreme heat events. These hazards can lead to cascading impacts that disrupt infrastructure, businesses, services, and quality of life, potentially causing long-term or even permanent changes.

Climate change hazards interact with the community's preexisting conditions to determine the level of vulnerability for specific assets, services, or population groups. These conditions include sensitivities such as aging stormwater infrastructure, a shortage of affordable housing, and the community's adaptive capacity. Adaptive capacity varies based on factors like civic engagement, legal or political challenges, and staffing or funding limitations.

This chapter assesses exposure to climate hazards in conjunction with sector-specific sensitivities and adaptive capacities, providing a comprehensive overview of the most significant vulnerabilities across the City's social, economic, natural, and built systems.

The most prominent climate change hazards include the following:

- **Wildfire and extreme heat**, which could directly impact homes, businesses, and infrastructure and have indirect impacts on a wide range of systems, including human health.
- **Drought** conditions are projected to rise, impacting ecosystems, water resources, and the local economy.
- **Emergent groundwater** which could be problematic in low-lying areas such as around the mouth of Pilarcitos Creek.
- **Stormwater and fluvial flooding** events could increase, leading to disruptions and damage in low-lying areas.
- **Coastal erosion and sea level rise** could threaten homes, roads, recreation areas, and utilities along the shoreline.
- **High winds and other secondary impacts** such as tree fall could lead to disruptions to power distribution systems and other utilities.
- **Debris flow and landslides** could increase due to more intense precipitation and other cascading impacts. The hazard will be highest on steep slopes and creekbanks.
- **Decreased coastal fog** could have impacts on agriculture and coastal habitat areas, especially redwood forests.

Sensitivities and adaptive capacities are characterized by:

- **High cost of living** impacts the potential adaptive capacity of the community, and especially socially vulnerable populations, including seniors, low-income residents, agricultural workers, and unhoused individuals. Socially vulnerable populations who are exposed to multiple hazards might not be supported by social systems and often lack adaptive capacity.
- **Aging and undersized stormwater systems**, particularly in older neighborhoods, and even newer neighborhoods that may have deferred maintenance.
- **Limited redundancy** in utility services that are prone to closure from landslides, flooding, and wind.
- **Confined geographies and limited space** affecting where Highways and other systems can be rerouted.

These intersecting hazards and sensitivities result in the highest vulnerabilities in:

DRAFT

- **The water supply sector**, where the collection, storage, and distribution systems have an extremely high degree of exposure to climate change hazards including wildfire, landslides, and changes in precipitation, and the system is particularly sensitive due to limited redundancy and sensitivity to cascading hazards such as reduced snowpack.
- **Socially vulnerable groups**, who face compounding risks from a wide range of climate impacts and face systemic barriers to recovery.
- **Critical infrastructure and transportation corridors**, which include Highway 92, where damage or disruption can cascade through other systems and services and affect emergency response, communications, and economic stability.

Overall, vulnerability in Half Moon Bay is driven not just by exposure to climate hazards, but by the ways in which preexisting conditions—like outdated infrastructure, socioeconomic disparities, and geographic constraints—amplify risk and reduce resilience. In the following vulnerability assessment, a narrative with supporting tables and maps outlines the vulnerabilities to the City. In the subsequent chapter (Chapter 6. Adaptation Strategies), the vulnerabilities detailed here are used to inform a suite of adaptation strategies.

Vulnerability Assessment Introduction

Half Moon Bay is already experiencing the effects of climate change, and these impacts are expected to intensify in the coming decades. Rising temperatures, prolonged droughts, increased wildfire risk, coastal erosion, flooding, and sea level rise threaten the City's residents, infrastructure, ecosystems, and economy. These hazards do not act in isolation; rather, they interact through cascading and compounding effects that can overwhelm systems and accelerate damage.

Local and regional infrastructure and utilities are critical for community function, and much of these assets and services are highly exposed to climate change and climate hazards, which is compounded by the Coastside's remote and rural nature. As mentioned in the section above, the City's water supply is highly vulnerable to climate change. This sector includes the imported water supply from the Tuolumne Watershed and the regional surface water supply from the local watersheds. Not only will climate change bring greater uncertainty in precipitation on which the water supply depends, but the pumping and conveyance infrastructure, which is located in and traverses rugged terrain, is highly exposed to wildfire, fluvial flood hazards, landslide and earth movement, and a range of cascading impacts including sedimentation and pollution burden. The Coastside County Water District (CCWD) has developed an Urban Water Management Plan (2021) that outlines the goals, strategies, and actions to address these vulnerabilities. CCWD's plan sets a vision for developing adaptive capacity, and the City has an opportunity to find alignment with and partner with this agency to ensure success for this vision.



DRAFT

Figure 9. Pilarcitos Reservoir, located north of Half Moon Bay within the San Francisco Peninsula watershed, a 23,000-acre protected area managed by the San Francisco Public Utilities Commission (Photo: Coastside Buzz)

Certain areas of the City face elevated risks from climate change hazards due to their geographic location and specific vulnerabilities. Many of the greenhouses are situated in areas prone to wildfires and landslides. Due to the nature of their operations, these businesses are particularly sensitive to changes in temperature and water availability, making them highly vulnerable to climate-related impacts. Half Moon Bay High School is also at risk, not only because of its physical location, but also because of the population it serves, which may be more susceptible to disruption caused by climate events. The former Half Moon Bay landfill, now owned and managed by San Mateo County, is another critical site of concern. Located near the coast at the end of Poplar Street, this 14-acre parcel is exposed to coastal wave action, increasing the risk of coastal erosion. Failure at this site could have serious consequences, potentially exposing humans and wildlife to buried waste and allowing contaminants to reach the Pacific Ocean. There is, however, some adaptive capacity at the landfill site. To address erosion risks, a cap has been constructed to help stabilize the bluff. In 2021, Anchor QEA conducted a comprehensive geotechnical assessment of the site. The evaluation included a range of bluff armoring alternatives and concluded with specific recommendations to further reduce erosion risk (Anchor QEA, 2021).



Figure 10. Former landfill and landfill cap, located at Poplar Beach (source: City of Half Moon Bay)

The sections below outline the hazards facing Half Moon Bay, along with the populations, assets, and services that are most sensitive to those hazards. The assessment highlights that while climate change presents risks citywide, certain sectors—such as water supply, stormwater infrastructure, transportation, and socially vulnerable populations—are particularly exposed due to their location, structural condition, or capacity to withstand trauma.

By identifying the areas of greatest vulnerability, this assessment provides the foundation for strategic planning, investment, and community engagement to reduce risk and build resilience. It is intended to inform not only climate adaptation strategies, but also land use decisions and infrastructure investments that will shape the future health and sustainability of Half Moon Bay. The vulnerability assessment and the problem statements helped support the selection of climate adaptation and resilience goals (outlined previously in Chapter 0), as well as the prioritization of adaptation strategies that can help increase community resilience (Chapter 6).

Methodology

The vulnerability assessment focused on determining the threat of different types of hazards to different systems within the Half Moon Bay community. Vulnerability to climate change hazards is evaluated based on three main criteria: 1) exposure to hazards, 2) population, asset, or service sensitivity to hazards, and 3) the adaptive

capacity of the population, asset, or service. The following sections outline the steps taken to perform the vulnerability assessment, including how hazards were characterized, how system-specific sensitivities were identified, and how vulnerability rankings were derived to prioritize areas of greatest concern.

Climate Change Hazards

This Plan utilizes multiple standard data sources to assess and understand climate hazards for Half Moon Bay. To assess a full range of potential vulnerabilities, this Plan considers two standard scenarios:

- A medium emissions scenario where global greenhouse gases peak in 2045 and then decline (also known as RCP 4.5), and
- A high emissions scenario where global emissions continue to rise through the end of the century unabated (also known as RCP 8.5) [f]

Critical data sets and climate hazard considerations for the Vulnerability Assessment include changes in precipitation, increased temperature, and drought stress.[g] These datasets provide a historic baseline from which to consider future conditions out to 2070 to 2099. Climate change scenarios analyzed in this study used localized (or downscaled) data from California's Fourth Climate Change Assessment to identify the ranges in both the magnitude and timing of climate-change-related impacts.

Cascading Impacts

Climate hazards do not occur in isolation. Each one can set off a chain of secondary effects that ripple across systems and amplify overall risk. These cascading impacts occur when an initial stressor—such as a prolonged drought coupled with high winds—triggers additional hazards such as wildfire, which then leads to disruptions and impacts such as power outages, degraded air or water quality, or disruption to emergency/essential services. Because different sectors depend on interconnected systems, the same initial hazard may lead to different outcomes depending on where and how it occurs.

The vulnerability assessment considered cascading impacts unique to Half Moon Bay, and these relationships are illustrated in the network diagram in Figure 11, which links primary climate change drivers—increased heat, sea level rise, altered precipitation patterns (represented as the largest nodes)—to specific hazards and secondary impacts they can initiate. These hazards, in turn, have impacts on critical systems such as infrastructure, water supply, ecosystems, human health, and emergency services. Feedback loops can intensify these interactions; for example, wildfire is worsened by high heat and wind, which can further dry vegetation and increase local temperatures, reinforcing fire-prone conditions. This network diagram is an example of using a systems-based approach, which helps identify where risks may compound and where targeted resilience strategies can have the greatest effect.

By way of illustration, certain stressors and hazards will have greater and further-reaching effects with more cascading impacts than others. The relative impact can be seen in Figure 11 as the greater number of linkages associated with wildfire than the number of linkages associated with reduced fog. While both hazards have significant impacts, the threat of wildfire is likely to have a greater impact on Half Moon Bay's systems than reduced fog.

[f] The Intergovernmental Panel on Climate Change (IPCC) uses a range of global climate models (GCMs) to project future climate changes and related hazards. These GCMs are based on a range of relative concentration pathways (RCPs) that relate scenarios of development patterns with emission scenarios, and this study has evaluated both RCPs 4.5 and 8.5 to provide a range of future climate change scenarios. Note that the latest Sixth Assessment IPPC report uses CMIP6, which relies on SSPs (Shared Socioeconomic Pathways) rather than RCPs. SSPs encompass broader socioeconomic factors influencing climate change, providing a more holistic view of future scenarios. However, as most prior reports and most of the model data relies on CMIP5, this study has continued to use RCPs to maintain consistency.

[g] These data were sourced from CalAdapt (cal-adapt.org), an online tool that presents historical and modeled projections based on 10 different global climate models that have been localized to 3.7-mile by 3.7-mile grids. These projections are forecasted to the end of the century (2070 to 2099) and are compared to a modeled historical baseline (1961 to 1990).

How the chain of events may play out depends on community decisions and the community's ability to mitigate and adapt to climate change. As climate-related natural disasters become more frequent and intense, costs for disaster response and relief are anticipated to increase. This may create a financial burden on the community, which may affect some groups more than others, such as underserved communities and socially vulnerable populations. In addition, a loss of homes and businesses in fire- or flood-prone areas may reduce the City of Half Moon Bay's income from property and sales taxes. Climate change is also anticipated to impact public buildings, critical infrastructure, the transportation network, and community services, which may affect ratepayers directly, as well as impact the quality of service that the community expects. The cost of upkeep, mitigation measures, and recovery post-disaster could have significant impacts on the fiscal health of the City, County, and State. The anticipated financial burden reflects how initiative-taking measures and allocating resources and investment in climate change protection strategies now will function as insurance against the costliest impacts that are projected in this assessment.

DRAFT

City of Half Moon Bay
Climate Change Vulnerabilities
Cascading Impacts

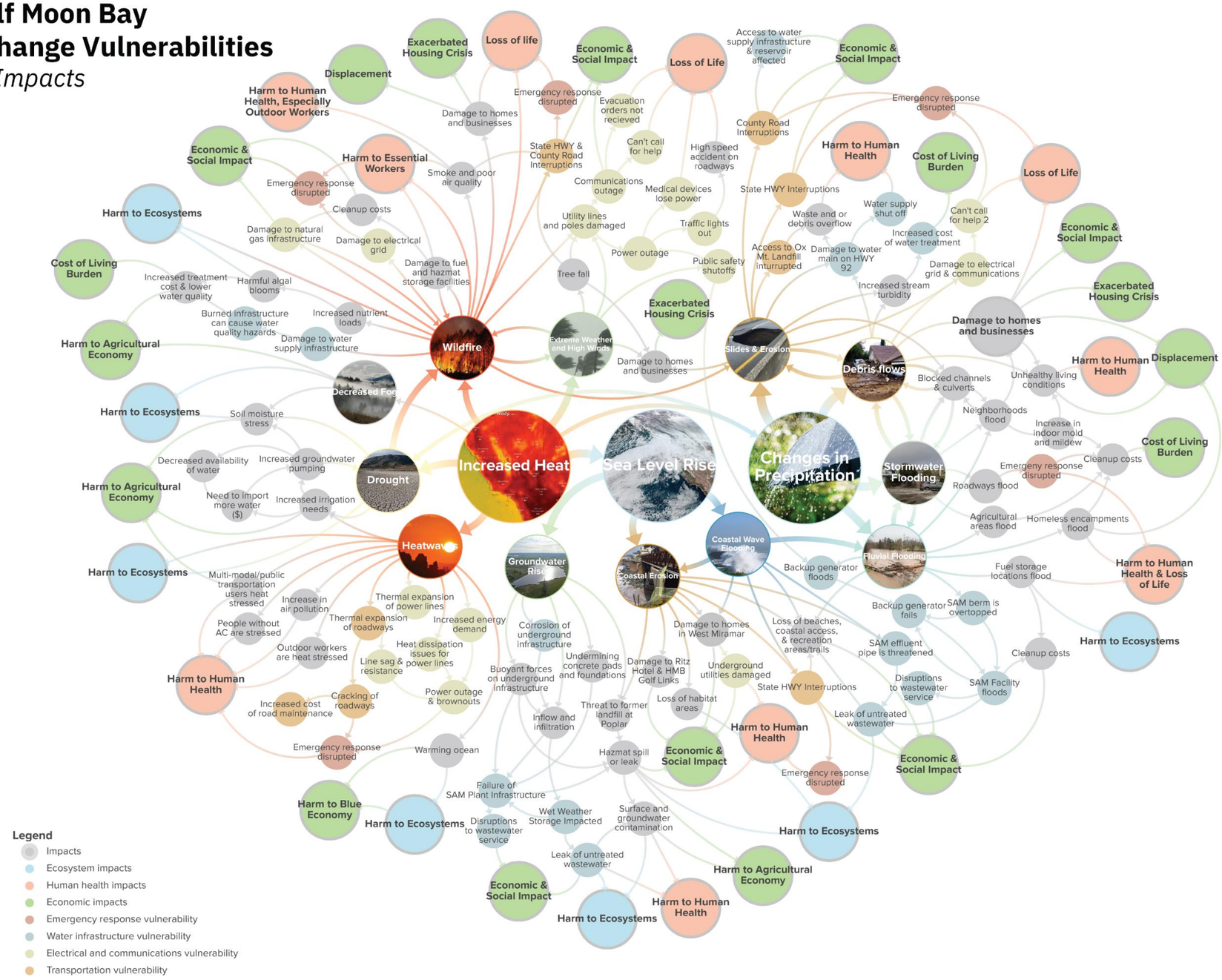


Figure 11. Primary climate change and environmental drivers with their associated cascading impacts that will likely affect social, economic, and life-sustaining systems.

Hazards Considered

The hazards evaluated in this vulnerability assessment reflect the wide-ranging consequences of shifting environmental stressors and are depicted as secondary nodes in Figure 11 (see the medium-sized circles, e.g. Drought, Stormwater Flooding etc.). As summarized in Table 1, these hazards are grouped into three categories: Rising Temperatures and Changes in Precipitation (e.g., extreme heat, drought, wildfire, fluvial flooding); Sea Level Rise and Coastal Hazards (e.g., coastal wave flooding, cliff and dune erosion); and Escalating Climate Stressors and Secondary Effects (e.g., high-intensity winds, declining ocean health, and other systemic disruptions).

Table 1. Climate Change Hazards and Data Sets Evaluated in the Vulnerability Assessment. (Data sets are noted in parentheses.)



Rising Temperatures and Changes in Precipitation

- Increased Agricultural and Ecological **Drought** *(CalAdapt)*
- Increased **Extreme Heat** *(CalAdapt)*
- Increased **Fire Weather** and **Wildfire** Threat *(CalAdapt and Cal Fire)*
- **Stormwater Flooding** and **Fluvial Flooding** (*FEMA and Other Studies)*
- Increase in **Landslides**, **Debris Flow**, and **Terrestrial Erosion** *(CGS)*



Sea Level Rise and Coastal Hazards

- Increase in **Coastal Wave Flooding** *(USGS, FEMA)*
- Increase in **Coastal Erosion,** both **Dune** and **Cliff** *(USGS, Pacific Institute, and Integral Consulting's Miramontes Point Study)*
- **Emerging Groundwater** and **Saltwater Intrusion** (USGS)



Escalating Climate Stressors and Secondary Effects

- **Decreased fog** (USGS)
- Increase in **High Intensity Winds** and **Extreme Weather**
- Reduced **Air Quality** and Increase in **Smoke**
- Reduced **Ocean Health** including Warming, Acidity, Changes in Upwelling, and Increased Contamination
- Increased **Pollution Burden** including **Contaminants** and **Silt**
- Changes to **Biodiversity**, **Ecosystems** and an **Increase in Pests**

Sector Descriptions and Data Sources

Hazards were assessed for Half Moon Bay's social, economic, natural, and built systems, which were organized into community sectors. Community sectors comprised different elements such as key populations, assets, and services. Some of these elements have management structures such as City of Half Moon Bay, the County of San Mateo, the State of California, PG&E, or the CCWD, and when applicable, those entities are noted in the vulnerability assessment tables (Tables 2–8).

In conversation with City staff, the community sectors included sensitive populations; sensitive structures; areas of natural, cultural, economic and social importance; and key infrastructure systems and critical public services. These sectors are detailed below.

Socially vulnerable populations include sensitive community groups and rely on data collected by the American Community Survey (ACS).These populations were mapped by neighborhood and indicate areas with a higher percentage of Fixed Income, Low Income, Renters, Linguistically Isolated, Small Business Owners, Service

DRAFT

Industry Workers, Agricultural Workers, Children (under 5), Seniors (65+), Unhoused or Housing Insecure, Climate Refuges, Disabled, Low Resourced People of Color, Visitors, Residents of Mobile Home Parks, Unemployed, and Persons without High School Diplomas.

Homes and businesses include most structures in the City, with building footprints sourced from Microsoft Building Footprints in 2024. These were organized by place, with neighborhoods grouped by North Coastal, North Inland, North Central Coastal, North Central Inland, South Central Coastal, Downtown and 92 Corridor, South Coastal, and South Inland.

Transportation includes state roads, local roads, and public transportation. Transportation data were sourced from OpenStreetMap and the County of San Mateo. This sector does not include active transportation infrastructure such as the California Coastal Trail; this asset has been included in the 'Parks, beaches, and open space' sector analysis.

Parks, beaches, and open space include all natural and managed parks and open space areas, including active recreation trails. Open space data were sourced from the California Protected Areas Database. These include the following:

- **Natural assets**: California state beaches and campgrounds.
- **Active transportation and recreation**: California Coastal Trail, East Side Parallel Trail and Naomi Patridge Trail.
- **City parks and other recreation facilities**: John L. Carter Memorial Park, Kitty Fernandez Park, Frenchmans Creek Park, Ocean View Park, Smith Field, Oak Avenue Park, Mac Dutra Park, Main Street Park Playground, Moonridge Playground, Skate Park, and Kehoe Park.
- **City beaches**: Cañada Verde/Manhattan Beach, Redondo Beach, Poplar Beach, Surfers Beach.

Economy, business sector, workforce includes the tourist economy, agricultural economy, blue economy/ocean economy, construction workforce, office and institutional workforce, transportation workforce, and service workforce. Due to the highly distributed nature of the businesses and the workforce, this category was not mapped.

Utilities and public services include the critical public services upon which the community depends. These services were further subdivided between regional and local public services. Due to the locational sensitivity of these assets, they were not mapped in the assessment.

Regional utilities and services include the following:

- **Energy**: Lines and substation, managed by PG&E.
- **Communications and internet**: Lines, towers, and underground utilities, managed by AT&T, Verizon, and others.
- **Wastewater**: Treatment plant, lines, tanks, pumps stations, outfall, managed by SAM, City of Half Moon Bay, the Granada Community Services District, and Montara Sanitary District.
- **Water supply**: Regional and local water supply, lines, pump stations, storage tanks, managed by the CCWD and SFPUD.
- **Emergency response**: Fire and police services, managed by the San Mateo County Sheriff's Office and the Coastside Fire Protection District.

Locally Managed Infrastructure and Facilities include the stormwater drainage system, outfalls, the corporate yard, schools, and other public buildings.

DRAFT

Assessment Method

Vulnerability to climate change hazards was evaluated using a vulnerability score, which encompasses a hazard ranking as well as the sensitivity and the current adaptive capacity of a population, asset, or service. A figure illustrating this relationship is provided in Figure 12.

Hazard Ranking

The hazard ranking reflects how much a specific threat—like flooding or heat—might affect different parts of the community. The ranking is based on two main ideas: how likely the hazard is now and, in the future (**timing**), and how widespread or intense the impact could be (**exposure**). Timing came from future climate projections described in CalAdapt and from the Phase 1 CAP, and exposure was informed through evaluation of spatially explicit hazard zones and evaluation of the Cascading Impacts network diagram (Figure 11). Every sector has specific elements with varying hazard timings and exposures, and these were quantified using a simple high, medium, or low scale, where:

- **Low** signifies that community members may not notice much change, or the damage and interruptions may be minor. Generally, this included hazards that are expected to be less severe in the near- to mid-term (out to 2050).
- **Medium** signifies noticeable impacts to the community with corresponding impact to the quality of life. Damage, service interruptions, and other impacts are expected.
- **High** signifies that the well-being of the community declines significantly, and buildings, infrastructure, and services will not function as intended or meet community demand. These hazards are also associated with a severe risk of injury or death to people or of significant or total ecosystem loss. Generally, this includes hazards that are expected to be more severe in the near-to mid-term (out to 2050).

For each hazard category (rising temperatures and changes in precipitation, sea level rise and coastal hazards, escalating climate stressors and secondary effects), individual hazards were cumulated to create a category hazard ranking. These rankings were then weighted and cumulated to create the overall hazard rankings.

Sensitivity

Sensitivity is the degree to which the sector element would be affected by exposure to a hazard. It is informed by preexisting conditions, which might increase the level of sensitivity. There are many ways sensitivity can be defined for each sector element, depending on whether the sector element is a population, an asset, or a service. In general, a sector element that is highly sensitive may lose its primary function or experience severe disruptions if exposed to any degree of hazard. If a sector element will lose only part of its function, it is considered moderately sensitive, and if a sector element can maintain its primary function(s) during exposure, it is defined as low sensitivity.

Current Adaptive Capacity

Current adaptive capacity refers to the sector element's ability to function during or recover quickly from any temporary impact (either with no or very little intervention), as well as its ability to adapt to potential impacts or changes resulting from climate hazards. An example of high adaptive capacity would be a facility with backup generators, emergency plans, or an ability to move its primary functions to less hazardous locations. A sector element with a low adaptive capacity would be one that does not have any plans in place, or is unable to maintain or quickly restore operations or functionality following hazard impacts. Barriers that affect adaptive capacity include costs or other resource constraints, lack of available space for relocation, restricted access to technological and other resources, lack of support from decision-makers, and limited access to alternatives that meet the same level of service.

DRAFT

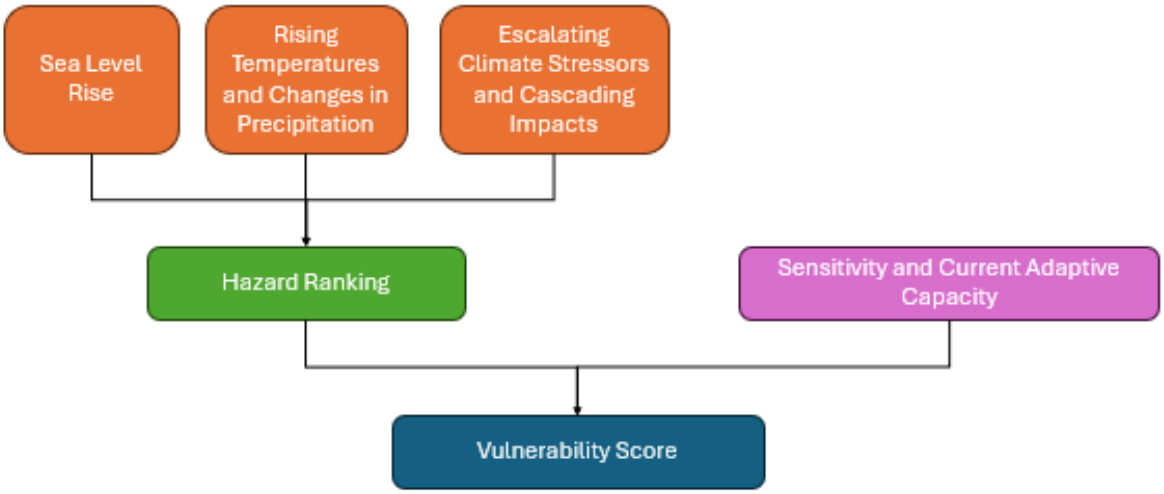


Figure 12. Factors considered in the vulnerability assessment

The vulnerability score is made up of the hazard ranking, sensitivity capacity score, and adaptive capacity score for each sector element. The vulnerability score represents the degree of urgency associated with the level of climate change risk for each element. For example, consider unhoused or housing-insecure individuals (see the first row of Table 2 on pg. 3737), a subgroup within the socially vulnerable populations. This group faces very high exposure to hazards related to rising temperatures and changes in precipitation, and high exposure to escalating climate stressors and cascading impacts. However, because unhoused individuals do not have fixed housing locations, their general exposure to sea level rise hazards is low. These factors together result in a high overall hazard ranking. Due to this population's limited resources, higher rates of chronic health conditions, and other societal barriers, this population also has low adaptive capacity and high sensitivity, leading to a very high sensitivity ranking. When combined, these elements result in a very high overall vulnerability.

Data Limitations and Disclaimer

There are inherent limitations and uncertainties in the vulnerability assessment analysis that stem from gaps in the data, as well as difficulties in summarizing complex systems. One example of a data gap can be found in the ACS from the U.S. Census Bureau, which often overlooks certain segments of the community (e.g., homeless populations, undocumented immigrants). The spatial aggregation method at the census block group level may hide small population groups or localized differences in populations within the block group.[h] In addition, the hazards data may have gaps or significant uncertainty when projecting changes in future time horizons. For instance, the Federal Emergency Management Agency (FEMA) 100-year flood zone was not available for some portions of Pilarcitos Creek and was supplemented with model data from separate studies. The California Department of Forestry and Fire Protection (Cal Fire) Fire Hazard Severity Zones also have significant uncertainty, as the zones are based on existing vegetation, land use, fire history, and terrain, but cannot account for the wide range of potential future states.

[h] This is partly done because of the ACS sample sizes, i.e. it wouldn't be reliable at lower scales even if it were available.

Results

The results of the vulnerability assessment are divided into two sections. The first consists of a vulnerability assessment narrative and tables, and the second section consists of maps.

Sector Narratives and Vulnerability Tables

Socially Vulnerable Populations

Socially vulnerable groups in Half Moon Bay include, but are not limited to, seniors, children, mobile home residents, individuals with health sensitivities or mobility limitations, racially marginalized groups, individuals facing language isolation, and low-income community members. These populations are presented first in the sectoral vulnerability assessment to emphasize their importance. Unlike community assets and services, where physical damage and losses from climate hazards can often be quantified and repaired, harm to people is not easily monetized. While structures and utilities support quality of life, they can be rebuilt or restored. For socially vulnerable groups, the consequences of hazard exposure can be lasting, compounding, and far-reaching.

Almost all socially vulnerable groups (except for tourists) received very high vulnerability rankings due to the combination of high exposure and sensitivity. The reason tourists did not have this high vulnerability is due to their very low sensitivity (i.e., they are only visiting Half Moon Bay and can more easily leave or avoid traveling to Half Moon Bay during a climate hazard, and also do not have their homes or businesses located in Half Moon Bay).

Hazard Ranking

Among all climate-related hazards, extreme heat, wildfire, and air quality degradation pose the greatest threats to socially vulnerable groups due to their widespread exposure and increasing timing (likelihood and frequency of occurrence). These hazards are already affecting the region and are projected to worsen with climate change. Socially vulnerable groups are often exposed to these hazards at higher rates because of where they live or work. For example, Half Moon Bay has a substantial number of outdoor workers, many in agriculture, who are already being exposed to higher temperatures and poor air quality with limited current adaptive capacity.

During the July 2023 heat wave, agricultural workers in Half Moon Bay experienced increased risks of heat-related illnesses and reduced work hours. In other inland California communities, the severity of the heat prompted the issuance of a high-heat hazard alert. In response, the Biden administration called on the Occupational Safety and Health Administration (OSHA) to develop a federal heat safety standard to protect outdoor workers (U.S. Department of Labor 2024). This national policy shift was partly driven by the hardships faced in places like Half Moon Bay.

Sensitivity and Current Adaptive Capacity

Socially vulnerable populations are highly **sensitive** to climate hazards because of preexisting social, economic, and health conditions. Sensitivity varies depending on whether the population is defined by age, income, health, housing, or other factors:

- **Age** is one of the most acute drivers of sensitivity. Half Moon Bay's population has aged significantly over the past three decades. Between 1990 and 2017, the proportion of children (ages 0–17) declined from 24.1% to 18.8%, while adults aged 65 and older increased from 9.6% to nearly 21% (City of Half Moon Bay 2021). This aging trend matters because older adults are more vulnerable to health impacts from heat and wildfire smoke, particularly those with preexisting respiratory or cardiovascular conditions.
- **Health conditions** such as asthma or cardiovascular disease increase sensitivity, especially for outdoor workers who are chronically exposed to poor air quality and high heat.
- **Occupational exposure** compounds sensitivity. Agricultural workers, already exposed to extreme outdoor conditions, often live in housing that lacks insulation or structural protection from the elements. The 2023 heat wave revealed how these vulnerabilities translate into real impact– reduced work hours, greater illness risk, and amplified public concern.

DRAFT

- **Housing insecurity** also amplifies sensitivity. Homeless populations often reside in exposed areas—under bridges, along creeks, or near wildland-urban interfaces—where hazard exposure is highest. For example, during the January 2023 flooding of Pilarcitos Creek, an encampment near Strawflower Plaza was inundated, putting residents at risk and posing secondary threats to water quality, ecosystems, and public health. Debris from the site was washed downstream, a stark visual of how vulnerability and hazard exposure intersect (Figure 13).



Figure 13. Debris from a homeless encampment that has been washed downriver along Pilarcitos Creek (source: Integral Consulting)

- **Mobile home parks** are particularly sensitive due to their structural characteristics. Cañada Cove Mobile Home Park, the largest in the City, is located at the southern end of town and houses a significant number of highly-sensitive residents. Mobile homes may be less resilient to flooding, high winds, and heat due to construction materials, lack of insulation, and limited ability to be retrofitted or reinforced.
- **Limited affordable housing** options, which force people into higher-risk locations or substandard structures.
- **Limited public transportation** and mobility barriers, especially for seniors or those with disabilities.
- **High cost of living** in coastal communities, which limits financial flexibility during emergencies.
- **Language isolation**, which can prevent residents from receiving or acting on emergency communications.
- **Racial inequities** and **historical disenfranchisement**, which affect access to public services, trust in government, and representation in planning decisions.
- **Limited access to health insurance** and **high cost of utilities**, which create financial stress during and after hazard events.
- **Homelessness** is a particularly stark example of low adaptive capacity. When disaster strikes, those without housing have limited ability to find safe shelter or relocate. Discrimination or stigma may further reduce access to public recovery resources. During floods, encampments are not only physically threatened but also excluded from most emergency response systems.

Geographic Distribution of Vulnerability

While socially vulnerable populations live throughout Half Moon Bay, certain areas are disproportionately affected, as illustrated in Table 2. Spatial analysis using data from the San Francisco Bay Conservation and Development Commission (BCDC), based on the U.S. Census ACS, identifies the area south of Kelly Avenue to Main Street and Highway 1—roughly downtown—as having the highest concentration of underserved residents (Figure 32). These include individuals who are very low-income, disabled, elderly, or living alone. Although this area is relatively close to public services such as the Half Moon Bay Library, the Ted Adcock Community Center, schools, and San Mateo County health offices, proximity does not guarantee access, especially when linguistic, financial, or cultural barriers are present.

Some vulnerable communities are not well-captured in this data. For example, mobile home parks can contain a large share of residents with heightened exposure and limited options for recovery. Because the U.S. Census does not always clearly reflect conditions in manufactured housing communities, targeted outreach and tailored resilience planning are essential for these groups.

DRAFT

Table 2. Vulnerability assessment for **Socially Vulnerable Populations**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Socially Vulnerable Populations	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	**Weighted Hazard Ranking**	**Sensitivity Ranking**	**Vulnerability Ranking**
Unhoused or Housing Insecure	Low	Very High	High	High	Very High	Very High
Agricultural Workers	Low	High	High	High	Very High	Very High
Disabled	Low	High	Moderate	High	Very High	Very High
Seniors (65+)	Low	Moderate	Moderate	High	Very High	Very High
Children (under 5)	Low	Moderate	Moderate	High	Very High	Very High
Residents of Mobile Home Parks	Low	High	Low	High	High	High
Low Resources People of Color	Low	High	Low	Moderate	High	High
Low Income	Low	Moderate	Low	Moderate	High	High
Fixed Income	Low	Moderate	Low	Moderate	High	High
Linguistically Isolated	Low	Moderate	Low	Moderate	High	High
Unemployed	Low	Moderate	Low	Moderate	High	High
Renters	Low	High	Low	Moderate	High	High
Climate Refugees[i]	Low	Low	Low	Low	High	Moderate
Service Industry Workers	Moderate	Moderate	Low	Moderate	Moderate	Moderate
Persons without HS Degree	Low	Moderate	Low	Moderate	Moderate	Moderate
Small Business Owners	Low	Moderate	Low	Moderate	Low	Moderate
Visitors	Moderate	Moderate	Low	Moderate	Very Low	Low

[i] Climate refugees are defined as people escaping inland areas during the summer months

Homes, Businesses and Neighborhood Areas

The homes, businesses, and other structures of Half Moon Bay are highly vulnerable to a range of climate-related hazards, including wildfire, riverine and stormwater flooding, landslides, coastal erosion, and extreme wind events. Older structures, rental units, and areas with older and undersized infrastructure were identified as the most imminent sensitivities. Adaptive capacity is related to a variety of factors, including the availability of insurance, ownership status of the structure, permitting, and building code compliance. Assessing these risks and fully understanding existing adaptive capacity is essential for guiding land use decisions, updating building codes, and prioritizing capital improvement planning.

Several neighborhoods previously considered less at risk are now included in higher hazard categories, according to CalFire's 2025 Fire Hazard Severity Zone maps. Areas with the highest vulnerability rankings, once primarily limited to the Highway 92 Corridor and the north inland area, have expanded to include more of the eastern half of the city along Highway 1. The south coastal area is now also designated as a moderate fire hazard risk.

The Highway 92 Corridor remains especially vulnerable due to its inland location along a river valley. This area is at risk not only from wildfire, but also from landslides, debris flow, and flooding, due to steep slopes and the dense clustering of homes and businesses within the valley. The north inland neighborhood continues to carry a very high vulnerability ranking because of its heightened exposure to wildfire hazards.

Hazards

Several key hazards pose immediate and growing threats to the built environment in Half Moon Bay:

- **Wildfire** threat is expected to escalate and increase in severity as the climate warms and dry fuels accumulate. Fires can cause direct structural damage, destroy critical infrastructure, and leave communities without power or communication. Exposure is higher in inland neighborhoods east of Highway 1, where nearby vegetation and less defensible space contribute to structural vulnerability. The north, central, and south inland areas, and the downtown and 92 corridor sections of the city are primarily in High and Very High Fire Hazard Severity Zones designated by Cal Fire (Figure 14).

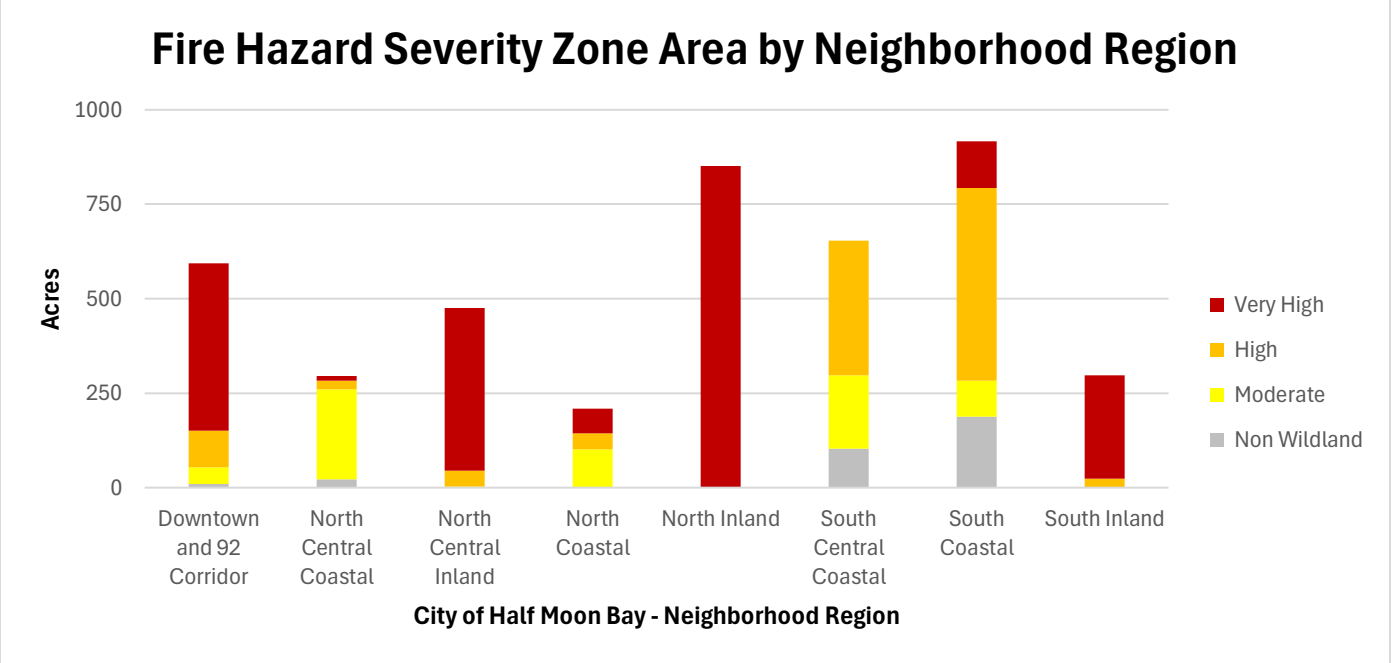


Figure 14. Fire hazard severity zones by neighborhood group, showing classifications from moderate to very high fire severity, and non-wildland areas.

- **Riverine flooding** results from intense rainfall that overwhelms creeks and streams, causing water to overtop banks and flow into developed areas. These floodwaters can carry debris, erode foundations, and cause waterlogging of structural materials, leading to long-term building damage.
- **Stormwater flooding** occurs when local drainage infrastructure is unable to handle high volumes of runoff, especially during back-to-back storms or when culverts and drains are blocked. Flooded streets can limit emergency access, damage homes and vehicles, and shut down businesses. Infrastructure in low-lying areas are especially vulnerable to stormwater flooding, including structures near Pilarcitos Creek, Arroyo Leon, Pullman Waterway, Kehoe Waterway, and Frenchmans Creek. Downtown Half Moon Bay and the commercial corridor near Highway 1, including Strawflower Plaza, which experienced flooding in January 2023, demonstrate existing hazard exposure in these areas. Residential neighborhoods such as Miramar can also experience flooding when drainage ditches are overwhelmed by runoff from the surrounding watershed.
- **Coastal erosion** and **storm surge** are driven by wave action and sea level rise, undermining shoreline infrastructure including roads and buildings. These events may occur episodically during king tides or major storms, but they are projected to increase in frequency and intensity over time with climate change and sea level rise. The loss of protective coastal features can accelerate inland flooding and infrastructure failure. West Miramar**,** where homes are located near eroding bluffs, is particularly vulnerable to coastal hazards, with single-family homes and condominiums potentially being exposed by 2100 or earlier.
- **Extreme wind events** often accompany winter storms and pose risks to buildings, utilities, and transportation systems due to falling trees, which can damage roofs, block roads, and knock out power lines. These events are especially severe in fall and winter when trees still have leaves and are weighed down by precipitation. While local projections of future wind intensity remain uncertain, anecdotal and observed storm impacts suggest that such events are a growing concern for the community. Areas along the Highway 92 corridor and areas with older trees, such as El Granada, have a higher vulnerability and have already been impacted, as seen in Figure 15.



Figure 15. Tree down over a house in El Granada (source: CAL FIRE Santa Cruz Unit)

These various hazards have cascading impacts. For instance, wildfire may be followed by landslides which are exacerbated by the charred landscape and lack of vegetation, flooding and erosion can expose hazardous waste, and power outages from wind or fire can disrupt communication and emergency services. Compound events—such as a flood during a high-wind storm can intensify damage, complicate response, and prolong recovery times.

Sensitivity

The sensitivity of Half Moon Bay's buildings to climate hazards varies across the City and is influenced by location, topography, construction type, and the performance of surrounding infrastructure. Several areas of the City are more exposed due to these factors:

- **Limited drainage capacity** leads to higher stormwater, and flood sensitivity occurs in neighborhoods with limited drainage capacity. Moonridge, Kehoe, Casa Del Mar, and portions of Kelly Avenue west of

DRAFT

downtown often experience surface flooding during heavy rainfall, leading to property damage and access issues, which can be seen in Figure 16 and Figure 17.

- **Older infrastructure** including older roofs, single-pane windows, and insufficient insulation make these structures more vulnerable to wind, heat, and moisture damage. In some cases, electrical systems and power lines are aboveground, increasing exposure to outages and fire risk during storms or wildfires.



Figure 16. Flooding at Oak Avenue Park (source: City of Half Moon Bay)



Figure 17. Flooding off Kelly Avenue (source: City of Half Moon Bay)

Table 3. Vulnerability assessment for **Homes, Businesses and Neighborhood Areas**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Home, Business, or Neighborhood Area	Neighborhood Grouping	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	Weighted Hazard Ranking	Sensitivity Ranking	Vulnerability Ranking
92 Corridor	**Downtown and 92 Corridor**	Low	High	Low	Moderate	Very High	Very High
Rocket Farms Greenhouse	**North Inland**	Low	High	Low	High	Moderate	High
Former Landfill Site at Poplar St	**South Central Coastal**	Moderate	Low	Low	Low	High	High
Johnston House	**South Inland**	Low	Low	Low	Low	High	High
Highway 1 and 92 Gas Stations & Businesses	**Downtown and 92 Corridor**	Low	Low	Low	Low	High	High
Heritage Downtown	**Downtown and 92 Corridor**	Low	Low	Low	Low	High	High
West Miramar	**North Coastal**	Very High	Low	Low	Moderate	Moderate	Moderate
Moonridge	**South Inland**	Low	Moderate	Low	Moderate	Moderate	Moderate
Greenhouses	**South Inland**	Low	Moderate	Low	Moderate	Moderate	Moderate
Cypress Cove	**Downtown and 92 Corridor**	Low	Moderate	Low	Moderate	Moderate	Moderate
Strawflower Village Plaza	**North Central Coastal**	Low	Moderate	Low	Moderate	Moderate	Moderate
Hilltop Mobile Home Park	**Downtown and 92 Corridor**	Low	Moderate	Low	Moderate	Moderate	Moderate
North Coast Extension to Harbor	**North Coastal**	Very High	Low	Low	Moderate	Moderate	Moderate
Belleville	**North Central Coastal**	Low	Low	Low	Low	Moderate	Moderate
Canada Cove (Accent Homes)	**South Coastal**	Low	Low	Low	Low	Moderate	Moderate
Casa Del Mar	**North Central Coastal**	Low	Low	Low	Low	Moderate	Moderate
South Downtown and Senior Campus	**Downtown and 92 Corridor**	Low	Low	Low	Low	Moderate	Moderate
North Downtown	**Downtown and 92 Corridor**	Low	Low	Low	Low	Moderate	Moderate
Main Street Park	**Downtown and 92 Corridor**	Low	Low	Low	Low	Moderate	Moderate
Frenchmans Creek Neighborhood	**North Inland**	Low	Moderate	Low	Moderate	Low	Moderate
Upper Roosevelt and Pullman Watersheds	**North Inland**	Low	Moderate	Low	Moderate	Low	Moderate
Sea Haven and Spindrift	**North Central Inland**	Low	Moderate	Low	Moderate	Low	Moderate
Pilarcitos Park	**South Central Coastal**	Low	Moderate	Low	Moderate	Low	Moderate
Glencree Open Space Area	**North Central Coastal**	Low	Moderate	Low	Low	Low	Low
Grandview	**North Central Inland**	Low	Moderate	Low	Low	Low	Low
Beachwood Open Space Area	**North Central Inland**	Low	Moderate	Low	Low	Low	Low
Highland Park and Terrace	**North Central Inland**	Low	Moderate	Low	Low	Low	Low
Half Moon Bay RV Park	**South Coastal**	Low	Low	Low	Low	Low	Low

Home, Business, or Neighborhood Area	Neighborhood Grouping	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	**Weighted Hazard Ranking**	**Sensitivity Ranking**	**Vulnerability Ranking**
Wavecrest Open Space and Smith Field Park	**South Coastal**	Low	Low	Low	Low	Low	Low
Ritz-Carlton Hotel	**South Coastal**	Moderate	Low	Low	Low	Low	Low
Alsace Loraine	**South Central Coastal**	Low	Low	Low	Low	Low	Low
Arleta Park	**South Central Coastal**	Low	Low	Low	Low	Low	Low
Half Moon Bay Golf Links	**South Coastal**	Moderate	High	Moderate	Moderate	Very Low	Low
Ocean Colony	**South Coastal**	Low	Low	Low	Low	Low	Low
Oceanview Driving Range	**South Central Coastal**	Low	Low	Low	Low	Very Low	Low

DRAFT

Transportation

This sector includes all roadways within the City and includes transportation-related infrastructure and public services such as the Caltrans Corporation Yard.[j] Roadways are managed by different entities in the City, with local roads managed by the City's Public Works Department, and state roads including Highways 1 and 92 managed by Caltrans, the California Department of Transportation. While these state-managed roads are critical to the City's transportation network, the City does not have direct control over their maintenance or long-term planning. As such, the focus of City actions in this sector will center on City-owned roads. Additionally, the City can play a key role in coordination, communication, and disaster response planning, particularly where state-managed roads are essential to emergency access and evacuation.

The most vulnerable transportation element is Highway 92, which has a high vulnerability ranking due to its highly sensitive nature, being confined to a narrow river valley and rugged mountain pass.

Hazard Ranking

Among transportation assets, Highway 92 and portions of Highway 1 rank highest in terms of hazard exposure. These regional roads are vulnerable to a combination of coastal and terrestrial hazards, including flooding, cliff erosion, landslides, and high winds. Due to their critical role in regional connectivity, disruptions along these corridors have citywide implications for mobility, public safety, commerce, and access to services.

- **Coastal Flooding**: Highway 1, north of the city near Surfers Beach, is directly exposed to wave overtopping and seasonal flooding during storm events. Overtopping and ponding of seawater can render the road impassable and contribute to long-term deterioration of the roadway.

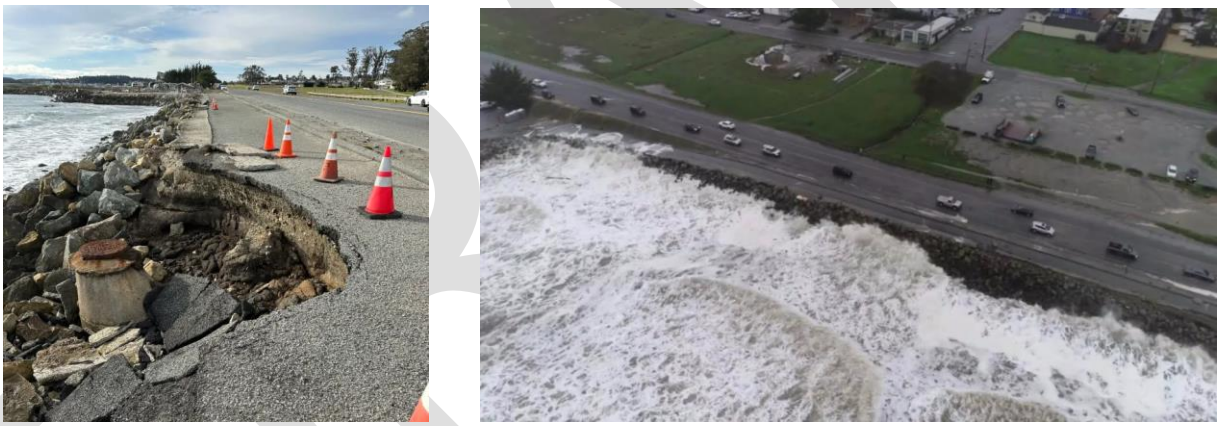


Figure 18. Erosion of the walkway and wave overtopping at Surfers Beach (left), waves crashing and overtopping Surfers Beach (right) (sources: City of Half Moon Bay and jamydonaldson)

- **Cliff Erosion**: Erosion poses an ongoing threat along Highway 1. North of the city, between Montara and the Tom Lantos Tunnel at Devil's Slide, erosion affects long stretches of coastal roadway. South of the city, erosion near Tunitas Creek Beach and Pescadero State Beach has led to emergency mitigation measures, including realignments within the right-of-way and shoreline armoring.

[j] However, the City's Public Works Corps Yard is included in local infrastructure and facilities sector to maintain sector cohesion.

DRAFT



Figure 19. Slumping and erosion on Highway 1 near Pescadero (source: Coastside Buzz)

- **Flooding**: Highway 92 passes through low-lying areas along Pilarcitos Creek, where creekside flooding threatens both the roadway and nearby homes and tourism-oriented businesses.



Figure 20. Flooding of businesses and Highway 92 (source: Coastside Buzz)

- **High winds**: High wind events along Highway 92 often cause tree falls and downed power lines, prompting lane closures and traffic delays during storms.
- **Landslides and ground movement**: In 2023, a sinkhole developed along Highway 92 due to a Caltrans culvert failure, closing the road in both directions and highlighting the corridor's vulnerability to subsurface failures.

DRAFT

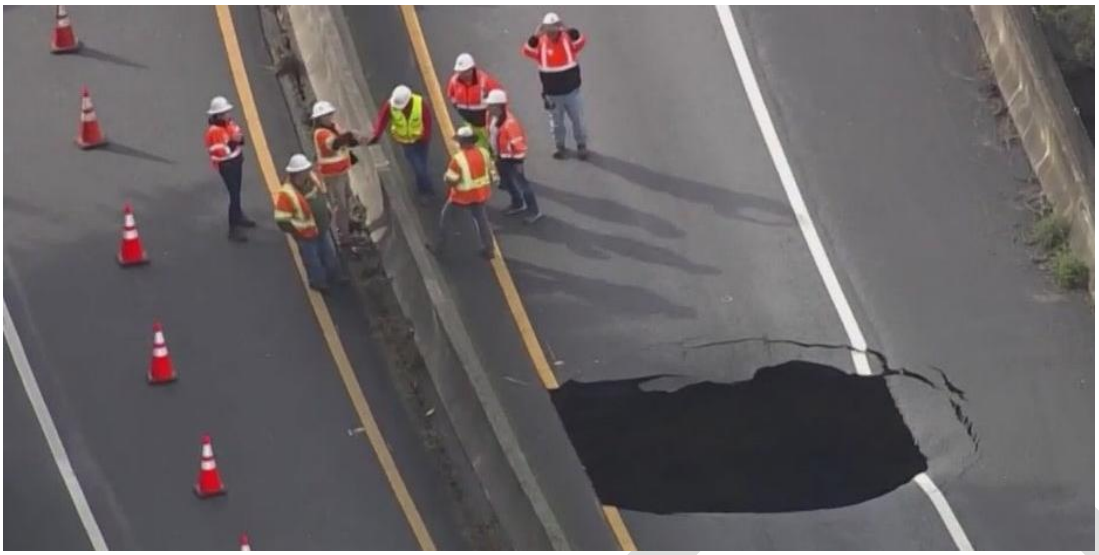


Figure 21. Sinkhole along Highway 92 (Source KTVU Fox)

Alternate east–west routes, such as Highway 84, offer limited redundancy, and were themselves closed for extended periods in 2023 due to landslides, tree fall, and fire risk.

Sensitivity

Sensitivity in the transportation sector is driven by structural and design limitations that make roads more likely to experience damage or prolonged closures when exposed to hazards. Key contributing factors include:

- **Limited structural redundancy**, where few alternate routes exist and detours are long or hazard-prone
- **Aging pavement, drainage systems, and retaining infrastructure**, which is more prone to failure under stress
- **Constrained rights-of-way** that limit realignment and repair options and complicate emergency response
- **Undersized or outdated stormwater systems**, which contribute to roadbed saturation and erosion
- **Critical choke points**, where a single disruption, such as at an intersection, bridge, or tunnel, can block access to or from the wider network

These characteristics increase sensitivity along the following key corridors:

- **Highway 92** regularly experiences closures due to fallen trees, drainage issues, and ground movement/ slope instability. Its steep terrain, narrow roadway, and aging infrastructure leave it prone to long-duration outages, as seen in the 2023 sinkhole event, which closed the road in both directions.
- **Highway 1** is sensitive in confined low-lying areas near the coast and along steep cliffsides. This includes segments near Surfers Beach, Devil's Slide, and Pescadero.
- The **Tom Lantos Tunnel** serves as a critical pinch point. Disruptions here affect the entire regional connectivity north of the city, with few alternative routes available.

These sensitivities amplify the impacts of coastal erosion, flooding, and storm events, often resulting in full closures, and limited access for residents, businesses, and emergency responders.

DRAFT

Table 4. Vulnerability assessment table for **Transportation** thoroughfares and features at risk. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Assets and Areas at Risk	Management Entity(s)	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	Weighted Hazard Ranking	Sensitivity Ranking	Vulnerability Ranking
Highway 92	Caltrans	Low	High	Low	Moderate	Very High	Very High
County Roads	San Mateo County	Moderate	High	Low	High	Moderate	High
Local Roads	City of Half Moon Bay	Moderate	Moderate	Low	Moderate	Moderate	Moderate
Highway 84	Caltrans	Low	High	Low	Moderate	Moderate	Moderate
Highway 1 South	Caltrans	Moderate	Moderate	Low	Moderate	Moderate	Moderate
Highway 1 North	Caltrans	Moderate	Moderate	Low	Moderate	Moderate	Moderate
Highway 1 in City	Caltrans	Moderate	Low	Low	Low	Moderate	Moderate
County Bus Lines	City of Half Moon Bay	Moderate	High	Low	High	Low	Moderate
Half Moon Bay Airport	San Mateo County	Low	Low	Low	Moderate	Low	Moderate
Caltrans Yard	Caltrans	Low	Low	Low	Low	Low	Low

DRAFT

Parks, Beaches, and Open Space

This sector includes managed parks, open spaces, natural habitat areas, and recreational sites within the City of Half Moon Bay. These areas provide physical and mental health benefits, attract tourism, and support essential ecosystem functions that contribute to the City's overall resilience.

Most parks and open space areas received high hazard rankings for individual hazards; however, due to the higher adaptive capacity of this sector in general, none received very high vulnerability rankings. The locations with high vulnerability rankings were mostly beaches that are threatened by coastal erosion and flooding due to sea level rise and may have limited space to retreat inland due to cliff-backed shorelines.

Total Hazard Ranking

Parks and open spaces are exposed to multiple hazards that affect both ecological integrity and public access:

- **Extreme heat** and **drought** place stress on native vegetation and wildlife, disrupting plant reproduction, animal migration, and habitat conditions. Prolonged drought and hotter temperatures increase the risk of vegetation die-off, reduce soil moisture, and weaken ecological resilience.
- **Wildfire** threatens vegetative cover and habitat continuity.
- **Debris flows** and **landslides** occur on steep slopes and degraded soils, often after wildfire, and can have significant impacts on soils and vegetative cover.
- **Decreasing coastal fog** will have direct impacts on the resilience of coastal redwood trees as fog keeps the trees nourished, the understory and ground moist, and supports the ecosystems that thrive beneath the redwood canopy.
- Increased **drought** will likely lead to dieback and die off in established trees and increase competition for surface soil moisture which will be detrimental for the establishment of young tree seedlings.
- **Coastal and terrestrial erosion** affects access to public lands and infrastructure within them. Roads, trails, and beach access points are increasingly disrupted by erosion and undermining.
- **Storm damage** and **infrastructure failure**, including culvert collapse or slope instability, have already affected recreational access in multiple areas.

These hazards can trigger cascading ecological impacts, such as changes in species abundance, shifts in ecosystem function, and degradation of public space. For instance, extended extreme heat conditions will potentially lead to heat stress on plants and animals, which may lead to disrupted reproductive cycles, changes in migration, and other large-scale shifts in species abundance and distribution. Plants and animals that are adapted to current conditions may see large-scale migrations to more suitable conditions, and plants may experience increased disturbance regimes, which can put pressure on native species.

Sensitivity

Sensitivity in this sector is shaped by the condition of natural systems, the reliance of native species on specific environmental conditions, and the vulnerability of park infrastructure:

- **Native ecosystems**, such as **coastal redwood forests**, are sensitive to declining fog, prolonged and repeated summer drought, and heat stress. Redwoods rely on fog to maintain moisture in the understory and canopy. Reductions in fog and soil moisture, projected under both RCP 4.5 and 8.5, threaten their ability to regenerate and may result in dieback of mature trees and poor establishment of seedlings.
- **Hillsides north and south of Highway 92**, including areas near **Frenchmans Creek** and the **Johnston House** in the southern end of the City,[k] are sensitive to landslides and erosion due to slope instability and post-fire exposure.

[k] A site-specific evaluation of underlying soil and geologic conditions would be needed to understand active landslide areas on site-specific level. This study has relied on data form the California Geological Survey, which was conducted at a regional scale of analysis.

DRAFT



- **Access infrastructure**—such as roads and trails within parks—is sensitive to erosion and storm damage**.** For example, access to Roosevelt State Beach has been closed due to culvert failure (Figure 22), and the California Coastal Trail near Poplar Beach is threatened by ongoing coastal erosion (Figure 23).

Figure 22. Erosion at Roosevelt State Beach, part of Half Moon Bay State Park (source: City of Half Moon Bay).



Figure 23. Incising erosion at Poplar Bluffs threatening the trail (source: Unsettled Times, YouTube)

- **The complexity and highly interdependent nature of** ecological systems means that climate change can trigger broader disruptions in species distribution, reproduction, and overall ecosystem health.

Together, these sensitivities reduce the resilience of natural and recreational areas, making it more difficult to maintain access, protect biodiversity, and support ecosystem services under escalating climate stress.

Table 5. Vulnerability assessment table for **Parks and Open Areas**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Park Area or Trail at Risk	Management Entity(s)	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	**Weighted Hazard Ranking**	**Sensitivity Ranking**	**Vulnerability Ranking**
Cañada Verde/Manhattan Beach	City of Half Moon Bay	Very High	Low	Low	Moderate	Moderate	Moderate
Poplar Beach	City of Half Moon Bay	Very High	Low	Low	Moderate	Moderate	Moderate
Surfers Beach	City of Half Moon Bay	Very High	Low	Low	Moderate	Moderate	Moderate
Roosevelt State Beach	CA State Parks	Very High	Moderate	Moderate	High	Low	Moderate
Francis State Beach	CA State Parks	Very High	Moderate	Moderate	High	Low	Moderate
California Coastal Trail	State Coastal Conservancy, City of Half Moon Bay, CA State Parks	High	Moderate	Moderate	High	Low	Moderate
Venice State Beach	CA State Parks	Very High	Moderate	Moderate	High	Low	Moderate
Dunes State Beach	CA State Parks	Very High	Moderate	Moderate	High	Low	Moderate
Frenchmans Creek Park	City of Half Moon Bay	Low	High	Moderate	High	Low	Moderate
Oak Avenue Park	City of Half Moon Bay	Low	High	Moderate	High	Low	Moderate
Sweetwood Campground	CA State Parks	Moderate	Moderate	Low	High	Low	Moderate
John L. Carter Memorial Park	City of Half Moon Bay	Low	Moderate	Moderate	High	Low	Moderate
Moonridge Playground	MidPen	Low	High	Low	High	Low	Moderate
Naomi Patridge Trail	City of Half Moon Bay	Low	Moderate	Low	Moderate	Low	Moderate
Francis Campground	CA State Parks	Moderate	Moderate	Low	Moderate	Low	Moderate
Smith Field	City of Half Moon Bay	Low	Moderate	Moderate	Moderate	Low	Moderate
East Side Parallel Trail	City of Half Moon Bay	Low	Moderate	Low	Moderate	Low	Moderate
Ocean View Park	City of Half Moon Bay	Low	Low	Low	Low	Low	Low
Main Street Park Playground	MidPen	Low	Low	Low	Low	Low	Low
Kehoe Park	City of Half Moon Bay	Low	Low	Low	Low	Low	Low
Kitty Fernandez Park	City of Half Moon Bay	Low	Low	Low	Low	Low	Low
Mac Dutra Park	City of Half Moon Bay	Low	Low	Low	Low	Very Low	Low
Skate Park	City of Half Moon Bay	Low	Low	Low	Low	Very Low	Low

Business Sector and Workforce

Many of Half Moon Bay's residents work outside the City, but the City still has traditional employment areas for local residents including small businesses and agriculture. The economy of Half Moon Bay employs 5,730 people, and the largest industries are professional, scientific, and technical services (1,105 people); educational services (706 people); and retail trade (551 people). The most common workforce groups, by number of people living in the City, are management occupations (1,217 people), office and administrative support occupations (518 people), and sales and related occupations (515 people) (Datause.io 2025).

While not directly listed above, another important sector is the agricultural economy, which remains an important driver of economic and tourist activity for the City and is an important part of the City's character. Half Moon Bay has traditionally been home to a range of growers of beans, pumpkins, and artichokes as well as cut flowers. Climate change pressures aside, this industry has faced a range of challenges including competition from foreign markets, shifting consumer trends, as well as rising land and labor costs (Visithalfmoonbay.org 2025). There are agencies and nonprofits with programs that are committed to supporting growers; farms are still an essential part of the landscape, economy, and community, plus are an important driver of tourist visits to the region.

The business sectors with the highest vulnerability rankings were the agricultural economy, blue/ocean economy, and the construction workforce.



Figure 24. Farm fields just north of Half Moon Bay near the airport (source: City of Half Moon Bay)

Total Hazard Ranking

Climate change poses a range of direct and indirect hazards to Half Moon Bay's economy and workforce. These include:

- **Extreme weather events**—such as flooding, drought, and wildfire—can damage physical business infrastructure, disrupt operations, and break supply chains, especially for businesses that rely on transportation, perishable goods, or seasonal services.
- **Heat waves** pose a risk to **outdoor workers**, particularly in agriculture, landscaping, and construction. Rising temperatures increase the likelihood of **heat-related illnesses and injuries**, reduce work hours, and can degrade productivity.
- **Air quality degradation**, particularly from **wildfire smoke**, can pose health risks to both workers and customers, leading to reduced downtown foot traffic, increased sick days, and service disruptions.
- **Economic uncertainty**, driven by climate disruption, may lead to **lower investment**, **reduced consumer activity**, and **higher operating costs**, particularly for small businesses with limited flexibility or insurance.

DRAFT

Though many economic effects are outside the scope of this assessment, these hazards represent clear stressors that threaten local commerce and labor conditions.

Sensitivity

Sensitivity in the economic and workforce sector is shaped by several key factors:

- **Outdoor labor reliance**: A significant portion of the workforce, including agricultural, landscaping, and construction workers, are directly exposed to heat and smoke. These workers are more sensitive because of their physical exertion in unshaded environments, potential lack of employer-provided protections, and in some cases, undocumented status that may limit access to medical care or worker protections.
- **Social vulnerability**: Many workers in farm work and low-wage service industries are also part of socially vulnerable populations. This increases sensitivity to health risks, lost wages, and unstable working conditions.
- **Small business fragility**: Many local businesses operate with thin margins and are sensitive to temporary closures and disruptions due to storms, wildfire, or smoke, which can result in permanent losses for businesses with limited financial resources.
- **Economic sector dependence on tourism and seasonality**: The local economy's sensitivity is heightened by its dependence on tourism, which can be disrupted by weather-related closures, road access issues, or negative air quality conditions during peak visitation times.

Together, these factors make both the workforce and business community in Half Moon Bay more vulnerable to the cascading effects of climate change—particularly when climate shocks intersect with existing economic or social stressors.

DRAFT

Table 6. Vulnerability assessment table for **Businesses and Work Force**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Business or Workforce Sector at Risk	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	**Weighted Hazard Ranking**	**Sensitivity Ranking**	**Vulnerability Ranking**
Agricultural Economy	Low	Very High	Very High	Very High	High	Very High
Blue Economy / Ocean Economy	High	Moderate	Very High	Very High	High	Very High
Construction Workforce	Low	High	Moderate	High	High	High
Tourist Economy	Moderate	Very High	High	Very High	Low	High
Transportation Workforce	Low	Very High	Moderate	High	Low	Moderate
Service Workforce	Low	Moderate	Low	High	Low	Moderate
Office and Institutional Workforce	Low	Moderate	Low	Moderate	Very Low	Low

DRAFT

Public Services, Utilities, and Local Infrastructure

Regional utilities and public services include water supply, wastewater, stormwater, communications, gas, and power, as well as the public services such as emergency response (fire, police, and emergency operations). Due to the sensitivity of their locations, these sectors were not mapped, but their vulnerabilities are discussed in this section. The most vulnerable infrastructure are the elements within the stormwater system, mostly due to their highly sensitive nature, as well as elements of the energy system.

Half Moon Bay's infrastructure systems face a range of climate-related hazards, with varying degrees of vulnerability across sectors. Energy and communications are exposed to wildfire, high winds, and landslides, with frequent outages driven by shutoffs, downed lines, and limited grid redundancy. Stormwater infrastructure is challenged by aging systems and undersized drainage networks, making neighborhoods like Downtown and West Miramar prone to localized flooding. Wastewater systems are increasingly at risk from fluvial flooding and groundwater intrusion, particularly around the SAM Wastewater Treatment Plant. Among all systems, the water supply sector faces the highest overall risk due to its high sensitivity and intersecting hazards—including wildfire in watershed areas, landslides along transmission corridors, and vulnerability to erosion, increased evaporation, and groundwater rise. Its reliance on long-distance pipelines heightens the risk of disruption. Ensuring the reliability of this sector is essential to maintaining the City's long-term resilience.

Energy

PG&E is the owner and operator of the electricity distribution system, including the high-voltage transmission lines as well as the local distribution grid. Two main high voltage lines travel to Half Moon Bay, one just north of Highway 92 over the Coast Ranges, and one that traverses along that same range from Pacifica. These lines arrive at the PG&E substation just north of downtown. Natural gas distribution services are also operated by PG&E. While PG&E is responsible for energy delivery, Peninsula Clean Energy is the primary energy retailer, with 97% of electricity users in the City receiving energy from this service.

The electrical grid will play a central role in the City's ability to address climate change. This sector will need to move toward alignment with the state's electrification strategy, while also conducting upgrades to address extreme heat and wildfire vulnerabilities. Electrical system reliability across the City is a critical element to help build adaptive capacity for vulnerable community members, critical facilities, buildings, services, and infrastructure. Currently, outages are common, mostly due to downed trees and/or public safety power shutoffs.

Total Hazard Ranking

Half Moon Bay's energy systems face increasing threats from climate-related hazards:

- **Wildfire and high winds** can damage or ignite overhead transmission lines. These hazards also trigger **public safety power shutoffs**, disrupting energy delivery citywide. PG&E's Enhanced Powerline Safety Settings (EPSS) have improved powerline safety and shutoff response, but have also led to more frequent outages in high-risk areas over the past two years.



Figure 25. Fire along a hillside near a high voltage transmission line (source: Philip Pacheco/AFP via Getty Images)

- **Heat waves** increase sag and reduce the carrying capacity of transmission lines as well as substation transformers. These events also increase peak electrical demands for cooling, heightening the risk of overload and failure.
- **Landslides and flooding**, particularly along the Highway 92 corridor, threaten natural gas pipelines and overhead transmission lines.
- **Sea level rise and coastal erosion** could affect underground utility infrastructure, particularly in low-lying or shoreline-adjacent neighborhoods.

Sensitivity

DRAFT

The energy system's sensitivity is influenced by aging infrastructure, limited grid redundancy, and the increasing complexity of managing fire-safe operations:

- The **PG&E substation** near downtown plays a critical role in local energy distribution and is sensitive to load stress during high temperatures.
- Overhead **high-voltage transmission lines**, which connect Half Moon Bay to the larger grid via two main corridors over the Coast Range, are vulnerable to tree fall, wildfire damage, earth movements, and weather-triggered shutoffs. These lines lack redundancy and are a single point of failure for much of the City's power.
- **Natural gas infrastructure**, while underground, is sensitive to earth movement from landslides, flooding, and wildfire along key corridors like Highway 92.
- Many **cell towers and internet systems** are co-located with electric infrastructure and can experience cascading outages during power loss.
- The lack of **microgrid infrastructure,** which consists of localized energy systems capable of operating independently from the main power grid, means there are limited backup power options for critical facilities and vulnerable populations during shutoffs.

Communications and the Internet

This sector includes underground and aboveground communications infrastructure, including cell towers. Broadband internet and phone service are provided by a range of private companies including Comcast and AT&T.

Total Hazard Ranking

The City's communications infrastructure is exposed to multiple hazards:

- **High winds and wildfire** threaten overhead communication lines and cell towers, many of which are located on ridgelines and are in fire-prone areas.
- **Coastal flooding and sea level rise** threaten underground lines and at least one cell tower in Princeton Harbor.
- **Power outages** resulting from extreme weather events.
- **Extreme weather** events along Highway 84, the primary communications corridor, have led to weeks-long outages in the past and disrupted cell and broadband services, as most systems rely on the electrical grid.

Sensitivity

Communications infrastructure is sensitive because of its reliance on exposed systems and lack of redundancy:

- **Cell towers** require continuous power and are often located in highly exposed hazard-prone areas, making maintenance and recovery challenging.
- **Overhead transmission line infrastructure** is aging and vulnerable to tree fall and fire, particularly along Highway 84.
- **Underground lines** are vulnerable to groundwater rise, coastal erosion, and saltwater intrusion, particularly in West Miramar.
- A lack of **redundant infrastructure** means outages are more common and often affect large areas.

Stormwater

The City's stormwater system captures and conveys stormwater from areas within the City to creeks and/or drainage ditches that ultimately lead to the Pacific Ocean. The City Public Works Department conducts various maintenance activities including street sweeping, cleaning catch basins and storm lines, and removing material

DRAFT

from drainage channels. Much of this drainage system consists of a network of man-made ditches or swales originally constructed prior to 1948 or by the mid-1950s as roadside or agricultural drainage features. Between the 1960s and 1980, large portions of agricultural lands in the City were developed as low-density residential development.

Total Hazard Ranking

The City's stormwater system faces mounting hazards:

- **Intensifying rainfall** will likely exceed existing system capacity, leading to frequent localized flooding.
- **Debris flows** and landslides triggered by intense rainfall, especially post-wildfire, pose threats to stormwater infrastructure and adjacent utilities.
- **Coastal and creek erosion**, intensified by **stormwater runoff** and **sea level rise**, increases slope instability and can lead to infrastructure loss.

Sensitivity

The stormwater system sensitivity is high due to outdated and undersized infrastructure:



- Much of the system dates back to pre-1950s agricultural drainage networks, and is not designed for urban runoff volumes (City of Half Moon Bay, 2014).
- Capacity deficiencies are present in areas including Casa del Mar (Kehoe Ditch), Roosevelt and Pullman Watercourses (West Miramar), Grandview, Newport Terrace, Magnolia St. in Arleta Park, Kelly Ave, and Mill St. Downtown (City of Half Moon Bay, 2014).
- Blocked culverts and limited maintenance capacity reduce drainage effectiveness, increasing flood risk even during moderate rain events.
- Older outfalls and steeper slopes contribute to localized landslides and streambank failures, especially in areas adjacent to creeks and coastal bluffs.

Figure 26. Localized erosion along the Kehoe Waterway (source: Sewer Authority Mid-Coastside)

Wastewater

The City of Half Moon Bay provides wastewater collection service to areas south of Frenchmans Creek to Cañada Verde Creek. Wastewater from residences, businesses, schools, restaurants, and other buildings is conveyed through sewer mains owned by the City of Half Moon Bay to the SAM Wastewater Treatment Plant. The SAM Wastewater Treatment Plan provides wastewater treatment services to City of Half Moon Bay residents under a Joint Powers Agreement signed in 1976. The Granada Community Services District provides sewer collection service for residents of the City of Half Moon Bay north of Frenchmans Creek.

Total Hazard Ranking

Wastewater infrastructure is exposed to several compounding hazards:

- **Fluvial flooding**, especially from Pilarcitos Creek, threatens the SAM Wastewater Treatment Plant and adjacent sewer infrastructure.
- **Sea level rise raises groundwater levels**, compounding inundation risk and increasing pressure on SAM's treated effluent outfall systems. Rising waters will also impact the SAM Wastewater Treatment Plant's underground infrastructure.

DRAFT

- **Coastal erosion** may eventually compromise the effluent outfall pipe at the SAM Wastewater Treatment Plant, with long-term consequences for wastewater discharge.



- **Increasing groundwater rise** would raise buoyant pressures on wastewater pipes in low-lying areas and increase the potential for failure. The largest risk for groundwater rise is around the Pilarcitos Creek west of Highway 1 and near the SAM Wastewater Treatment Plant.
- **Higher intensity rainfall events** can lead to greater inflow and infiltration of stormwater into wastewater lines and manholes, increasing pressure on wastewater treatment infrastructure.

Figure 27. Flooding at the SAM Wastewater Treatment Plant (source: Sewer Authority Mid-Coastside)

Sensitivity

Wastewater systems are sensitive because of their proximity to hazard-prone zones and vulnerability to groundwater pressure:

- **Wastewater lines** in Francis Beach Campground and West Miramar are sensitive to erosion and groundwater rise.
- **Inflow and infiltration** during heavy rains place additional strain on treatment capacity, increasing the risk of overflows or service disruption.

Water Supply

Water supply for the City is provided by Coastside County Water District. CCWD has two surface and two subsurface water supply sources. Surface water is sourced from Pilarcitos Lake and the Upper Crystal Springs Reservoir, and groundwater is sourced from the Pilarcitos Well Field and the Denniston Well Field. The first two water sources are owned and operated by the San Francisco Water Department; the latter two are owned and operated by CCWD. The system consists of two water treatment plants, 17 miles of transmission pipeline, 83 miles of distribution pipeline, and several water storage tanks. The water supply for the City is a hotly contested local issue. The 3% annual population growth in Half Moon Bay between 1980 and 2000 put pressure on the City's water supply system (LCLUP 2020).



Figure 28. Crystal Springs Reservoir (source: Sundry Photography)

Total Hazard Ranking

Climate change will impact both local and regional water supply systems:

- **Wildfire** and **vegetation loss** in local watersheds (e.g., around Pilarcitos Lake) can degrade water quality and increase treatment costs.
- **Snowpack declines** in the Sierra Nevada would put increased pressure on the water supply that is conveyed to Crystal Springs Reservoir, part of the regional system managed by the San Francisco Water Department.

DRAFT

- **Increased evaporation** due to an increased number of hot days will strain the local water budget.
- **Landslides** and **wildfires** along the Highway 92 corridor threaten transmission infrastructure connecting sources to the Nunes Treatment Plant.



Figure 29. Landslide off Cahil Ridge Road headed towards Pilarcitos Lake (source: City of Half Moon Bay)

Sensitivity

The water supply system is sensitive because of its physical vulnerability and long distribution distances:

- Pipelines in steep slopes and fire zones make them sensitive to disruption from landslides and wildfire.
- Local groundwater and surface water sources, such as the Pilarcitos and Denniston Well Fields, may be affected by changing recharge rates or contamination.
- Water infrastructure in low-lying or erosion-prone areas, such as Francis Beach and West Miramar, is exposed to groundwater rise and coastal erosion.
- Increased pressure on water systems during droughts may result in greater reliance on imported water, which is costlier and more energy-intensive.

DRAFT

Table 7. Vulnerability assessment table for **Regional Public Services and Infrastructure**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any preexisting conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given one of five possible rankings: very low, low, moderate, high, or very high.

Asset at Risk	Sector	Management Entity(s)	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	**Weighted Hazard Ranking**	**Sensitivity Ranking**	**Vulnerability Ranking**
Imported Water Supply (Tuolumne Watershed)	**Water Supply**	San Francisco Public Utilities Commission	Low	Very High	Moderate	Very High	Very High	Very High
Regional Reservoir Water Supply	**Water Supply**	Coastside County Water District	Low	Very High	Moderate	Very High	Very High	Very High
Transmission Lines	**Energy**	PG&E	Low	Moderate	Low	Moderate	Very High	High
Groundwater Water Supply	**Water Supply**	Coastside County Water District	Low	High	Low	Moderate	Very High	High
Treatment Plant (SAM)	**Wastewater**	Sewer Authority Mid-Coastside	Very High	Moderate	Low	Moderate	Very High	High
Cell & Radio Towers	**Communications and Internet**	T-Mobile, Verizon, etc.	Moderate	Moderate	Low	Moderate	High	High
Communications Lines	**Communications and Internet**	Comcast, AT&T, etc.	Low	Moderate	Low	Moderate	High	High
Substation	**Energy**	PG&E	Low	Low	Low	Low	High	Moderate
Wastewater Storage Tanks	**Wastewater**	Sewer Authority Mid-Coastside	High	Moderate	Low	Moderate	Moderate	Moderate
Water Supply Major Lines	**Water Supply**	Coastside County Water District	Low	Moderate	Low	Moderate	Moderate	Moderate
Water Supply Pump Stations	**Water Supply**	Coastside County Water District	Low	Moderate	Low	Moderate	Moderate	Moderate
Wastewater Pump Stations	**Wastewater**	Sewer Authority Mid-Coastside	Moderate	Moderate	Low	Moderate	Moderate	Moderate
Tanks	**Water Supply**	Coastside County Water District	Low	Moderate	Low	Moderate	Moderate	Moderate
Major Lines	**Wastewater**	Sewer Authority Mid-Coastside	Low	Moderate	Low	Moderate	Moderate	Moderate
Outfall Line	**Wastewater**	Sewer Authority Mid-Coastside	Moderate	Low	Low	Low	Moderate	Moderate
Fire Building and Personnel	**Emergency Response**	Coastside Fire District	Low	Moderate	Low	Moderate	Low	Moderate
Police Building and Personnel	**Emergency Response**	County of San Mateo, City of Half Moon Bay	Low	Moderate	Low	Moderate	Low	Moderate
Underground Utilities (Gas, Fiber, Cable)	**Communications and Internet**	Comcast, AT&T, PG&E	Low	Low	Low	Low	Moderate	Moderate
Emergency Operations Center	**Emergency Response**	City of Half Moon Bay	Low	Low	Low	Low	Low	Low

Table 8. Vulnerability assessment table for **Local Public Services and Infrastructure**. Each row is a sector element. The weighted hazard ranking is a combined score of the timing and exposure for hazards in three hazard categories (sea level rise, rising temperatures and changes in precipitation, and escalating climate stressors and cascading impacts). The sensitivity ranking takes into account any pre-existing conditions and the current adaptive capacity of each sector element. The vulnerability ranking is a combination of the sensitivity and weighted hazard ranking. Results are given a total of five possible rankings from very low, low, moderate, high and very high.

Assets and Areas at Risk	Management Entity(s)	*Sea Level Rise Ranking*	*Rising Temperatures and Changes in Precipitation Ranking*	*Escalating Climate Stressors and Cascading Impacts Ranking*	Weighted Hazard Ranking	Sensitivity Ranking	Vulnerability Ranking
Half Moon Bay High School	School District	Low	Moderate	Low	High	High	High
Sea Crest School	Private	Low	Moderate	Low	High	High	High
Alvin S. Hatch Elementary School, Manuel F. Cunha Intermediate School	School District	Low	Moderate	Low	Moderate	High	High
Public Works Corp Yard	City of Half Moon Bay	Low	Low	Low	Low	Moderate	Moderate
Historic Train Depot	City of Half Moon Bay	Low	Low	Low	Low	Moderate	Moderate
Medical and Care Facilities	Private/ County	Low	Low	Low	Low	Moderate	Moderate
Stormwater Drainage Features (basins)	City of Half Moon Bay	Very High	Moderate	Low	High	Low	Moderate
Waste Management Facilities	Private	Low	High	Low	Moderate	Low	Moderate
Ted Adcock Community Center	City of Half Moon Bay	Low	Low	Low	Low	Moderate	Moderate
Boys and Girls Club	Non-Profit	Low	Low	Low	Low	Moderate	Moderate
Half Moon Bay Library	City of Half Moon Bay	Low	Low	Low	Low	Moderate	Moderate
Stormwater Outfalls	City of Half Moon Bay	High	Low	Low	Moderate	Low	Moderate
Stormwater Channels (above ground)	City of Half Moon Bay	Low	Moderate	Low	Moderate	Low	Moderate
Stormwater Lines (underground)	City of Half Moon Bay	Low	Moderate	Low	Low	Low	Low
Stormwater Culverts	City of Half Moon Bay	Low	Moderate	Low	Low	Low	Low
Seawalls and Revetments	City of Half Moon Bay	High	Low	Low	Low	Low	Low
City Hall	City of Half Moon Bay	Low	Low	Low	Low	Low	Low

Vulnerability Assessment Maps

Each map in this section has a description of how climate change-related hazards may impact the community. For each map, callouts representing acute location-specific climate hazards are noted. Maps use color and shape to organize potential impacts to hazards, where:

- **Diamonds** represent terrestrial and extreme weather hazards and are associated with warmer and wetter winters.
- **Squares** represent ocean-related hazards, both chronic events such as rising tides and emergent groundwater, and extreme events such as coastal wave flooding and are associated with rising sea levels and ocean warming.
- **Circles** represent heat-related weather events and changes in climate and are associated with a hotter and drier summer and fall.

And the colors:

- **Light blue** represents flooding and high-wind hazards associated with winter storm events.
- **Yellow** represents coastal and terrestrial erosion.
- **Orange** represents high heat events.
- **Red** represents the wildfire hazard, which is influenced by a variety of factors including changes in temperature, precipitation, and vegetative and anthropogenic responses. Note, the wildfire hazard icon is only used to represent hazards for general population or asset sector categories, rather than for specific locations.

Depiction of the Study Area

The study area boundary on the maps are represented as a shaded black line, and areas outside the study area boundary have a white opaque tint. See the “Study Areas” section in Chapter 2 for a detailed description of the local study area.

Map Legend

The legend below serves as a reference for each map.

DRAFT

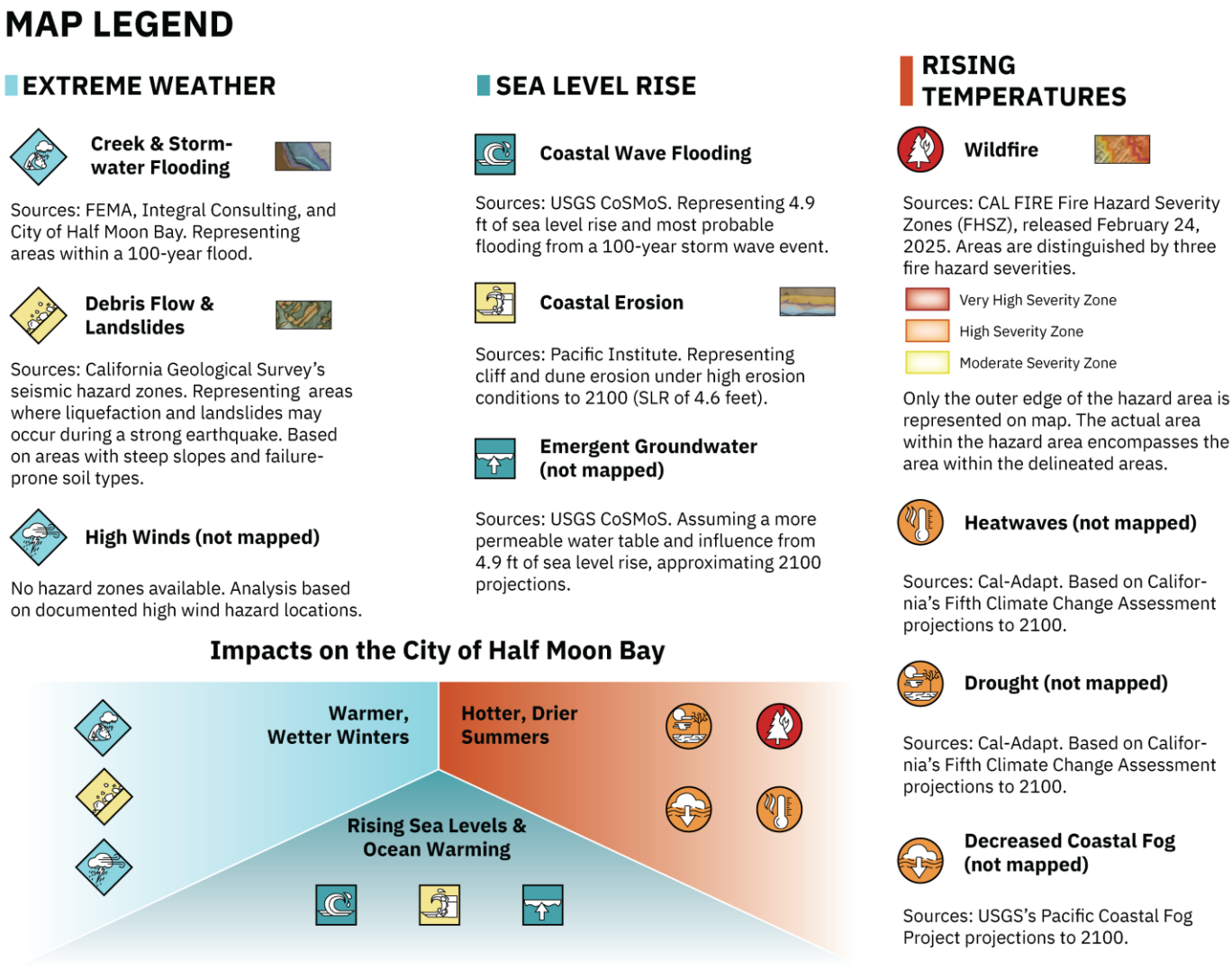


Figure 30. Vulnerability assessment maps legend

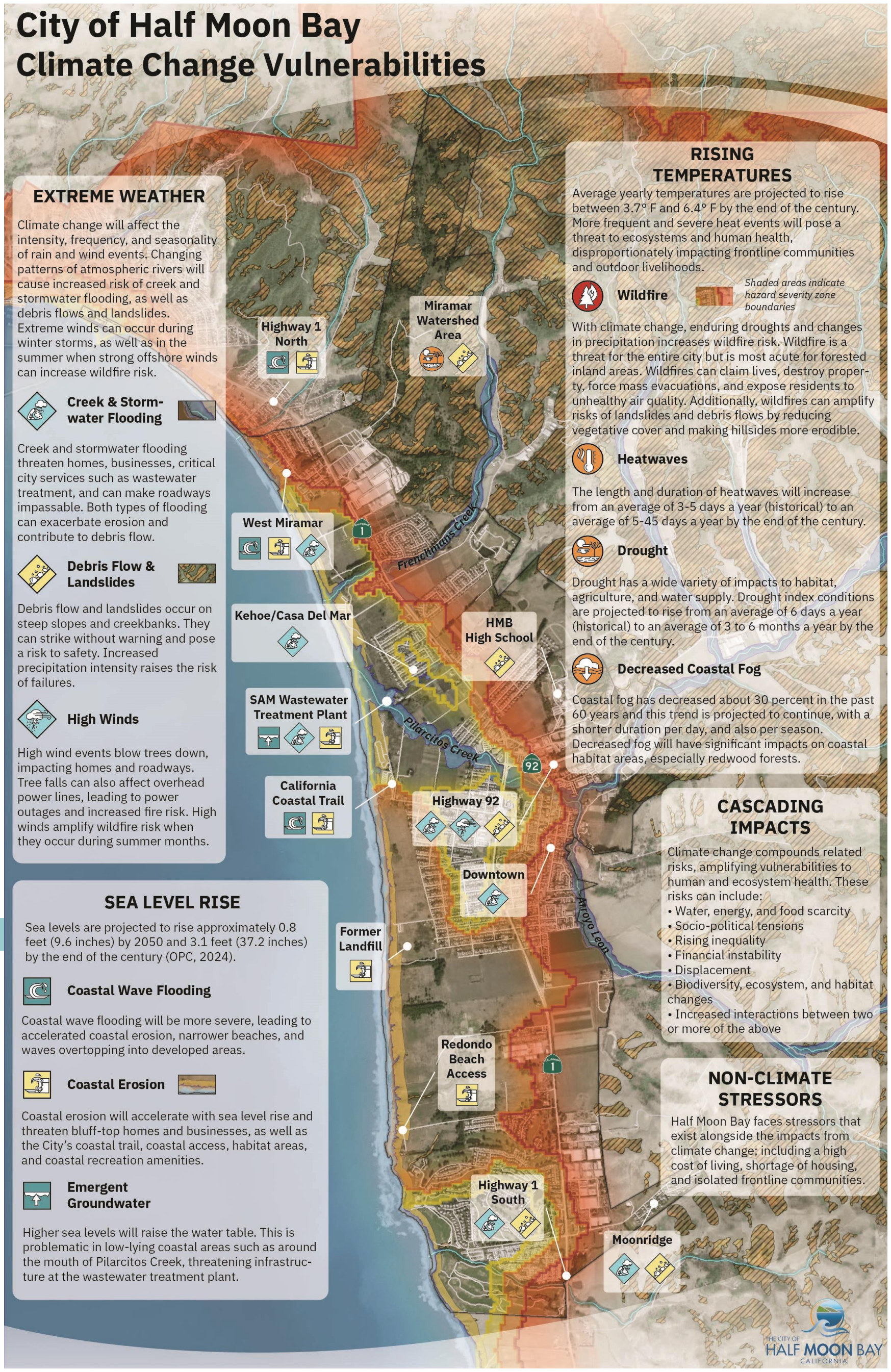


Figure 31. Overview of climate change hazards with a description of potential impacts, and some notable locations of highly sensitive areas to climate change hazards and the hazards of greatest concern for these areas

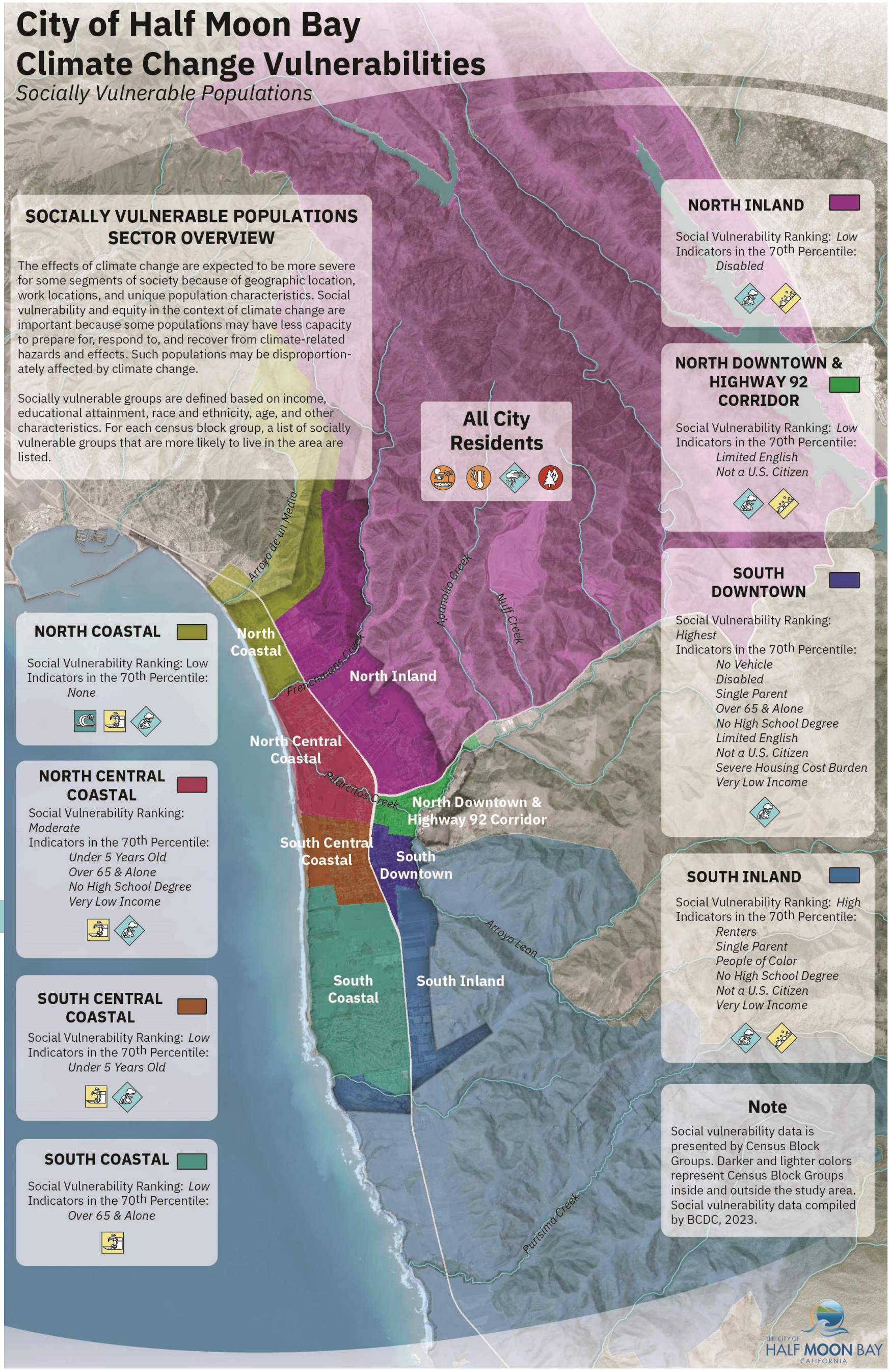


Figure 32. Vulnerabilities to socially vulnerable populations and a list of social vulnerability indicators by neighborhood along with the hazards of greatest concern for these areas.



Figure 33. Vulnerabilities to homes and businesses, and some notable locations of highly sensitive areas to climate change hazards and the hazards of greatest concern for these areas

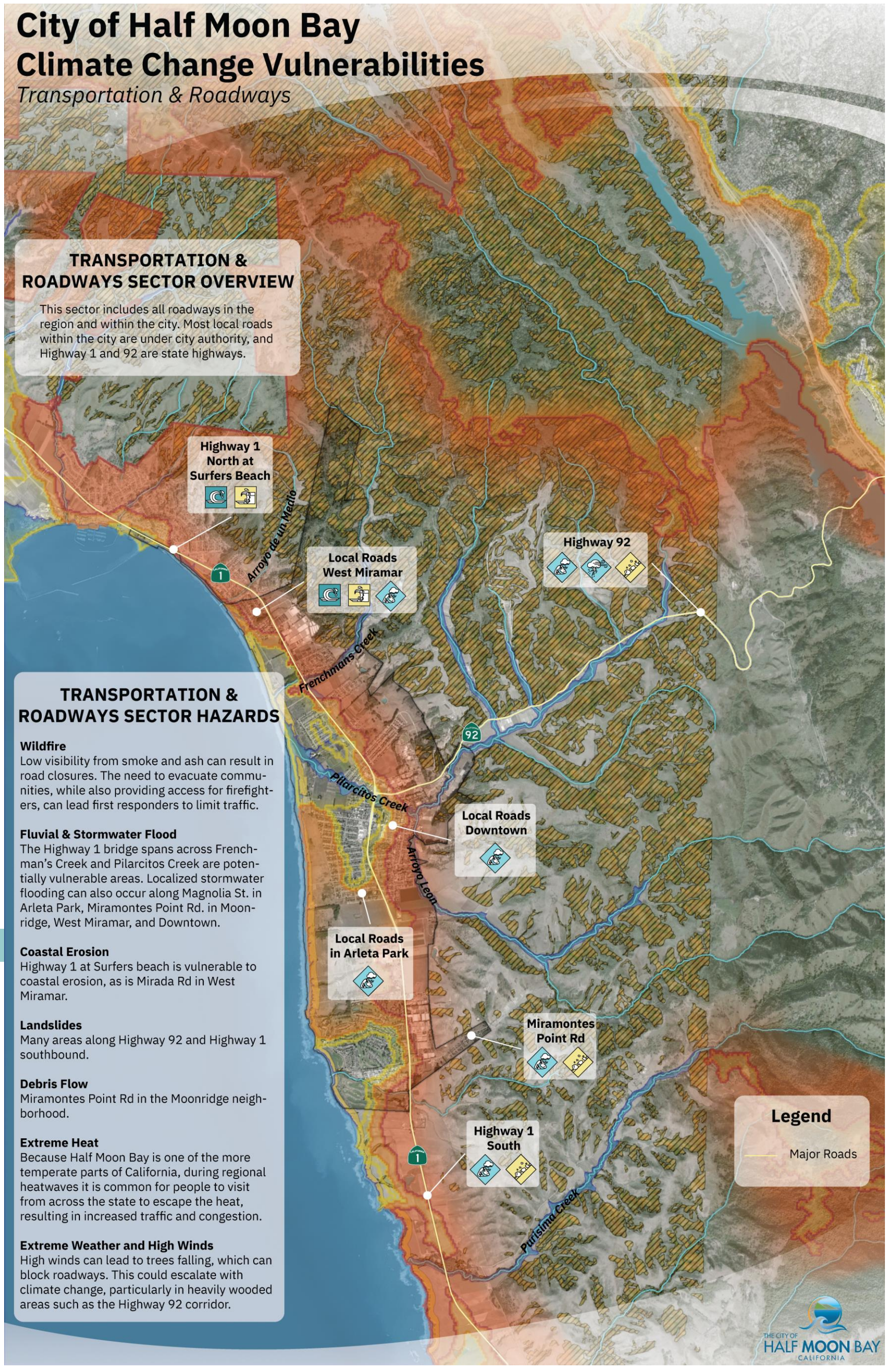


Figure 34. Vulnerabilities to the transportation and road network, and some notable locations of highly sensitive areas to climate change hazards and the hazards of greatest concern for these areas

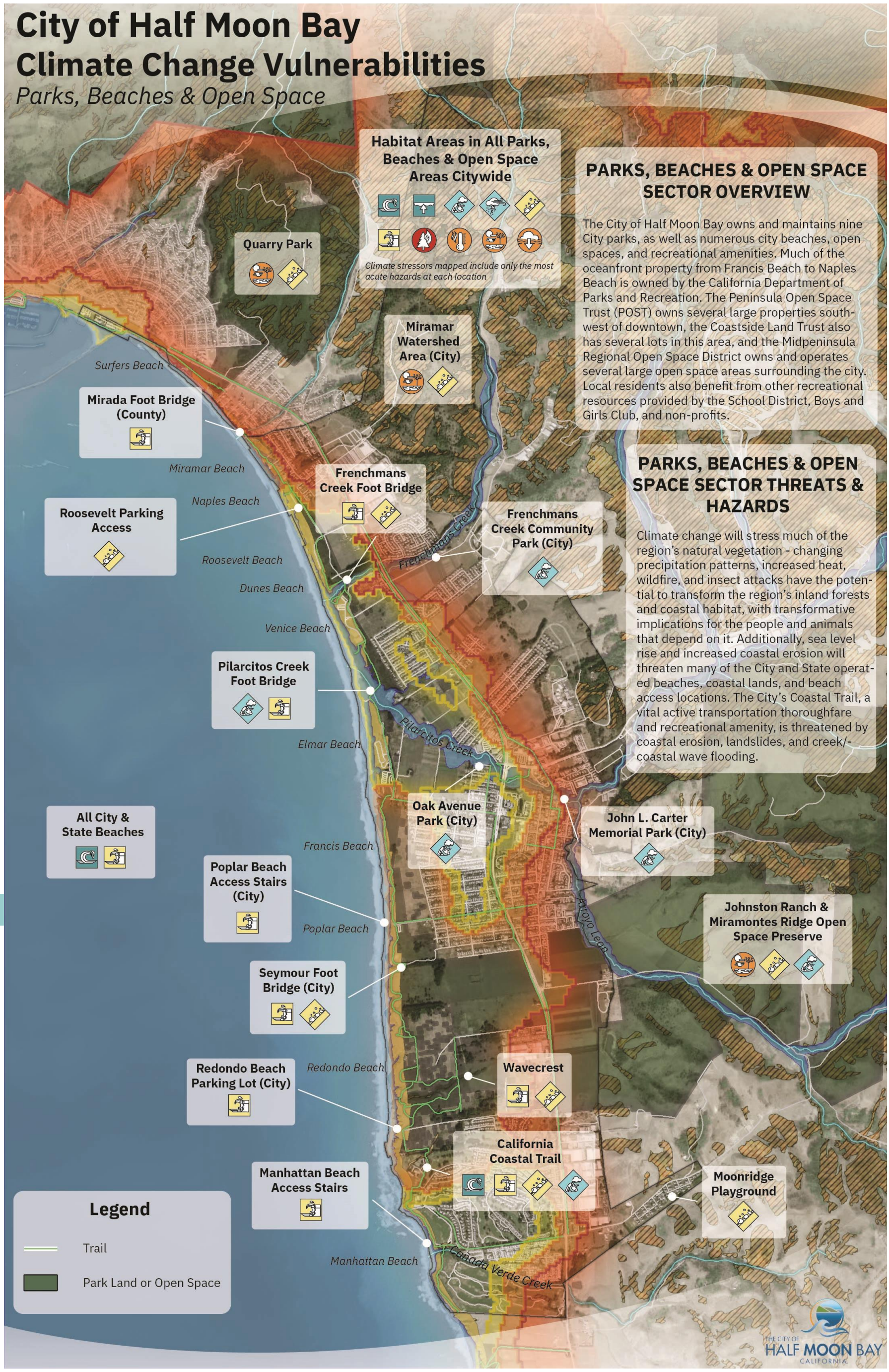


Figure 35. Vulnerabilities to parks and open space, and some notable locations of highly sensitive areas to climate change hazards and the hazards of greatest concern for these areas



6

Adaptation Strategies

6. Adaptation Strategies

Overview

Adaptation strategies aim to reduce the negative effects of climate change or take advantage of opportunities to build resilience that will mitigate the effects of global warming. The goal of this chapter is to present adaptation strategies that reduce risk (limit exposure or minimize consequence) and/or enhance resilience (increase adaptive capacity) to the vulnerabilities discussed in the previous chapter. The adaptation strategies presented in this chapter are organized by goal areas, which were informed through the initial vulnerability assessment and outreach and engagement activities of this project. The goals are listed in this chapter, and the adaptive policies and actions that seek to increase resilience can be found in Appendix B.

It's important to plan for climate change because it helps us prepare for things like floods, storms, and hotter temperatures. By getting ready now, we can preserve our homes, jobs, and health when changing weather patterns threaten these fundamental rights. This way, everyone, including those most at risk as well as future generations, can adapt and thrive amidst this global uncertainty.

An important element of this Plan is to ensure that the City of Half Moon Bay can effectively and efficiently implement the following strategies and make measurable progress in becoming more resilient to climate change. To do that, the strategies in this chapter focus on areas where the City either has jurisdiction or direct influence. This means that some vulnerabilities, such as flooding of Highway 92 or wildfire risks in unincorporated San Mateo County, may not be addressed directly, instead, those vulnerabilities are addressed through partnerships and ongoing coordination that the City must manage.

Goals

The goals listed in this chapter include statements that encapsulate community desires and were refined in conjunction with conversations among the public, City staff, and consultant team during the community outreach events. These goals serve as a guide for the development of adaptation actions and policies, which can be found in the “Adaptation Policies and Actions” section in Appendix B. Each goal is broadly organized around the roles of certain departments within the City, and each goal also encapsulates multiple sub-goals that broadly target a range of climate hazards and the sensitivities of vulnerable populations, assets, or services.

Organizing Goals

1. Ensure a Healthy, Resilient, and Self-Sufficient Community
2. Foster a Thriving and Accessible Coastline and Open Space
3. Protect the City through Increased Resilient Infrastructure
4. Build and Sustain the City of Half Moon Bay Government’s Capacity to Increase Resilience
5. Support and Increase Economic Sustainability

DRAFT

Tables 9–13. Organizing Goals and Strategies: High-Level Summary Table

Goal 1: Ensure a Healthy, Resilient, and Self-Sufficient Community

Goal 1 focuses on creating a healthy, safe, and resilient community in the face of climate change. The policies and actions under this goal offer targeted support for vulnerable populations, service industry workers, and local businesses. They aim to address underserved communities by offering tailored services and protections that ensure these populations are not left behind in adaptation efforts. This includes providing housing assistance during climate-related events or access to a climate hub and cooling centers during extreme heat waves or wildfire events. In addition, educating the public about climate-health connections will empower residents to take preventive actions such as using air purifiers during wildfire smoke events, and working with business owners and workers about safety during heat waves.

Policies and actions for this goal are mostly administered by the City's **Administrative Services, Community Development, and Public Works Departments**. In addition, coordination with **local NGOs** will be essential for effective outreach and service delivery, but should be managed by the City to ensure alignment and impact.

Table 9. Goal 1

Goal	Strategy	Hazards Addressed	Neighborhood, Population, or Sector
Goal 1. Ensure a Healthy, Resilient, and Self-Sufficient Community			
1.1	**Residential Resilience:** Increase residential home hardening and resilience to climate hazards.	Extreme Heat, Wildfire, Fluvial Flood Events; Coastal Wave Flooding and Erosion	All Populations in all Neighborhoods
1.2	**Community Capacity:** Support community organizations and increase community understanding and adaptive capacity to better respond and adapt to climate hazards.	All	All Populations in All Neighborhoods
1.3	**Vulnerable Populations:** Protect highly vulnerable populations from climate-related impacts, especially due to extreme weather.	Rising Temperatures and Changes in Precipitation	Socially Vulnerable Populations in All Neighborhoods
1.4	**Community Storm Preparedness:** Increase the community's active participation in building resilience for extreme storm events.	Increased High-Intensity Winds, Coastal Wave and Fluvial Flooding, Landslides	Homes and Businesses, Utilities, Transportation, Coastal and Inland Regions
1.5	**Communications:** Create a robust and reliable citywide communications system and protocols for climate hazards.	All	All Populations (especially Socially Vulnerable Populations), Economy, All Regions
1.6	**Community Education and Outreach Planning:** Prepare and communicate using educational materials and outreach addressing climate change adaptation.	All	All Populations (especially Socially Vulnerable Populations), All Regions

Goal 2: Foster a Thriving and Accessible Coastline and Open Space

Goal 2 focuses on ensuring a thriving and resilient natural environment. The City's beaches, open space, and parks are all at risk from climate change stressors and hazards. The policies and actions under this goal focus on scientific research to better understand the specific vulnerabilities of local ecosystems, as well as building partnerships with environmental organizations, research institutions, and other stakeholders. These collaborations will facilitate the sharing of knowledge, resources, and innovative solutions that can help mitigate the impacts of climate hazards on the natural environment.

Structural measures, such as the restoration of wetlands and dune systems, will play a crucial role in safeguarding the City's ecosystems. These efforts can provide natural protection against flooding and erosion while also enhancing biodiversity and help achieve CAP goals of carbon sequestration. In addition, preserving or expanding native plant species, improving wildlife corridors, and restoring degraded habitats will all contribute to a more resilient ecosystem.

Policies and actions for this goal are mostly administered by the City's **Public Works and Community Development Department**.

Table 10. Goal 2

Goal	Strategy	Hazards Addressed	Neighborhood, Population, or Sector
Goal 2. Foster a Thriving and Accessible Coastline and Open Space			
2.1	**Creekside Flooding Monitoring**: Enhance monitoring and maintenance of creeks and drainage areas to reduce flooding impacts.	Fluvial Flooding	Utilities, Transportation, Homes and Businesses, Downtown and 92 Corridor, North and South Inland, North and North-Central Coastal
2.2	**Vegetation Management:** Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	Wildfire	All Buildings and Utilities that Abut a Managed Open Space
2.3	**Climate-Smart Coastal Development:** Set standards for safe development along the coastline.	Coastal Erosion, Coastal Wave Flooding	Homes and Businesses, Economy, Transportation, Coastal Regions
2.4	**Nature-Based Solutions for the Coast:** Reduce coastal flooding and erosion by working with nature. This may include protection, restoration, and management of coastal areas.	Coastal Wave Flooding, Coastal Erosion	Parks, Beaches and Open Spaces, Homes and Businesses, Transportation, Coastal Regions
2.5	**Recreation Improvements:** Implement recreation improvements to reduce erosion and impacts on protected areas. This may include controlling access, signage, and education, or in some cases, improvements in recreational facilities to accommodate higher usage.	Changes to Biodiversity and Ecosystems and Increases in Pests; Coastal Erosion, Coastal Wave Flooding	Parks, Beaches and Open Spaces, Coastal Regions
2.6	**Firefighting Resources:** Identify additional firefighting equipment, training, and infrastructure to increase firefighting capacity and responsiveness.	Wildfire	Homes and Businesses, Economy, Transportation, Utilities, Socially Vulnerable Populations, Moonridge, Half Moon Bay High School, All City Greenhouses

Goal 3: Protect the City through Increased Resilient Infrastructure

Goal 3 of the City's adaptation strategy is to create a resilient built environment. This goal focuses on policies that promote infrastructure redundancy and integrate climate change considerations into planning. The actions under these policies are organized by subgroups aimed at improving infrastructure resilience to climate change. For example, green infrastructure actions may address storm drain repairs to handle more intense precipitation events, while landslide management focuses on managing infrastructure and monitoring techniques to detect slides as well as hiring a geotechnical expert for specific landslide and erosion-prone areas.

Policies and actions for this goal are mostly administered by the City's **Public Works Department**.

Table 11. Goal 3

Goal	Strategy	Hazards Addressed	Neighborhood, Population, or Sector
Goal 3. Protect the City through Increased Resilient Infrastructure			
3.1	**Green Infrastructure**: Improve citywide stormwater management and reduce extreme heat by adopting low-impact development guidelines and green infrastructure approaches.	Fluvial Flooding, Extreme Heat, Incr. Pollution Burden; Incr. Precipitation Intensity, Decreased Biodiversity	Homes and Businesses, Transportation, Parks and Open Space
3.2	**Wind Infrastructure:** Invest in wind protection infrastructure that is both natural and manmade to increase resilience to high wind events.	High Intensity Winds, Changes to Biodiversity	Homes and Businesses, Utilities
3.3	**Climate Change Considerations:** Incorporate climate change considerations into municipal planning, design and construction documents.	All	Municipal Businesses, Transportation, Parks and Open Spaces, Utilities and Public Services
3.4	**Increase Water Supply:** Increase water conservation and water supply efforts to increase long-term water sustainability and reliability.	Emerging Groundwater, Saltwater Intrusion, Drought, Extreme Heat	All Neighborhoods, All Populations, All Sectors
3.5	**Landslide Management:** Install and manage infrastructure to prevent landslides and manage debris.	Increased Landslides	Homes, Transportation, Socially Vulnerable Populations, Inland, 92 Corridor
3.6	**Energy Resilience:** Support electrification strategies and implementation. This may include increasing opportunities for localized power, battery backups, and infrastructure upgrades for overall resilience to power outages due to climate hazards.	Extreme Heat, Wildfire, Increased Precipitation Intensity, Fluvial Flooding, Landslides	Economy, Utilities and Public Services, Socially Vulnerable Populations

Goal 4: Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience

Goal 4 focuses on improving internal processes, allocating dedicated funding, and building strong partnerships. These steps will strengthen the City's ability to plan, coordinate, and implement effective resilience strategies. This includes integrating climate considerations into planning, development, and operational practices across departments. This also aims to prioritize budget allocations for climate resilience projects and to seek out additional funding through grants, state and federal programs, or partnerships to increase city staff bandwidth to help manage and implement these strategies effectively. In addition, forging strong partnerships with local organizations, state agencies, and regional/multi-jurisdictional authorities is essential for the success of climate adaptation efforts. These partnerships can provide valuable expertise, resources, and collaborative opportunities to tackle complex local issues and climate change hazards.

Policies and actions for this goal are administered by the **Public Works** and/or **Community Development Departments** with assistance from all City departments.

Table 12. Goal 4

Goal	Strategy	Hazards Addressed	Neighborhood, Population, or Sector
Goal 4. Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience			
4.1	**Policies and Procedures:** Operationalize climate considerations into City policies and procedures.	All	All Neighborhoods, All Populations, All Sectors
4.2	**Build Capacity:** Increase staffing for climate projects and train staff in climate implementation.	All	All Neighborhoods, All Populations, All Sectors
4.3	**Build and Maintain Partnerships:** Maintain and expand regional and State partnerships to increase resilience.	All	All Neighborhoods, All Populations, All Sectors
4.4	**Build and Sustain Funding:** Secure, sustain, and increase City funding for climate resilience efforts.	All	All Neighborhoods, All Populations, All Sectors

DRAFT

Goal 5: Support and Increase Economic Sustainability

Goal 5 focuses on promoting policies and initiatives that help local businesses thrive. The City has tools that it can implement to promote economic stability while also encouraging resilience. This includes providing resources and incentives for businesses to adopt sustainable practices, reduce their environmental footprint, and invest in climate adaptation measures. Local businesses play a vital role in the community's economic sustainability, and their success can be enhanced by facilitating access to green technologies, climate-conscious supply chains, and workforce training in sustainability practices. In addition, supporting business innovation in climate resilience can position the local economy to capitalize on emerging green industries, such as renewable energy, eco-tourism, and sustainable agriculture.

It is also important to ensure that local businesses are prepared to withstand the specific climate change impacts that may affect them by providing businesses with the tools, knowledge, and financial support to strengthen their resilience to climate hazards. Mitigating disruptions to local business operations will safeguard the local business environment while ensuring that businesses are contributing positively to both local prosperity and climate adaptation.

Policies and actions for this goal are administered by the **City Manager's Office** with assistance from a range of City departments.

Table 13. Goal 5

Goal	Strategy	Hazards Addressed	Neighborhood, Population, or Sector
Goal 5. Support and Increase Economic Sustainability			
5.1	**Resilience Incentives**: Improve the resilience of homes to climate hazards through economic programs.	Coastal Wave Flooding, Decreased Air Quality, High Intensity Winds, Extreme Heat	Homeowners and all Residents
5.2	**Strong Local Businesses**: Work collaboratively with local businesses to build their resilience and adaptive capacity.	Coastal Wave Flooding, Coastal Erosion, Wildfire Decreased Air Quality, High Intensity Winds, Extreme Heat, Drought, Increased Precipitation, Reduced Ocean Health	Local Business

DRAFT

Adaptation Strategies and Actions

To achieve the five adaptation goals outlined in the section above, a set of adaptation strategies was developed. The strategies that were identified fall into **10** general categories:

1) **Programs**—involves a wide range of strategies that may expand or create new programs, activities, and initiatives, including those that incentivize or disincentivize action
2) **Funding and Capacity Building**—aims to enhance local capabilities
3) **Partnerships**—includes developing coordination and collaboration with stakeholders
4) **Monitoring**—involves evaluation and developing the means to judge success
5) **Study**—includes a range of activities that can improve feedback, data, and analysis and lead to better understanding of impacts and increase preparedness
6) **Plans, policies, regulations**—involves a wide range of strategies to develop or revise existing plans, policies, regulations, and guidelines; for example, this may include actions that influence the way land and buildings are developed to reduce hazards
7) **Capital Improvements**—typically follow from planning and policy and involve a wide range of actions designed to address physical and functional deficiencies and needs in the built and natural environment; this may include the construction of structures to reduce the impact of a hazard or the restoration of natural systems.
8) **Ongoing Efforts**—strategies that build on existing city efforts
9) **Communications**—improved communication and coordination within the community, and may involve early warning systems and communications plans post-disaster
10) **Internal Procedures**—involves building stronger internal processes, trainings, and internal communications

Strategies were developed by the Project Team and informed through public outreach events. Specific strategy actions and details are listed in Appendix B. Strategies were developed to target specific problem statements that emerged from the vulnerability assessment and focus on the most vulnerable populations, assets, and services in Half Moon Bay. To ensure the creation of effective strategies, the Project Team developed a short list of selection criteria to prioritize strategies. These criteria include the impact/protective value of the approach, the number of hazards addressed and alignment with the problem statements, the cost/level of effort of the approach, the level of feasibility and capacity to implement the approach, co-benefit considerations such as equity, and alignment with existing plans and policies.

Prioritization Process

A prioritization process was used to provide a relative ranking of adaptation actions that are “Low,” “Medium,” and “High” priorities for the City. While all strategies are worthwhile, some strategy’s effect on climate change mitigation and hazard reduction may be less impactful than others. Clear prioritization helps to focus resources and staff time on the most impactful areas, or on strategies that need to be done earlier to enable other strategies.

The prioritization process included the development of performance criteria, which included the scoring and weighing of each action. The result was an aggregated score (or performance rating) and a ranking as a high, medium or low priority action. Note that overall prioritization across goals is not undertaken, as the types of actions aligned with each goal are affected in different ways by the criteria weighting process.

DRAFT

In addition, there are other factors that are not easily quantified, but should be considered as the City selects actions for implementation (see the section below on additional factors for consideration).

Performance Criteria and Ratings

For each criterion, actions were assigned a performance rating, and the criteria and rating levels used to assign these scores are listed below.

The **impact and protective** value were scored from very high to low, where higher priority was given to strategies that will create a measurable increase in resilience and or reduction in harm. The strategies were judged according to how effective the strategy is at addressing a problem(s) and what future losses might be avoided. The measure included:

- **Very High**—Action will provide an immediate and ongoing reduction of risk exposure for life and property to a highly vulnerable or large area/population.
- **High**—Action can be implemented in the mid-term to provide a reduction of risk exposure for life and property to a highly vulnerable or large area/population, or action will provide an immediate reduction in the risk exposure for property to a moderately sized area/population.
- **Medium**—Action can be implemented in the long term to provide a reduction of risk exposure for life and property, or action will provide an immediate reduction in the risk exposure for property to a smaller area/population.
- **Low**—Long-term benefits of the action are difficult to quantify or minimal in nature, or benefits cannot be determined with adequate certainty.

Alignment with the Problem Statements

The number of problem statements addressed by an action was also included as a factor.[12]

Cost/level of effort was given a relative score from highest to lowest to prioritize lower cost/more fundable strategies where:

- **$$$$**—Cost is very high, and existing funding will not cover the cost of the action; implementation would require new revenue through an alternative source (e.g., outside funding sources, bonds, grants, levies, or fee increases).
- **$$$**—Cost is high, and existing funding will not cover the cost of the action; implementation would require new revenue through an alternative source (e.g., outside funding sources, bonds, grants, and fee increases).
- **$$**—The action could be implemented with existing funding but would require a reapportionment of the budget or a budget amendment, or the cost of the action would have to be spread over multiple years (including those with significant ongoing costs).
- **$**—The action could be funded under the existing budget.
- **Enabling**—No direct cost to the City, but enables or supports an existing program from a local or regional partner.
- **Within Current**—The action is part of an existing program funded by the City.

The level of **feasibility and capacity** accounts for responsibility for implementing the action and the City or partner's level of organizational capacity:

- **High**—Preference for City administered programs that align with existing plans and programs or is aligned with the LCIP

[12] Across all actions, the scores for this factor ranged from 1 to 6.

DRAFT

- **Medium**—Preference for outside entity-administered programs that align with existing plans and programs or is aligned with the LCIP
- **Low**—Organizational capacity to implement the strategy is low or unknown

Additional Benefits considerations are strategies to minimize maladaptation (which refers to an action that is intended to be beneficial, but worsens the situation or increases vulnerability), and promotes co-benefits to the community (such as improved recreational opportunities) and ecological systems, and leads to more sustainable practices such as a reduction in greenhouse gas emissions. Scores were given to strategies with more co-benefits. Some examples of the co-benefits considered include:

- **Equity**: The strategy involves meaningful and active engagement with the most impacted communities, fosters community resilience, and protects the City's most vulnerable populations. This involves explicitly prioritizing communities that are disproportionately vulnerable to climate impacts, while ensuring that the costs of the action do not fall disproportionately on those sectors of the community.
- **Environmental performance**: What are the potential environmental impacts or considerations of implementing the strategy?

Normalization of Performance Ratings

For each of the criteria, the performance score was assigned, normalized[13], and then multiplied by a relative importance factor for each criterion. These weightings prioritize actions that have low costs, address multiple hazards and problem statements, provide additional co-benefits, and are actions that the City has the capacity to implement. Criteria weightings used in the calculation of the final ranking are outlined below:

- Cost—20%
- Impact and protective value—30%
- Number of problem statements addressed by an action—10%
- Feasibility and operational capacity to implement—25%
- Additional Benefits—15%.

While overall scores were calculated in the same way for actions across all goals, the prioritization ratings of each action were determined within each goal. This prioritization rating is based on a rule of thirds, with actions scored in the top third of the range of scores for each goal assigned a rating of High, actions with scores in the bottom third assigned a Low priority, and the balance being assigned a priority rating of Medium.

Priority Actions

This section provides a summary of the top adaptation actions that received the highest priority scores under each goal. Many actions that received lower priority rankings may be worthwhile strategies to pursue for the community; however, their effect on climate change mitigation and hazard reduction is considered less impactful than the other strategies. This list does not necessarily indicate the first actions to be undertaken by the City, or that the ordering has a sequence of implementation. Full results of the prioritization process are available in Appendix B.

[13] Numeric scores were converted to a score between zero and one, by dividing the score by the number of potential scores (the range). For example, if there were six potential scores (0 to 5), then a score of 5 would be assigned the maximum value of 1, and a score of 4 would be assigned a value of 0.8 (4 divided by 5). A constant linear relationship between the scores was assumed.

DRAFT

Goal 1: Ensure a Healthy, Resilient, and Self-Sufficient Community

Actions rated most highly under this goal represent actions that enable greater agency and capacity for members of the community via local planning activities and provision of information and economic incentives. The five actions rated most highly under this goal are:

- Action 1.4.9. Develop neighborhood-specific climate adaptation plans with local stakeholders
- Action 1.4.2. Establish financial incentives, including stormwater fee discounts (requires imposition of stormwater fees), tax credits/rebates/reimbursements, permit rebates (e.g., freeboard incentives), awards/recognitions, etc., to homeowners who mitigate flood risk on at-risk properties.
- Action 1.2.1. Host annual educational events for residents and businesses on weatherproofing and fireproofing their homes and businesses. Continue to coordinate with the CERT program to help distribute information to increase resident and homeowner awareness and knowledge of how to prepare for emergencies.
- Action 1.2.3. Bolster and further promote the neighborhood-level CERT program. Work with existing CERT leads to identify neighborhood-level gaps in membership, and develop emergency preparedness by organizing the City by blocks and sections, plus recruiting new Block Captains as needed
- Action 1.5.4. Build on existing email newsletters, websites, and social media for community outreach, and communication for storm and disaster readiness. Coastside Buzz, Half Moon Bay Review - Coastside News, etc.

Goal 2: Foster a Thriving and Accessible Coastline and Open Space

Actions rated as high priorities under this goal focus on management of public open space adjacent to hazard source areas, plus planning and operational measures to improve knowledge of and reduce risk of private and commercial structures to coastal hazards. The top five equally rated actions under this goal are:

- Action 2.1.2. Identify public land near creeks that will benefit from sustainable landscaping and other stormwater management to slow water infiltration along steep stream channels.
- Action 2.2.2. Develop staff guidance and education materials for selection of plants and landscaping alternatives that increase drought resilience and comply with FireWise requirements.
- Action 2.4.2. Track current state efforts around artificial reefs and sediment management. If alignment exists, study the viability of artificial reefs, reef augmentation, and opportunistic sediment placement in key areas prone to coastal flooding and erosion (e.g., three rocks off Miramontes Point[14], West Miramar, etc.)[15].
- Action 2.1.3. Increase the frequency of creekside debris (trash) removal.
- Action 2.1.4. Partner with the San Mateo Resource Conservation District (RCD) to restore wetlands in high-impact areas vulnerable to flooding.
- Action 2.3.1. Identify adaptation pathways with specific actions and triggers for neighborhoods especially vulnerable to shoreline hazards. Identify hazard-prone critical facilities and infrastructure and plan for relocation, and structural and nonstructural retrofitting measures as necessary.

[14] Miramontes Point Sea Level Rise Vulnerability and Fiscal Impact Assessment—2023

[15] The California Department of Fish and Wildlife is developing a framework with guidance and currently studying the viability of artificial reefs under the California Artificial Reef Program (CARP).

DRAFT

Goal 3: Protect the City through Increased Resilient Infrastructure

Actions with the highest priority ratings under this goal are focused on improving knowledge about the asset-specific climate vulnerabilities of key assets and Public Works properties, and actions to increase the availability of generators and backup power in the case of an emergency. The top five rated actions under this goal are:

- Action 3.6.2. Develop a community resilience hub(s) by adding solar energy, water supply, communications, and battery storage at a publicly available site, such as the library or an established resilience hub.
- Action 3.3.1. Climate change facilities master plan for the City Corporation yard and City-owned downtown buildings.
- Action 3.4.2. Upgrade municipal watering systems to be more water efficient.
- Action 3.3.2. Update the Storm Drain Master Plan. Consider the projected future intensity and duration of precipitation events to recalculate flood hydrographs and inform the design of infrastructure upgrades and retrofits. Aligns with 4.1.2.
- Action 3.6.3. Ensure that all critical facilities have backup solar/generator systems so that they are operational during multiday power outages. Installation and replacement of emergency generators at critical facilities (cell towers, library, city hall, community center, police/fire). Continue to monitor, maintain, and perform condition assessments for the existing emergency generators (serviced monthly by Public Works).

Goal 4: Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience

Actions under this goal that were rated as high priorities include actions focused on improving the financial and technical capacity of staff through training and grant applications, plus strengthening regional partnerships. The actions with the five highest priority ratings are:

- Action 4.2.2. Hire a full-time grant writer, or contract these services on an as-needed basis, to increase funding and resources for Half Moon Bay's climate and resilience projects.
- Action 4.3.2. Continue with and expand the working relationship with PG&E to improve coordination. Work with PG&E to better understand the grid map and power grid with historical outages and causes, and study where the grid could become more resilient. Develop partnerships on vegetation management; identify key locations for undergrounding electric lines; conduct a feasibility study to determine potential locations for microgrids; ensure dedicated backup power systems for key infrastructure (resilience hubs, key City facilities such as the SAM Wastewater Treatment Plant, traffic signals, and telecommunications infrastructure).
- Action 4.3.15. Coordinate with Coastside Fire Protection District to enhance fuel break and fuel reduction efforts and increase participation in CERT program.
- Action 4.3.8. Work with regional partners to maximize the number of residents that have health insurance, especially for vulnerable populations.
- Action 4.3.16. Work with Cabrillo Unified School District to distribute emergency response kits to students.

Goal 5: Support and Increase Economic Sustainability

Actions under this goal that were rated as higher priorities focused on education, facilitating support for businesses via recovery and resilience actions, and improving the urban canopy. The five actions rated most highly for this goal are:

DRAFT

- Action 5.2.1. Work with the City's businesses and business organizations to support their efforts to become more resilient, including providing resources related to energy resilience, increased defensible space, backup power, water, and communications continuity. Conduct outreach campaigns to engage business leaders to understand risks and identify opportunities.
- Action 5.2.4. Foster business partnerships and mentoring to support business continuity planning and enterprise risk management. Coordinate with regional businesses to ensure they understand the ramifications of, and are planning for, wildland fires including power shutoffs, data backup, chain of command in leadership, evacuation, defensible space, and building hardening.
- Action 5.1.1. Evaluate the provision of incentives to encourage homeowners and business owners to improve home/building hardening practices and implement accordingly.
- Action 5.1.4. Where permitted by FireWise regulations, using existing contractors, incrementally improve and maintain the urban canopy in downtown and throughout the City to provide shade and beautification.
- Action 5.2.5. Establish a local business pre-disaster recovery planning and coordination group and/or committee to update or initiate business continuity planning programs. Include considerations of physical assets and workforce.

Additional Factors for Consideration

Alignment with other plans is noted if a strategy has already been identified in or builds on a policy or plan that has already been developed. The parties responsible are listed to note the City department that could take ownership of the strategy. Ideally, these strategies would build upon existing institutional structures within the City, and the identification of a champion to see the action through should be identified.

If a strategy is of interest, the following additional considerations should be evaluated once the specific nature of implementation is identified.

- **Funding**: What resources are available to pay for implementation (both to implement and over the life of the project)?
- **Legality and Regulatory Environment**: Is the strategy consistent with applicable laws and/or compatible with the existing regulatory environment?
- **Adaptability**: Does the strategy respond to continual changes in climate, ecology, and the economy using adaptive management that incorporates regular monitoring?
- **Flexibility**: Does the strategy employ adaptive and flexible governance approaches? For example, maximizing collaborative partnerships, or among numerous knowledge holders and stakeholders, accelerate effective problem solving.
- **Accountability**: Can the responsible party ensure success of the strategy, and are they capable of transparency on decisions, actions, and outcomes, and taking corrective measures when needed.
- **Equity:** Does the strategy directly impact or support vulnerable communities and help to increase resilience, adaptive capacity or otherwise improve the ability of identified socially vulnerable populations to withstand climate hazards.

Considerations of Socially Vulnerable Populations

Vulnerability has underlying historical roots that should be considered when developing strategies, and historically, socially vulnerable and underserved communities have faced barriers to disaster preparedness and recovery due to factors such as limited financial and technical resources, reliance on others for basic needs and transportation, and potential discrimination or stigma that could impact recovery efforts. Recognizing these challenges, the City has an opportunity to lead by example. Proactive

DRAFT

planning can help the City identify potential impacts and community needs, engage with vulnerable communities, and work to reverse past injustices that have placed undue strain on these populations.

It is important that the City aims to reduce the health risks associated with climate change for disadvantaged communities by prioritizing programs and improvements to address public health and other social needs. The City may have difficulty addressing the needs of disadvantaged groups and aiding socially vulnerable groups because of limited funding, political and community will, competing interests, and differing priorities on the allocation of public safety dollars. The City should identify and work with local groups with connections to socially vulnerable groups, such as nonprofits, faith groups, the various affordable housing programs in the City, mobile home and RV park management, and other community groups. Venues for outreach and the building of trust include the public library, the community center, and local events.

Implementation

Once the adaptation strategies are prioritized, chosen strategies must be implemented. Developing an adaptation implementation plan for each prioritized strategy helps City departments agree on how and when a strategy should be implemented. To ensure that implementation of each strategy is effective, a designated party will need to monitor, evaluate, and modify strategies as needed based on their observed effectiveness, local changes, and in response to new science. The implementation plan also lays out the roles and responsibilities for implementation, as well as providing some description of the existing resources to enact it, those that are still needed, and potential barriers to implementation.

Aligning strategies and actions with existing City programs is an effective way to leverage the implementation of the CAAP. Many of the steps and recommendations developed in this plan align with policies that the City developed in its recent update of the LCP. Appendix C notes the primary alignments between this plan and the policies of the LCP. The Project Team also identified other existing programs, plans, and policies that are best suited to drive strategy implementation. In some cases, the best approach to implementation was unknown, and in these cases, the City will need to identify the planning document(s) or other mechanisms best suited to drive strategy implementation.

Roles and Responsibilities

Adaptation strategies, irrespective of the specific plan or program in which they are embedded, must be effectively implemented to realize their objectives. This necessitates the allocation of the approach to a leader within the City, as well as the identification of personnel and supporting departments or other agencies. This section provides a list of City departments and their responsibilities.

City Government Departments

Figure 36 provides an overview of the City of Half Moon Bay's organizational structure. The departments include the City Manager's Office, the Communication/City Clerk's Office, Administrative Services, Public Works, and Community Development.

The City contracts with the San Mateo County Sheriff's Office for police services and is served by the Coastside Fire Protection District, which has a cooperative fire protection contract with Cal Fire. The City is also served by CCWD for water service and participates in the SAM Joint Powers Authority.

DRAFT

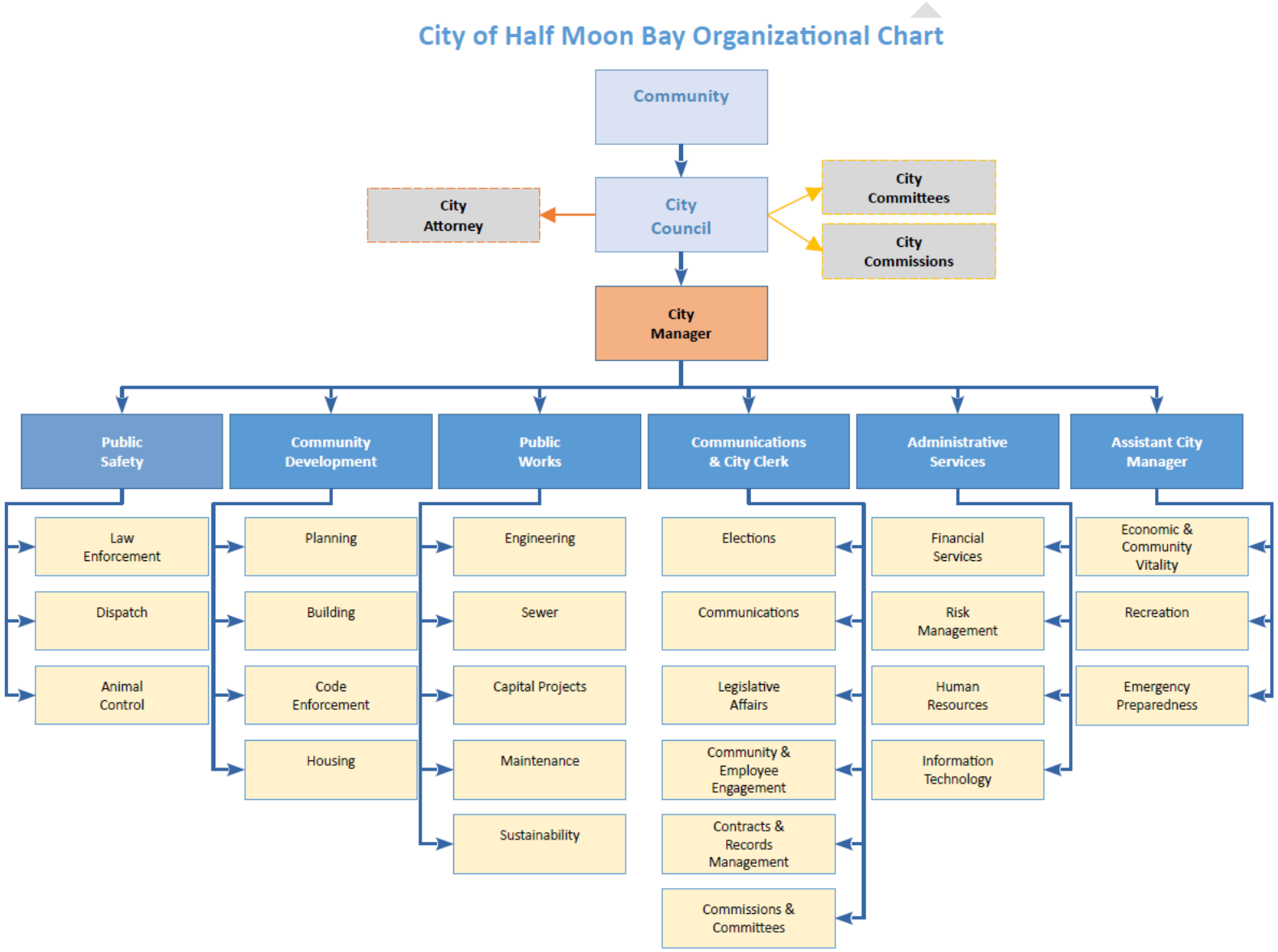


Figure 36. City of Half Moon Bay organization chart

City Departments

The Departments of Community Development and Public Works have key roles in all climate adaptation actions. The role of Community Development guides development in a manner that protects public health and safety, and ensures economic vitality by developing long range plans, setting policy and regulating projects through building and planning permits. This is mostly closely aligned with strategies and actions outlined in Goal 1**.** Ensure a Healthy, Resilient, and Self-Sufficient Community, and Goal 4. Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience.

The role of Public Works is targeted towards physical interventions to reduce climate risk exposure and vulnerabilities, and the maintenance of existing infrastructure and facilities. With a key role in implementation, Public Works will be heavily involved in Goal 2. Foster a Thriving and Accessible Coastline and Goal 3. Protect the City through Increased Economic Sustainability.

The Department of Administrative Services is critical to actions that involve partnerships with regional, state and federal entities, and would be involved in Goal 4. Build and Sustain the City of Half Moon Bay Government's Capacity to Increase Resilience.

The City Manager's Office has responsibilities over economic and community vitality and would be involved in Goal 5. Support and Increase Economic Sustainability.

Partners

Provided below is a short list of the partners referenced in the adaptation strategies in Appendix B. The CAP provides a much more comprehensive list of public sector and nonprofit partner organizations, and Bay Area Climate Action Mapping Project[p] provides an up-to-date list of organizations actively working on climate action.

- **Coastside Fire Protection District (Cal Fire)**—A special district government agency responsible for fire protection on the Coast of San Mateo County. Cal Fire is the operational service provider for the district and is included with the City above as they are a key partner.
- **Coastside County Water District (CCWD)**—A public utility that provides treated potable water to the City of Half Moon Bay and the unincorporated coastal communities of El Granada, Miramar, and Princeton-by-the-Sea in San Mateo County. Serving an area of approximately 14 square miles, the district serves nearly 20,000 residents across more than 7,600 accounts.
- **Sewer Authority Mid-Coastside (SAM)**—A Joint Powers Authority that provides wastewater treatment and collection services to the communities of Half Moon Bay, El Granada, Miramar, Montara, Moss Beach, and Princeton-by-the-Sea in San Mateo County. SAM's member agencies include the City of Half Moon Bay, the Granada Community Services District, and the Montara Water and Sanitary District.
- **Land Trusts**—There are numerous land trust organizations that are active landholders and managers in the Half Moon Bay region. Within the City, one of the largest is the **Coastside Land Trust**, a nonprofit organization that has significant holding in the Wavecrest area.
- **California State Parks**—These are public lands preserved and managed by the California Department of Parks and Recreation (California State Parks). Half Moon Bay State Beach is in the City, and includes Francis Beach, Venice Beach, Dunes Beach, and Roosevelt Beach, as well as two campgrounds.
- **Pacific Gas and Electric Company (PG&E)**— is a major utility provider in the City and broader region.
- **Peninsula Clean Energy (PCE)**— The main electricity provider for 97% of Half Moon Bay Residents.
- **California Department of Transportation (Caltrans)**—The state agency responsible for planning, maintaining, and improving California's transportation infrastructure, including State Routes 1 and 92.

[p] More information can be found here: https://www.bayareaclimateactionmap.org

DRAFT

- **County of San Mateo**—Operates under a five-member Board of Supervisors system. The Board oversees county operations, including health services, public works, and law enforcement. The Sheriff is an independently elected official responsible for law enforcement duties.
- **California Coastal Commission (CCC)**— Is a state agency that protects and regulates California's coastal resources ensuring public access and sustainable development within the coastal zone

Monitoring and Evaluation

The science and certainty around climate impacts is constantly evolving, however, projections of climate change impacts are fraught with uncertainty. Adapting to climate change should be approached as an ongoing, flexible, and adaptive process. The City needs to prepare for inevitable changes, while also managing and overseeing its day-to-day responsibilities.

Monitoring and evaluation will play a crucial role in documenting changes caused by climate change and identifying points in time where it is important to adjust adaptation strategies to avoid emergencies and the worst possible consequences of climate change. For example, if all ice on Earth melted, sea levels would rise ~200 feet, causing significant global changes including localized flooding and erosion impacts along the entire City shoreline. However, if that were to occur, it will take time, and adapting to climate change should not be an evacuation. Monitoring sea level rise and erosion over time will indicate when it is time to move away from the current shoreline and avoid emergency damage to infrastructure and property.

Each department in the city should evaluate day-to-day actions and identify opportunities to start collecting long-term monitoring data as part of daily routine actions. This will require subtle changes in each department to begin tracking various monitoring information. For example, Public Works should document how many times the department needs to close a road due to flooding, measure the distance between a road surface and a cliff edge after an erosion event, or how much is spent annually to repair infrastructure due to elevated groundwater, flooding, high heat, or fire. These monitoring elements could be integrated into daily work orders and completion procedures.

The Community Development Department could add items to a permit checklist to account for more fireproof or floodproof construction considerations. Integrating these changes into daily practices could include upgrading checklists, tablet templates, end-of-day reporting, completion of project accounting, and this information can then establish a long-term monitoring data set. This long-term data set will play a crucial role in tracking climate impacts and help identify when to adjust adaptation efforts and when and where changes may be necessary.

The City should create a strong monitoring and evaluation plan that covers all actions that are implemented either in part or in full, by department, and reported annually or interannually. Developing a streamlined central database that is automated in these daily workflow adjustments will help with reporting and is key to avoiding wasted staff time and resources. Such a plan should clearly define desired outcomes, specify what will be monitored and how, establish thresholds that indicate if goals aren't being met, and outline alternative actions to take if those thresholds are crossed. Monitoring and evaluation processes should also track the uptake and effectiveness of actions that are implemented both by the community at large and by regional partners.

A monitoring and evaluation plan should be revisited on a routine basis to maintain relevance and address changing needs, limitations of the plan, or changes in the political landscape (such as funding). Reporting progress of CAAP actions as well as any needed adjustments to goals should be presented to City Council every 1-2 years. This will provide updates on the implementation of individual actions, as well as an opportunity for feedback on priority reevaluation as needed.

Funding and Financing Mechanisms

Effective implementation of a climate adaptation plan requires capital investment, funding, and staff time. However, climate adaptation, while costly, is significantly more economical than the escalating damages resulting from inaction. These expenses can be reduced through the utilization of grants, leveraging public and private

DRAFT

partnerships, low-interest financing, fees, and effective use of current funds, lessening the financial burden on the City and community.

Requirements of Climate Adaptation Project Funding

As an overarching concept, due to the unique nature of climate projects (specifically their uncertainty in costs, benefits, timing, longevity, and interconnectedness to other natural and human/cultural processes), funding sources should have the following characteristics:

- They should be matched to the demands or costs, both in terms of scope and timing.
- They should have a broad base with a low unit cost, meaning that the burden is spread across as large a number of sources or payees as possible.
- They should have sufficient longevity or, through investment, allow for streams of ongoing funding, such that capital repayments and operational and maintenance costs can be covered over the entire life of the project.
- They should align the beneficiaries of a given project with the means of raising revenue, noting that there may be multiple beneficiaries of the same project.
  - For example, rain gardens or permeable pavement reduce flooding, improve water quality, and enhance neighborhood aesthetics, benefiting both public agencies and private stakeholders. Shared funding can come from stormwater fees, developer contributions, and environmental grants.
- They should be equitable.[q]

How To Decide between Viable Funding Sources

An important aspect of funding and financing is the practical question: Once the City has found viable funding sources, how should it choose between them and ensure that the source, scale, and duration of funding is aligned with the implementation of that action? To support the strategic and rigorous evaluation of financing options, Keenan (2019) suggests a multi-criteria decision analysis framework. This framework can be used to consistently weigh choices against one another in as transparent a manner as possible, based on the relative importance placed on particular aspects or outcomes of a funding source, such as cost, flexibility, and sustainability of a funding source. Further explanation and process development for these tools is included in Appendix D.

Other Resources

Several thorough reports have already been developed to explore the possibilities for funding and financing climate adaptation in California, including:

- Proposed Funding Pathways for Adaptation to Climate Change in California (Robert et al. 2021)
- Paying for Climate Adaptation in California: A Primer for Practitioners (AECOM 2018)

  This report contains a comprehensive list of funding and financing tools (p.14), highlighting the benefits and drawbacks of each. This list is an excellent summary of the variety of funding categories available for climate adaptation in the state. It can be used as a starting point to assess and weigh options as funding opportunities are considered.
- Climate Adaptation Finance and Investment in California (Keenan 2019)

[q] Even with *ad valorem* taxes that are equitable in principle, the increases in property values in coastal regions of California over the past decades have created a class of long-term residents who are asset-rich, but do not have ample free capital resources for additional fees and charges. This must be considered when selecting adaptation actions reliant on property taxes.

DRAFT

Each of these supplementary resources should be reviewed as a complement to this report for a thorough review of funding and financing general principles and overarching guidelines. This section focuses on avenues relevant to Half Moon Bay.

The following subsections explore several avenues for climate adaptation funding: existing city and county funds, state sources, non-governmental organizations, federal sources, and others. Each category and specific option has its own opportunities and challenges that are explored in detail and summarized at the end of this section.

Existing City Programs and Funds

Although the City of Half Moon Bay is a small, low-density community with a smaller residential property tax base, it hosts several established funding mechanisms that could be directed toward climate resilience initiatives. While monies for these funds have already been allocated, there is a process in place to reallocate funds. Each revenue stream has a set of initiation documents that lay out the types of projects that funding stream considered. These initiation documents could be reviewed and the types of projects expanded or weightings changed to prioritize longer-term benefits to the City. The City should consider doing so for necessary infrastructure upgrades and resilience measures that benefit City infrastructure, open space, and the Half Moon Bay community as a whole.

According to the fiscal year 2024–2025 budget, there is an expected shortfall in the next 3 years that, without intervention, would deplete the City's reserve balance by fiscal year 2026–2027 (Rossi et al. 2024). Because climate resiliency measures often suffer from complacency due to climate change's uniquely sporadic, insidious nature, they are typically some of the first initiatives to be cut during financial stress. However, due to the expected increased future costs to the City if climate resiliency programs are delayed, it is important that the City continues to prioritize climate resiliency as it would any other pressing, risk-reduction measure, such as reinforcing a degraded bridge or clearing away dry, natural debris from electrical infrastructure. The return on investment of climate resilience activities is substantial[r].

As such, it may be helpful to create a special fund for climate resilience projects that can house dedicated funds (rather than tracking multiple projects from funding streams of many sources independently) to keep it insulated from spending cuts.

The following options present opportunities to finance adaptation programs with minimal structural changes to existing funding frameworks; a priority action should be to investigate whether these funds can be used to support resilience projects directly either as is or with modifications to the governing documents of the funds, or potentially be funneled into a resiliency Special Fund, if one were to be created:

Streets and Roads Special Revenue Fund

This fund consolidates multiple revenue streams, including gas tax funds, transportation-related taxes, and targeted grants, for street and road maintenance and improvement projects (excluding capital projects). With streets and roads being particularly vulnerable to climate impacts (flooding, extreme heat affecting road surfaces, etc.), a portion of these funds could be allocated to climate-resilient transportation infrastructure projects (assuming it is possible to amend the allowed expenses, or to amend the prioritization process within those approved spending categories). Although they cannot be used for new projects, they could be used for climate-related repairs until a threshold is met, requiring additional investment for new infrastructure. The number of repairs should be documented as part of routine maintenance to support longer-term climate monitoring and evaluation.

Capital Projects Fund (Fund 151)

This fund supports capital improvement projects outlined in the City of Half Moon Bay Capital Improvements Plan. This plan was developed to "ensure major infrastructure - such as streets, parks, trails, public facilities, sewers,

[r] ROI typically ranges from $6-$13 in return per dollar spent, but the returns (savings) and costs are not aligned. i.e. costs may be incurred by the City, with many of the savings accruing to higher levels of government or to the residents. https://www.uschamber.com/security/the-preparedness-payoff-the-economic-benefits-of-investing-in-climate-resilience

DRAFT

and drainage - are well-maintained for maximum safety, public use, and enjoyment" (City Council Strategic Plan 2025). As of June 20, 2024, this fund contained $1.7 million (Rossi et al., 2024). The purpose of these funds is to support projects that address the City's identified priorities, one of which being Community and Climate Resilience and Sustainability (City Council Strategic Plan 2025). This fund could further support climate adaptation strategies through capital projects, such as infrastructure improvements.

Lot Acquisition/Retirement Fund

This fund, which collects in lieu fees for development rights, allocates funds to retirement of lots from development. An example of this type of transaction is the transfer of 21 parcels in the Wavecrest area to the Coastside Land Trust in 2025. These parcels were acquired in 2024, with funding coming in part from lot retirement payments associated with the Ailanto Pacific Ridge development, allowing the City to facilitate conservation and extension of the California Coastal Trail with reduced financial impacts to City finances.

The process of selecting parcels for acquisition and retirement could be reoriented toward managed retreat or removal of properties in high-risk areas. As of June 2024, this fund housed $1.4 million. This fund could be expanded to prioritize acquisition of properties in flood zones, coastal erosion areas, or wildfire-prone locations, facilitating orderly withdrawal from areas where adaptation may be impractical.

Parks Development Funds

This fund is used to support the acquisition, development, and capital improvements of the City's parks and trails. This fund consists of funding acquired by development impact fees, state grants, and federal grants, comprising a total of $894,000 as of June 2024. This fund is particularly relevant for supporting nature-based climate solutions, some of which may correspond with programs in the City's Green Infrastructure Plan[s], which should be reviewed periodically in cases where land has either been reclaimed from development of some kind or could be protected from development. For example, if a few lots were acquired with acquisition funding, they could be returned to the public trust as parks and trails whose design is specifically attuned to climate adaptation needs such as erosion control, defensible space, and storm setback buffering. These funds could potentially support development of green infrastructure projects in the City's Green Infrastructure Plan as they relate to improvements in parks and open space.

Usage Fees

The City of Half Moon Bay already has a few usage fees (or franchise fees) in place already. The Storm Drainage Fee and Solid Waste Franchise Fee are examples, garnering $7,900 and $613,923 in fiscal year 2023–2024, respectively. This report suggests that the City consider reallocating those revenues (in whole or in part) to resilience projects (understanding that a portion of the franchise fee goes toward this already) and introducing more usage fees that are thematically linked to climate adaptation. These might include an Electrical Utilities Franchise Fee, Parking Fees (other than at Poplar Beach), Hazardous Waste Removal Fee, and Water Usage Fees (above the water price).

Existing County Programs and Funds

In addition to the City of Half Moon Bay, the greater San Mateo County also hosts several established funding mechanisms that could support climate resilience initiatives.

[s] https://www.half-moon-bay.ca.us/617/Green-Infrastructure

DRAFT

San Mateo County Resiliency Grants

The Community Resilience Grants Program supports projects that assess sea level rise impacts and implement innovative adaptation strategies. The County has awarded $310,000 in grants to cities and nonprofit organizations for developing adaptation plans and building community coalitions focused on climate resilience[t].

San Mateo County Joint Powers Financing Authority

Formed as a partnership between San Mateo County and its Community Development Commission, the Joint Powers Financing Authority (JPFA) is a specialized entity that finances county capital projects by issuing and facilitating the repayment of lease revenue bonds (County of San Mateo 2025). This means that San Mateo County is the holder of the bond revenue, and that if Half Moon Bay wanted an adaptation-focused capital improvement project, the City would need to appeal to the County. Lease revenue bonds are restrictive in that they only finance capital projects that generate rental income, which may be a difficult category of adaptation project to find. In the case where an adaptation project is aligned with this mechanism, this could be a good option if the debt servicing of an alternative financier would be larger than a monthly lease payment to the County. If the alternate is a private bank, this would likely be the case since the County would be able to lend at a lower rate than private competitors due to its financial standing.

This JPFA is classified as a major governmental fund, with a fund balance of $79.6 million as of fiscal year 2023−2024 (Rossi et al., 2024). In addition, this San Mateo County JPFA was assigned an AA+ rating by Standard & Poor, indicating to investors a high capacity to meet financial obligations, and low risk of default thus allowing for low interest rates (lease payment obligations for Half Moon Bay)[u].

Capital Projects Fund

Similar to the City's Capital Projects Fund, this County fund supports infrastructure and development projects within the County, with an overall fund balance of $173.6 million for fiscal year 2023–2024 (Rossi et al., 2024).

State

State programs include both grants and loans. There are several sources of such funding opportunities in California set aside for various purposes. Like philanthropic organizations, competitiveness is high because the funds are available to so many entities (state-wide). State opportunities involve application processes, monitoring and reporting, and spending limitations that can be administratively burdensome; however, as long as there is substantial overlap between the intent of the funding program and the project to be funded, this can be a comparatively more streamlined, less costly, and secure source of funding than other options.

Proposition 4

In November 2024, California Proposition 4 was passed, which allowed the State to issue $10 billion in general obligation bonds to fund climate and water projects. Proposition 4 funding will be well aligned with City goals as it includes funding for coastal resilience and sea level rise, flood planning, and nature-based solutions (Figure 37).

DRAFT

[t] See more information here: https://resilientca.org/projects/2e2d0006-0ec0-463c-917f-56542df5e97f/

[u] See more information here in the County's annual comprehensive financial report: https://www.smcgov.org/controller/annual-comprehensive-financial-report-acfr

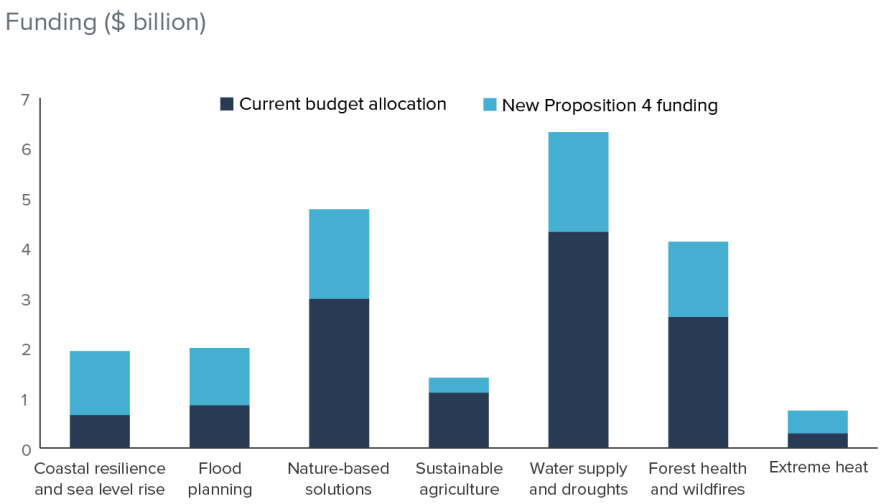


Figure 37. Proposition 4 funding categories for the State of California. Source: Public Policy Institute of California.

California Infrastructure and Economic Development Bank

The California Infrastructure and Economic Development Bank (IBank) aims to support "the transition to net-zero GHG emissions while strengthening resilience to climate impacts, including municipal lending for climate-smart wastewater management infrastructure." Ultimately, IBank's goal is to act as California's green bank, "facilitating investments of more than $35 billion in California's clean energy economy and the safeguarding of its environment" through various financial instruments (California Infrastructure and Economic Development 2025).

Like traditional bank instruments, there are financing costs (although much lower than with a traditional bank), which makes this option less desirable than a grant or even some public-private partnership (P3) arrangements; however, the potential for large (multimillion dollar), lump-sum investments and flexibility to partner with aligned companies makes IBank a compelling option to pursue. More detailed information on IBank's offerings are attached in Appendix E.

California Climate Investments

California Climate Investments (CCI) is an entity that facilitates the funding of greenhouse gas-reducing projects via various state agencies. CCI allocates revenues from California's cap-and-trade program. The CCI endorses the use of loans, grants, and rebates as incentive mechanisms; which financial product Half Moon Bay might encounter depends on which state agency and program it pursues. Agencies that currently offer CCI-funded programs include California Air Resources Board, California Coastal Commission, California Conservation Corps, California Department of Community Services and Development, California Department of Fish and Wildlife, and several others. A full list of current programs and participating agencies can be found here. Although the mission of CCI focuses on greenhouse gas-reducing projects, there are many other goals that align with adaptation planning and execution. Some examples of currently offered projects are below.

- **California Ocean Protection Council**—Senate Bill 1, Sea Level Rise Adaptation Planning Grant Program: "The overall goal of the SB 1 Grant Program is to provide funding to develop sea level rise adaptation plans and projects to build resilience to sea level rise along the entire coast of California and San Francisco Bay."
- **California Natural Resource Agency**—Urban Greening Program: "Establishment, enhancement, and expansion of community spaces and parks, tree planting, green infrastructure in streets and alleys, and the construction of active transportation infrastructure."

Clean Water State Revolving Fund

California State Water Resources Control Board

DRAFT

The Clean Water State Revolving Fund (CWSRF) program is a state-funded grant program for water infrastructure improvements. The CWSRF provides low-interest loans for projects ranging from under $1 million to over $100 million in scale.

Applicants consist of municipal governments, tribal governments, and nonprofit organizations. While wastewater treatment plants and sewer system upgrades constitute the majority of funded projects, the CWSRF also supports a variety of water quality initiatives including nonpoint source pollution control and estuary protection efforts. This grant program offers a funding opportunity for water infrastructure improvements that improve community climate resiliency (State Water Resources Control Board 2025).

Sustainable Transportation Planning Grant

California Department of Transportation

The **Sustainable Transportation Planning Grant Program** offers three different programs that focus specifically on local and regional transportation infrastructure that aligns with State climate goals of Caltrans:

1) **Sustainable Communities Grants** ($29.5 million purse) provide both competitive ($17 million) and formula-based ($12.5 million purse) funding to support local projects and planning that are aligned with state greenhouse gas emissions goals. These grants support Regional Transportation Plan Sustainable Communities Strategies while achieving California's greenhouse gas reduction targets of 40% below 1990 levels by 2030 and 80% by 2050.
2) **Climate Adaptation Planning Grants** ($3.7 million purse) identify transportation-related climate vulnerabilities through the development of comprehensive adaptation plans. This funding also supports project-level adaptation strategies for transportation infrastructure facing climate risks. This is the only grant type of the three that would fund physical infrastructure changes such as road relocation.
3) **Strategic Partnerships Grants** ($4.5 million purse) support “statewide, interregional, and regional transportation improvements on the State highway system in collaboration with Caltrans. A specialized subcategory within this grant focuses on transit planning projects that address multimodal transportation” needs across jurisdictions.

Fire Prevention Grants Program

California Department of Forestry and Fire Protection

The Fire Prevention Grant Program prioritizes projects that promote community wildfire resilience, including: “hazardous fuels removal, wildfire prevention planning, wildfire prevention education, and wildfire prevention research with an emphasis on improving public health and safety.” Through a competitive selection process, eligible entities—including local governments, tribal authorities, certified conservation corps, qualified nonprofits, and Fire Safe Councils with 501(c)(3) status—can access funds to implement proactive wildfire management strategies. Joint Powers Authorities are acceptable applicants if they consist of the above-listed entities.

Federal

Although federal funding may appear uncertain at the time of this report, there are still several federal resources available. The main benefits of the following programs are that they are all grants, meaning there are no capital costs, and they can be for large, lump-sum amounts. However, the (potentially short-term) unpredictability of these funds suggests that the City considers complementing these sources with other financial tools to diversify their portfolio against risk. In addition, federal programs often involve application processes, monitoring and reporting, and spending limitations that can be administratively burdensome. However, when there is substantial overlap between project and funding program goals, this can be a comparatively more streamlined and less costly source of funding than other options.

DRAFT

Federal Emergency Management Agency

Although FEMA is more typically associated with rapid-pace devastating events such as hurricanes, tornados, and floods, there are funding levers that should be explored within the context of climate change's slower-paced, sometimes less-obvious devastation.

The Pre-Disaster Mitigation and Building Resilient Infrastructure and Communities (BRIC) grant programs are two funding sources that could be creatively applied to the unique needs of climate adaptation projects. The Pre-Disaster Mitigation program was turned into the BRIC program in 2023, yet they remain separate entities on the FEMA website. The Trump Administration discontinued the BRIC program in spring 2025. There has been no change in the Pre-Disaster Mitigation program resources online. The City will need to contact FEMA directly to get the most recent funding options available.

The general outline of both programs is the same: funds any project that aims to insulate a community from losses due to a future disaster through a federal-state/local cost-share; all non-federal, government entities and tribes may apply; applicants tend to sign as sub-applicants on a state application; example projects could be retrofitting a community center to accommodate a double-use as a tsunami emergency gathering place or nature-based erosion control and flood management solutions.

Although the above grant program(s) rest(s) under the Hazard Mitigation Assistance Grants umbrella, the eponymous Hazard Mitigation Grant Program is not well suited to adaptation goals. It only becomes available after a presidentially declared disaster (i.e., a disaster needs to occur and the president must declare it a disaster). The goal of the funding is to rehabilitate a community after a disaster in a manner that will insulate the community from future disaster. The City should be aware of this funding source, but it should not be relied upon as a primary source of adaptation funding as it is reactive rather than proactive.

U.S. Bureau of Reclamation WaterSMART Water and Energy Efficiency Grants

The U.S. Bureau of Reclamation (USBR) provides 50/50 cost-share funding for projects that improve water conservation and efficiency, water reuse, and water supply reliability, and reduce risk of future water shortages. Any entity with water or power delivery authority may apply. Projects with 2- to 3-year time frames are preferred. In 2024, projects ranged in size from approximately $250,000 to $5,000,000 and included activities such as ditch reclamation, underground pipeline construction, and advanced metering installations.

U.S. Army Corps of Engineers Continuing Authorities Program

The U.S. Army Corps of Engineers (USACE) Continuing Authorities Program provides funding for feasibility studies and implementation of water and environmental projects related to flood control, aquatic ecosystem restoration, erosion control and prevention, and storm damage reduction, among others. Each feasibility study is federally funded up to $100,000, and any additional costs are shared 50/50 with the project's nonfederal-agency sponsor.

U.S. Department of Agriculture Disaster Assistance Programs

The U.S. Department of Agriculture (USDA) disaster assistance programs help farmers protect and recover from drought, wildfire, and winter storms. The USDA offers several programs that provide coverage for agricultural producers to help them manage risk and protect their operations from climate hazards and disasters that fall into the following categories: livestock, farm loans, farmland damage, and crop losses.

Philanthropic and Nonprofit Organizations

Grants from private foundations can be well-suited for projects that build upon public funds to add further value to existing funding streams or initiatives. Local governments may consider applying for grants from adaptation-focused foundation programs, such as those at The Kresge Foundation, Doris Duke Charitable Foundation, the MacArthur Foundation, the California Endowment, or The William and Flora Hewlett Foundation.

DRAFT

The City of Goleta took advantage of these philanthropic opportunities to form and adopt its Creek and Watershed Management Plan in November 2020. It received funding from Union Bank, University of California Santa Barbara Coastal Fund, and Clif Bar Family Foundation to fund a Watershed Protection and Education Program (Trautwein et al. 2020). Although this project was a success, this project's funding makeup represents the typical struggles of sourcing from philanthropies; they typically, but not always, fund smaller projects, and thus a patchwork of various sources may need to be collected in order to fully support a single project. In the case of the Goleta project for example, University of California Santa Barbara provided $8,912.32 in funding, which was specifically awarded for the hiring of a single intern (Coastal Fund UC Santa Barbara Associated Students). The Kresge Foundation, however, consistently funds projects ranging from $50,000 to $800,000. The City of Half Moon Bay will need to be particularly strategic in weighing competitiveness, size, administrative burden, and goal overlap when considering philanthropies and NGOs.

Creative Strategies

Municipal (Green) Bonds

Municipal bonds are another fiscal instrument that the City of Half Moon Bay can use to fund climate resilience projects; municipal bonds give projects access to the funding capacity of capital markets while distributing those costs over time in a predictable and relatively low-cost manner.

A relatively new instrument in sustainable financing, Municipal Green Bonds can be issued by governments as a means to raise funds for specified climate-resilience programs (Flammer 2020). Although Half Moon Bay has yet to issue any of its own green bonds, nearby San Francisco Public Utilities Commission issued green bonds to fund critical repairs of the Mountain Tunnel, an essential component of the regional water system that supplies drinking water to 2.7 million Bay Area residents (World Economic Forum 2023).

Although they require similar legislative processes, bonds are attractive as compared to taxation methods because they are a dedicated and protected source of funding for a specific type of spending. The capital costs are distributed through time (i.e., the current constituents of Half Moon Bay will not be the only ones paying for a project that benefits those 30 years from now), large sums can be generated immediately without placing the immediate cost on the current residents, and the total annual borrowing and financing cost to the local residents is typically lower than the amount that would be required in annual tax increases to pay for the project directly. In addition, as compared to taxation that is confined by the geographic jurisdiction of the City, the City can allow participation from any entity, regardless of whether it is within City jurisdiction.

The major drawback is that there is no guarantee of bond purchase, unlike in a taxation scheme where there is a guarantee that funds will be raised by some amount.

Public-Private Partnerships

A P3 would involve collaboration between a private company and the City of Half Moon Bay to provide a marketable public asset or service (AECOM 2018). These partnerships, invited by a competitive bidding process, can improve service quality and efficiency. California's Infrastructure Finance Act authorizes local governments to use P3s for this purpose. P3s are often used to execute infrastructure projects. However, one drawback of P3s is that they cannot be executed in cases where private and municipal interests do not align. In other words, P3s are only attractive to private partners when there is revenue to be made from their involvement. Although this strategy would be beneficial for an adaptation measure, such as the revitalization of a local beach park where revenues can be garnered from parking meters, other projects, such as urban tree planting for the mitigation of urban heat island effects, would need to be financed differently given the lack of a clear revenue stream.

One example of a P3 was the partnership between the City of Long Beach and the private company Plenary Properties to build the new Long Beach Civic Center in 2016–2019. The project included "the creation of a new City Hall, a new Main Library, a revitalized Lincoln Park, parking facilities, and a new Port of Long Beach headquarters, as well as a complementary private development in downtown Long Beach" (Plenary, n.d.). The

DRAFT

project cost approximately $900 million and Plenary was given a 40-year concessionary period during which it would manage operations and maintenance to collect revenue from its investment.

By using a P3, the City of Long Beach was able to redevelop the Civic Center at a lower cost than it had been paying to maintain its existing facilities, without assuming any new debt or levying any new tax measures. The private solution also offered lower financing costs than tax-exempt lease revenue bonds and better risk allocation for the City of Long Beach.

The key benefits of a P3 are that they:

- Include access to private capital
- Avoid public debt and associated debt-raising requirements
- Share risk between the public and private sector and assign the risk to the partner best equipped to manage or avert it
- Use private sector knowledge
- Manage risk as well as support maintenance and operations activities for projects with long lifespans.

PG&E

Self-Generation Incentive Program

The PG&E Self-Generation Incentive program offers rebates to customers installing battery storage systems. Although this program is targeted at PG&E residential and business customers, this could be a great opportunity for the City to facilitate/encourage customers to enhance the City's energy resiliency. In addition, this program is a prime candidate for IBank's Climate Incentive Bridge Loans and the Infrastructure State Revolving Fund loans.

Summary of Funding and Financing Mechanisms

The City of Half Moon Bay's small tax base and predicted, upcoming budget shortfalls indicate that although there are several preexisting funding and financing tools available to the municipality, they may not be sufficient to fund medium- and large-scale projects. Preexisting city funds can be creatively applied to sponsor adaptation projects with minimal procedural and administrative burden, save new taxation schemes, which may outweigh its relatively small contribution as compared to other similarly sized options such as NGOs and philanthropies. The benefit of NGOs and philanthropies as funding sources, although administratively burdensome and offering similarly sized awards, are that they are not subject to City budget cuts, which insulates them against local policy changes and budget shortfalls. Aligning capital improvement plans and the multi-jurisdictional hazard mitigation plans with adaptation priorities will help position the city for state and federal funding.

County programs are similarly insulated from local policy changes and budget shortfalls with the added benefit of preexisting programs with no voter approval required. However, compared to other funding categories explored in this section, the county offers few programs that, although do address aspects of adaptation like sea level rise, are not expansive enough in scope to fund multiple aspects of adaptation.

Federal funding has the capacity to sponsor large-scale projects at no or low cost to the municipality and its constituents. There is a moderate number of agencies and programs the City could pursue to achieve various facets of an adaptation strategy. However, recent Federal changes indicate that grants and programs that were previously available may not be accessible in the future. For example, FEMA's Building Resilient Infrastructure and Communities (BRIC) program has been terminated, and it is unclear if other programs such as the United State Bureau of Reclamation (USBR) water program will be impacted. At the time of writing, other than the BRIC program, all federal programs listed in this section are still available. It is possible that programs that are terminated or reduced will be funded in the future and should be kept in mind as future options.

The City has the unique advantage of being part of the most aggressive, state-wide, climate policy initiative in the United States. As such, there are many state-wide opportunities to choose from, varying in both targeted recipient

DRAFT

(private or public), size ($1K–$100M) and financial product (subsidy, grant, loan, bond). There is strong overlap between the intent of the financial products offered and the goals of a climate adaptation plan. Although the administrative burden and competition for funds are high, the size, thematic overlap in goals, and stability make state-sponsored programs a promising avenue to pursue.

Other options such as P3s and municipal bonds require the City to initiate and administer the entire program. P3s can be streamlined and attract large investment as long as the project outcome is marketable while bonds are attractive for purely public-good and long-term benefits outcomes.

In evaluating these options, the Project Team recommends deploying an MCDA to narrow down and compare options before undergoing a full cost–benefit analysis for a single option. The more concrete the MCDA inputs and assumptions, the more helpful it is and the less work a cost–benefit analysis will be. In this manner the city will be able to rigorously and consistently apply the needs of a project to the myriad of characteristics of a funding mechanism. The following table is a summary of the "Funding and Financing" section and can be used as a precursor to an MCDA.

Table 14. Overview of funding mechanisms, opportunities, and challenges by categories of funding

Mechanism Category	Opportunities	Challenges
City Programs and Funds	○ Pre-existing, proven concepts ○ No application or vote needed to approve (aside from taxes/fees) ○ Clear alignment between activity and adaptation goals (e.g., electric utilities franchise fee)	○ Unlikely to finance large projects ○ Near-term, budget shortfalls may stagnate reallocation to resiliency projects
County Programs and Funds	○ Relatively stable source of funding ○ No vote or approvals required	○ Fewer options to choose from ○ More competition from other cities in the county ○ Potentially high administrative burden
State Programs and Funds	○ Stable ○ Can finance large projects ○ Offers a mix of financial tools ○ No vote or approvals required ○ Offers a mix of both private-entity and public-entity focused financial products	○ Highly competitive ○ Often focus on GHG-reduction only, but cases can be made for resiliency-focused projects ○ Higher administrative burden
Federal Programs	○ Can finance large projects	○ Unstable but not unavailable ○ Higher administrative burden ○ Relatively few options with limited scope ○ Highly competitive

DRAFT

Mechanism Category	Opportunities	Challenges
Philanthropies and NGOs	○ Clear overlap between funder goals and City goals ○ No vote or approvals required - Typically grants	○ May not be able to fund a project from a single source ○ High administrative burden ○ Potentially highly competitive
Creative Strategies	○ Flexible—can be molded to meet each project's specific needs ○ Established/proven concepts ○ Minimal administrative burden	○ Requires conceptualization and initiation from the City ○ May require voter approval (green bonds)

DRAFT



7

Conclusions & Next Steps

7. Conclusions and Next Steps

The City of Half Moon Bay benefits from a spectacular setting on the coast of California, with a unique small town character nestled into the hills. This beauty is also a challenge as climate change intensifies droughts, wildfires, winter storms, and flooding. This Plan, in concert with the City's CAP, offers a strategic and clear set of strategies to make the Half Moon Bay community more resilient and able to navigate future hazards.

This community-driven plan identifies the vulnerabilities associated with various climate hazards within the City and the Half Moon Bay region more broadly. Goals and actions for future adaptation have been identified based on community preferences and objectives that will guide adaptation responses to those risks both in the present day, and as they worsen and expand over time with climate change.

Climate hazards, and the way in which the City responds, will impact different sectors of the community and the local economy in different ways. This Plan outlines the community vision and prioritizes actions that the City should take to respond to these threats reflecting the priorities expressed and recorded through community outreach activities.

The process and results of the vulnerability assessment should serve as a reference for ongoing adaptation planning efforts in response to the climate hazards such as rising temperatures, prolonged droughts, increased wildfire risk, coastal erosion, flooding, and sea level rise. As the City faces increasing risks associated with climate change, the assessment serves as a guidance tool to prepare for these risks and prioritize adaptation and resilience planning across multiple sectors and jurisdictions. By identifying the vulnerabilities facing the built assets, open space and community members, the City can more effectively advocate for funding and improve the eligibility of the City to qualify for grant funding to study, monitor, and implement adaptation projects and develop resilience programs.

Having established vulnerabilities and community priorities, this Plan outlines adaptation strategies, policies, and actions that address those vulnerabilities and move Half Moon Bay towards the desired future vision. Across all City departments, the City must identify routine activities that can be tracked as part of a long term monitoring and evaluation plan to document climate impacts and help the community prepare for the uncertainties of a changing climate. The Plan recognizes the need to prioritize actions that align with community priorities but also reflect a realistic assessment of existing feasibility and operational capacity. Some actions require strengthening partnerships with other organizations, while others can be quickly implemented by the City under existing programs and policies.

For high-priority adaptation actions with strong alignment with existing plans and policies, the City can move forward in integrating these actions into City documents, such as the Capital Improvement Program, MJHMP, and LCP. These foundational documents guide land use, and infrastructure investments, making them key levers for advancing long-term community resilience. Integrating climate adaptation and resilience into the update of City plans and policy will allow Half Moon Bay to proactively manage climate-related risks, protect public safety, and ensure sustainable development. As a next step, the City should look to further the adaptation actions identified in this Plan, either through direct action directed by council, an Adaptation Work Plan or similar document, and drawing upon the initial prioritization presented in Section 6.

For adaptation actions that are high priorities but are not yet reflected in the existing plans and policies, the City should look to identify additional studies to inform implementation of those actions. This may include the development of neighborhood-level plans and adaptation pathways, with community workshopping of adaptation priorities.

The City acknowledges that this Plan is just one part of its activities directed toward a more sustainable future. Coupled with other efforts focused on emissions reductions, green infrastructure, park improvements, and resilience-building, the City can lead by example and promote community leadership and development to address oncoming climate challenges. Through this approach, the City can build a more adaptive, equitable, and future-ready community that safeguards its people and its resources and activities for generations to come.

DRAFT


MAIN ST
KELLY AVE
STOP
El Centro de Libertad
The Freedom Center
THE CITY OF
HALF MOON BAY

8

Appendix

8. Appendix

A. Problem Statements

Problem statements target citywide climate vulnerabilities that are broadly applicable to Half Moon Bay community members as well as specific geographic areas and frontline populations that necessitate a similarly targeted or project-level adaptation strategy. Problem statements were developed based on the findings of the City Vulnerability Assessment along with community engagement efforts, including community pop-ups, a survey, and stakeholder listening sessions, which assessed the community's needs, concerns, and vulnerabilities relating to climate change and the environment.

Problem statements combine sectors and the major climate hazards that stress that sector, for example, homes and businesses + wildfire, along with any specific locations that are experiencing the impacts of the hazards. Problem statements consider pre-existing conditions that may exacerbate the problem. Each statement also identifies potential leaders and partners to understand the responsibility of the problem and the City's level of agency. The timeframe considered for each problem statement sector is out to approximately 2100. Adaptation planning efforts will focus on short-, medium-, and long-term strategies.

1. Homes and Businesses

Description

This sector includes impacts to homes and businesses in Half Moon Bay. This sector includes planned future community land use. Homes and businesses are threatened by wildfire, fluvial and stormwater flooding, coastal erosion, landslides and debris flow, and extreme weather and high winds. The conditions that may affect the City's ability to adapt to the challenges facing this sector include staff capacity, the potential for litigation, community pushback on revised building codes, changes to zoning, and potential future development. Additionally, this sector is affected by pre-existing conditions including a lack of affordable housing, isolated community location, undersized and aging infrastructure, and limited water supply.

1.1 Wildfire – Problem Statement

While the entire city is threatened by wildfire, and increasingly so with climate change, the highest threat area for wildfire is the wildland-urban interface just outside the city limits of Half Moon Bay. The regional risk of wildfire can impact the ability of homes to be insured, can affect home values and rents, and can lead to increased development pressures within the City. Post-fire consequences may include direct losses, higher insurance rates and inability to be insured, spiking rents, and the potential exodus of residents and businesses, which could have an impact on the tax base, further exacerbating staffing and funding challenges. The City has some ability to directly plan for and adapt to this hazard. Partners include the County of San Mateo, neighboring land owners, land trust organizations, California State Parks, PG&E, Cal Fire, and the CA Department of Insurance.

1.2 Urban Stormwater and Creekside Flooding – Problem Statement

Winter storm events increase the frequency and intensity of creek-side flooding, which can lead to direct flooding of creek-side homes and businesses, as well as indirect impacts to roadway access and transportation (see problem statements for Transportation in 2.1). Localized flooding during storm events also occurs in low-lying areas where runoff accumulates and where stormwater infrastructure may be undersized or impeded. The City has significant ability to affect this hazard as it has jurisdiction for local roads, stormwater, and the urban forest within many rights of way. Potential partners include CA State Parks, FEMA, Caltrans, San Mateo RCD, local property owners, and One Shoreline.

DRAFT

1.3 Landslides and Debris Flows – Problem Statement

Increased intensity of rainfall during winter storms increases the likelihood of landslides and debris flows, particularly after long periods of rain or in scarred landscapes where vegetation has been impacted by fires, drought, construction, or other events. Landslides and debris flows can cause significant damage to homes and buildings. After effects of a landslide can create significant challenges in moving and managing debris, including truck availability, emissions increases, and appropriate places to move, sort, and clean debris.

The City has some ability to adapt to this hazard, however, some of the most at risk areas include areas of steep slopes adjacent to the city boundary and areas upstream of the City, and the City may need to work with property owners to reduce the potential for hazards. Potential partners include CA State Parks, San Mateo RCD, the County of San Mateo, and land trust organizations.

1.4 High Winds – Problem Statement

High wind events can cause downed trees, which can damage property, cut power and other utilities, and injure pedestrians. The City has a significant ability to affect this hazard within the City's right of way and partners include PG&E, Caltrans, and local property owners.

1.5 Blufftop Coastal Erosion – Problem Statement

The threat of coastal erosion is localized to a narrow strip of land along the coast however the permanent loss of land has high consequences to the City and residents. Several homes, businesses and their associated utilities, as well as coastal access locations are at risk of coastal erosion. Private development assets at risk include homes in the West Miramar Neighborhood and the Ritz Carlton Hotel at Miramontes Point. Partners for regional-scale adaptation planning include CA State Parks, One Shoreline and County of San Mateo.

2. Transportation

Description

Transportation and roadways move people and goods throughout the City. This sector includes the network of roads in Half Moon Bay as well as the 1, 92, and 84 corridors that connect the City to the Bay Area. Emergency response, evacuation routes, and the ability of the Half Moon Bay community to move throughout the region is compromised when transportation routes and roadways are blocked by climate impacts such as wildfire, flooding, landslides, or high wind. The isolated coastal location of the City makes it critical for the City to become more self-sufficient in critical public services that are conveyed through these corridors to the Bay Area.

2.1. Wildfire – Problem Statement

Wildfires can lead to road closures, damage roads and transportation infrastructure, and can also lead to indirect impacts such as reduced visibility due to wildfire smoke, and increase the likelihood of washouts post-fire. The threat of wildfire on transportation affects evacuation routes and planning, which are being evaluated in the County's Safety Element.

2.2 Stormwater Flooding – Problem Statement

Localized stormwater flooding occurs regularly along Magnolia St. in Arleta Park, Miramontes Point Rd. in Moonridge, the West Miramar Neighborhood, and Kelly Ave. Downtown. With increased storm intensity combined with potential stressors to vegetation communities (plants that grow together in a specific location and a similar environment) from drought and wildfire, stormwater management issues may escalate, and it may become more difficult to retain and slow site runoff. Impermeable surfaces including roads and sidewalks contribute to runoff, burdening the City's stormwater infrastructure.

DRAFT

Undersized stormwater infrastructure is an existing condition that exacerbates the issue. Limited data exists for the City staff to understand where obstructions may occur in the stormwater system, and where the system is undersized or underperforming. The city has a significant ability to affect this hazard, and potential partners include stormwater management consultants, land trusts, MidPen Housing, Mercy Housing, San Mateo County Resource Conservation District, One Shoreline, and local property owners.

2.3 Landslides and Debris Flows– Problem Statement

Increased intensity of rainfall during winter storms increases the likelihood of landslides and debris flows, particularly after long periods of rain, and in situations where vegetation has been impacted by fires, drought, or other events. Landslides can block roadways, cutting off access to emergency response and preventing the ability of the Half Moon Bay community to move throughout the City and the region. Debris in waterways can also damage transportation infrastructure such as bridges and lead to clogging of culverts. After effects of a landslide can create significant challenges in moving and managing debris, which can affect the use of beaches. The City has a significant ability to adapt to this hazard on local roads. Potential partners include the County of San Mateo and Caltrans.

2.4 High Winds– Problem Statement

High winds can lead to trees falling, and downing power lines, which can block roadways and cause dangerous situations for residents and visitors. The City has a significant ability to adapt to this hazard within the City's right of way. Potential partners include PG&E and San Mateo County.

3. Parks, Beaches, and Open Space

Description

Cliff-backed areas of coastline in Half Moon Bay host public assets including roads, trails, parks, and campgrounds. The California Coastal Trail, largely managed by the State, is a vital active transportation thoroughfare and recreational amenity. It is located just inland of the clifftop edge in many locations and is an important thoroughfare both for recreation and transportation.

In addition, the City owns and maintains 12 parks, beaches, and a number of open spaces. Preexisting conditions that affect the ability of parks to maintain their ecological and recreational function include the availability of recreation land, sensitive species and habitat protection, summer droughts and reduced water supply, threats from pests and disease, and City staff funding. Parks and open space areas also provide many opportunities and alignment with green infrastructure and sustainability goals. These areas may provide opportunities for stewardship and engagement, and certain open space areas may provide opportunities for local food production and economic activity.

3.1 Beach Narrowing, Dune, and Cliff Erosion– Problem Statement

Winter storms, sea level rise, and increased coastal erosion are already threatening Poplar and Redondo Beaches, State-operated beaches, and beach access locations that are central to the communities' livability and tourism economy, leading to inland migration of beaches. The City's beaches, which are mostly backed by cliffs, will have limited room to migrate inland with sea level rise, which eventually will limit recreational uses. The California Coastal Trail is already threatened by coastal erosion, landslides, and creek/coastal wave flooding, and these threats will escalate. The parking lot at Redondo Beach is threatened by cliff erosion. The City does not control the state-managed lands but will need to continue to coordinate and align planning along a connected coastline and work with partners to identify potential sources of sediment. Key partners include CA State Parks, USACE, FEMA, NOAA, One Shoreline, and local property owners.

3.2 Debris Management – Problem Statement

DRAFT

The mobilization of debris during winter storm events and landslides, as well as the pile-up of debris along creeks and along the coast, directly impacts the ability of Half Moon Bay's residents and visitors to utilize the coastline and beaches. Debris is largely comprised of natural material such as trees and vegetation, but also includes pieces of farm equipment such as fencing, and parts of homes and infrastructure that have been washed away or damaged in storm events. Debris from agricultural and residential lands can have ecological impacts to waterways and other natural areas. Debris can also damage California Coastal Trail bridge infrastructure and clog culverts under the trail. The city has limited ability to manage sources or locations of debris on non-city land. Key partners include CA State Parks, San Mateo RCD, and the San Mateo Countywide Water Pollution Prevention Program.

3.3 Extreme Heat– Problem Statement

High temperatures and extreme heat can pose a threat to recreational uses, especially in parks and areas with less vegetation and shade, such as the skate park. City-run beaches are already experiencing significantly higher visitor demand during periods of high heat. The City may also be forced to close certain parks to sports groups or others during times of extreme heat. Extreme heat will exacerbate ecological drought conditions and cause ecosystem shifts in the City's parks and open spaces, particularly in coastal scrub landscapes. City parks provide an important opportunity in reducing the urban heat island effect and provide localized cooling. However, the City may be constrained on opportunities for park expansion or intervention in parkland spaces due to highly sensitive species and habitat, high cost of land, and permitting constraints.

3.4 Flooding – Problem Statement

Flooding can occur during heavy rainfall events and can impact City parks and amenities and the ability of the community to utilize these spaces for recreation. John L Carter Memorial Park, adjacent to Pilarcitos Creek, is prone to flooding as is Frenchmans Creek Park and the area adjacent to the Old Train Depot near Arroyo Leon. A current park update may help to address some of the flood issues. Key partners include CA State Parks, FEMA, land trusts, One Shoreline, and San Mateo RCD.

3.5 Wildfire – Problem Statement

Drought and increased heat will lead to higher wildfire risk in the City. While the highest wildfire risk is in the wildland-urban interface outside of city limits, wildfire spreading from the wildland-urban interface into the City's inland parks and open spaces (located closer to these areas) could have a multi-year negative impact on tourism and residents in Half Moon Bay. The City may be forced to close parks and open space areas during periods of poor air quality. Cascading impacts post-fire may include increased risk of debris flow, and a large influx of ash and debris in the City's waterways and shoreline following rain events. This can have impacts on water quality, habitat, ocean health, and debris management (see problem statement 3.2).

4. **Public Services, Utilities, and Local Infrastructure**

Description

This includes a wide range of public services including water supply, wastewater, stormwater, power, natural gas, internet, and communications.

Water and Sewer

Description

Water and sewer services are critical to the City; however, the City has limited direct control over these utilities. The majority of the City's water, depending on the season, comes from the Hetch Hetchy Reservoir in the Sierra Nevada. A reduction in snowpack in the mountains and decreased or changing intensity of rainfall could threaten

DRAFT

the City's water supply. Water supply for the City is provided by the Coastside County Water District (CCWD). Wastewater collection service is provided by Sewer Authority Mid-Coastside (SAM) where the City has appointed board members, but limited control of the management and operation of the Treatment Plant. The Bay Area Water Supply and Conservation Agency (BAWSCA) provides regional water supply planning, resource development, and conservation services to the City.

4.1 Drought – Problem Statement

Statewide drought could impact the water supply to the City and increase the costs for residents and businesses. The City does not have control over the supply; however, it can adopt water conservation efforts for municipal buildings, parks and lands, and support residential savings programs to reduce demand and mitigate future rate increases. Potential partners include CCWD, BAWSCA, and the Bay Area Integrated Regional Water Management Program.

4.2 Flooding – Problem Statement

SAM operates the Wastewater Treatment Plant in the City through a joint powers authority. The SAM Plant has flooded in the past and is at high risk of future flooding in extreme storm events. Flooding of the SAM Plant would temporarily shut down the facility, preventing wastewater collection and processing in the City, and potentially causing dire public health consequences. The City does not have direct control over the plant but does have some indirect influence through its appointed board members. Partners include regional board member agencies, including Granada Community Services District, Montara Water & Sanitary District, SAM, San Mateo RCD, and One Shoreline.

CCWD operates wells, a water treatment plant, and a pump station in a low-lying area near Denison Creek, and a pump station near Frenchmans Creek. These facilities are in a potential flood hazard area and flooding could impact these facilities directly and impact water supply systems.

4.3 Wildfire, Debris Flow, and Landslides – Problem Statement

CCWD operates numerous facilities and pipelines in unincorporated San Mateo County that are located in areas of high wildfire risk, and many of these facilities and pipelines are located near steep slopes that are at risk of failure, and this could impact both facility access and the facilities themselves. The majority of the City's water travels by pipe from Crystal Springs Reservoir and Pilarcitos Lake to the Nunes Water Treatment Plant along Highway 92. This corridor is highly vulnerable to wildfire and landslides. Impacts to the reservoirs, pipelines, water tanks, and the water treatment plant in these areas could have lasting and severe impacts on the city's water supply. Additionally, wildfires and landslides can compromise water quality both during events and for months and years after. The City has limited direct control over this utility. Potential partners include CCWD, Calfire, and the County of San Mateo.

4.4 Emergent Groundwater– Problem Statement

SAM operates the wastewater treatment plant that is located in a low-lying area near the convergence of Pilarcitos Creek and the Kehoe Waterway. Many pieces of key infrastructure for the plant are located underground and seepage of groundwater is a persistent nuisance for the facility. The projected rise in sea level will lead coastal groundwater to rise, which will further exacerbate this issue. The City has appointed board members to SAM and should ensure that the wastewater treatment plant is monitoring environmental conditions within and around the facility, and is engaged in future planning and decision-making.

Power and Communications

Description

DRAFT

Power outages caused by high winds or wildfire can cause significant disruptions to daily life, including the interruption or access to certain medical devices that require power, negatively impacting residents with significant health issues in the City. Power outages can also cause communication outages, which can make it impossible to call for 911 assistance, making the City less safe for residents. It also affects streetlights and traffic lights, making moving around the City much riskier, and potentially increasing the probability of accidents. Both power and communication outages also negatively impact Half Moon Bay's small businesses. Pacific Gas and Electric (PG&E) is the owner and operator of the electricity distribution system, including the high-voltage transmission lines as well as the local distribution grid.

The pre-existing conditions that affect public services include outdated and aging infrastructure and the isolated coastal location of the City. This makes it more critical for the City to become self-sufficient in the case of power outages.

4.5 High Winds – Problem Statement

High wind events, especially during winter storms, can cause downed power lines and disrupt the electricity and communication delivery to the energy system. A loss of power can create a significant public safety concern by potentially knocking out streetlights and stoplights, and creating difficulties for those that rely on medical devices. Power and communication outages have long been a challenge for the City and if high wind events intensify into the future, these issues will be exacerbated. The City has a significant ability to adapt to this for trees within the City's ROW. Potential partners include PG&E and San Mateo County.

4.6 Wildfire – Problem Statement

Wildfire risk in the region can lead to direct damage to infrastructure, and Public Safety Power Shut offs, shutting off electricity in the City and beyond, sometimes including telecommunications infrastructure like cell towers. These shutoffs can coincide with hot days and an inability to run air conditioners, fans and other cooling devices impacting vulnerable populations (see 6.1 for impacts of extreme heat). Cell towers, often located along ridgelines, are at an increased threat by wildfire. Potential partners include PG&E and Calfire.

5. **Socially Vulnerable Populations**

Description

Socially vulnerable population groups are more likely than the general population to experience impacts from climate hazards and may have less adaptive capacity in the face of cascading issues. Socially vulnerable groups include, but are not limited to, seniors, mobile home residents, individuals with health sensitivities and mobility limitations, language isolation, racially marginalized groups, and low-income community members. Racially marginalized groups and low-income community members are more likely to live in higher risk locations and be exposed to hazards, and may be less able to recover from climate impacts. As a whole, vulnerable groups may face issues accessing the basic needs and services they need to recover from climate change impacts.

The pre-existing conditions that may affect these groups include lack of affordable housing, limited public transportation, high cost of living, racial inequity, isolated communities, linguistic isolation, housing quality, agency in housing decisions, high cost of public services including utilities, health insurance coverage, and potential lack of trust in City Government workers due to a history of disenfranchisement and lack of representation.

It is important that the City aim to reduce the health risks associated with climate change for disadvantaged communities by prioritizing programs and improvements to address needs. The City may have difficulty addressing the needs of disadvantaged groups and providing assistance to socially vulnerable groups due to limited funding, political and community will, competing interests, and differing priorities on the allocation of public

DRAFT

safety dollars. The City should identify and work with local groups with connections to socially vulnerable groups such as non-profits, faith groups, MidPen housing, mobile home and RV park management, and other community groups. Venues for outreach and the building of trust include the Public Library, the Community Center, and local events.

5.1 Extreme Heat, Air Quality and Wildfire Smoke – Problem Statement

A. Outdoor Workers

Individuals who rely on outdoor jobs, such as agriculture, landscaping, and construction where they are required to be outdoors, are significantly more exposed to the extreme heat, wildfire smoke, and poor air quality, than the general population.

B. Mobile Home Residents

Residents in mobile home parks have significantly less shade/tree cover, creating urban heat islands. The homes are also less likely to have improvements including A/C, ventilation/filtration systems, quality insulation, etc.

C. Seniors

Seniors, particularly those living alone, have less adaptive capacity for the impacts related to extreme heat, wildfire smoke and poor air quality. This can lead to health issues such as heat exhaustion and heat stroke for these populations, and exacerbate underlying health conditions such as heart disease.

5.2 Severe Winter Storms – Problem Statement

A. Outdoor Workers

Individuals who rely on outdoor jobs, such as agriculture, landscaping, and construction where they are required to be outdoors are more likely to be directly impacted by severe winter weather conditions and bear a heavier burden in post-storm cleanup activities.

B. Seniors

Seniors, particularly those living alone, are especially vulnerable to power outages resulting from severe winter storms and may experience difficulty preparing for these hazards and cleaning following these events.

C. Renters

Severe storms may lead to an increased chance of flood damage to impact homes directly. These issues can result in mold problems and direct damage to property. Renters may be less able to prepare for these hazards and recover after these events.

DRAFT

B. Adaptation Strategies and Actions

This page intentionally left blank

DRAFT

Goal 1. Ensure a Healthy, Resilient, and Self-Sufficient Community

Strategy		Action		Type of Intervention	Responsible Party	Support	Alignment with Local Coastal Land Use Plan		Cost	Impact/ Protective Value	No. Problem Statements Addressed	Feasibility/ Capacity	Additional Benefits	Final Score	Prioritization
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.1	Evaluate and update existing City residential and commercial permitting and codes to determine appropriate enhancements for climate resilience, including wildfire, flooding and drought protections for buildings and landscapes.		Policy/Regulation	Community Development	Public Works	7-7: Building Codes and Standards, 7-1: Hazard Avoidance, 7-5: Long-Term Adaptation, 7-8: Shoreline Hazards and New Development		Within Current	High	5	Medium	No	0.605	Medium
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.2	Assure compliance with LUP fire safety policies through condition compliance review and enforcement.		Policy/Regulation	Community Development	Coastside Fire Protection			Within Current	High	5	Medium	No	0.605	Medium
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.3	Utilize the CalFire ArcGIS Collector App to inventory structures that do not comply with firesafe practices and codes.		Monitoring	Public Works	Coastside Fire Protection			$	High	5	Medium	No	0.525	Medium
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.4	Establish a Firewise Community Certification Program.		Partnership, Program	Administrative Services	Coastside Fire Protection			$	Medium	5	Medium	Yes	0.575	Medium
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.5	Develop a partnership mechanism between private property owners (and Homeowners Associations) and agency landowners (i.e. City/County/State/Fed) to enhance wildfire protection, preparedness, and recovery efforts.		Partnership	Economic Vitality/City Managers Office	Public Works			Within Current	Medium	5	High	No	0.63	High
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.6	Create a voluntary vegetation management program for property owners, including education materials, "how to" support, and services such as free chipping, for residential properties to increase their defensible space.		Program, Communications	Public Works	Community Development			Within Current	Low	5	Medium	No	0.405	Low

DRAFT

1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.7	Ensure that new subdivisions are established with adequate emergency vehicle access, evacuation standards for residential development, and can be maintained without requiring fuel modification within ESHAs and their buffer areas. Prohibit the creation of new developable lots within high fire hazard zones.		Policy/Regulation	Public Works	Community Development	7-2: Subdivisions, 7-68: Fire Hazard Avoidance for New Subdivisions		$$	Medium	5	Medium	No	0.385	Low
1.1 Residential Resilience: Increase residential home hardening and resilience to climate hazards.	1.1.8	Identify and implement projects and programs to enhance road and circulation capacity, ensuring adequate evacuation capability.		Program, Capital Improvement	Public Works	Community Development			$	Medium	5	Medium	Yes	0.575	Medium
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.1	Host annual educational events for residents and businesses on weather-proofing and fire-proofing their homes and businesses. Continue to coordinate with the CERT program to help distribute information to increase resident and homeowner awareness and knowledge of how to prepare for emergencies.		Program, Communications, Partnership	Emergency Preparedness	Coastside Fire Protection			Within Current	High	3	High	No	0.69	High
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.2	Establish incentives and direct support for individual and household emergency preparedness.		Program	Emergency Preparedness	CERT			$	Medium	3	Low	No	0.26	Low
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.3	Bolster and further promote the neighborhood-level Coastside Certified Emergency Response Team (CERT) program. Work with exiting CERT leads to identify neighborhood-level gaps in membership, and develop emergency preparedness by organizing City by blocks and recruiting new Block Captains as needed.		Communications, Program	Emergency Preparedness	Public Works, CERT			Within Current	High	3	High	No	0.69	High
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.4	Work with local schools to ensure every family has a disaster preparedness kit. Consider securing local sponsorship to host a "make-a-kit" events.		Partnership	Emergency Preparedness	Coastside Fire Protection			$	High	3	Medium	Yes	0.635	High

DRAFT

1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.5	Identify and develop a resilience hub as a cooling center and shelter during climate disasters and extreme weather. Consider existing city-owned facilities such as the Library, Ted Adcock Community Center, Schools. Add solar energy, water supply, communications, and battery storage at a publicly available site, such as the library.		Capital Improvement	Emergency Preparedness	Public Works			$$$	High	3	High	No	0.53	Medium
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.6	Work with local CBOs and farmers to establish and maintain a local small Farm Resilience Network.		Partnership	Community Development	Resource Conservation District			$	Low	3	High	No	0.41	Low
1.2 Community Capacity: Increase community understanding, cohesion, and adaptive capacity to better respond and adapt to climate hazards.	1.2.7	Seek public/private partnerships that facilitate the distribution of cheap and effective air filtration units for communities of concern.		Partnership	Sustainability	Resource Conservation District?			$$	High	3	High	No	0.57	Medium
1.3 Vulnerable Populations: Protect highly vulnerable populations from climate-related impacts, especially due to extreme weather.	1.3.1	Expand services and shelter for unhoused populations in creekside homeless encampments.		Ongoing Effort	City Manager's Office	Public Works			$$	High	3	High	No	0.57	Medium
1.3 Vulnerable Populations: Protect highly vulnerable populations from climate-related impacts, especially due to extreme weather.	1.3.2	Establish defined extreme heat response policies and partner with community organizations to monitor these requirements, including for schools and for outdoor workers, which would require minimum safety measures in place for extreme heat days and/or prevent work from occurring during that period.		Policy/Regulation	Emergency Preparedness/CMO	Public Works			Within Current	High	3	Low	No	0.44	Medium

DRAFT

1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.1	Consider participation in incentive-based programs such as the Community Rating System, Arbor Day Foundations' Tree City, and StormReady to leverage resources to improve city resilience.		Program	Public Works				Within Current	Medium	4	Medium	No	0.485	Medium
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.2	Establish financial incentives, including stormwater fee discounts (requires imposition of stormwater fees), tax credits/rebates/reimbursements, permit rebates (e.g., freeboard incentives), awards/recognitions, etc., to homeowners who mitigate flood risk on at-risk properties.		Program	Public Works	CDD			Within Current	High	4	High	No	0.71	High
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.3	Create a neighborhood-based Adopt-a-Storm Drain program to fund storm drain maintenance.		Program	Public Works	CMO			$	Low	4	Medium	No	0.305	Low
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.4	Support drought management and rainwater storage by developing a rainwater barrel giveaway program and associated education.		Program	Community Development	Public Works			$	Low	4	Medium	No	0.305	Low
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.5	Create incentive program for regenerative landscaping practices to support native plants and soil management to increase drought tolerance.		Program	Community Development	Public Works			$	Medium	4	Medium	Yes	0.555	Medium
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.6	Create an education and incentive program for landowners– especially upstream landowners– to improve stormwater retention on their property.		Program	Community Development	Public Works/San Mateo County/One Shoreline			$	Medium	4	High	No	0.53	Medium

DRAFT

1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.7	Create Building Department, Code and Permitting Resources that support Passive House practices for New and Major Renovations for passive cooling.		Communications	Community Development				Within Current	Medium	4	Medium	Yes	0.635	High
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.8	Create and promote set of incentives for building improvements that increase air tightness and overall resilience to wildfire and wildfire smoke. Work with regional partners such as PGE and PCE to promote.		Program	Community Development	Public Works			Within Current	Medium	4	Medium	No	0.485	Medium
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.9	Develop neighborhood-specific climate adaptation plans with local stakeholders.		Policy/Regulation	Emergency Preparedness	Community Development/Public Works			$	High	4	High	Yes	0.78	High
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.10	Consider opportunities to support community-level agriculture as well as agriculture-compatible and ancillary uses in urban and open space reserve and PD areas. Partnering with Andreotti property on Kelly Avenue west of Highway 1.		Partnership	Public Works	Resource Conservation District			$	Medium	4	Medium	No	0.405	Low
1.4 Community Storm Resilience: Increase community's active participation in building resilience for extreme storm events.	1.4.11	Perform habitat restoration, assisted migration studies, and education on tribal land use practice including food self-sufficiently, fire ecology and impacts and proper use of grazing on open spaces. Sites could include: Peninsula Open Space Land Trust (POST), the Coastside Land Trust, and Beachwood, Glencree and Andreotti properties.		Partnership	Community Development	Public Works/Resource Conservation District			Enabling	High	4	High	No	0.67	High

DRAFT

1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.1	Develop an annual resident safety and education campaign for climate hazards (home hardening, flooding, etc.).		Program	Administrative Services	Community Development			$	Low	3	High	No	0.41	Low
1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.2	Partner with SMC Alerts to develop a robust digital communication and warning systems for hazards (coastal flooding, post-fire landslides, extreme heat) through text messages, phone alerts, and on-site updates.		Partnership	Administrative Services	Public Works, Law Enforcement, Coastside Fire Protection	7-3: Emergency Warning System		Within Current	High	3	Low	No	0.44	Medium
1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.3	Increase participation and awareness of Genasys (formerly known as ZoneHaven) and SMC notification systems through an outreach campaign.		Communications	Communications	Community Development			$	High	3	High	No	0.61	High
1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.4	Building on existing email newsletters, websites, and social media for community outreach, and communication for storm and disaster readiness. Coastside Buzz, Half Moon Bay Review - Coastside News, etc.		Communications	Communications				Within Current	High	3	High	No	0.69	High
1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.5	Collaborate with local non-profits, HOAs, Mobile Home Parks, and other community-based organizations to develop an inventory of locations with isolated elderly residents and people with disabilities and develop a plan for a social support network to increase resilience to climate change.		Partnership	Administrative Services	Community Development			$	Medium	3	High	Yes	0.66	High

DRAFT

1.5 Communications: Create a robust and reliable citywide communications system and protocols for climate hazards.	1.5.6	Support residential compliance with permitting requirements through increased education materials and awareness of resilience benefits. City can go beyond code, enhancing educational materials that define climate resilient materials and building standards and reduce barriers to implementation. Develop a project checklist for building and site adaptation measures.		Communications	Community Development	Public Works			$	High	3	High	No	0.61	High

DRAFT

Goal 2. Foster a Thriving and Accessible Coastline and Open Space

Strategy		Action		Type of Intervention	Responsible Party	Support	Alignment with Local Coastal Land Use Plan		Cost	Impact/ Protective Value	No. Problem Statements Addressed	Feasibility / Capacity	Additional Benefits	Final Score	Prioritization
2.1 Creekside Flooding: Enhance monitoring and maintenance of creeks and drainage areas to reduce flooding impacts.	2.1.1	Automate responses from USGS creek gauge system.		Capital Improvement	Public Works				$	Low	3	Low	No	0.16	Low
2.1 Creekside Flooding: Enhance monitoring and maintenance of creeks and drainage areas to reduce flooding impacts.	2.1.2	Identify public land near creeks that will benefit from sustainable landscaping and other stormwater management to slow water infiltration along steep stream channels. Could be integrated as part of the CIP for Park Improvements		Capital Improvement	Public Works	Community Development	7-56: Flood Hazard Abatement		$$	High	3	High	Yes	0.72	High
2.1 Creekside Flooding: Enhance monitoring and maintenance of creeks and drainage areas to reduce flooding impacts.	2.1.3	Increase the frequency of creekside debris (trash) removal.		Ongoing Effort, Enforcement	Public Works	CMO			$	Low	3	High	Yes	0.56	High
2.1 Creekside Flooding: Enhance monitoring and maintenance of creeks and drainage areas to reduce flooding impacts.	2.1.4	Partner with SM RCD to restore wetlands in high-impact areas vulnerable to flooding.		Partnership	Public Works	One Shoreline	7-56: Flood Hazard Abatement.		$$$	High	3	Medium	Yes	0.555	High
2.2 Vegetation Management: Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	2.2.1	Create Sustainable Open Space Vegetation Management Plan to reduce risk of wildfire, landslide and debris flows, and coastal erosion. Include considerations for natural vegetation management (i.e. goats), native plants, regenerative landscape practices, natural grass recovery, dune restoration, drought tolerant landscapes, and prescribed burning. Include considerations for future changes to climate.		Capital Improvement	Public Works	Community Development	7-67. Unavoidable Fuel Modification in ESHA, 7-17: Beachfront or Blufftop Vegetation, 7-32: Soft Protection Devices		$	Medium	4	Medium	Yes	0.555	High
2.2 Vegetation Management: Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	2.2.2	Develop staff guidance and education materials for selection of plants and landscaping alternatives that increase drought resilience and comply with FireWise requirements.		Capital Improvement	Public Works	Community Development	7-17: Beachfront or Blufftop Vegetation, 7-63: Siting and Design for Fire Hazard Avoidance		$	Medium	4	High	Yes	0.68	High

DRAFT

2.2 Vegetation Management: Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	2.2.3	Where permitted by FireWise regulations, identify and plant drought and fire-resistant tree species (fire-smart or fire-wise trees) in City owned parks, open space, and streets.		Capital Improvement	Public Works	Community Development	7-17: Beachfront or Blufftop Vegetation, 7-63: Siting and Design for Fire Hazard Avoidance		$	Medium	4	Medium	Yes	0.555	High
2.2 Vegetation Management: Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	2.2.4	Promote fire-resistant landscaping through educational materials, particularly on properties adjoining high risk fire zones.		Communications	Communications	Public Works			$	Medium	4	High	No	0.53	Medium
2.2 Vegetation Management: Plan, implement, and maintain fuel reduction efforts on City-owned coastline and open space.	2.2.5	Create fire breaks in City-owned open space in high risk fire zones.		Capital Improvement	Public Works		7-61: Minimize Fire Hazards		$$	High	4	Medium	No	0.465	Medium
2.3 Climate-Smart Coastal development: Limit further development along coast. (or- more positive framing- create safe development along coast)	2.3.1	Update Local Coastal Program with triggers to account for updated sea level rise forecasting and new State guidance. Updated LCP policies include rolling setbacks, tagging (warning system), property acquisition, and planned retreat for the handful of properties in West Miramar that are exposed to future erosion. Identify hazard-prone critical facilities and infrastructure and plan for relocation, and structural and nonstructural retrofitting measures as necessary.		Policy/Regulation	Community Development	Public Works	7-29: Protection for Critical Facilities, 7-41: Incremental Removal, 7-48: New Critical, High-Occupancy, and Public Facilities in Geologic Hazard Areas		$$	High	1	Medium	Yes	0.555	High
2.3 Climate-Smart Coastal development: Limit further development along coast. (or- more positive framing- create safe development along coast)	2.3.2	Establish risk disclosure requirements for properties along high-risk coastal areas.		Policy/ Regulation	Community Development	Public Works	7-4: Disclosure of Hazard Presence		Within Current	Very High	1	Low	No	0.5	Medium
2.4 Nature Based Solutions for the Coast: Reduce coastal flooding and erosion through nature-based solutions.	2.4.1	Establish a winter beach maintenance program to protect against coastal erosion and flooding, including considerations for beach scraping or a winter storm berm		Capital Improvement, Program	Public Works	Community Development			$$$	High	2	Medium	Yes	0.535	High
2.4 Nature Based Solutions for the Coast: Reduce coastal flooding and erosion through nature-based solutions.	2.4.2	Track current state efforts around artificial reefs and sediment management. If alignment exists, study the viability of artificial reefs, reef augmentation, and opportunistic sediment placement in key areas prone to coastal flooding and erosion (ex. three rocks off Miramontes Point, West Miramar, etc.)		Study	Public Works	Community Development			$	Medium	2	High	Yes	0.64	High

2.4 Nature Based Solutions for the Coast: Reduce coastal flooding and erosion through nature-based solutions.	2.4.3	Create a beach and bluff monitoring program to identify flooding and erosion. Continue to monitor bluff and coastal drainage system erosion and continue to assess appropriate mitigation opportunities (such as clean closure) for the closed Half Moon Bay landfill located on the coastal bluffs near Poplar Beach. Monitor erosion at coastal access stairs. Communicate with Ritz and their consultants on coastal bluff erosion at Miramontes Point.	Monitoring	Public Works	San Mateo County/One Shoreline		$	Medium	2	Medium	No	0.365	Medium
2.5 Recreation Improvements: Implement recreation improvements to reduce erosion.	2.5.1	Improve and increase fencing and off-trail regulation signage along coastal open spaces to reduce erosion.	Capital Improvement	Public Works			$$	Low	2	Medium	Yes	0.375	Medium
2.5 Recreation Improvements: Implement recreation improvements to reduce erosion.	2.5.2	Conduct beach access improvements to allow greater recreation access and protect bluffs and dunes. This will also increase safety along the coast.	Capital Improvement	Public Works	Community Development		$$$	Medium	2	Medium	No	0.285	Low
2.6 Firefighting Resources: Identify additional firefighting equipment, training, and infrastructure to increase firefighting capacity and responsiveness.	2.6.1	Expand Citywide firefighting infrastructure by establishing and maintaining a priority list for upgrading fire flow capabilities in neighborhoods that may have inadequate fire flows.	Capital Improvement	Coastside County Water District	Coastside Fire Protection	7-73: Fire Flow Upgrades	$$$$	Very High	2	Medium	No	0.445	Medium
2.6 Firefighting Resources: Identify additional firefighting equipment, training, and infrastructure to increase firefighting capacity and responsiveness.	2.6.2	Ensure that all roads, streets, and major public buildings are identified in a manner that is clearly visible to fire protection and other emergency vehicles.	Capital Improvement	Public Works	Coastside Fire Protection, Law Enforcement	7-71: Street Identification and Visibility	$$	Medium	2	Medium	Yes	0.475	Medium

DRAFT

Goal 3. Protect the City through Increased Resilient Infrastructure

Strategy		Action		Type of Intervention	Responsible Party	Support	Alignment with Local Coastal Land Use Plan		Cost	Impact/ Protective Value	No. Problem Statements Addressed	Feasibility/ Capacity	Additional Benefits	Final Score	Prioritization
3.1 Green Infrastructure: Improve citywide stormwater management and reduce extreme heat by adopting low impact development (LID) guidelines and green infrastructure approaches.	3.1.1	Increase flood monitoring capabilities along roadways and intersections where flooding is frequent.		Monitoring	Public Works		7-33. Mitigation and Monitoring for Shoreline Protection Impacts		$	Low	5	Medium	No	0.325	Low
3.1 Green Infrastructure: Improve citywide stormwater management and reduce extreme heat by adopting low impact development (LID) guidelines and green infrastructure approaches.	3.1.2	Continue and expand inspections and cleanouts of storm drains, culverts, and ditches. Utilize CCTV and improve geodata.		Ongoing Effort	Public Works				$$	Medium	5	High	No	0.51	Medium
3.1 Green Infrastructure: Improve citywide stormwater management and reduce extreme heat by adopting low impact development (LID) guidelines and green infrastructure approaches.	3.1.3	Where permitted by FireWise regulations, identify suitable locations and plant species to provide shade in community spaces.		Capital Improvement	Public Works	Community Development			$$	Medium	5	Medium	Yes	0.535	High
3.1 Green Infrastructure: Improve citywide stormwater management and reduce extreme heat by adopting low impact development (LID) guidelines and green infrastructure approaches.	3.1.4	Establish policy promoting permeable paving on new City-owned paved driveways, walk and bikeways, and parking lots.		Policy/ Regulation	Community Development	Public Works			Within Current	Low	5	Medium	No	0.405	Medium
3.2 Wind Infrastructure: Invest in wind protection infrastructure that is both natural and manmade to increase resilience to high wind events.	3.2.1	Implement natural and manmade wind breaks in open space areas prone to high winds.		Capital Improvement	Public Works				$	Low	4	Medium	No	0.305	Low

DRAFT

3.3 Climate Change Considerations: Incorporate climate change considerations into municipal planning, design and construction documents.	3.3.1	Publish a Climate Change Facilities Master Plan for Corporation Yard and Downtown buildings.		Program	Public Works	Community Development			$	Medium	6	High	No	0.57	High
3.3 Climate Change Considerations: Incorporate climate change considerations into municipal planning, design and construction documents.	3.3.2	Update the Storm Drain Master Plan. Consider the projected future intensity and duration of precipitation events to recalculate flood hydrographs and inform the design of infrastructure upgrades and retrofits. Aligns with 4.1.2.		Policy/ Regulation	Public Works, Community Development				Within Current	Medium	1	High	No	0.55	High
3.4 Increase Water Supply: Increase water conservation and water supply efforts to increase long-term water sustainability and reliability.	3.4.1	Monitor groundwater salinity within the Pilarcitos Drainage basin.		Monitoring	One Shoreline	Public Works			$	Medium	1	Medium	No	0.345	Low
3.4 Increase Water Supply: Increase water conservation and water supply efforts to increase long-term water sustainability and reliability.	3.4.2	Upgrade municipal watering systems to be more water efficient.		Advocacy	Coastside County Water	Public Works/Community Development			$$	High	1	Medium	Yes	0.555	High
3.4 Increase Water Supply: Increase water conservation and water supply efforts to increase long-term water sustainability and reliability.	3.4.3	Explore recycled water or graywater use in City operations (i.e. park and open space watering).		Capital Improvement	Public Works	Community Development			$	Low	1	Medium	Yes	0.395	Medium
3.4 Increase Water Supply: Increase water conservation and water supply efforts to increase long-term water sustainability and reliability.	3.4.4	Partner with CCWD to install a network of piezometers to monitor groundwater supply. If feasible, plan, design and build emergency water supply wells to increase local water supply. Aligns with 4.3.10.		Monitoring	Coastside County Water	Public Works/San Mateo County Health			$$$	High	1	Low	No	0.24	Low
3.5 Landslide Management: Install and manage infrastructure to prevent landslides and deal with debris.	3.5.1	Create Debris Management Plan that develops protocol for removing debris on City-owned land after landslides.		Policy/ Regulation	Public Works	Community Development			$	Medium	3	High	No	0.51	Medium
3.6 Energy Resilience: Increase opportunities for localized power, battery supply and overall resilience to power outages due to climate hazards.	3.6.1	Conduct power supply feasibility studies to assess need and options for back-up power.		Study	Public Works				$	High	4	Medium	No	0.505	Medium
3.6 Energy Resilience: Increase opportunities for localized power, battery supply and overall resilience to power outages due to climate hazards.	3.6.2	Develop a community resilience hub(s) by adding solar energy, water supply, communications, and battery storage at a publicly available site, such as the library or an established resilience hub.		Capital Improvement	Public Works				$$$	Very High	4	Medium	Yes	0.675	High

DRAFT

3.6 Energy Resilience: Increase opportunities for localized power, battery supply and overall resilience to power outages due to climate hazards.	3.6.3	Ensure that all critical facilities have backup solar/generator systems so that they are operational during multiday power outages. Installation and replacement of emergency generators at critical facilities (cell towers, library, city hall, community center, police/fire). Continue to monitor, maintain, and perform condition assessments for the existing emergency generators (serviced monthly by Public Works).		Capital Improvement	Public Works				$$$	Very High	4	Low	Yes	0.55	High

DRAFT

Goal 4. Build and Sustain the City's Capacity to Increase Resilience

Strategy		Action	Type of Intervention	Responsible Party	Support	Alignment with Local Coastal Land Use Plan	Cost	Impact/ Protective Value	No. Problem Statements Addressed	Feasibility/ Capacity	Additional Benefits	Final Score	Prioritization
4.1 Operationalize climate considerations into City policies and procedures.	4.1.1	Provide an annual Climate Hazards Report for Council and the Community to track impacts and identify potential vulnerabilities.	Internal Procedures	Public Works	Community Development		Within Current	High	6	High	No	0.75	High
4.1 Operationalize climate considerations into City policies and procedures.	4.1.2	Develop/ update a Stormwater Management Plan that increases green infrastructure across the City with limited, key improvements to gray infrastructure. Include considerations for the following green infrastructure improvements: retention basins, bioswales, pollutant traps for storm drains, green infrastructure along streets. Consider the following gray infrastructure improvements: storm drain resizing, culvert resizing, stormwater pumps. Prioritization of efforts should include considerations for areas that impact fire/ police/ rescue response time. Aligns with 3.3.2.	Capital Improvement, Policy/ Regulation	Public Works	Community Development	7-56: Flood Hazard Abatement	$	High	6	Medium	Yes	0.695	High
4.1 Operationalize climate considerations into City policies and procedures.	4.1.3	Create a municipal guide for ditch/ retaining wall maintenance. Create and maintain geodata for this effort.	Internal Procedures	Public Works	Community Development		Within Current	Medium	6	Medium	No	0.525	Medium
4.1 Operationalize climate considerations into City policies and procedures.	4.1.4	Include most recent climate change considerations in the development and phasing of the Public Works Capital Improvement Plan.	Policy/ Regulation	Public Works			Within Current	High	6	High	No	0.75	High

DRAFT

4.1 Operationalize climate considerations into City policies and procedures.	4.1.5	As part of the State-required update to the General Plan Open Space Element, develop policies for routine implementation of climate change actions (drought, stormwater retention, fluvial flooding, native plants, efficient irrigation) in parks and open space management and maintenance identified in parks planning and Parks and Recreation Master Plan guidelines. Implement active transportation routes into parks.		Policy/ Regulation	Community Development			Within Current	High	6	High	No	0.75	High
4.1 Operationalize climate considerations into City policies and procedures.	4.1.6	Create a post-storm monitoring checklist. Where feasible, note high water marks following storms on creeks (vegetation markers) and on the coasts (driftwood etc.) following storms. Record in a geodatabase. This is valuable data for future modeling efforts.		Policy/ Regulation	Public Works			Within Current	High	6	Medium	No	0.625	Medium
4.2 Increase staffing for climate projects and train staff on climate implementation.	4.2.1	Federal Training: Floodplain management staff training: FEMA Training, Association of State Floodplain Managers Training.		Internal Procedures	Public Works	Community Development		Within Current	High	6	High	No	0.75	High
4.2 Increase staffing for climate projects and train staff on climate implementation.	4.2.2	Hire a full-time grant writer, or contract these services on an as-needed basis, to increase funding and resources for Half Moon Bay's climate and resilience projects.		Funding	City Manager's Office	Public Works		Within Current	Very High	6	High	No	0.85	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.1	Cooperate with RCD, State parks, and local trusts to prioritize vegetation management and thinning efforts on their lands, in a way that reduces the risk transferred to City and private properties.		Partnership	Public Works	Coastside Fire Protection	7-61: Minimize Fire Hazards	Enabling	Medium	6	High	No	0.61	Medium

DRAFT

4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.2	Continue and expand working relationship with PG&E to better understand the grid map and power grid with historical outages and causes, and study where the grid could become more resilient. Develop partnerships on vegetation management; identify key locations for undergrounding electric lines; conduct feasibility study to determine potential locations for microgrids; ensure dedicated backup power systems for key infrastructure (resilience hubs, key City facilities such as the SAM plant, traffic signals, and telecommunications infrastructure).		Partnership	Public works	Coastside Fire Protection	7-61: Minimize Fire Hazards		Within Current	Very High	6	High	No	0.85	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.3	Work with PCE to ensure dedicated backup power systems and sources for key infrastructure, including for resilience hubs, key City facilities such as the SAM plant, traffic signals, and telecommunications infrastructure during power outages. Conduct feasibility study to determine potential locations for microgrids.		Partnership	Public Works	PCE			$$	Very High	6	High	No	0.73	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.4	Partner with CalFire to enhance fuel break and fuel reduction efforts. Continue to partner with existing Wildfire Early Detection and Warning Systems (UCSD ALERTCalifornia) and implement additional cameras to cover any gaps that may be identified for the region.		Partnership	Public Works and Community Development	Coastside Fire Protection	7-61: Minimize Fire Hazards		$$	Very High	6	High	No	0.73	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.5	Work with AT&T and Verizon to streamline permitting for underground telecommunications.		Partnership	Public works and Community Development		7-61: Minimize Fire Hazards		$$$$	High	6	Low	No	0.3	Low
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.6	Partner with San Mateo County Health Department to enhance extreme heat warning systems for residents; establish, manage, and monitor extreme heat day protocols and to support cooling centers.		Partnership	Communications		7-3: Emergency Warning System		Within Current	High	6	Medium	No	0.625	Medium

DRAFT

4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.7	Coordinate with regional healthcare providers to enhance outreach and education about smoke, wildfire, and extreme heat impacts.		Partnership	City Manager's Office				Within Current	High	6	High	No	0.75	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.8	Work with regional partners to maximize the number of residents that have health insurance, especially for vulnerable populations.		Partnership	City Manager's Office				Enabling	Very High	6	Medium	Yes	0.835	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.9	Continue working with Coastside Water District to create incentives for water conservation efforts for residents, prioritizing low-income groups. Internally, review city infrastructure opportunities for implementing additional water conservation measures		Partnership	Community Development and Public Works				Enabling	High	6	Medium	Yes	0.735	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.10	Partner with the CCWD or the County to monitor groundwater levels and model groundwater availability into the future using scenario-based models. Aligns with 3.4.4.		Partnership	Public Works	CCWD, County			Enabling	Medium	6	High	No	0.61	Medium
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.11	Coordinate with Caltrans on the following efforts: On-road tree removal; annual pre-winter inspections of 92 and HWY 1 North for landslides; State Highway Operation and Protection Program (SHOPP); Minor Program funding pipeline.		Partnership	Public Works	Coastside Fire Protection, Caltrans			Within Current	High	6	Medium	No	0.625	Medium
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.12	Work with CA State Parks and the Coastal Conservancy to explore dredging the harbor and using harbor sediment for beach nourishment along the City's Panhandle. Work with the State to conduct a phased realignment of the Coastal Trail to account for impacts of coastal erosion.		Partnership	Community Development	Public Works			Enabling	High	6	Medium	No	0.585	Medium
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.13	Partner with One Shoreline to assist with managed retreat solutions in West Miramar.		Partnership	Community Development	One Shoreline			Within Current	High	6	High	No	0.75	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.14	Continue to partner with the Ritz-Carlton and Ocean Colony HOAs to coordinate and monitor coastal and ecological health of the shoreline.		Partnership	Community Development	Ritz-Carlton and Ocean Colony HOAs to coordinate			Within Current	Medium	6	High	No	0.65	Medium

DRAFT

4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.15	Coordinate with Coastside Fire Protection to: enhance fuel break and fuel reduction efforts; increase participation in CERT program.		Partnership	Public Works	Coastside Fire Protection			Within Current	Very High	6	High	No	0.85	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.16	Work with School District to distribute emergency response kits to students.		Partnership	Emergency Preparedness	School District			$	High	6	High	Yes	0.82	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.17	Collaborate with SAM on future upgrades and resilience efforts with direct links to city infrastructure (ex. sewer lines, I&I, manholes, outfall pipe, Caltrans wetland and Kehoe). Maintain staff/council personnel as liaisons to SAM.		Partnership	Public Works	SAM			Enabling	Very High	6	Medium	No	0.685	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.18	Work with stakeholders (SFPUC, County, others) to address inundation concerns along Pilarcitos Creek.		Partnership	Public Works	SFPUC, County			Within Current	High	6	High	No	0.75	High
4.3 Maintain and expand regional and State partnerships increase resilience.	4.3.19	Partner with institutions to study and install coastal monitoring cameras. At high-impact locations, promote citizen-science and education using CoastSnap.		Partnership	Public Works	CoastSnap, Various Institutions			Enabling	Medium	6	Low	Yes	0.51	Medium
4.4 Increase City funding for climate resilience efforts.	4.4.1	Establish a citywide Climate Resilient Tax District to fund stormwater upgrades, wildfire vegetation management, and other climate specific infrastructure improvements. Align with the CAP to co-fund and support multiple needs.		Funding	Public Works	City Manager's Office			Enabling	High	6	Low	No	0.46	Low
4.4 Increase City funding for climate resilience efforts.	4.4.2	Create Improvement District for high-risk coastal areas.		Funding	Public Works	Finance			Enabling	Very High	6	Low	No	0.56	Medium
4.4 Increase City funding for climate resilience efforts.	4.4.3	Evaluate and implement a Business District Assessment to help manage and pay for green infrastructure improvements, and other similar resilience enhancements and services.		Funding	City Manager's Office	Finance			Enabling	High	6	Low	Yes	0.61	Medium

DRAFT

Goal 5. Support and Increase Economic Sustainability

Strategy		Action	Type of Intervention	Responsible Party	Support	Alignment with Local Coastal Land Use Plan	Cost	Impact/ Protective Value	No. Problem Statements Addressed	Feasibility/ Capacity	Additional Benefits	Final Score	Prioritization
5.1 Resilience Incentives: Improve the resilience of homes to climate hazards through economic programs.	5.1.1	Evaluate the provision of incentives to encourage homeowners and business owners to improve home/building hardening practices and implement accordingly.	Program	Public Works and Community Development			Within Current	High	3	High	No	0.69	Medium
5.1 Resilience Incentives: Improve the resilience of homes to climate hazards through economic programs.	5.1.2	Incentivize both passive and active cooling strategies for buildings. Identify the most energy and cost-effective strategies including light-colored roofing for homes and businesses, or initiate a heat pump retrofit program, and strategies to improve indoor air quality. This can go beyond state minimum requirements (reach codes). Prioritize at-risk populations for retrofit incentives. This could align with strategy 5.1.3.	Program	Public Works	Community Development		$$	High	3	Medium	Yes	0.595	Medium
5.1 Resilience Incentives: Improve the resilience of homes to climate hazards through economic programs.	5.1.3	Where permitted by FireWise regulations, coordinate and partner with HMB Beautification Committee on landscaping downtown to reduce heat. Connect to Green Infrastructure Development planning, and look for funding from sources such as the Arbor Day Foundation Tree City program. This could align with strategy 5.1.2.	Capital Improvement		Public Works, HMB Beautification Committee		$	Medium	3	Medium	Yes	0.535	Low
5.1 Resilience Incentives: Improve the resilience of homes to climate hazards through economic programs.	5.1.4	Where permitted by FireWise regulations, using existing contractors, incrementally improve and maintain the urban canopy in downtown and throughout the City to provide shade and beautification.	Capital Improvement	Public Works			$	Medium	3	High	Yes	0.66	Medium

DRAFT

5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.1	Work with the City's businesses and business organizations to support their efforts to become more resilient, including providing resources related to energy resilience, increased defensible space, backup power, water and communications continuity.	Communications, Program	Economic Vitality/City Manager's Office			Within Current	Very High	3	High	Yes	0.94	High
5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.2	Incentivize vegetation management with free chipping services, work days, and other similar programs that encourage engagement and ongoing best practices.	Program	Public Works			$	High	3	Medium	No	0.485	Low
5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.3	Design and implement water conservation programs and incentives for homes and businesses in Half Moon Bay. See the 'One Water' approach.	Program	Community Development	Coastside County Water		$	High	3	Medium	Yes	0.635	Medium
5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.4	Foster business partnerships and mentoring to support business continuity planning and enterprise risk management. Coordinate with regional businesses to ensure they understand the ramifications of, and are planning for, wildland fires (power shutoffs, data back-up, chain of command in leadership, evacuation, defensible space, and building hardening).	Partnership	City Manager's Office	Public Works		Within Current	High	3	High	Yes	0.84	High
5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.5	Establish a local business pre-disaster recovery planning and coordination group and/or committee to update or initiate business continuity planning programs. Include considerations of physical assets and workforce.	Internal Procedure	City Manager's Office	Public Works/CERT		Within Current	Low	3	High	Yes	0.64	Medium
5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.6	Implement innovative soil management practices and regenerative land management for agricultural businesses through ordinances, incentives, emerging technologies, and other innovative practices.	Policy/ Regulation, Program	Resource Conservation District	Public Works		$	Low	3	High	No	0.41	Low

DRAFT

5.2 Work collaboratively with local businesses to build their resilience and adaptive capacity.	5.2.7	Develop and support a tourism strategy that is proactive in preparing for and adapting to anticipated climate changes. Incentivize tourism sector diversification.		Policy/ Regulation	City Manager's Office/Economic Vitality	Public Works			Within Current	Low	3	High	No	0.49	Low

DRAFT

C. Coastal Land Use Plan Policies Supporting Climate Action Plan Goals

Goal and Strategy	Specific Actions	LUP Policies	Supporting Policy Direction
1. Ensure a Healthy, Resilient, and Self-Sufficient Community - Residential Resilience			
1.1	Ensure subdivisions support emergency access and fire avoidance; prohibit lots in high fire hazard zones.	7-68	*Ensure that new subdivisions provide emergency vehicle access, meet evacuation standards, avoid fuel modification within ESHA, and prohibit creation of new lots in high fire hazard zones.*
1.1	Prohibit new subdivisions in fire, flood, and geologic hazard zones unless risks are mitigated.	7-2	*Prohibit subdivisions in areas of high fire, flood, and seismic risk unless all applicable risks are mitigated to meet LCP development standards.*
1.1	Update building codes for resilience to fire, flood, and climate hazards.	7-7	*Establish minimum requirements for fire, flood, and geologic hazard resilience through building codes, and require hazard disclosures for all developments.*
1.3	Prioritize resilience investments and engagement for historically excluded, marginalized, or under-resourced populations.	1-5	*Ensure equitable access to environmental benefits, prioritize Coastal Act and Local Priority Uses, and support affordable and workforce housing and culturally inclusive uses.*
1.4	Develop climate-resilient building and siting standards for hazard-prone areas.	7-1	*Require geologic and geotechnical analysis for hazard avoidance, limit development in hazardous areas, and implement siting/design strategies to reduce risk from environmental hazards.*
1.4	Integrate long-term sea level rise and climate change projections into hazard mitigation and planning for private development and public infrastructure.	7-5	*Integrate long-term sea level rise and extreme weather projections into planning and development standards.*
1.5	Update and maintain hazard warning systems; partner with alert services to disseminate emergency info to residents	7-3	*Require citywide hazard warning systems and coordination with San Mateo County's emergency alert system to ensure early warnings and evacuation notices.*

DRAFT

Goal and Strategy	Specific Actions	LUP Policies	Supporting Policy Direction
2. Foster a Thriving and Accessible Coastline and Open Space - Climate-Smart Coastal Development			
2.3	Require 100-year site stability analysis for new development; establish adaptive setbacks and prohibit protective devices	2-47	Require site assessment for PD areas that accounts for ESHA, hazards (e.g., flooding, landslides, erosion), and ensures development avoids bluff erosion over its economic life.
2.3	Site development to avoid future shoreline protection devices; anticipate sea level rise impacts	7-8	Site development to avoid future need for shoreline armoring, consider erosion and SLR in siting standards, and require alternatives to hard protection.
2.3	Implement rolling easements, relocation triggers, and shoreline management plans to allow landward migration of beaches and wetlands	7-40 to 7-43	Policies require relocation plans for structures in shoreline hazard areas, use of rolling easements, and shoreline management planning to enable beach migration.
2.5	Enhance and protect public coastal access; site trails and recreation infrastructure to adapt to erosion and sea level rise	5-1 to 5-12	Policies protect and expand public access to beaches and the Coastal Trail, require sea level rise adaptation for trails and access points, and integrate public access with natural resource protection.
2.5	Collaborate with tribes on cultural resource protection, use interpretive elements in coastal spaces	8-1 to 8-6	Policies require coordination with tribes for cultural resources, ensure monitoring and mitigation, and require development to avoid disturbance of archaeological and tribal cultural sites.
3. Protect the City through Increased Resilient Infrastructure - Green Infrastructure			
3.1	Promote LID and BMPs to treat stormwater; use ESHA-adjacent green infrastructure for natural erosion and sediment transport balance	6-76	Require use of green infrastructure to treat stormwater; avoid hard engineering solutions and protect ESHA-adjacent sediment dynamics.
3.1	Implement habitat restoration (e.g., wetlands and riparian zones) that support stormwater retention and improve ecosystem resilience	6-77	Support hydrology restoration and natural floodplain functionality to improve stormwater infiltration and ecosystem services.

DRAFT

Goal and Strategy	Specific Actions	LUP Policies	Supporting Policy Direction
3.1	Prioritize green infrastructure over traditional stormwater outfalls	6-94	Prioritize green infrastructure over new stormwater outfalls; otherwise, design outfalls to minimize impacts from sea level rise and coastal resource degradation.
3.1	Continue implementing NPDES and Countywide stormwater pollution prevention	6-95	Continue implementation of NPDES and Countywide programs to reduce stormwater pollutants through design controls and construction standards.
3.4	Support reclaimed water development; reserve water supply for priority uses; monitor capacity to ensure supply for future needs	3-13 to 3-17	Policies ensure monitoring of water system capacity, promote new water connections for priority uses, support recycled water systems, and phase water infrastructure to avoid growth-inducing impacts.
3.5	Elevate habitable floors, retrofit buildings in flood-prone zones, and prohibit habitable use below flood risk elevation	7-55	Require elevation of habitable areas in flood-prone zones, prohibit use below the risk elevation, and encourage flood risk retrofits.
4. Build and Sustain HMB's Capacity to Increase Resilience - Operationalize climate considerations into City policies and procedures			
4.1	Establishes a governance framework to integrate climate and hazard concerns into General Plan and LUP updates	2-10	Establish procedures for initiating amendments to its General Plan, including the LUP. The procedures shall set forth a process for amendments proposed by the City Council, Planning Commission, and private applicants. The City will not process private General Plan amendment applications, or associated development applications (except as required by State law), unless the City Council has approved initiating the General Plan amendment. Authorization to proceed with a General Plan amendment application shall in no way presume approval of the amendment or project.
4.1	Require utilities in new development to be undergrounded unless infeasible; encourage visual impact minimization and infrastructure resilience through early planning and in-lieu fees	9-37 to 9-39	Policy 9-37: “Locate utilities including traffic control boxes, transformers, meters, backflow prevention devices, and others in underground vaults where feasible; or if above finished grade, in discrete locations outside of any pedestrian path or sidewalk.” Policy 9-38: “Require applications for new development to include preliminary utilities plans to ensure that undergrounding and minimizing the negative visual impacts of utilities are considered during

DRAFT

Goal and Strategy	Specific Actions	LUP Policies	Supporting Policy Direction
			the earliest phases of project design. For all new development and new subdivisions, utilities shall be underground unless infeasible...” Policy 9-39: “Require all telecommunications facilities to place support facilities underground where feasible. New communication transmission lines shall be sited and designed to be located underground, except where doing so would result in a hazardous condition...”
4.3	Encourages coordination and integration of regional planning efforts (e.g., watershed restoration, stormwater resilience)	3-43	Update and implement the Green Infrastructure Plan and Storm Drain Master Plan consistent with Land Use Plan policies to improve stormwater system function and management; support regional resilience objectives and coordinated infrastructure planning.
4.3	Supports interagency coordination (SAM, Caltrans) to protect critical infrastructure and integrate climate resilience into capital planning	3-28	Coastal development permit review for new development or redevelopment of wastewater treatment systems shall require that such improvements will operate so as to: minimize or eliminate marine resource pollution; incorporate facilities for reclamation of wastewater for reuse; and minimize noise, vibration, odor, and visual impacts on surrounding areas
5 Support and Increase Economic Sustainability - Strong Local Businesses/Coastline Development			
5.3/5.4	Support coastal workforce housing and economic stability for coastal workers; align land use with Coastal Act priorities	2-70	Designate Workforce Housing Overlay areas for affordable housing close to jobs and transit, integrate into PD areas, and ensure compatibility with LCP goals.

DRAFT

D. Multi-criteria Decision Making and Cost- Benefit Analysis

Evaluating a variety of financing opportunities against funding requirements can be a complicated process. To support the strategic and rigorous evaluation of financing options, Keenan (2019) suggests a multi-criteria decision analysis (MCDA) framework. This framework can be used to consistently weigh choices against one another in as transparent a manner as possible, based on the relative importance placed on particular aspects or outcomes of a funding source. This avoids potentially overlooking specific benefits of a funding source, ambiguity in how the decision to pursue a source was made, and inconsistency in evaluating sources due to double-counting or over-/underweighting aspects such as risk aversion, administrative burden, opportunity cost, and impatience.

This process involves first, developing a list of criteria and second, evaluating the strength of each option against the criteria to assign a performance score for each option. Weightings can then be applied to each criteria, to calculate an overall score for the option. The more concrete the scores and categories, the more reliable the ultimate comparison, and there is less need for multiple cost-benefit analyses. Keenan (2019) developed an example scoring table; an adapted version is shown in Table 15. The categories are not exhaustive; for example, risk evaluation such as likelihood of default or missed payment is not included below.

Table 15. Example of performance scoring of funding strategies for climate adaptation based on pre-determined criteria, truncated from Keenan (2019). Each attribute could be weighted depending on how important that attribute/criteria was to the planner.

Funding strategy	Source of funds	Revenue generating potential	Cost of funds	Long-term sustainability	Flexibility of funds	Timing	Trade-offs for other city needs	State/federal political feasibility	Local/regional political feasibility	Administrative complexity	Equity/Cost burden
Local property tax increment from Infrastructure financing districts	4	4	4	5	4	4	5	4	4	5	4
Community facilities district	4	4	4	4	4	3	5	4	3	3	4
USACE CAP 103 Program	4	4	5	3	3	4	4	5	4	3	4
State property tax increment from Infrastructure financing districts	4	4	3	4	4	3	5	3	4	3	4
General obligation bonds	4	4	4	4	3	3	2	4	3	4	5

In the category of Cost of Funds, for example, the planner could use their professional judgment to arrive at a score, or be as detailed as calculating the specific financing costs using interest rates and an estimated payment schedule. Choosing the form of a specific scoring schedule for Cost of Funds, or whether to use one at all, is also an important decision (e.g., $0–$100K = 5, $100K–$500K = 4, $500K–$1,000K = 3 and so on, would be just one conceivable scoring schedule.) The more specific and concrete the scores are, the more reliable the final scores and the more likely the comparison of scores is to reflect their true comparative advantages.

Although much of the work of a cost–benefit analysis will have already been done in creating a robust table, a full cost–benefit analysis is recommended for the chosen strategy, or strategies, depending on how close the scores are to one another and how rigorous the MCDA, to finalize the decision ("Closeness" would also need to be defined by the planner).

DRAFT

E. IBank Funding and Financing Options

IBank offers three categories of financial products to businesses, non-governmental organizations, and governments whose projects relate to climate initiatives:

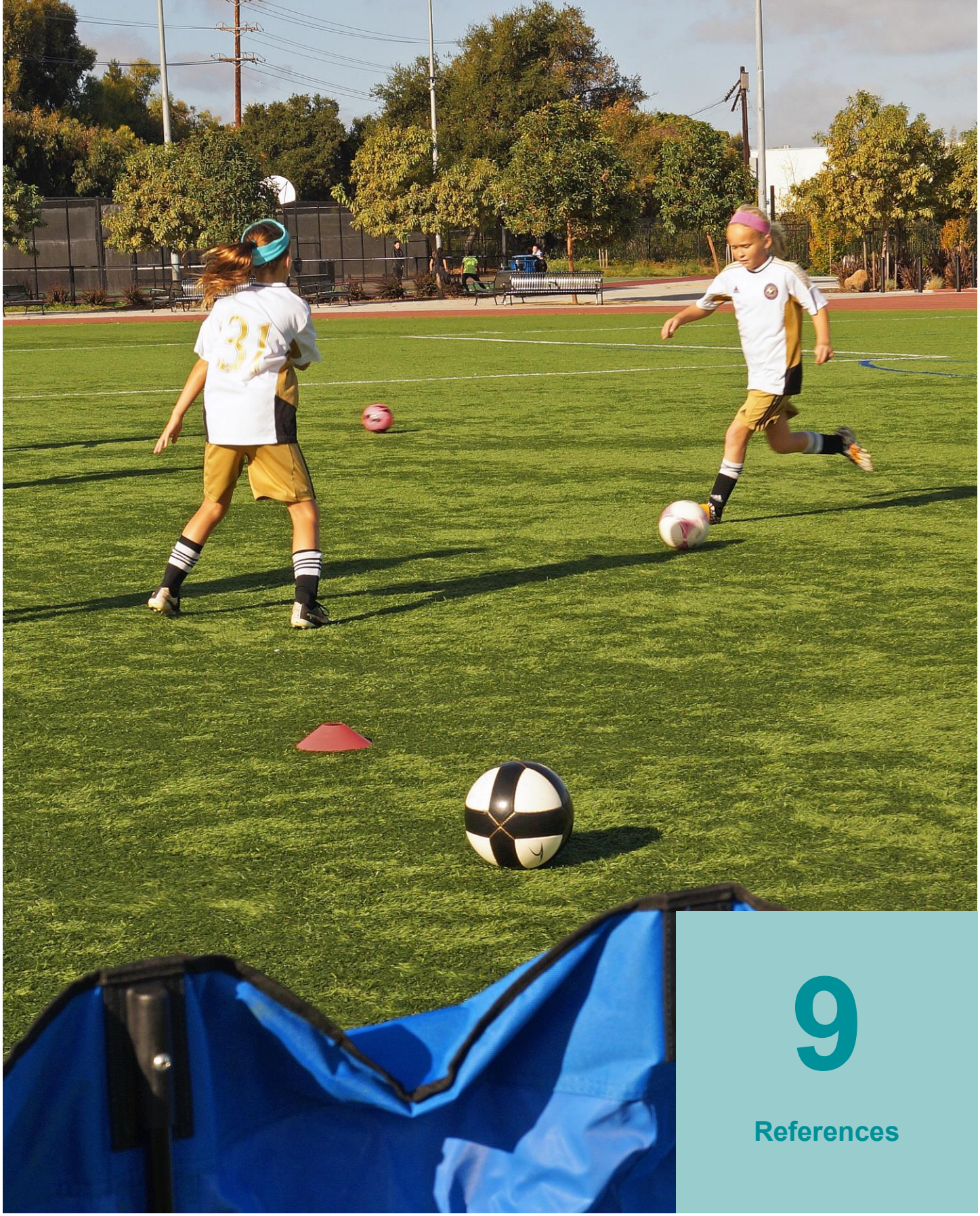
- **Green bonds**: In this case, IBank would be a "conduit issuer" that would issue bonds on behalf of the City of Half Moon Bay (or partner organizations, depending), and then loan the raised funds to the City (or partner entity) on agreed-upon terms. The four types of bonds IBank issues that are available for "green designation" are:
  - **Industrial Development Bonds**—tax exempt; designed for private-company applicants up to $10 million that strictly focuses on manufacturing and processing tangible goods, which makes this option less aligned with the City's climate adaptation goals; could be an opportunity for a P3 arrangement
  - **501(c)(3) Bonds**—tax-exempt; designed for nonprofit applicants; focuses on capital improvements but might be applicable to beach restoration and recreation improvements, for example; no listed funding limit; could be an opportunity for the City to facilitate adaptation initiatives of aligned organizations without putting forth its own financing
  - **Public Agency Revenue Bonds**—tax-exempt; designed for government applicants with a project outcome that includes enhancing "the economic, social or cultural quality of life for residents in the community;" no listed funding limit; does not require outside-agency collaboration to access and there is substantial overlap with climate adaptation goals
  - **Exempt Facility Bonds**—tax-exempt, designed for government applicants targeted at infrastructure improvements, can be for private projects on leased government land, no listed funding limit
- **Direct lending**: Like a private bank, IBank would agree to loan terms with the City; these loans are more flexible and lower cost than private-bank alternatives. There are two kinds of loans available:
  - **Infrastructure State Revolving Loan Fund Loans**—"directly provides low-cost public financing to local governments, as well as nonprofits sponsored by public agencies, for a wide variety of infrastructure and economic expansion projects that improve and sustain communities, including projects with energy efficiency, distributed clean energy generation and storage, and climate-smart design elements;" financing from the "ISRF program is available in amounts ranging from $1 million to $65 million with loan terms for the useful life of the project up to a maximum of 30 years;" current examples of ISRF financed projects include water and wastewater treatment plant upgrades or construction, venue or airport construction or street repair and upgrades"
  - **Climate Incentives Bridge Loans**—"provide bridge financing for public, private, and nonprofit sector borrowers that anticipate receiving incentives to finance project costs, such as utility and state agency rebates, federal clean-energy tax credits, and reimbursable grant funds. The Incentive Bridge [L]oan is typically structured as a term loan with no prepayment penalty and includes an expectation that incentive payments will be used to retire outstanding debt"
- **Loan guarantees**: IBank may guarantee a portion of a loan for the loan issuer in cases where repayment by the borrower is less certain. Loan guarantees effectively reduce the risk that a lender faces when financing particularly new/untested technologies, products, or programs. In this case, Half Moon Bay would partner with an institution (nongovernmental organization [NGO], private business, or government agency) that seeks financing from a private bank. IBank would then guarantee any loan that the private bank issues to the company. These guarantees are large, accommodating multimillion-dollar investments, and thus large-scale and/or expensive projects. IBank offers two kinds of loan guarantees for climate-related initiatives:

DRAFT

  - **Climate Tech Finance Loan Guarantee**—80% guarantee with maximum guarantee of $5 million, maximum loan of $20 million, up to 7-year term; applicant criteria are broad; great opportunity for a P3; example projects could include wave energy startups, energy storage companies, climate modeling software development, or carbon capture
  - **Climate Loan Guarantee**—70% to 80% guarantee with maximum guarantee of $100 million, (target $30 million), guaranteed for life of loan, 0.5% to 1% of outstanding guarantee servicing fee; must reduce greenhouse gas or other air pollutant emissions; stricter criteria on state of technology to be deployed

- **Loan Participations**: IBank effectively participates in a loan matching system where it will lend up to 50% of the amount of an initial loan; target size is $10 million to $40 million; terms of the loan are negotiable based on merit criteria.

DRAFT



9

References

9. References

AECOM. (2018). Paying for Climate Adaptation in California: A Primer for Practitioners.

Alta Planning and Design and City of Half Moon Bay. (2019). City of Half Moon Bay Bicycle and Pedestrian Master Plan, Approved September 2019.

Anchor QEA. (2021). Geotechnical Engineering Assessment and Erosion Study Report.

Blue Point Planning and City of Half Moon Bay. (2019, January). City of Half Moon Bay Parks Master Plan.

CALFIRE and RCD. (2022). San Mateo-Santa Cruz Unit Strategic Fire Plan.

CalOES. (2020). California Governor's Office of Emergency Services California Adaptation Planning Guide.

California Infrastructure and Economic Development. (2025). *Our Impact.* https://ibank.ca.gov/climate-financing/our-impact/.

California Natural Resources Agency. (2021, June 28). California Climate Adaptation Strategy Workshop Summary.

City of Half Moon Bay. (2014). Plan Half Moon Bay, Existing Conditions, Trends, and Opportunities Assessment. Revised July 2014.

City of Half Moon Bay. (2019). CAAP Outreach Pilot Project Final Report.

City of Half Moon Bay. (2020). Sustainability Implementation Plan. Approved September, 2020.

City of Half Moon Bay, Dyett and Bhatia, Lester Coastal Policy, et. al. (2021). City of Half Moon Bay Local Coastal Land Use Plan. Certified April, 2021.

City of Half Moon Bay. (2024). Capital Improvement Plan FY 2023-24 to FY 2027-28.

City of Half Moon Bay. (2025). City Council Strategic Plan. https://www.half-moon-bay.ca.us/241/City-Council-Strategic-Plan.

County of San Mateo. (2025). *Joint Powers Financing Authority*. https://www.smcgov.org/ceo/joint-powers-financing-authority.

CSG Consultants. (2019). City of Half Moon Bay Green Infrastructure Plan. September 2019.

Datause.io. (2025). *Half Moon Bay*. Data USA. Retrieved February 2025, from https://datausa.io/profile/geo/half-moon-bay-ca.

DNV and Rincon Consultants. (2023). City of Half Moon Bay Climate Action Plan (CAP Phase 1). August 2023.

Dyett & Bhatia. (2014). Plan Half Moon Bay: Existing Conditions, Trends, and Opportunities Assessment. July 2014.

Flammer, C. (2020). Green bonds: Effectiveness and implications for public policy. *Environmental and Energy Policy and the Economy*. 1:95–128. https://www.journals.uchicago.edu/doi/epdf/10.1086/706794.

Integral Consulting and RCD. (2022). San Mateo County South Coast Sea Level Rise Vulnerability Assessment.

Integral Consulting. (2023). Miramontes Point Sea Level Rise Vulnerability and Fiscal Impact Assessment.

Integral Consulting. (2024). Sewer Authority Mid-Coastside Plant Vulnerability Assessment.

Keenan, J.M. (2019). Climate Adaptation Finance and Investment in California. Routledge. www.routledge.com/.

Noble Consultants and Dyett and Bhatia. (2016). City of Half Moon Bay Sea Level Rise Vulnerability Assessment. April 2016.

DRAFT

Pena, L. (2025, January 23). First homes for HMB farmworkers arrive 2 years after mass shootings exposed poor conditions. *ABC 7 News*. https://abc7news.com/post/first-homes-half-moon-bay-farmworkers-arrive-2-years-mass-shootings-exposed-poor-conditions/16174067/.

Plenary. (n.d.). Long Beach Civic Center Redevelopment. Retrieved March 2025, from https://plenary.com/project/long-beach-civic-center-redevelopment.

Rossi, L., et al. (2024). Adopted Operating Budget. *The City of Half Moon Bay Annual Budget*. The City of Half Moon By. Retrieved May 16, 2025, from https://www.half-moon-bay.ca.us/DocumentCenter/View/6738/FY-2024-25-City-of-Half-Moon-Bay-Annual-Budget---Adopted.

Roberts, A., et al. (2021). Proposed Funding Pathways for Adaptation for Climate Change in California. Resource Legacy Fund. https://resourceslegacyfund.org/wp-content/uploads/2021/05/Proposed-Funding-Pathways-for-Adaptation-to-Climate-Change-in-California.pdf.

San Mateo County OneShoreline and AECOM. (2018). San Mateo County Sea Level Rise Vulnerability Assessment.

State Water Resources Control Board (2025). *Clean Water State Revolving Fund*. CA.gov. Retrieved March 2025, from https://www.waterboards.ca.gov/water_issues/programs/grants_loans/srf/.

Trautwein, B., et al. (2020, June 10). Goleta's Creeks and Watersheds: Opportunities for Enhancement and Restoration.

UC Santa Barbara. (n.d.). Coastal Fund UC Santa Barbara Associated Students. *Spring 2020 Funded Projects*. Retrieved January 2025, from https://coastalfund.as.ucsb.edu/spring-2020-funded-projects/.

U.S. Department of Labor. (n.d.) Department of Labor Takes Critical Step in Heat Safety Rulemaking, Continues Heightened Enforcement Efforts, Focuses on Dangers to Agricultural Workers. Retrieved May 2025, from https://www.dol.gov/newsroom/releases/osha/osha20240508-0.

USACE, MBNMS, and Noble Consultants. (2015, September). Coastal Regional Sediment Management Plan for the Santa Cruz Littoral Cell, Pillar Point to Moss Landing.

Visit Half Moon Bay. (2025). visithalfmoonbay.org.

West Yost and CCWD. (2021, June). Coastside County Water District Planning 2020 Urban Water Management Plan.

World Economic Forum. (2023). What are municipal green bonds and how are global cities using them to finance green projects? World Economic Forum. November 20. https://www.weforum.org/stories/2023/11/heres-how-3-cities-are-using-municipal-green-bonds-to-finance-climate-infrastructure/.

DRAFT

BUSINESS OF THE COUNCIL OF THE CITY OF HALF MOON BAY

AGENDA REPORT

For meeting of: **December 2, 2025**

TO: Honorable Mayor and City Council

FROM: Matthew Chidester, City Manager

TITLE: **AUTHORIZE INTERIM LEGAL SERVICES AGREEMENT**

RECOMMENDATION:
Adopt a resolution authorizing the Mayor and Vice Mayor to negotiate and execute an interim legal services agreement with Burke, Williams & Sorensen LLP for a period of six months, with the option to convert to a permanent appointment.

FISCAL IMPACT:
The City Attorney Department adopted budget for FY 2025-26 (July 2025 through June 2026) is $1,164,000. Per the fee proposal, the cost for general legal services will be $285 per hour for Partner Attorneys, $250 per hour for Associate Attorneys, and $155 per hour for Paralegals. The cost for specialized services will be $350 per hour for Partner Attorneys, $300 per hour for Associate Attorneys, and $175 per hour for Paralegals. The actual amount will vary based upon the amount of services provided, which is variable depending upon the legal issues that may arise during any given fiscal year, and so cannot be predicted with certainty. The remaining FY 2025-26 adopted budget includes sufficient funds to cover the cost of legal services for the remainder of the fiscal year.

STRATEGIC ELEMENT:
This recommendation supports all elements of the Strategic Plan.

BACKGROUND:
The City has contracted with Shute, Mihaly, and Weinberger for legal services since July of 2017. At its September 16, 2025, meeting, the City Council voted in Closed Session to discharge the firm, effective 90 days after written notice, and that the Council would begin looking for a law firm.

On October 24, 2025, the City issued a Request for Proposals for Interim Legal Services, and the City received five qualified responses. Following a thorough review and interview process, the City Council selected the firm of Burke, Williams & Sorensen, LLP (BWS) to represent the City of Half Moon Bay for contract legal services going forward.

DISCUSSION:
The Mayor and Vice Mayor are developing and negotiating an interim legal services agreement, whereby BWS would represent the City for a period of six months, with the option to convert to a permanent appointment. Services provided would be in accordance with the attached Fee Proposal.

Staff recommends that the City Council authorize the Mayor and Vice Mayor to complete the negotiation of the interim legal services agreement and execute the agreement on behalf of the City.

ATTACHMENT:
1. Resolution
2. Burke, Williams & Sorensen, LLP Fee Proposal, submitted September 10, 2025

Resolution No. C-2025-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HALF MOON BAY AUTHORIZING THE MAYOR AND VICE MAYOR TO NEGOTIATE AND EXECUTE AN INTERIM LEGAL SERVICES AGREEMENT WITH BURKE, WILLIAMS & SORENSEN LLP FOR A PERIOD OF SIX MONTHS, WITH THE OPTION TO CONVERT TO A PERMANENT APPOINTMENT

WHEREAS, the City has contracted with Shute, Mihaly, and Weinberger for legal services since July of 2017; and

WHEREAS, at its September 16, 2025, meeting, the City Council voted in Closed Session to discharge the firm, effective 90 days after written notice, and that the Council would begin looking for a law firm; and

WHEREAS, the City Council and staff require the services of legal counsel to functionally operate as a municipal agency; and

WHEREAS, on October 24, 2025, the City issued a Request for Proposals for Interim Legal Services; and

WHEREAS, a thorough review and interview process, the City Council selected the firm of Burke, Williams & Sorensen, LLP (BWS) to represent the City of Half Moon Bay for contract legal services.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Half Moon Bay hereby authorizes the Mayor and Vice Mayor to negotiate and execute an interim legal services agreement with Burke, Williams & Sorensen LLP for a period of six months, with the option to convert to a permanent appointment.

****

I, the undersigned, hereby certify that the foregoing Resolution was duly passed and adopted on the 2nd day of December 2025 by the City Council of Half Moon Bay by the following vote:

AYES, Councilmembers:

NOES, Councilmembers:

ABSENT, Councilmembers:

ABSTAIN, Councilmembers:

ATTEST: APPROVED:

_____ _____

Maggie Rodriguez, Assistant City Clerk Robert Brownstone, Mayor

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

MidPen HOUSING
Building Communities. Changing Lives.

October 1, 2025

Community Development Department
Attn: Scott Phillips
501 Main Street
Half Moon Bay, CA 94019

Subject: Measure D Phasing Agreement; 940 Main Street (APN: 064-272-100)

Dear Mr. Phillips,

We are submitting this letter and associated attachments to demonstrate our intention to move forward with our request for a Measure D Phasing Agreement for our proposed affordable housing project at 940 Main Street. Please find herein our analysis of development impact, project description, assumed entitlement path, and project schedule. On September 13, 2024, MidPen submitted our response to the items identified in the City's Incompleteness Letter dated April 22, 2024. In the intervening year as the Phasing Agreement was under review with the City, MidPen secured an additional 5 allocations under a single allocation application, for a total of 10 allocations allocated toward the project. This submittal provides an update to the proposed Phasing Agreement delivery for 2026 and 2027.

The MidPen team appreciates the support and input from the City of Half Moon Bay and we look forward to our continued work together on this project.

Project Overview

The proposed development project concept remains unchanged from our previous submittal. The project proposes 52 affordable housing units and associated site amenities, including up to 106 parking spaces, bike parking, and common open space.

Assumed Entitlement Path

This Phasing Agreement request assumes the project is eligible for SB 35 ministerial approval and will satisfy criteria outlined in SB 423, including zoning requirements. The site is currently zoned R-2, which does not permit multifamily; however, the land use designation adopted in 2020 is Residential High Density, which does permit multifamily thus enabling SB 35/423. Per AB 821, if a zoning ordinance becomes inconsistent with the general plan due to amendments, a local agency must either a) amend the zoning to process the application or b) process the application based on the objective general plan standards. These options are outlined in the opinion of land use attorney Holland & Knight, which is included with this application as Attachment A.

MidPen's entitlement plan assumes path **b** above and that the project will utilize SB 35/423 and is incorporated in the detailed development timeline below.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Per conversations with City staff, the City is in the process of adopting objective standards with a target approval of January 2025, following which an entitlement submittal could be processed.

Phasing Agreement

1. Payment for Measure D Allocations
   MidPen has provided payment for the 10 Measure D allocations.

2. Proposed Measure D Allocations
   Density Calculation and Allocations
   Base density is based on maximum density of the High Density Residential land use designation (30 dua) for the 1.48 acres. The additional 8 units will be requested as a part of a State Density Bonus Application submitted with the entitlement application.

Base Density	44.4
Bonus Units	8
Total Project Units	52
Allocations To Date	10
Remaining Allocations	34

   Proposed Allocation Schedule
   The allocation schedule below takes into consideration both MidPen's development timeline and the analysis of anticipated development, included as Attachment B. Between 2024 and 2025, MidPen was awarded a total of 10 single unit allocations to put toward the project. To reach the remaining 34 units, we propose a distribution of 17 allocations per year (2026 and 2027) to reach the full allocation (44) by 2027.

   2024: 5
   2025: 5
   2026: 17
   2027: 17
   Total: : 44

   Detailed Timeline
   Per City ordinance, the project would need all of its Measure D allocations in place prior to building permit issuance. Per the draft schedule below, a building permit would be pulled prior to construction closing in 2027. Per this schedule, the project would be it's seeking its remaining allocations in 2026 and 2027.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Milestone	Date
Purchase & Sale Agreement Execution	June 2024
Site Due Diligence Completion	October 2024
Objective Standards Approval (City)	January 2025
Land Sale Closing	January 2026
SB 35 Entitlement Submission	May 2026
SB 35 Entitlement Approval	October 2026
Soft Financing Committed – Anticipating City, County & State Sources	December 2026
9% TCAC Application Submission	February 2027
Building Permit Application	February 2027
9% TCAC Award	May 2027
Building Permit Approval	**September 2027**
Construction Finance Closing	October 2027
Construction Start	October 2027
Construction Complete	April 2029
100% Lease Up	August 2029
Permanent Loan Conversion	December 2029

3. Effects of Phasing Agreement on Anticipated Development
MidPen has put together the attached analysis (Attachment B) showing Measure D application and approval data from 2021-2025 for the area outside of Downtown and projections for 2026-2027 reflecting historical data. Based on the average of 2021-2025 application data, this project would require 77% of the Outside Downtown allocations for the 2026-2027 period. As shown in the Development Impact section of Attachment B, there will be an estimated 5 allocations remaining for other applicants requesting allocations in the Outside Downtown pool. This will primarily impact ADU and ADU + Single Family development in the Outside Downtown area, which represents the greatest number of requests. However, underutilization of Downtown unit allocations provides an opportunity to approve additional Outside Downtown requests. We estimate that with a transfer of unused Downtown base allocations to Outside Downtown, an additional 18 units can be allocated. This would leave 12 applicants not receiving an allocation each year, which is less than the average number of applicants that have not received an allocation in 2021-2025.

   As demonstrated in MidPen's two single allocation applications for 2024 and 2025, the proposed project meets the majority of the City's goals for residential development. In particular, the project is a well-positioned infill site with convenient access to Downtown amenities and transit. The project will comply with the Objective Design Guidelines to provide efficient, accessible, and sustainable site design.

Docusign Envelope ID: CE12A1C2-12A3-4810-8D2C-E796D481F74C

Importantly, the project is 100% affordable for families and individuals earning up to 60% area median income.

4. Revised Concept Design
   Please see attached revised concept design (Attachment C) reflecting City comments. The revised concept design includes the following updates/clarifications:
   - No changes proposed to the existing residence
   - Maximum density shown per Residential High Density land use designation
   - Zoning standards shown for current zoning (R-2), pending City adoption of objective standards to incorporate for entitlement submission
   - Minimum short term and long-term bike parking shown

Thank you for your consideration and review of the Phasing Agreement to bring new affordable housing to Half Moon Bay. The project team is available for any questions as you conduct review. You can email Project Manager Allison Vogt at allison.vogt@midpen-housing.org or call at 650-678-8576.

Sincerely,

Signed by:
Kevin Griffith
4C843B536E00407...
Kevin Griffith
Vice President of Housing Development

Attachments:
Attachment A – Holland & Knight SB 35/SB 423
Eligibility Attachment B – Phasing Allocations and Development Analysis
Attachment C – Revised Concept Designs